MONEYVAL: Sixth-Round Mutual Evaluation Report on Latvia

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On 19 February 2026, MONEYVAL published its sixth-round mutual evaluation report on Latvia. This is the first country report under the new, sixth evaluation round that started in 2024). It is the first country report under the new, sixth evaluation round, which started in 2024 (→eucrim 3/2024, 199 and →eucrim 3/2025, 214). This report is also the first evaluation worldwide conducted under the FATF's 2022 Methodology. Based on an on-site visit from 4 to 15 November 2024, the report assesses the effectiveness of Latvia's system for combating money laundering (ML), terrorist financing (TF), and proliferation financing, as well as its compliance with the FATF Recommendations.

The report notes substantial progress since the fifth-round evaluation report in 2018 (→eucrim 2/2018, 109). The country's greatest money laundering risk no longer arises from its former role as a regional financial centre dominated by services for non-resident clients and significant cross-border financial flows. Instead, it is now primarily driven by domestic predicate offences – notably the shadow economy, fraud, and corruption – as well as by the growing risk of sanctions evasion linked to the EU measures adopted in response to Russia's war against Ukraine. This risk is heightened by Latvia's external EU borders with Russia and Belarus.

Against this background, MONEYVAL's principal findings and its effectiveness ratings for the FATF's eleven Immediate Outcomes (IOs) – key areas by which the effectiveness of a country's framework and actions to protect the financial system is measured and rated – can be summarised as follows:

Strengths

- **Risk understanding and financial intelligence:** Latvia has a sound understanding of its ML/TF risks and benefits from effective inter-agency cooperation. The Financial Intelligence Unit, for instance, produces high-quality analysis that is widely used by law enforcement authorities (IO.1 and IO.6: high effectiveness).
- **Financial supervision:** Risk-based supervision has improved substantially, particularly in the banking sector. Enhanced supervision by *Latvijas Banka* has contributed to a significant reduction in financial-sector risks (IO.3: substantial effectiveness).
- **Beneficial ownership:** Latvia has established a robust framework for ensuring accurate and up-to-date beneficial ownership information. Data from the Enterprise Register and reporting entities are cross-checked, while competent authorities have timely access (IO.5: high effectiveness).
- **Asset recovery:** Asset recovery is a national priority and is assessed as highly effective (IO.8). Latvia seized more than €3 billion and confiscated over €300 million, primarily through non-conviction-based proceedings suited to complex cross-border cases.

Shortcomings

- **Non-financial-sector supervision:** This is Latvia's most significant shortcoming. It is the only area rated as "moderately effective" (IO.4), and is the sole focus of MONEYVAL's Key Recommended Actions. Supervisory resources are not consistently targeted at the highest-risk sectors. In particular, oversight of lawyers remains weak due to limited resources, insufficient risk-based supervision, and low levels of suspicious transaction reporting.
- **Legal persons and legacy cases:** Legal persons are prosecuted too rarely, and the sanctions imposed are often insufficiently dissuasive. Many older "laundromat" cases could not be prosecuted because the offenders or beneficial owners were either unknown or located abroad.
- **Asset recovery and international cooperation:** Latvia seizes considerably more assets than it ultimately confiscates, largely due to lengthy judicial proceedings delaying final decisions; this is compounded by the comparatively limited use of international cooperation in corruption cases, despite effective engagement with foreign counterparts elsewhere.

Overall, Latvia achieved a high or substantial level of effectiveness in ten of the eleven IOs, while all but one FATF Recommendation was rated as "Compliant" or "Largely Compliant". Consequently, Latvia was placed in the regular follow-up process and is scheduled to report back to MONEYVAL in June 2028.

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