



ATLAS  
BY BNP PARIBAS

## CASH MANAGEMENT

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With a population of 1.8 million and a forecasted GDP of \$45bn in 2025,Latvia is a small, open economy characterised by trade openness and moderate income per capita, supported by export-oriented industry and services. However, it remains a net external debtor: Eurostat reported a NIIP of –21.4% of GDP in March 2025. The external position remains manageable owing to modest private sector leverage and current account adjustment.

Public debt stood at approximately 43.8% of GDP early in 2024, rising to 46.8% through that year, and is forecast to increase further to 48.6% in 2025 and 49.3% in 2026. Fiscal credibility remains solid, but the rising trajectory reflects persistent budget deficits. The headline fiscal deficit narrowed from around 2.4% in 2023 to 1.8% in 2024, but is projected to rise again to about 3.1% in 2025 and 2026 due to increased defence and investment spending as well as labour and social costs.

Latvia exited major fiscal imbalance procedures after the global financial crisis, and growth has been modest in recent years. The economy slightly contracted in 2024 but is expected to recover gradually in 2025–26, with official forecasts ranging from 1.0% to 2.1% annual growth. Major medium-term challenges include ageing-related pensions and healthcare costs, strong wage inflation, rising defence obligations, and the need to preserve fiscal buffers. The government aims to stabilise debt below 50% of GDP by decade’s end.

## Currency

### Currency

- Euro (EUR).

### Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: EUR per USD	0.9040	0.8873	0.847	0.893	0.88

Source: IMF, International Financial Statistics, July 2021.

### Central Bank

- The Latvian central bank is the Bank of Latvia (LB – [bank.lv](http://bank.lv)).
- The LB is a member of the European System of Central Banks (ESCB) and operates certain activities, such as issuing currency, under the authority of the European Central Bank (ECB – [www.ecb.europa.eu](http://www.ecb.europa.eu)).

## Bank supervision

- In November 2014, the ECB, via the Single Supervisory Mechanism (SSM), assumed responsibility for supervising the financial stability of banks operating within the euro zone. However, while the ECB has final supervisory authority over all banks operating within the euro zone, it will only directly supervise those banks classified as 'significant' under the terms of the SSM (115 significant banking groups have been recognized to date). 'Less significant' banks will continue to be supervised by the national supervisory authority, i.e. the Financial and Capital Market Commission (FKTK – [www.fktk.lv](http://www.fktk.lv)).

## Bank accounts

## Resident / non-resident status

A company is considered resident in Latvia if it is registered in Latvia.

## Bank accounts for resident entities

	Within LATVIA	Outside LATVIA
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible

## Bank accounts for non-resident entities

	Within LATVIA	Outside LATVIA
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible

Foreign Currency	Permitted without restriction, fully convertible	Not applicable
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# Lifting fees

- Lifting fees are not applied on payments between resident and non-resident accounts.

## BNP Paribas Cash Management Capabilities

# Collections

Cash collections	●
Cheque collections	●
Direct debit collections	●
Domestic incoming transfers	●
Virtual IBAN	●
Virtual accounts	●
International incoming transfers	●
Card acquiring	●

# Payments

Cash withdrawals	●
Cheque payments	●



Direct debit payments	●
Domestic outgoing transfers	●
Commercial cards	●
Virtual cards	●
International outgoing transfers	●
SWIFT gpi	●
Real-time international payments through BNP Paribas' network	●
Card issuing	●

## Channels

Local e-Banking	●
Global e-Banking - Connexis	●
SWIFT/ host to host	●

## Payments & collections

## Market overview

Electronic credit transfers are the most commonly used payment instruments by companies to make supplier, payroll and tax payments. Card payments, especially debit card payments, are the most popular retail payment instrument, aided by the increasing adoption of contactless payments: at the end

of Q1 2021, 69.9% of all card payments were contactless. The number of contactless POS terminals increased 13% over the same period. In 2020, card payments accounted for 65.4% of the total volume of non-cash payments.

Electronic banking services are available from all banks. There is no national electronic banking standard in Latvia, so companies use banks' proprietary services. Transaction and balance reporting, automated end-of-day sweeping, and transaction initiation services are available on a domestic and cross-border basis.

E-bill presentment is available via the rekini.lv portal.

Mobile and internet banking services are available and widely used by both retail and corporate customers.

## Payment Systems

TARGET2-Latvija	Type	<ul style="list-style-type: none"> <li>• Real-time gross settlement.</li> <li>• Latvian component of the pan-European TARGET2 system.</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>• 18 direct.</li> </ul>
	Transaction types processed	<ul style="list-style-type: none"> <li>• High-value and urgent EUR-denominated domestic and cross-border credit transfers.</li> <li>• Net obligations from EKS and the card settlement system Worldline Latvia.</li> </ul>
	Operating hours	<ul style="list-style-type: none"> <li>• 07:00–18:00 CET, Monday to Friday.</li> </ul>
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> <li>• Payments are cleared and settled in real time.</li> <li>• Customer payment cut-off time = 17:00 CET.</li> <li>• Interbank payment cut-off time = 18:00 CET.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>• TARGET2 is closed at weekends and on 1 January, Good Friday, Easter Monday, 1 May, and 25 and 26 December.</li> </ul>
EKS	Type	<ul style="list-style-type: none"> <li>• Multilateral net settlement system.</li> <li>• Instant payments</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>• 12 credit institutions.</li> </ul>

	Transaction types processed	<ul style="list-style-type: none"> <li>• SEPA payments (credit transfers and direct debits).</li> <li>• Instant payments (maximum value of EUR 100,000).</li> </ul>
	Operating hours	<ul style="list-style-type: none"> <li>• 08:00–21:30 CET, on TARGET2 business days.</li> <li>• 08:00–19:00 CET, on transferred business days.</li> <li>• Instant payment service: 24/7/365</li> </ul>
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> <li>• EKS processes payments in batches throughout the day.</li> <li>• Transactions are processed in seven clearing cycles. Settlement of net positions takes place at the end of each cycle.</li> <li>• Instant payments are cleared in real time 24/7/365. The EKS instant payment service makes instant payments exchange with the EBA Clearing system RT1 and TARGET Instant Payment Settlement (TIPS).</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>• EKS is closed weekends and 1 January, Good Friday, Easter Monday, 1 May, 25, 26 December.</li> </ul>

## Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- SEPA credit transfers can be settled via EKS, STEP2 or via correspondent banking networks. Eighteen banks in Latvia participate in the SEPA credit transfer scheme.
- Instant payments (maximum EUR 100,000) are available and are processed via the EKS. Instant payments are offered by Citadele Bank, SEB Banka, Swedbank, Signet Bank and BlueOrange Bank. Instant payments are available to 90% of the country's population. In 2020, EKS processed 20 million instant payments, with a value of EUR 4.4 billion.
- Proxy Registry Instant Links enable users to send money using only mobile phone number. At the end of 2020, 321 thousand instant links were registered with the Proxy Registry "Instant Links", i.e. 13 times more than at the end of 2019.
- In Autumn 2021, the central bank will introduce instant payment requests at an interbank level.
- High-value and urgent EUR-denominated domestic and cross-border (within the euro zone) credit transfers can be settled in real time via TARGET2.
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.
- The European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) enables the transfer of funds (the maximum threshold value is EUR 100,000) to another account in less than ten seconds. There are seven participants.



- EBA Clearing and Italy's SIA Group have developed and implemented a pan-European platform for instant EUR payments called RT1. It is fully compliant with the SCT Insts scheme and is in line with the ISO 20022 global messaging standards for instant payments.
- EBA Clearing has launched a pan-European request to pay (R2P) infrastructure solution with the support of 27 payment service providers from 11 countries. The new 24/7 service is compatible with the SCT and SCT Inst schemes and allows payees to take the initiative to request a specific payment from the payer.
- TIPS is a pan-European service for the settlement of instant payments in central bank money. The service enables payment service providers and ACHs with access to TARGET2 to offer fund transfers 24/7, 365 days a year. TIPS is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies.

## Direct debits

- There is no national direct debit scheme in Latvia. Latvians can use e-invoice presentment and payment solutions based on credit transfers instead.
- There is one participant offering Core SDDs.

## Cheques

- Cheques are not used in Latvia.

## Card payments

- Card payments, particularly debit cards, are increasingly popular, especially for retail transactions.
- There were two million cards in circulation at the end of Q1 2021; 1.8 million of these were contactless. Of the total number of cards, 1.7 million were debit cards. There were 213,964 credit cards.
- Visa and Maestro/MasterCard-branded payment cards are the most widely issued.
- Worldline Latvia processes all card payments.
- All cards issued are SEPA-compliant with EMV chips.

## ATM/POS

- There were 908 ATMs in Latvia at the end of Q1 2021.

- There were 42 thousand EFTPOS terminals in Latvia at the end of Q1 2021. Of these, 40 thousand were contactless.
- All ATMs and POS terminals are EMV-compliant.
- Worldline Latvia operates Latvia's ATM and POS networks.

## Electronic wallet

- Electronic wallet schemes are available via reloadable pre-paid cards.
- Mobile wallet schemes, such as Google Pay and Apple Pay, are available.

## Short term investments

## Market overview

### **Interest payable on credit balances**

- Interest-bearing current accounts are permitted for residents and non-residents denominated in EUR or foreign currency.

### **Demand deposits**

- Demand deposits denominated in EUR or major foreign currencies are available to both residents and non-residents.

### **Time deposits**

- Time deposits are available in EUR or major foreign currencies for terms of one night to more than five years.

### **Certificates of deposit**

- Domestic commercial banks issue certificates of deposit.

### **Treasury (government) bills**

- Treasury bills (T-bills) are issued directly by the Ministry of Finance, with maturities of one, three, six and 12 months.

### Commercial paper

- Commercial paper (CP) is offered by companies and traded by banks, with a minimum maturity of one day and a maximum maturity of one year.
- The EBRD and the central banks of Estonia ([Eesti Pank](#)), Latvia ([Latvijas Banka](#)) and Lithuania ([Lietuvos Bankas](#)) have joined forces to develop a regional market for commercial papers. [A Memorandum of Understanding](#), signed on 5 March 2021, sets out the principles of cooperation to develop a deeper and more efficient regional CP market in line with the best practices outlined in the Short-Term European Paper by the European Central Bank (ECB). It states that the papers must be freely transferable and capable of being traded over-the-counter.

### Money market funds

- Domestic money market funds are available.

### Repurchase agreements

- Repurchase agreements are available.

### Banker's acceptances

- Banker's acceptances are not used.

## BNP Paribas Trade Finance Capabilities

### Trade payments

Documentary credits	●
Documentary collections	●

### Guarantees

Bank guarantees	●
Standby letters of credit	●

## Supply chain management

Receivables	●
Payables	●
Inventory	●

## Trade channels

Connexis Trade	●
Connexis Supply Chain	●
SWIFTNet Trade for Corporates	●
Connexis Connect	●
Connexis Guarantee	●
SWIFTnet Supply Chain	●

## International trade

## General trade rules

- As a member of the EU, Latvia follows the EU customs code and applies all associated regulations and commercial policies.

- Trade with other countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

## Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Indonesia, Mercosur (the Southern Common Market), Uruguay, and the USA.
- The EU-UK Trade and Cooperation Agreement came into force on 1 May 2021.

## Imports / exports

Imports	Broadcasting equipment	Refined petroleum	Cars	Packaged medicines	Aircraft
Primary Import sources	Russia (21.0%)	Lithuania (14.0%)	Germany (9.0%)	Poland (7.0%)	Estonia (7.0%)
Exports	Lumber	Broadcasting equipment	Whisky and other hard liquors	Wheat	Packaged medicines
Export markets	Lithuania (16.0%)	Estonia (10.0%)	Russia (9.0%)	Germany (7.0%)	Sweden (6.0%)

## Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	11,610	13,162	14,825	14,250	15,204
	- services USD m	5,117	5,651	6,290	6,253	5,028
Imports	- goods USD m	13,891	15,932	17,817	17,244	16,882
	- services USD m	2,742	3,080	3,562	3,544	2,961
Current account as % GDP		+ 1.8	+ 1.6	- 0.4	- 0.8	+ 3.8

Source: IMF, International Financial Statistics, July 2021.





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