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Mr. Andris Ruselis
Chairman of the Money and Payment Systems Working Group
of the National Euro Changeover Steering Committee of Latvia,
Deputy Governor of the Bank of Latvia
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National SEPA Working Group Progress Report No. 3

Dear Mr. Ruselis,

The National SEPA Working Group (NSWG) Progress Report No. 3 comprises the tasks accomplished during the period 14 May–4 December 2009 and provides information on further tasks envisaged for implementing SEPA in Latvia.

In the reporting period, development of Latvia's National SEPA Plan, Version 1.0 and proposals for the high level SEPA implementation measures for supplementing Annex 1 "Action Plan for Introduction of the Single European Currency in Latvia" to Latvia's National Euro Changeover Plan were the main assignments. Both documents were approved at the fourth NSWG meeting on 10 November 2009 and a decision was taken to submit these documents to the SEPA Project Steering Committee – the Money and Payment Systems Working Group (MPSWG) of the Republic of Latvia Euro Project Steering Committee for their further submission to the Cabinet of Ministers of the Republic of Latvia under the Euro Project.

The NSWG finalised the development of National SEPA *Latvija* website <http://www.sepalatvija.lv> (website) in Latvian and English during the reporting period:

– on 25 May, the last working meeting was held with the developer of the website – SIA "Prog" and the Bank of Latvia and SIA "Prog" signed the Deed of Transfer thereof. In June 2009, all NSWG members agreed on public commitment related to the improvement of the website contents;

– on 2 July, the website was launched. A workshop devoted to the above event was held for journalists at the Bank of Latvia, with the NSWG members from the Association of Latvian Commercial Banks (ALCB) and the Employers' Confederation of Latvia (ECL) and experts of the Bank of Latvia Payment Systems Department participating therein.

The NSWG participated in two public consultations launched by two EU institutions during the reporting period:

– from 15 June until 15 September, the European Payments Council (EPC) launched public consultations on amendments made to the SEPA Scheme Rulebooks. An ad hoc meeting was held on 27 July 2009 where the representatives of SEPA Working Group of the ALCB

notified the NSWG about key proposals, including the adherence by payment institutions and Treasuries providing payment services and recently approved ISO 11649 Creditor Reference Standard.

– from 8 June until 3 August, the European Commission opened public consultation regarding the possible end-date for SEPA migration. A reply drafted by Latvia's NSWG was discussed at the NSWG ad hoc meeting on 27 July 2009. The NSWG expressed support for setting the end-date for SEPA migration subject to the fact that in non-euro area countries the SEPA Project, to a large extent, was related to the euro changeover date. As regards legacy euro payments in Latvia, the end-date for migration in the customer-to-bank and bank-to-customer domains is related to establishing common standards. The representatives of the ECL pointed out that 18 months would be required to introduce the common standards in Latvian companies from the time when the ALCB set these standards for the customer-to-bank and bank-to-customer domains. Complete implementation of SEPA has been envisaged as of the euro changeover day.

The Third EU forum of the National SEPA Coordination Committees, organised by the European Commission, was held on 20 October 2009 where Latvia was represented by Sanita Bajāre, Euro Project Manager, and Dace Kalsone, Payment Systems Senior Analyst. The purpose of the forum is exchange of information on the progress of the SEPA Project in EU countries. In the third forum, the key issue discussed was the migration progress of SEPA core products. Discussions on SEPA communication and end-date(-es) for SEPA migration were also on the agenda. Information that SEPA-related issues would also be addressed at the meeting of Economic and Financial Affairs Council on 2 December 2009 was particularly topical, and the European Commission invited the respective representatives to notify their government representatives on the relevance of support.

In parallel with the above activities where all NSWG members were involved directly or indirectly, a number of undertakings, organised by several working group representatives in relation to the SEPA Project in Latvia, were held, e.g.:

- on 21 July, 8 September and 30 November, regular meetings of the SEPA Working Group of the ALCB were held;
- on 14 August, the Bank of Latvia published its SEPA Plan and self-assessment of electronic clearing system according to the ECB Terms of Reference for the SEPA-compliance of infrastructures;
- on 8 September, 16 October and 4 December, the Payment Committees and IT Committee of the ALCB organised the updating of the national standard FiDAViSta at the customer-to-bank and bank-to-customer domains in compliance with SEPA requirements. At the beginning of December 2009, banks of Latvia informed the ECL on the development of the above standard and their intention to finalise the offer of the common standard for payments in all currencies in Latvia by March 2010;
- on 19 October, the Treasury of the Republic of Latvia approved its SEPA Plan;
- on 28 October, the Bank of Latvia published its self-assessment as the SEPA credit transfer user and provider;
- from 7 October until 16 October, a third round of public administration institutions' survey, organised by the EC, was conducted in relation to their SEPA migration, with the Bank of Latvia, Ministry of Finance of the Republic of Latvia, Treasury of the Republic of Latvia and State Social Insurance Agency participating therein. In the respective replies, the start date for executing SEPA credit transfers by public institutions has been set on 12 November 2010, and a commitment to finalise the implementation of the new SEPA standard (ISO 20022 XML) as of the euro changeover date when all legacy payments in lats are executed in euro, has been specified;

– on 2 November, the JSC "SEB banka", one of Latvia's banks, launched SEPA direct debit payments along with other banks of Europe. On 8 December 2009, launching of SEPA direct debit payments is planned to be broadcast in *Naudas zīmes*, a series of broadcasts on the national TV channel, with JSC "SEB banka", the NSWG representatives from the Consumer Rights Protection Centre and ECL as well as experts of the Bank of Latvia Payment Systems Department participating therein.

In 2010, the NSWG will continue to coordinate the SEPA Project, including the drafting of a communication plan which is to be harmonised with the Euro Project's communication developments. Next year, the SEPA Cards Framework Sub-Working Group will commence its work. The overall implementation of standards in the customer-to-bank and bank-to-customer domains and activities regarding SEPA e-services will continue in Latvia. Currently each institution and company involved in SEPA Project proceeds with the respective preparatory work in line with the individual SEPA plans.

The NSWG intends to convene meetings twice in 2010, and hold consultations in writing, if necessary.

Yours sincerely,

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