



Non-Cash payments in Latvia. Consumer approach.

Latvian National Association for Consumer
Protection

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LNACP in brief

- Latvian National Association for Consumer Protection (LNACP, www.pateretajs.lv) is founded in 1999 with main aim to assist consumers in Latvia with their rights protection what is set under the National Consumer Rights Protection Law and in other legislation acts relevant with European Union regulations and directives.
- For this reason LNACP is using it's network of 10 regional consumer organizations covering regions of Latvia.



LNACP in brief

- The work of LNACP is related with education and information of consumers.
- LNACP working with several authorities and national social partners - Consumer Rights Protection Centre; NGO Centre in Latvia etc.
- Main activities of the LNACP are – consultations and advice, registration of complaints, arranging social campaigns, seminars, conferences and other activities related with protection of consumer interests and rights.
- In some cases LNACP is representing consumers in the court.



LNACP in brief

- LNACP is stakeholder of national Group on consumer credits; Credit agreements relating to residential properties and Credit histories.
- LNACP is participating in the Euro implementation working group conducted under the Ministry of Finance.
- LNACP is participant of the European Consumer Consultative Group of European Commission (ECCG) and member of the European Consumer Organization (BEUC), member of the European Consumer Voice in standardisation (ANEC).



Financial Services

- There are several institutions dealing with protection of the rights of financial market consumers, in order to strengthen public confidence in the banking sector and also measures to educate consumers.

1) **Consumer Rights Protection Centre (CRPC)**

CRPC is a state authority, direct administration institution supervised by the Ministry of Economics. The activities of Law allows consumers to refer complaints to the CRPC .



Consumer Rights Protection Centre (CRPC)

- In the field of financial services - monitor the consumer rights in contracts and agreements between consumer and financial service providers; do provide legal advice for consumers (unfair commercial practices, Aggressive commercial practices etc.); do provide consumer collective protection.
- In most specific cases consumers are advised to turn to the, Financial and Capital Market Commission, Customer School or Private Legal offices etc.



Consumer Rights Protection Centre (CRPC)

- In the 2011 CRPC did received and reviewed 291 consumer complaints and applications about the financial market participants, of which 159 complaints were submitted by bank customers.



4 complaints - Unfair commercial practices

60 complaints – of withdrawal a Credit Agreement, solvency difficulties, the amount of fines and fees, etc.

95 complaints - Unfair contract terms



The Financial and Capital Market Commission (FCMC)

FCMC is a consolidated regulator that has the responsibility for supervising the banking, insurance, securities and private pension sectors of the financial market.

As of 1 January 2010, the Commission had been compiling and publishing monthly information about customer complaints and informing general public about the most frequent reasons for complaints.

Overall in 2010, the Commission received and reviewed **464 applications** about the conduct of financial market participants, of which **283 complaints** were submitted by bank customers.



Customer School



Under supervision of the Financial and Capital Market Commission is established Customer School.

The main aim is to educate and advice customers of financial market participants. Customer School provide information about the essence of the most popular financial products in Latvia and their risk assessment.

Customer School includes information of the financial market participants and institutions protecting consumer rights protection.



Non-cash payments

- While cash remains widely used (mainly by individuals in face-to-face transactions for goods and services) electronic transfers are widespread.
- To encourage customers to use electronic payment instruments, banks have raised fees for payment instructions handed over in paper form.
- Types of payment cards used in Latvia - Debit cards (Visa Electron, Maestro, Prepaid cards, Gift cards, Petrol cards etc.) - Credit cards (VISA, MasterCard, American Express, Diners Club, Petrol cards) etc.
- Several commercial companies, example fuel companies, issued and serviced single-purpose retailer cards.

Examples of retailer cards





Non-cash payments

Due to the data of the Association of Commercial Banks of Latvia - number of Banks (*including Banks and branches of foreign banks, and branch of the Latvijas Pasts*) continuing to grow, reaching 31 institution.

There are no major changes in the number of Bank customer accounts (*including Debit cards and credit cards*) from 2008 – 2011.

Number of POS terminals from 2008 – 2011 have slight changes.

At the end of 2011, the number of payment cards and ATMs slightly decreased.



Non-cash payments

	2008	2009	2010	2011
Number of Banks (incl. Banks and branches of foreign banks)	27	29	31	31
Number of customer accounts (millions)	4,5	4,5	4,5	4,5
Number of payment cards (millions)	2,5	2,5	2,4	2,3
Number of POS terminals (thousand)	23350	24381	24366	25430
Number of ATM's (thousand)	1274	1320	1359	1207

Source: the Association of Commercial Banks of Latvia, www.bankasoc.lv



Non-cash payments

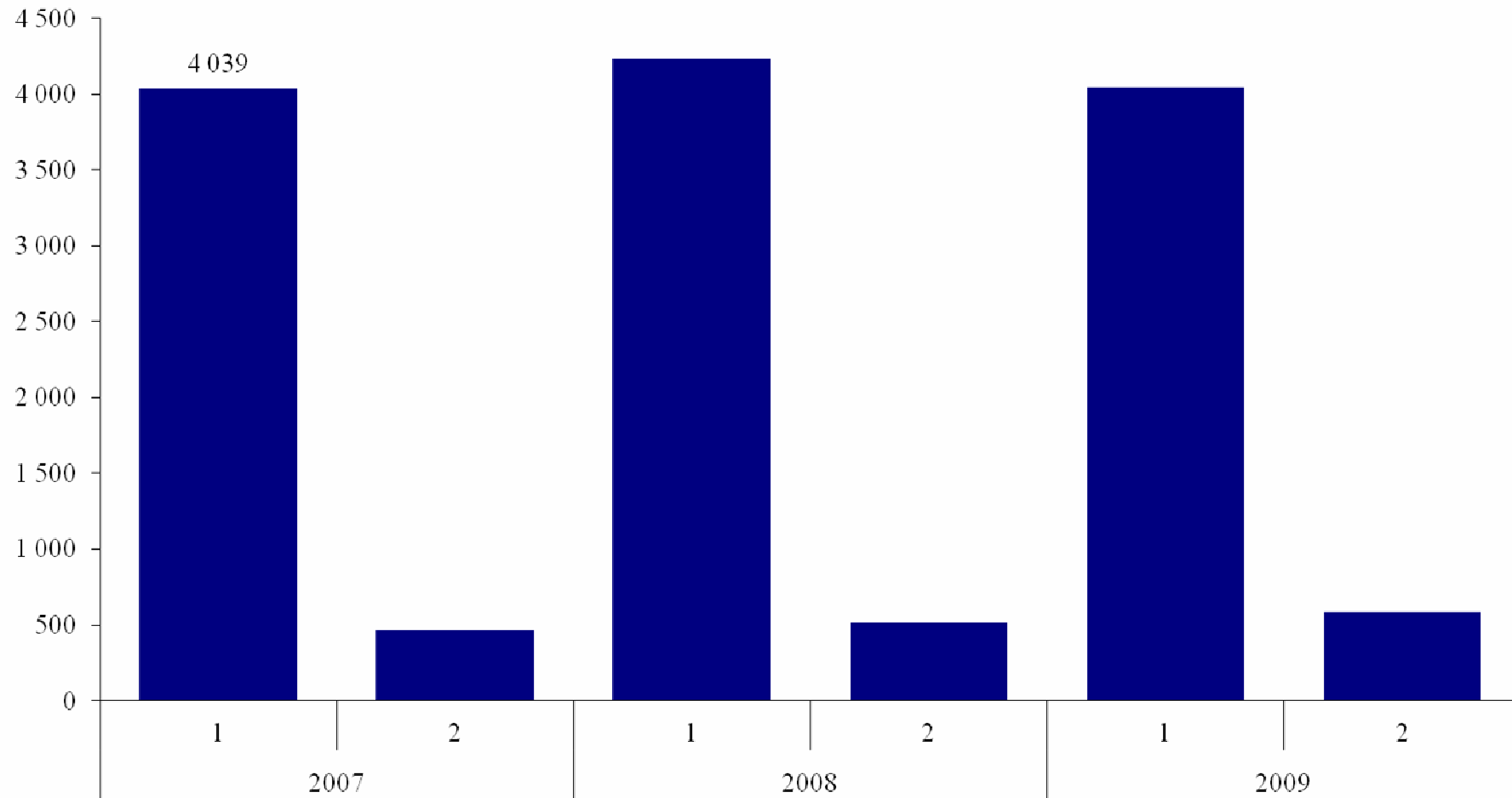
- Due to the Bank of Latvia data (2009) the breakdown of the volume of payment instruments is different and still developing - E-money payments, Direct debit, Card payment, Customer credit transfers etc.
- At the end of 2009 the majority of customer accounts (82.0%) were accessible for settling in Lats.
- 11.9% of accounts were accessible for the Euro settlement.



NUMBER OF CUSTOMER ACCOUNTS (in thousands)

Source: Bank of Latvia

1. In Lats / 2. In Euro





Non-cash payments

- Due to the Bank of Latvia data (2009) the most popular cards used are cards with one or multiple payment functions, the majority were with a debit function (80.5% or 2.0 million).
- Cards with a credit function and delayed debit function amounted to 17.4% or 0.4 million and 3.7% or 0.1 million cards respectively.

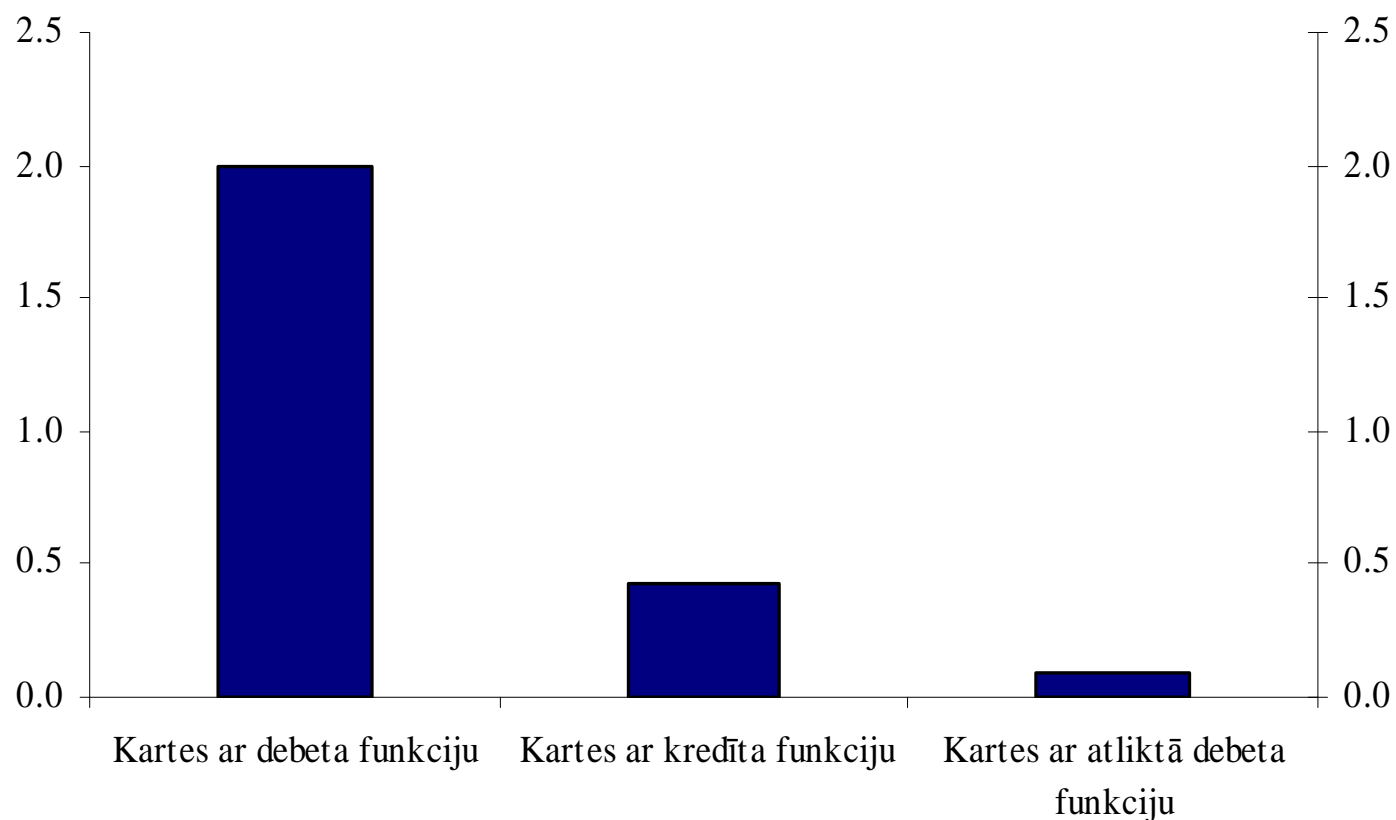
NUMBER OF CARDS (in thousands)

Source: Bank of Latvia

Total number of cards

Cards with a debit function /Cards with a credit function

/Cards with a delayed debit function





Non-cash payments

The main concerns on payment cards:

- A growing need for card security, (*cases of bank card fraud and identity theft are a growing concern*);
- To avoid misleading information dissemination in advertisements for customers (*“hidden” information*);
- Clear and visible information of interest rates, fees and charges etc.
- To support consumers with comparable information;
- To rise awareness and capacity of the financial market participants personal;
- Etc.



Non-cash payments

Protection of personal data:

- The use of data “**minimisation**” principle (limited to the minimum data necessary);
- To ensure “**transparency**” of data gathering – data subject must be clearly informed
 - what data is processed?
 - by whom?
 - for what purpose?
 - and how long it is stored for?



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