

Address of the President of Latvia, Egils Levits, at the scientific conference 'Banks in a changing world'

Published more than 4 years ago

Published: 29.09.2020.



Good afternoon dear participants and organisers of the scientific conference,

Good afternoon dear scholars and practitioners,

Thank you for inviting me to the scientific conference 'Banks in a changing world' and giving me an opportunity to address you today.

I fully subscribe to one of the key premises of this conference: the role of banks as financial service providers and major players of modern economic systems has expanded. Banking services are important not only for sustainable development of the economy. Sustainable banking business, especially lending services to small and medium businesses in the capital and regions, may serve as the basis for successful future growth of Latvian economy and financial sector.

Although banks are essentially private businesses, traditionally they have played an enormous role in promoting well-being of Latvian people. Unfortunately, banks have also been behind major crisis that have hit Latvia. Several systematically important banks have gone bust after the regaining of national independence. Banks have had to change their business models. New international banks have appeared and disappeared from the domestic market.

Rapid technological advancements and Latvia being a small and open economy mean that banks operating in Latvia are strategically important to our national security and international confidence in Latvia's economy, which is still recovering from the latest financial sector overhaul. The is why we need to prevent possible abuse of our financial system for committing of cross-border crime. I believe the overhaul of Latvia's financial system and implementation of Moneyval recommendations has been

successful. Government and all the stakeholders involved have done a truly remarkable job. However, it will take us some time until markets start believing in Latvia as a safe and stable investment climate again. The whole sector, including banks, will have to do their part to clearly demonstrate that risks are properly managed instead of avoided.

In conclusion, I would like to briefly focus on future challenges associated with new technologies. Banks are a part of established legal and democratic framework, and thus they must also strive to reconcile the benefits of technological development and legal requirements. For example, end decisions regarding human beings should not be left to algorithms that are not considered a legal tool. Moreover, I am absolutely convinced that all inhabitants of Latvia irrespective of their age and domicile should have equal access to future banking services.

Banks and the whole financial sector will need to support building a more resilient, greener and more inclusive national financial system in the coming years as significant public investments will go into recovery of European and other economies from the Covid-19 crisis. Banks are a part of Latvia's financial ecosystem. They have experienced numerous turbulences since Latvia regained its freedom. So, I do hope that the next phase will be more successful for banks in terms of finding a more balanced business model that reconciles profit considerations with adding value to services delivered to its clients or the people and businesses of Latvia.

I wish you a constructive conference and many valuable takeaways after today's discussions.

Related topics

[Egils Levits](#)

<https://www.president.lv/en/article/address-president-latvia-egils-levits-scientific-conference-banks-changing-world>