

Financial services export by Baltic banks

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The present article discloses the problems connected with the export of financial services by commercial banks of three Baltic countries - Lithuania, Latvia and Estonia. The author cites examples of innovations in banking world markets for expanding variants and increasing efficiency of financial services export. Special attention is focused on such an innovation of the banking market of these countries as "EU remote deposit". Aggregated results of the research of financial services export through questioning residents of the European Union are presented in the given article.

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Introduction

Objective of the current research is studying the possibilities and ways of increasing export of financial services by Baltic banks.

Following problems were considered in paper according to the mentioned objective: studying the new methodological and technological solutions promoting export of financial services; estimating current position of Baltic banks in the context of export of financial services; analyzing the demand for financial services in EU.

In order to reach the set objective and solve the aforementioned problems methods of theoretical analysis, interviewing and questioning with statistical processing were used. Information base for the research were publications in Latvian, English and Russian languages, remote services technology "EU remote deposit" of AS "Latvijas Biznesa banka" and the data of the survey about non-residents interest in foreign banks' services carried out by the author.

Remoteness - the key of success in financial services export

Financial services export is the very kind of export that developed during the last decades and attracted the attention of many countries of the world. Baltic countries belong to the category of the countries which are directly interested in the development, and increase of financial services export, especially under conditions of global crisis. Direct dependence is based on limited volume and assortment of their natural resources, instability of goods export, both special and consumer ones, as well as on availability of a great number of financial institutions in respect of their population and active business. The last feature is more characteristic of Latvia where at present 21 credit institutions and 7 branches of foreign banks have been registered and actively operating. In respect to sellers of a wide spectrum of financial services, Latvia can be considered as Baltic leader in comparison with Lithuania (with 8 banks and 3 branches of foreign banks) and Estonia (with 6 banks and 5 branches of foreign banks respectively). Natrins (2009) estimates Latvia's position as a financial center from strategic point of view, although without revealing the export technique. About certain technological moments which provide new potential opportunities of banking export under conditions of realization of a unified integrated financial EU market also writes Chris Skinner (2007).

Up to now, the Baltic banks exported financial services and export technique have been insufficiently researched. Although the approach of decision-making methods of Baltic banks is non-standard, being at the same time non-conflict towards numerous newly-born and proliferating regulation and directives of the European Commission, they are capable of exerting a considerable influence on their competitiveness in future.

Since year 2008 Baltic countries have lost their image of a rapid developing region that had been one of the main criteria that attracted foreign investors to local financial institutions. The indices of most Baltic banks have considerably deteriorated. Average overdue debts in Latvia rose till level of 28% in 2010 (Financial and Capital Market Commission, 2010). Losses of Latvian banks for the first 9-month period of 2010 made up almost 450 million EUR (Bank of Latvia, 2010). The same period in Lithuanian banks resulted in 105 million EUR losses (Association of Lithuanian banks, 2010) and in Estonia - there was a negligible profit. Arisen distrust on the part of foreign investors has lead to slowdown of export of traditional financial services. Thereby there is expected either an even greater decline or modification in this kind of export. For example, an increase in export of financial services could be achieved by smoothing out differences in tariff policy for resident and non-resident clients and/or by improving quality characteristics of services.

On the other hand, the increase in export is attainable through the use of new channels and modes of providing already known financial services abroad. For all this, securing identification of a customer in conjunction with convenience of a distant service, as well as constant upkeep techniques on a modern level is more likely to be one of main difficulties for the banks.

Distant banking service is a modern way of financial services export. Distance involves security risks, i.e. implies the necessity of identification and authorization of a customer in order to ascertain his authentication and further execution of his instructions.

The present situation with the distant service in foreign banks can be characterized by the following examples of innovations and supply channels.

Two channels

In a constantly evolving fraud environment via Internet HSBC bank exploiting Authentify's services uses two channels - Internet and telephone to authenticate automatically online users. Authenticity of the operation is confirmed when a customer enters specific details about himself and the transaction via telephone, that is separately from the Internet side (Finextra, 2009).

Cryptogram

In its turn, Cronto secures Germany's Commerzbank customers via mobile phone cameras (Finextra, 2009). To authenticate online transactions bank customers have to take photos of their PC screens with their mobile phones. For performing online operations and making transaction the customer is offered a unique graphical cryptogram consisting of a colored dots matrix displayed on his PC screen. Then the customer takes a photo of the image on the screen using his mobile phone, and Cronto's photo TAN software, downloaded into the customer's phone, is used to authenticate the transaction. Critical transaction information, i.e. payment details, is displayed on the phone's screen to confirm it has not been tampered with. The authentication code is then generated and sent back to the bank's server to conclude the transaction. The advantage of this technology lies in elimination of inconvenience of entering into different authentication devices.

Visa with password generator

Other examples of innovations apply to bank cards. In 2008 Visa and Emue Technologies deployed cards with a built-in one-time password generator (Finextra, 2009). This card is an ordinary Visa debit or credit card equipped with a display screen, a keypad and a built-in battery with a 3-year lifespan. The Visa credit card with one-time code extends chip-

level security to banking transactions. When using the given card one does not need to register or remember its password. This solution is rather perspective as it excludes proliferation of security devices and passwords which are so inconvenient for customers. Another progressive solution for a bank card lies in merging of the card with a mobile phone (authors - Visa and Telstra).

Language

If it is a question of convenience of distant service, it is inseparable from the language milieu in which the service is rendered. Communication delivery channel in Russian is a great potential for export of Baltic bank products. Being initially created to satisfy, first of all, the needs of local Russian-speaking customers, this channel considerably facilitates export of financial services throughout post-Soviet territory. However, it is not sufficient nowadays, and if you trace variety of language channels of leading EU investment banks, you will see that the potential is far from being exhausted here. For instance, the Danish investment bank Saxo Bank uses 4 main language channels, 23 language channels for trading, 7 of which are not official EU languages. Besides, there are over 150 language channels of regional tuning. For all that, the bank has only 10 foreign representations and offices.

Robots and so forth

Conveniences of another level are closely linked with innovations in technology sphere. Skinner (2009) makes prognosis for the appearance of video banking services with voice control and the “death” of keyboards, avatar services and numerous other technological innovations. The ultimate target of these changes is the appearance of a bank that is “always ready” for society in mode 24*7*365, that is “always online”. It is directly related to export of financial services.

Thus, a great export potential and high value added cost can be achieved through combination of attractive qualities of the most exported product, its delivery channels and means of delivery.

An example of export of financial services on the banking market of Baltic countries

Latvian Business Bank (AS “Latvijas Biznesa banka”) has worked out a nonstandard solution of financial services export. With the purpose of attracting a greater volume of term deposits, the bank is planning to offer its customers - individuals, EU residents, a service called “EU remote deposit” (Latvian Business bank, 2009). The nonstandard essence of the present service settlement lies in the following: there is no necessity for an absolutely new customer of the bank (including a LR nonresident) to visit the bank to place money on deposit. In their turn, bank officials are not required to meet their customers in person as placing one’s money on deposit is executed electronically.

As a rule, by exporting financial services a bank faces considerable risks when legalizing money received by money laundering on the customer’s side. Financial and Capital Market Commission (FCMC), an institution on supervision bank activities in Latvia, is extremely captious when checking execution of legislative deeds on prevention of laundering the proceeds from criminal activity and terrorism financing (further - AML, anti-money laundering).

After the events of 2005, when more than 10 Latvian banks underwent strict auditing on the part of FCMC for the purpose of observing AML regulations, the banks considerably toughened their internal bank norms of identifying a customer, as well as some other procedures in terms of a program “know your client”. On the one hand, positive results of the procedures led to improvement of the image of Latvian banks in general. Though that required additional efforts and expenses for the banks and had its effect upon the time of executing bank operations, their cost, relationships with customers, etc.

With the purpose of facilitating export of financial services, Latvian Business Bank is planning to identify a customer via “EU remote deposit” in accordance with the Directive No.2005/60/EK (EC, 2005) and the Regulation No.1781/2006 (EC, 2006). In compliance with the given legislative EU deeds, all banks are subject to observing unified regulations on identifying customers. When making transfers between EU banks, one always is to indicate identification data of the client: account number, name and surname, person’s identification code, etc. Having identification data of the customer in the frame of the unified AML system in EU, bank A (in this case it is Latvian Business Bank) has the right to request additional data about a certain customer from bank B where an account was opened for the customer who had placed a deposit. In its turn, bank B is obliged to provide bank A with additional information about the customer, his field of activities, etc. Hence, the worked out main regulations on identification contain the following particulars on providing “EU remote deposit”:

- the bank accepts only those term deposits which were transferred from other EU banks. That means that the customer had already been identified in accordance with the legislative EU regulations on AML;
- the bank concludes a deposit agreement with the customer without his presence in person in the process of identification;
- the bank accepts a deposit only from the account that has been opened on behalf of the customer in a member state of the EU. The bank is to rely and accept identification of the customer executed by a bank registered in an EU state (where the customer has opened an account).

Besides these mentioned regulations on identification, the bank takes the following measures for bringing to naught the money laundering risk:

- with the help of specialized programs, even before rendering a service, an unwanted for the bank customer is identified;
- the maximum sum of a deposit accepted from a customer is limited;
- one strictly keeps under control the return account to be the very account of the customer in an EU bank from which the funds had been placed on deposit;
- the bank allows the customer to use only one service - a deposit, without the right to execute any other operations until the customer has been identified in person;
- the bank carries out constant monitoring and, in case of any suspicion of money laundering, acts in accordance with the LR legislation (requests information about the customer in an EU bank from which the customer had transferred deposited sums, reports to the Financial Intelligence Unit, etc.).

The technique of receipt and return of “EU remote deposit” in itself contains low risks as it is secured by special software that includes a specially created web page connected to the home page of the bank, data base, checking criteria and administration system of contracts. It is understood that the “term deposit web page” will hold all the information necessary for the customer:

- accessible kinds of deposits and their terms and conditions;
- regulations to the contract of “EU remote deposit”;
- instructions on drawing up “EU remote deposit”;
- instructions on automatic prolongation of the deposit contract;
- procedure of placing funds on deposit and their receipt on expiry of the term of the contract, including the procedure on premature withdrawal of funds;
- fixed limits on the maximum volume of a deposit;
- general rules of rendering services to customers, etc.

The person who wants to make a deposit can do it technically at any time of the day and on any day of the week by choosing the term, kind, currency, interest rate and frequency of payment of a deposit on the web page. That is why import of the service may potentially interest those people who live in different time zones. Having chosen the desired parameters of a deposit, a customer in on-line regime enters information about himself (identification card data, actual address, contact data, data about another contact person, the amount of the deposit, IBAN number, devised password for Internet Banking, a secret question and answer, terms of automatic prolongation). Term deposit software automatically checks the introduced parameters regarding availability of logical mistakes, AML risk and correspondence to other terms, thus bringing to minimum the risk of incorrect issuance of a deposit. After successful automatic verification that takes some seconds the customer gets acquainted with the contract and confirms his consent to conclude it by pressing the button "O.K."

Then the customer's consent is automatically processed by the program, as a result, in a fraction of a second the customer is registered in the bank central program (without the right to perform other operations), a deposit account is opened, a deposit contract gets its number and the filled contract is screened to the customer in a non-editable .pdf format. On opening the .pdf file, the customer can see the text, print out and save the deposit contract (that is electronically signed on the bank's behalf). In order to minimize laundering risks and misunderstanding by customer the concluded contract is additionally e-mailed to the customer in .pdf format. Besides, the information regarding the status of the contract becomes admissible to the customer via Internet bank.

After physical receipt of currency from the customer the bank automatically verifies parameters of the transfer through a deposit program (identification data of the customer, deposit parameters, whether the funds were remitted from EU bank, etc). In case all parameters are correct, the customer's funds are automatically paid into the deposit account. In case the result of the program verification is negative, the funds are immediately returned to the customer. The deposit interest charges technique, payments of deposit and interest, prolongation of deposit are also automated, that is they are executed by the program. On the expiry date of the deposit its sum and interest are transferred (by the program) to the same account of the customer in EU bank from which the sum had been placed. In addition, for the customer's convenience, the execution of the following deposits can be done via Internet bank (with limited functions due to money laundering risks). To get access to Internet bank the customer uses a unique login indicated in the first deposit contract. By providing access to Internet bank, the bank intends to promote its other services as well as "accustom" the customer to its remote style of rendering services and gradually becoming nearer to the customer to aim at a long-term export of its services.

The technique of providing "EU remote deposit" services to a customer is a vivid example of how the use of automation means and other engineering and technical innovations allows to reduce technical risks, the risks of human mistakes, provides banking facilities to a great number of customers at a time, furnishes the services with a maximal speed, convenience and protection of a customer. For all this, one can stress the fact that automation considerably reduces expenses of the bank, thus giving the product a high value added. In the given technique the intrusion into human process takes place only in non-standard situations percentage of which is likely to be small. In its turn, that is achieved with the help of correctly constructed and programmed logical checking, schemes of work, orders, sequence of operations which accompany the process over the whole cycle of rendering a service. Under an ideal automation of the export process only the function of control and changes of product particulars are left to bank operators.

The "EU remote deposit" service also contains certain legal nuances. With the purpose of reducing legal risk in a deposit contract with the customer, the following conditions are stipulated. For example, the contract is considered concluded at the moment when the customer presses the button "O.K." on the deposit web page of the bank and the

program enters the reference in .pdf file on the customer's screen. The contract's stipulations on its coming into force are the following: availability of an account in the customer's name in a EU registered bank confirmed by the information attached to the transfer of the deposit sum and the amount received on the deposit account from that account is to coincide with the sum in the deposit contract, as well as the fact that the "information for the customer" in payment order coincides with the information in the contract. One also indicates in the contract that when the given provisions are not fulfilled, the contract is not in force and the funds are not placed on the deposit account but returned to the account from which they were received.

These and some other legal aspects have been thoroughly worked out by the Latvian Business Bank. The bank has also requested FCMC's permission to provide it with "EU remote deposit" and has not received any refusal. This testifies to the fact that its scheme is in compliance with normative regulations of the EU. Nevertheless, it is still difficult to define whether the legal risk has been maximally minimized, as there are no precedents of hearings of that sort of cases.

The present scheme of financial services export set out in writing is universal and can be applied by any Baltic bank, although it currently has been used only by one Latvian bank. Actually, it can be used by any Baltic bank. Moreover, through the use of the expounded principle one can export not only a term deposit, but also some other services. The key moments for a successful export prove to be technique and the "proper" (logically considered) marketing we are dealing with further.

Research of attractiveness of Baltic Banks' Services on the EU Countries Market

The first stage of marketing of any product ought to give an answer to the question: "Why will a customer buy this very product?" And through the example of "EU remote deposit" (described above): "Why a EU resident (non-resident of Baltic countries) will definitely deposit his money in a Baltic bank?" One can suppose different reasons or, vice versa, one can find no visible reasons for such a decision. At first sight it may seem that Europeans who know that at present Baltic countries experience a severe economic crisis would not remit their savings to a bank in this region. Besides, it seems there is no need for that as they have their local banks which actually provide the same products. To prove correctness or reject her own hypothesis, the author carried out an independent marketing research in March-April 2009 concerning interest of non-residents in services of foreign banks. The aim of the research was to find out preferences and wishes of Europeans regarding banking services, the motives which stimulate a customer to accept offers of a bank-exporter, as well as attractiveness of Baltic banks for Europeans.

The research consisted in an anonymous questioning of EU residents (except residents of Latvia, Lithuania and Estonia, as in the context of the given article these are the countries - exporters) where every person answered the same questions with the option of choosing answers in online regime on a web page. Total number of those questioned was over 100 persons. However, in the given article one carries out preliminary analysis basing on the first 100 respondents to get precise results up to 1 per cent. In the course of the receipt of further answers the results will be recalculated. The following recalculation is planned on the level of 1000 respondents. The drawing in respondents has been organized by the author through publication of a web reference on a questionnaire in Internet forms, live journal, business contact web pages (for example, www.linkedin.com, www.facebook.com, etc), as well as through acquaintances who have contacts with foreigners from the EU.

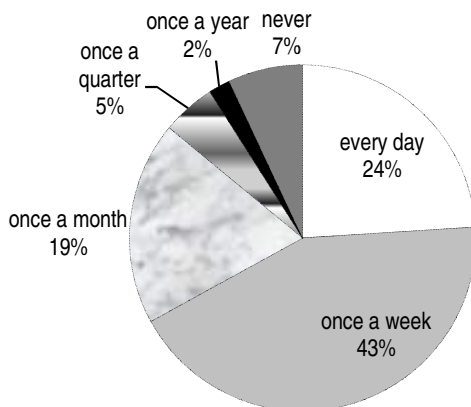
Residents of 22 countries of the EU have responded (in brackets the number of people is indicated): Austria (3), Belgium (2), Bulgaria (3), Cyprus(2), Czech Republic (2), Denmark(6), Finland (3), France (4), Germany (8), Hungary (2), Ireland (1), Italy (6), Luxembourg (2), Netherlands (8), Poland (8), Portugal (2), Romania (3), Slovakia (2), Slovenia (8), Spain (3), Sweden (5), United Kingdom (17). The respondents represented

different age groups: from 19 to 24 - 24%, from 25 to 34 - 49%, from 35 to 44 - 17% and from 45 to 56 - 10%. Line of business was not questioned.

The first question of the blank/form “Do you use bank’s offered services?” was given a positive answer by 99% (“no” was answered by one 22-year-old respondent).

The second question “How often do you use online banking?” (Figure 1) was asked to determine the degree of activity of respondents when using remote banking services.

FIGURE 1. ANSWER TO THE QUESTION “HOW OFTEN DO YOU USE ONLINE BANKING?”



Source: Own study

The summary of the answers has shown that 24% of respondents use online banking once a day, 43% - once a week, 19% - once a month, 5% - once a quarter, 2% - once a year and 7% don't use it at all. That means, for the majority of respondents (86%) using online banking at least once a month remote banking services are quite usual. The given fact has good reason to suppose that the use of such exported products as “EU remote deposit” will not be complicated for these people.

The third question “Would you like to use foreign bank service?” (a foreign bank is a bank situated outside your native country) was given a positive answer by 55% of the questioned residents of the EU (negative answers were given by 45% of respondents). In the author's opinion this fact is a considerable potentiality for Baltic (and not only Baltic) countries.

Those who expressed their wishes to open an account in a foreign bank were asked to indicate the reason of their choice. Respondents could choose between one or several reasons from the list offered by the author or indicate any other reason in a separately allotted space in the form. The received answers showed that the choice of a foreign bank is determined by (Figure 2):

41% - the wish to have an alternative bank just for certain cases;

23% - the possibility of paying lower tariffs for services;

15% - the wish to get better and more efficient service (including “one-stop shop” service);

8% - the fact that in the home country of the respondent banks don't provide all necessary services;

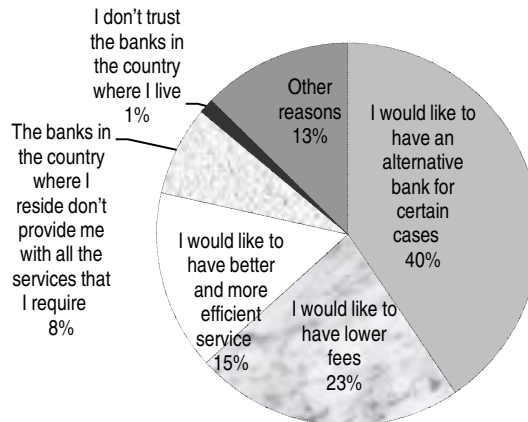
1% - distrust of the respondent to banks in his own country;

13% - give some other reasons, such as:

- any other country's citizenship (for tax payments, receipt of social payments, etc.);

- in case of return to the country where one had former lived;
- one's business and/or property are in another country;
- distant or near relatives live in another country.

FIGURE 2. REASONS FOR USING FOREIGN BANK SERVICE



Source: own study

The author was most attracted by the answer that had scored more points (41%): “I would like to have an alternative bank for certain cases”. Perhaps, it is a natural wish to secure oneself and diversify risks. Taking into consideration world economic crisis, local recession of economies of separate European countries, as well as the gained experience during previous crises, the concept “an alternative bank” can become topical for a greater number of people. If one assumes that a reserve bank is chosen to secure oneself, most likely the main services to interest the customer will be personal savings, i.e. deposits, deposit and savings accounts and also money transfers. In this case the presented above “EU remote deposit” can become the first step to a reserve bank for 22.55% of foreigners.

The service “EU remote deposit” will also satisfy those respondents who had answered that a foreign bank interested them due to lower fees (23%) as the bank commission consists of only money transfer fee to a deposit in a foreign bank. Taking into account the fact that with the introduction of SEPA¹, EUR transfers over the European Union are to be effected according to unified rates, the issuing of the given term deposit for a customer is equal to the payment for money transfer to any other bank in one's own country.

A relatively low percentage of respondents (15%) expressed the wish to be served in a foreign bank to get better and more efficient service. As distinct from the author's expectation, the given respondents were from the countries of “old” Europe (Netherlands, Luxembourg, France, Austria, Italy and Britain) where the banking service is expected to be at a higher level.

The fourth question of the form “What factors are important for you in deciding to term deposit money in a foreign bank?” was asked to find out key factors in view of export of deposit services, including the above mentioned “EU remote deposit” as well as when making decisions on using an “alternative bank”. The respondents were offered 16 variants of answers, the last of which (No.16) could be indicated by themselves. It was

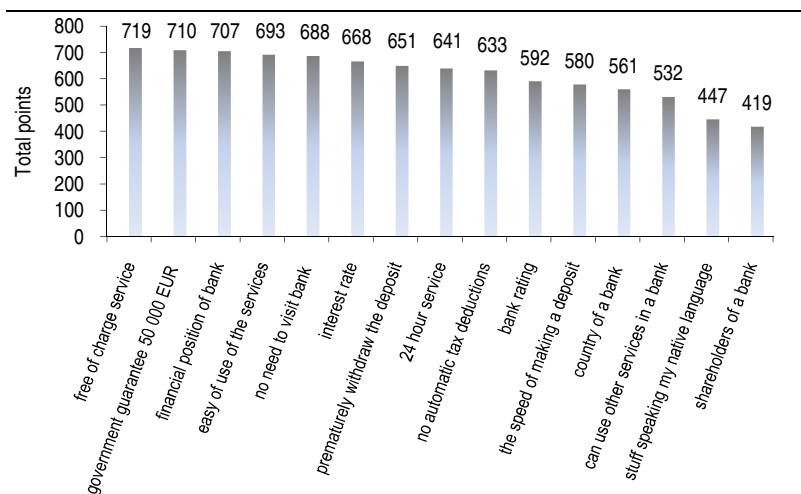
¹ SEPA - Single European Payment Area, it is a uniform zone of euro payments in which tariff distinctions between internal and international payments in euro are liquidated.

asked to evaluate each of the offered variants by scale points where '10' was the most important factor and '0' was an unimportant one.

As a result, the answers to the fourth question according to its importance for respondents are lined up in the following order (Figure 3.):

- 1 - service is free of charge (scores 719 points- here and further)
- 2 - in the event of bank bankruptcy, 50 000 EUR is legally government protected (710)
- 3 - financial position of foreign bank (707)
- 4 - easy of use of the offered services (693)
- 5 - there is no need to visit the foreign bank personally (688)
- 6 - interest rate (higher than in domestic banks) (668)
- 7 - can prematurely withdraw the deposit without any penalty (651)
- 8 - availability of 24 hour service (641)
- 9 - no automatic tax deductions from income derived from deposit (633)
- 10 - foreign bank credit rating (592)
- 11 - the speed of making a deposit (580)
- 12 - country of foreign bank (rating, image) (561)
- 13 - can use other services in the foreign bank (532)
- 14 - the staff are fluent in my native language (447)
- 15 - foreign bank shareholders (419).

FIGURE 3. INCENTIVES FOR TAKING DECISIONS REGARDING A DEPOSIT IN A FOREIGN BANK ABROAD



Source: own study

The following important for them factors were also indicated by respondents: fluent English, confidentiality and safety of a deposit, honesty, correctness, precision and accuracy of bank service. The first three positions prove to be quite natural - the combination of guarantees with free service, as in this case a customer does not bear any financial losses like tariff fees, and it is a customer's priority. In respondents' opinion, in

case a government guarantee is granted, the bank's country is actually of no importance (the merit of guarantees is disregarded).

Further on, under other equal conditions, remoteness is of primary importance for a modern customer. Service convenience a more important role for Europeans than price factors, i.e. interest rate and the conditions of deposit withdrawal. The respondents evaluated unexpectedly high the possibility of providing a 24-hour service. That is confirmed by Chris Skinner's assumptions regarding future popularity of the bank that is 'always ready' in regime 24*7*365 for the society that is "always online". It's the author's opinion that quite natural is the fact that the respondents pay less attention to such specific for a common person things as foreign bank credit rating, foreign bank shareholders, the speed of making out a deposit and no automatic tax deduction. Although the importance of a language of serving is on the last but one place for the respondents, one should take into consideration the fact that actually all respondents possessed a certain knowledge of English as it was the language of the blank questioning. Still, the language barrier exists for 25% of the questioned and for 26% of them bank contacts in their native language would be desirable.

TABLE 1. INTEREST ON MONEY DEPOSIT IN BALTIC BANKS

Annual interest rate, in %	Respondents (would like to make money deposit), in %	Amount changes in comparison with previous group, in %
4	31	
6	46	+153
8	50	+62
10	55	+22

Source: Own study.

The last question of the blank was aimed at finding out the attitude of Europeans to Baltic banks, taking into account the existence of "EU remote deposit": "What amount would you deposit in a bank in Latvia, Lithuania or Estonia (EU members since 2004) if there being no need for you to visit the country specially and the annual interest rate would be a) 4%, b) 6%, c)8% and d) 10%?" In this case the emphasis was laid not on the sum indicated by respondents but on their readiness to deposit money. As a result, the summarized data have shown that 68% of the questioned were likely to place deposit money under at least one of the mentioned annual interest rates. Extended statistics of virtual deposits is shown in the Table 1. One can consider the data trustworthy, as they don't differ considerably from average values in sectors.

One can judge by the table that with the increase of deposit interest rate the number of those wishing to place funds and the average amount of deposit increase respectively. However, the biggest relative increase of the total deposit sum takes place during the change of the rate from 4% to 6%, further the growth rate of the sum reduces. At present annual interest rate of 6% in EUR is offered by certain Baltic banks (PrivatBank, Latvijas Krājbanka, Hipotēku Banka, Trasta Komerčbanka, Latvijas Bznesa banka and others). Hence, tariff policy can become one of the main competitive advantages of Baltic banks in view of export of financial services.

Conclusion

Numerous financial organizations of Baltic countries under conditions of the world crisis, economic recession of their countries and toughening of regulations on the part of the EU controlling bodies ought to export financial services abroad, in the first place inside the EU, to secure survival of both their sector and their countries' prosperity. Thus, it is

recommended to raise export appeal by raising quality characteristics of the product, application of new channels and modes of providing already known financial services abroad, and also by smoothing out differences in tariff policy for residents and nonresidents.

Strategy and behavior models of the Baltic banks regarding export of financial services are necessary for aiming completely on remote service with management convenient for the customer in regime 24*7*365 in understandable language for him. Problems of identification under such a service should be solved either owing to the application of new technologies, like multi-channel connection, graphical cryptograms, password generators, etc. or through non-standard methodological solutions to appear thanks to new directives of the European Commission.

The scheme of deposits export examined in AS „Latvijas Biznesa banka” (Latvia) is a bright example of remote servicing with performance of aforementioned criteria and with lowered risk levels. Considering that the given methodological scheme is universal, its implementation for other financial services export and use by other Baltic banks is recommended.

The demand for exported financial services of the Baltic banks confirms the research, executed by a method of questioning, that shows a great interest of more than half Europeans in importing financial services of Baltic banks either from a position of risk diversification or as a more convenient service by attractive rates and tariffs. When taking decisions regarding placing funds in Baltic banks, two thirds of the respondents are not confused by shareholders or “new” EU countries’ status. The most important factors for the majority of foreign clients are government guarantees and financial stability of credit institution. It is recommended to the Baltic banks for attraction of deposits from foreigners to offer rates above average in Europe (at the moment to offer under 4 %-6 % annual).

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