

Under the provisions laid down in the Constitution of Latvia the State is obliged to recognise and protect fundamental human rights and protect human honour and dignity in accordance with the Constitution, laws and international agreements binding upon Latvia; current laws regulating banking and financial sector in Latvia are developed in accordance with those provisions. Considering private debt during the recent decades great effort has been made to increase depositor confidence in the financial sector as a whole and it is done in line with responding regulative framework within the EU. It is laid down in the Civil law of the Republic of Latvia that the interest which is non-commensurate and non-conforming to fair dealing practice shall be regarded as unlawful (see Civil Law of the Republic of Latvia - Articles 1764 and 1765).

The basic interest rate shall be the final interest rate which the European Central Bank has applied in the latest main refinancing operations carried out before the first calendar day of the relevant half-year and it shall be applied in the ensuing six months. Thus the basic interest rate used is set by the Governing Council of the ECB and is the interest rate for the whole euro area.