Emerging International Regulatory Trends

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World Council of Credit Unions

Key Trends and Changes

Global Regulatory Trends

- Sustainable Finance
- Digitalization
- Anti-Money Laundering
- Other emerging issues

Resources

World Council of Credit Unions

- 118 Countries
- 82,758 Credit Unions
- $3.6 Trillion in Assets
- Serving 403 Million Members

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JUNE 21 - 24, 2024

MEMBER SERVICES

World Council

International Advocacy

What Credit Unions Face

In today's regulatory environment, many financial rules are set at the international level and focus on large banks.

As a result, even though many of those rules are not appropriate for credit unions, national-level regulators often have limited discretion in how much they can deviate from them.

What We Do

WOCCU is the only organization advocating for fair and proportional treatment of credit unions in front of key international standard setting bodies, including the:

- Basel Committee on Banking Supervision (Basel Committee).
- Financial Action Task Force (FATF).
- International Accounting Standards Board (IASB).
- Financial Stability Board (FSB).

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A RECORD OF SUCCESS

Our recent efforts resulted in **some major wins for credit unions**:

The Basel Committee issued guidance encouraging national-level regulators to tailor Basel III standards in a proportional manner for credit unions.

The FSB heeded WOCCU's call for regulatory flexibility, by noting relief measures granted during the COVID-19 pandemic are best withdrawn gradually.

CCCU and WOCCU Collaboration

Recent activity through your membership with CCCU

- Joint comment letters on national issues
- Sharing global best practices
- Meetings with national regulators

Emerging Issues

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Sustainable Finance

International Sustainability Standard's Board (ISSB)

- Accounting standards to address environmental, social and governance matters in coordination with IASB
- National-level regulators reviewing S1 and S2 disclosures geared towards financial risks posed by climate changes and measuring environmental impact
- Basel Committee Pillar 3 disclosure
- Examples:
  - European Union taxonomy
  - Brazil organizational disclosures

Digitalization

- Payments
  - G20/Financial Stability Board cross-border payment roadmap
  - Growing fintech services
  - Central bank digital currency

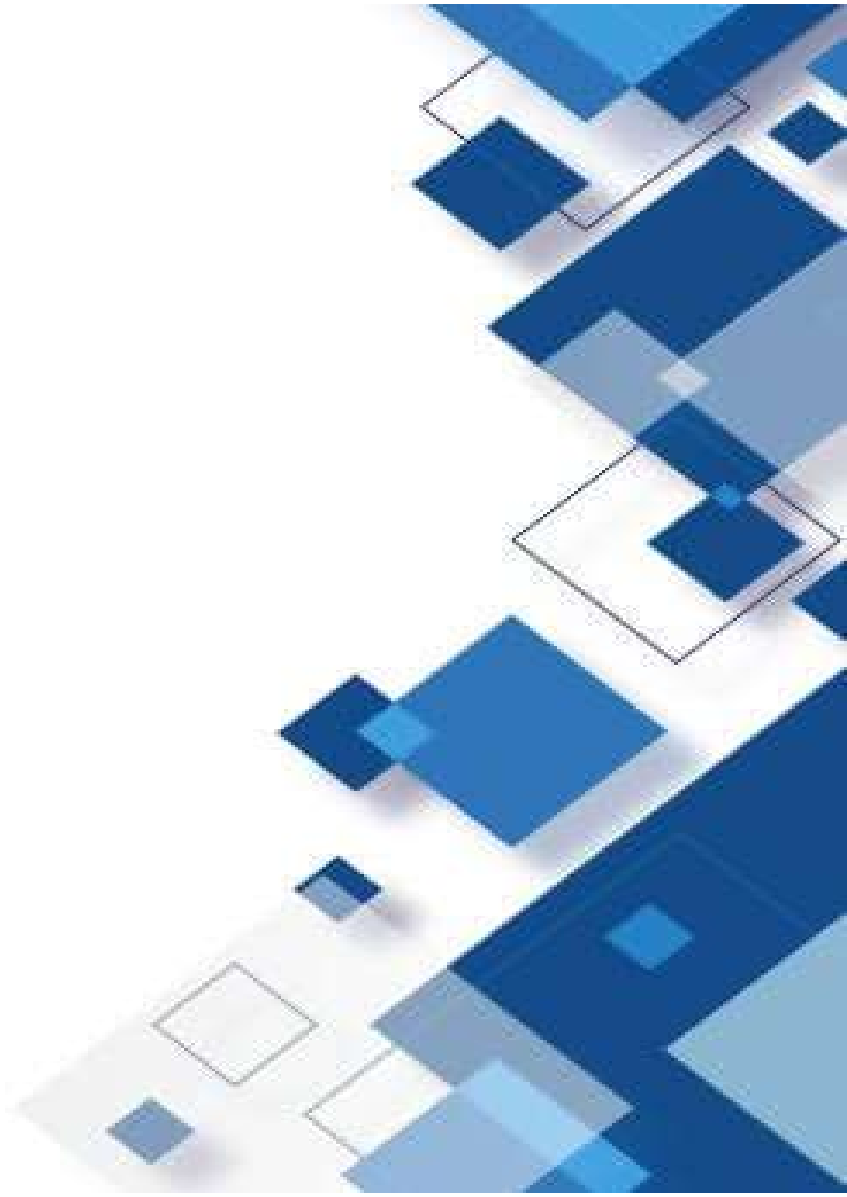
- Emerging Technology
  - Artificial intelligence/machine learning
  - Cryptoassets and uses of blockchain technology

Digitalization Cont.

- Operational resilience
  - Aims to increase banks' capacity to withstand disruptions due to potentially severe events
  - Business continuity and risk management
- Third party vendor management
  - Increased reliance and risks

Anti-Money Laundering

- Beneficial ownership of Legal entities
- Digital Identification
  - Understand assurance levels of digital ID technology and governance
  - Determine whether is appropriately reliable, independent of potential risks used to facilitate illicit finance
- Financial inclusion related to de-risking and correspondent banking access



Other emerging issues….

- Open banking
  - Sharing financial data – risks and costs
- Core Principles for Effective Banking Supervision
  - First updates since 2012
  - Focused on corporate governance and risk management, climate-related financial risks, operational resilience
- Modernizing national regulations

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Resources

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Resources

- Basel Committee – Report on Digitalization of Finance (May 2024)
  - https://www.bis.org/bcbs/publ/d575.pdf
- Basel Committee – Core Principles on Effective Banking Supervision (April 2024)
  - https://www.bis.org/bcbs/publ/d573.htm
- FATF – Opportunities and Challenges of New Technology
  - https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Opportunities-Challenges-of-New-Technologies-for-AML-CFT.pdf.coredownload.inline.pdf
- FATF – Guide to digital identity
  - https://www.fatf-gafi.org/en/publications/Financialinclusionandnpoissues/Digital-identity-guidance.html
- World Council – Advocacy/Regulatory Resources
  - https://www.woccu.org/international_advocacy

Thank You!

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