



## G20 NEW DELHI LEADERS' DECLARATION

New Delhi, India, 9-10 September 2023

### SUMMARY OF CREDIT UNION RELATED PROVISIONS

The 2023 New Delhi Leaders' Declaration was again this year shaped by events related to the conflict in Ukraine with a last-minute consensus reached on language that fell short of a condemnation of the invasion and clearly softened from last year's position on the conflict. The ultimate language agreed upon by all countries emphasized that states must "refrain from the threat or use of force to seek territorial acquisition" and that "the use or threat of use of nuclear weapons is inadmissible". Notably absent from attending the conference were Russian President Vladimir Putin and Chinese President Xi Jinping. Also notable is the inclusion of the African Union into the G20 (perhaps it now can be called the G21).

This year's theme was "We are One Earth, One Family, and we share One Future", with a notable focus on Sustainable Development Goals and reducing global greenhouse gas emissions (climate change). For credit unions there are several provisions that may either directly or indirectly affect their operations. The Leaders' Declaration ultimately gives direction to many of the international standard setting bodies who will then design policies that will influence laws and regulations at the national level. A summary of those pertinent provisions are as follows:

#### FINANCIAL INCLUSION:

*a. Declaration Language:*

We welcome the 2023 Update to Leaders on Progress towards the G20 Remittance Target and endorse the Regulatory Toolkit for Enhanced Digital Financial Inclusion of Micro, Small and Medium Enterprises (MSMEs). **We endorse the voluntary and nonbinding G20 Policy recommendations for Advancing Financial Inclusion and Productivity Gains through Digital Public Infrastructure.** We take note of the significant role of digital public infrastructure in helping to advance financial inclusion in support of inclusive growth and sustainable development. We also encourage the continuous development and responsible use of technological innovations including innovative payment systems, to achieve financial inclusion of the last mile and progress towards reducing the cost of remittances. We also support continuous efforts to strengthen digital financial literacy and consumer protection. **We endorse the G20 2023 Financial Inclusion Action Plan (FIAP),** which provides an action oriented and forward-looking roadmap for rapidly accelerating the financial inclusion of individuals and MSMEs, particularly vulnerable and underserved groups, in the G20 countries and beyond.



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*b. How this affects credit unions:*

The G20 2023 Financial Inclusion Action Plan provides several focus areas. It is important to note the integration of the Global Partnership for Financial Inclusion into the International Standard Setting bodies with this work to influence how regulatory frameworks are shaped. For credit unions this can result in enabling environments to support the cooperative model and the important role it can play in addressing financial inclusion.

The report notes the following priority areas:

- Digital Financial Inclusion (DFI), interpreted as promoting the deployment of secure and responsible digitally-enabled financial services and products in G20 and non-G20 countries to provide financially excluded and underserved populations with a range of formal financial services suited to their needs, delivered responsibly, with a focus on effective access, at a cost affordable to customers and sustainable for providers.
- MSME finance, interpreted as improving MSMEs' access to finance in G20 and non-G20 countries, particularly in low-income and developing countries, through innovative methods (including digital infrastructures) for enhancing growth, resilience and exiting informality.

Also notable is the focus on remittances and the establishment of the G20 Remittance Targets along with the alignment of the Sustainable Development Goals with the actions plan.

This focus on financial inclusion and the integration with the international standard setting bodies bodes well for the implementation of proportionality that will allow credit unions to better served marginalized, underserved or otherwise financially excluded populations.

## **SUSTAINABLE FINANCE/CLIMATE:**

There are many provisions related to strengthening global efforts to reach the objectives of the United Nations Framework Convention on Climate Change (UNFCCC) and the goals of the Paris Agreement, as well as implementing the COP27 commitments (and other agreements). All are designed to strengthen policies and mobilize financing from all sources in a predictable, adequate and timely manner to address climate change, biodiversity loss and environmental degradation, including significantly increasing support for developing countries. For credit unions, the policies represent ongoing development to transition the operations and conduct of credit unions and other regulatory requirements.

*a. Declaration Language (excerpts):*



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- We welcome the finalization of the sustainability and climate-related disclosure standards published by the International Sustainability Standards Board (ISSB) in June 2023, **which provide mechanisms that address proportionality and promote interoperability. It is important that flexibility, to take into account country-specific circumstances, is preserved in the implementation of those standards.** When put into practice as above, those standards will help support globally comparable and reliable disclosures.
- We welcome the **annual progress report on the FSB’s Roadmap for Addressing Financial Risks from Climate Change.** We endorse the revised G20/OECD Principles of Corporate Governance, with the aim to strengthen policy and regulatory frameworks for corporate governance that support sustainability and access to finance from capital markets, which in turn can contribute to the resilience of the broader economy. We reiterate our commitment to promote sustainable capital flows. To this effect, we take note of the OECD’s Report, “Towards Orderly Green Transition – Investment Requirements and Managing Risks to Capital Flows”.
- On the Sustainable Development Goals:
  - At the midway point to 2030, the global progress on SDGs is off-track with only 12 percent of the targets on track. During this Decade of Action, we will leverage the G20’s convening power and its collective resolve to fully and effectively implement the 2030 Agenda and accelerate progress toward the SDGs, in a timely manner, to shape the world we want to see for our future generations.
  - To accelerate progress on SDGs, we commit to taking collective action for effective and timely implementation of the G20 2023 Action Plan to Accelerate Progress on the SDGs, including its High-Level Principles.
  - We recognize the need for increased global investments to meet our climate goals of the Paris Agreement, and to rapidly and substantially scale up investment and climate finance from billions to trillions of dollars globally from all sources. In this regard, it is essential to align all relevant financial flows with these objectives while scaling up finance, capacity building and technology transfer on voluntary and mutually agreed terms, taking into account the priorities and needs of developing countries.

b. *What this means for credit unions:*

The language on proportionality from the G20 to the international standard setters is an important direction on properly implementing the embedded proportionality. This language



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can be used at the national level to instruct policy makers that the newly developed standards on sustainable disclosures need to be properly tailored for the size, risk, and complexity of the credit union. This language from the G20 reinforces the high priority that needs to be placed on proportionality.

On the FSB's roadmap, including the risks for addressing climate change continues to be an evolving regulatory process. For credit unions this represents changes to many areas of the operations including governance, capital requirements, investments, accounting procedures, analyses of products and services and several other areas.

## **PAYMENTS:**

### *a. Declaration Language:*

We reaffirm our commitment to the effective implementation of the prioritized actions for the next phase of the G20 Roadmap for Enhancing Cross-border Payments to achieve global targets for faster, cheaper, more transparent and inclusive cross-border payments by 2027, and welcome the initiatives undertaken by SSBs and international organizations in this direction. We welcome the successful conclusion of the G20 TechSprint 2023, a joint initiative with the BIS Innovation Hub, which will promote innovative solutions aimed at improving cross-border payments.

### *b. What this means for credit unions:*

Faster, cheaper, more transparent and more inclusive cross-border payments continue to be a focus of the G20 and international standards. The targets set during 2021 and are a continued focus for international standard setting bodies. These efforts will transform the payments space with many solutions under consideration, including the use of central bank digital currencies, cryptocurrencies and others.

## **MACRO-ECONOMIC ISSUES (with some nexus to financial institutions)**

### *a. Declaration Language (Excerpts):*

On Reforming International Financial Institutions:

- The 21st century also requires an international development finance system that is fit for purpose, including for the scale of need and depth of the shocks facing developing countries, in particular the poorest and most vulnerable. We are working to deliver better, bigger and more effective MDBs by enhancing operating models, improving responsiveness and accessibility and substantially increasing



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financing capacity to maximize development impact. Stronger MDBs will be important to our efforts to mobilize financing from all sources for a quantum jump from billions to trillions of dollars for development. We underscore the need for enhancing representation and voice of developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions. The international finance system must deliver significantly more financing to help developing countries and EMEs to fight poverty, tackle global challenges and maximize development impact.

## On Digitization:

- We recognize that safe, secure, trusted, accountable and inclusive digital public infrastructure, respectful of human rights, personal data, privacy and intellectual property rights can foster resilience, and enable service delivery and innovation.
- An enabling, inclusive, open, fair, non-discriminatory and secure digital economy is increasingly important for all countries and stakeholders while respecting applicable legal frameworks.

## b. *What this means for credit unions:*

The recognition of the role that finance can play and the connection to digitization bodes well for credit unions. Access to correspondent banks, payments systems, investments and liquidity are all affected by the overall financial architecture and the focus by the G20 on this financial resilience can benefit credit union systems around the world. Digitization on its own also is inextricably tied to the ability of a credit union to grow and operate in the modern world. The focus on the digital infrastructure will enhance the ability of credit unions to fully embrace and have access to digital solutions.

## **GENER EQUALITY AND EMPOWERING ALL WOMEN AND GIRLS:**

### a. *Declaration Language (excerpts):*

- The G20 reaffirms that gender equality is of fundamental importance, and that investing in the empowerment of all women and girls, has a multiplier effect in implementing the 2030 Agenda.
- We encourage women-led development and remain committed to enhancing women's full, equal, effective and meaningful participation as decision makers for addressing global challenges inclusively and in contributing as active participants in all spheres of



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society, across all sectors and at all levels of the economy, which is not only crucial for achieving gender equality, but also for contributing to global GDP growth.

- Acknowledging the disproportionate impact of climate change, biodiversity loss, desertification and pollution on all women and girls, accelerating climate action must have gender equality at its core.
- Women’s food security and nutrition is the cornerstone of individual and community development as it lays the foundation for women’s health, as well as that of her children, family and general well-being of the community.

b. *What this means for credit unions:*

Credit unions have a long history of serving women and other vulnerable and underserved populations. In fact, credit unions have been leaders in this area. The recognition and focus by the G20 and the connection between financial inclusion and access to digital solutions will enhance the roll that credit unions can contribute to addressing equality and affordable and responsible access to financial services. The continued focus by the G20 on women’s issue indicates the clear priority of addressing many of the associated issues by the nations of the world.

## **ANTI-MONEY LAUNDERING/COMBATting THE FINANCING OF TERRORISM (AML/CFT)**

a. *Declaration Language:*

We commit to supporting the increasing resource needs of the Financial Action Task Force (FATF) and FATF Style Regional Bodies and encourage others to do the same, including for the next round of mutual evaluations. We remain committed to the timely and global implementation of the revised FATF Standards on the transparency of beneficial ownership of legal persons and legal arrangements to make it more difficult for criminals to hide and launder ill-gotten gains. We welcome the ongoing work of the FATF to enhance global efforts to recover criminal proceeds, in particular, the progress made by the FATF towards revising its standards on asset recovery and reinforcing global asset recovery networks. We reiterate the importance of countries developing and implementing effective regulatory and supervisory frameworks to mitigate risks associated with virtual assets in line with FATF Standards, especially for terrorism financing, money laundering and proliferation financing risks. In this regard, we support the FATF's initiative to accelerate the global implementation of its standards, including the “travel rule”, and its work on risks of emerging technologies and innovations, including decentralized finance (DeFi) arrangements and peer-to-peer transactions.



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b. *What this means for credit unions:*

AML/CFT continues to represent a significant regulatory burden for credit unions and the failure to proportionally tailor rules often represents an impairment to financial inclusion. It affects issues such as account opening, access to correspondent banks (de-risking), operations, monitoring and reporting requirements and many others. Notable is the continuing focus on the beneficial ownership of legal persons which continues to be a challenge worldwide for credit unions. Notable is the absence of any focus on the issue of de-risking which is being worked on at FATF.

## **CRYPTOCURRENCIES/CENTRAL BANK DIGITAL CURRENCIES/ARTIFICIAL INTELLIGENCE**

a. *Declaration Language:*

1. On cryptoassets:

We continue to closely monitor the risks of the fast-paced developments in the cryptoasset ecosystem. We endorse the Financial Stability Board's (FSB's) high-level recommendations for the regulation, supervision and oversight of crypto-assets activities and markets and of global stablecoin arrangements. We ask the FSB and SSBs to promote the effective and timely implementation of these recommendations in a consistent manner globally to avoid regulatory arbitrage. We welcome the shared FSB and SSBs workplan for crypto assets. We welcome the IMF-FSB Synthesis Paper, including a Roadmap, that will support a coordinated and comprehensive policy and regulatory framework taking into account the full range of risks and risks specific to the emerging market and developing economies (EMDEs) and ongoing global implementation of FATF standards to address money laundering and terrorism financing risks. Our Finance Ministers and Central Bank Governors will discuss taking forward the Roadmap at their meeting in October 2023. We also welcome the BIS Report on The Crypto Ecosystem: Key Elements and Risks.

2. On Central Bank Digital Currencies:

We welcome discussions on the potential macro-financial implications arising from the introduction and adoption of Central Bank Digital Currencies (CBDCs), notably on cross-border payments as well as on the international monetary and financial system. We welcome the BIS Innovation Hub (BISIH) Report on Lessons Learnt on CBDCs and look forward to the IMF Report on Potential macro-financial implications of widespread adoption of CBDCs to advance the discussion on this issue.





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## 3. On Artificial Intelligence:

The rapid progress of AI promises prosperity and expansion of the global digital economy. It is our endeavour to leverage AI for the public good by solving challenges in a responsible, inclusive and human-centric manner, while protecting people's rights and safety. To ensure responsible AI development, deployment and use, the protection of human rights, transparency and explainability, fairness, accountability, regulation, safety, appropriate human oversight, ethics, biases, privacy and data protection must be addressed. To unlock the full potential of AI, equitably share its benefits and mitigate risks, we will work together to promote international cooperation and further discussions on international governance for AI. To this end, we: i. Reaffirm our commitment to G20 AI Principles (2019) and endeavour to share information on approaches to using AI to support solutions in the digital economy. ii. Will pursue a pro-innovation regulatory/governance approach that maximizes the benefits and takes into account the risks associated with the use of AI. iii. Will promote responsible AI for achieving SDGs.

### b. *What this means for credit unions:*

Crypto-assets, CBDC's, artificial intelligence and other emerging technologies present challenges in many areas for credit unions. The emerging regulatory framework will shape the role of credit unions in this area.

## **CYBERSECURITY:**

### a. *Declaration Language:*

We continue to strongly support the work of the FSB and SSBs to address vulnerabilities and enhance the resilience of non-bank financial intermediation (NBFi) from a systemic perspective while monitoring evolving developments in NBFi. We welcome the FSB's consultation report on revisions to the FSB 2017 recommendations on addressing liquidity mismatch in open-ended funds and the FSB report on the financial stability implications of leverage in NBFi, and we support work to promote implementation of the FSB money market fund proposals. We welcome the FSB's recommendations to achieve greater convergence in cyber incident reporting, updates to the Cyber Lexicon and Concept Note for a Format for Incident Reporting Exchange (FIRE). We look forward to the FSB's further work on FIRE and ask the FSB to develop an action plan with appropriate timelines. We welcome the FSB's consultation Report on Enhancing Third-party Risk Management and Oversight. We expect the toolkit to support efforts in enhancing the operational resilience of financial institutions, addressing the challenges arising from their growing reliance on critical third-party service providers, including





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BigTechs and FinTechs, as well as reducing fragmentation in regulatory and supervisory approaches across jurisdictions and in different areas of the financial services sector.

b. *What this means for credit unions:*

Cybersecurity continues to be front and center for many regulators representing a systemic risk for all financial institutions. International standard setters continue to work on standards and other information sharing tactics to strengthen the financial sector. Anticipate further regulations that will alter how credit unions are addressing cybersecurity concerns.