



6 December 2024

Submitted Electronically

Financial Action Task Force
Office of FATF Secretariat
FATF/GAFI
2, Rue André Pascal
75775 Paris Cedex 16 FRANCE

Re: Public Consultation on AML/CFT and Financial Inclusion

Dear Sir or Madam:

World Council of Credit Unions (World Council) appreciates the opportunity to comment on the Financial Action Task Force (FATF) Public Consultation on AML/CFT and Financial Inclusion (Consultation).¹ Credit unions are not-for-profit cooperative depository institutions and World Council is the leading trade association and development organization for the international credit union movement. Worldwide, there are over 75,000 credit unions in over 100 countries with over USD 3.6 trillion in total assets serving over 400 million physical person members.²

Complying with the AML/CFT regulations is a top priority for credit unions. Credit unions understand the need for regulations and the role they play in identifying and preventing financial crimes. Credit unions are mission based, focused on serving their community. Members of the credit union democratically elect their boards of directors, who in turn volunteer their time to ensure every member receives the financial services they need. Credit unions fill an important gap in the financial services market, reaching underserved populations that have historically been excluded from the financial system. As credit unions are on the forefront of serving marginalized communities such as refugee populations, they experience the significant impact of compliance challenges related to AML.

World Council greatly appreciates FATF's focus on financial inclusion and the challenges regulations can present related to inclusion. One of the most important changes made throughout the Consultation is the additional text, "where countries identify lower risks, they should allow and encourage simplified measures as appropriate." World Council strongly supports FATF encouraging national governments to adapt regulations where the risk is lower. It is critical that national governments and regulators take the appropriate steps to identify where AML/CFT regulations can be proportionally tailored based on risk. It is our experience that many governments worldwide do not take that action, which significantly hinders credit unions efforts towards financial inclusion. World Council is hopeful that with stronger guidance from FATF, national governments will be more willing to establish risk-based measures.

¹ See FATF's Consultative Document on AML/CFT and Financial Inclusion *available at* <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/R1-INR1-INR10-INR15-Public-Consultation-Oct-24.html>.

² World Council of Credit Unions, *2023 Statistical Report (2024)*, *available at* https://www.woccu.org/documents/2023_Statistical_Report_EN.

Given the significant challenges over many years and many national governments reluctance to make appropriate adaptations, World Council respectfully requests FATF include additional and more forceful language. In each of the sections under review, World Council believes an additional statement is needed.

Each country is expected to identify areas of lower risk and provide clear guidance to financial institutions on simplified measures. Government and regulatory representatives should be fully trained on simplified measures and areas of lower risk to ensure examination expectations align.

The most critical area for national governments to identify opportunities for simplified measures is Customer Due Diligence (CDD). Interpretative Note 10 and other references to CDD offer some of the greatest challenges to financial inclusion, especially for individuals experiencing hardship and in need of safe financial services.

This Consultation is an important step forward to strengthen the regulations and our overall financial system. The additional changes to risk-based measures and clarified expectations especially related to proportionality are supported. Stronger language related to simplified measures in low-risk situations are greatly needed to support financial inclusion.

World Council appreciates FATF's time and effort to support financial inclusion. If you have any questions about our comments, please feel free to contact me at erinohern@woccu.org.

Sincerely,



Erin O'Hern
International Advocacy and Regulatory Counsel
World Council of Credit Unions