



August 23, 2023

**Delivered Via Email: FSB@fsb.org**

Dietrich Domanski  
Secretary General/Secretariat  
Financial Stability Board (FSB)  
Bank for International Settlements  
Centralbahnplatz 2  
CH-4002 Basel  
Switzerland

**Re: Consultative Document: Enhancing Third-Party Risk Management and Oversight (Toolkit)**

Dear Secretary Domanski:

World Council of Credit Unions (World Council) appreciates the opportunity to comment on Financial Stability Board's (FSB) **Consultative Document: Enhancing Third-Party Risk Management and Oversight (Toolkit)**.<sup>1</sup> Credit unions are cooperative depository institutions and World Council is the leading trade association and development organization for the international credit union movement. Worldwide, there are over 87,000 credit unions in 118 countries with USD 3.4 trillion in total assets serving 393 million physical person members.<sup>2</sup>

World Council applauds the efforts of the FSB's efforts in providing the Toolkit as a way to assist in the management and oversight of third-party risk. We are generally supportive of the toolkit and believe it will go a long way to assisting credit unions and other financial cooperatives in their approach to managing third-party risks. It is clear tremendous effort was placed in the development of this toolkit to balance the many disparate sizes and complexities that exist in this ever-changing area.

We further greatly appreciate the inclusion of the discussion of proportionality included in paragraph 2.4 with the articulation of flexibility to national-level supervisors to tailor requirements to the size, risk, complexity, business model, cross-border presence, function, and scale. We believe that these are appropriate approaches that should be implemented when establishing requirements for credit unions and other financial cooperatives. To that end, we would encourage strengthening of the language urging national-level supervisors that it is imperative that they undertake proportionality when possible as the failure to do so could result in credit unions being unable to comply with requirements that are often designed for larger, more complex financial institutions. The failure to implement this proportionality can lead to financial exclusion.

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<sup>1</sup> See Financial Stability Board, Consultative Document: Enhancing Third-Party Risk Management and Oversight available at: <https://www.fsb.org/wp-content/uploads/P220623.pdf>.

<sup>2</sup> World Council of Credit Unions, 2021 Statistical Report (2022), available at: [https://www.woccu.org/our\\_network/statreport](https://www.woccu.org/our_network/statreport).



# World Council

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To be clear, this is not a request for an exemption, but merely a request to put in the additional effort needed to simplify, in an appropriate manner, the level of effort necessary to mitigate potential, but likely or critical risks. We note that the recently adopted Digital Operational Resilience Act (DORA) in the European Union, which creates a regulatory framework on digital operational resilience to ensure that firms can withstand, respond to and recover from all types of ICT-related disruptions and threats provides discretion to national-level regulators for those institutions exempt under CRD IV (CRD IV exempt under Article 2(5) of Directive 2013/36/EU). This approach was taken due to the smaller size, less complex nature of these financial institutions coupled with their lack of cross-border operations. We point to this as an example of a policy making body acknowledging frameworks that allow for proportional tailoring.

In conclusion, we appreciate the FSB's work and believe the Toolkit will prove to be a valuable resource for credit unions. We greatly appreciate the opportunity to comment on the FSB's **Consultative Document: Enhancing Third-Party Risk Management and Oversight**. Should you have any further questions, please feel free to contact me at [aprice@woccu.org](mailto:aprice@woccu.org) or +1 850-766-5699.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew T. Price'.

Andrew T. Price  
Sr. Vice President of Advocacy/General Counsel  
World Council of Credit Unions