



November 6, 2020

**Submitted electronically**

Ms. Monica Ellis  
Secretary General and Head of General Secretariat  
Basel Committee on Banking Supervision  
Centralbahnplatz 2, 4051  
Basel, Switzerland

**Re: Consultative Document: Revisions to the Principles for the Sound Management of Operational Risk**

Dear Secretary Ellis:

World Council of Credit Unions (World Council) appreciates the opportunity to comment on the Basel Committee on Banking Supervision's (Basel Committee) *Consultative Document: Revisions to the Principles for the Sound Management of Operational Risk* (Consultative Document).<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 86,000 credit unions in 118 countries with USD 2.6 trillion in total assets serving 291 million physical person members.<sup>2</sup>

Overall, WOCCU supports the changes in the Consultative Document to the extent that they (i) align the principles with the recently finalized Basel III operational risk framework; (ii) update the guidance where needed in the areas of change management and information and communication technologies; and (iii) enhance the overall clarity of the principles.

We do urge, however, that the review of further emphasize that this model should be adequately and proportionally used by financial institutions to manage every kind of operational risk sub-category, including ICT risk. Credit unions often find that national-level prudential regulators are hesitant to fully proportionally tailor requirements for smaller, community-based financial institutions such as credit unions and often engage in gold-plating. Therefore, further emphasis on proportionality would be greatly welcomed.

---

<sup>1</sup> Basel Committee on Banking Supervision, *Consultative Document: Revisions to the Principles for the Sound Management of Operational Risk* (August 2020) available at <https://www.bis.org/bcbs/publ/d508.pdf>.

<sup>2</sup> World Council of Credit Unions, *2019 Statistical Report* (2019), available at [https://www.woccu.org/documents/2019\\_Statistical\\_Report](https://www.woccu.org/documents/2019_Statistical_Report).

Thank you for the opportunity to provide comments on the Consultative Document. If you have any questions, please feel free to contact me at +1 850-766-5699 or at [aprice@woccu.org](mailto:aprice@woccu.org).

Sincerely,

A handwritten signature in black ink, appearing to read 'A. T. Price'. The signature is fluid and cursive, with a long horizontal stroke at the beginning and a large, looped 'P' at the end.

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