



AFI'S PEER LEARNING PROGRAM WITH THE GLOBAL STANDARD-SETTING BODIES (SSBs)

GLOBAL STANDARD-SETTING BODIES (SSBs) PLAY A CRITICAL ROLE IN SAFEGUARDING THE STABILITY AND INTEGRITY OF THE GLOBAL FINANCIAL SYSTEM. HOWEVER, WHEN GLOBAL STANDARDS ARE IMPLEMENTED IN DEVELOPING COUNTRIES, POLICYMAKERS MUST CONSIDER NATIONAL CIRCUMSTANCES AND APPLY THEM PROPORTIONATELY TO AVOID UNINTENDED CONSEQUENCES, SUCH AS FINANCIAL EXCLUSION.

AFI's Peer Learning Program with the SSBs was established to create a structured mechanism for members to review and provide inputs to the financial inclusion initiatives of the SSBs, and communicate the challenges developing countries face in implementing the global standards.

THE GLOBAL STANDARDS SUB-COMMITTEE (GSSC)

The AFI Peer Learning Program was officially launched at the G24/AFI Policymakers' Roundtable at the 2014 Spring Meetings of the IMF and the World Bank, where a new seven-member Global Standards Sub-Committee (GSSC) was established to oversee this initiative:

- > Ms. Maria Fernanda Trigo Allegre, Director General for Access to Finance, CNBV Mexico (Acting Chair)
- > Mr. Muhammed Ibrahim, Deputy Governor, Bank Negara Malaysia (Vice-Chair)
- > Dr. Haron Sirima, Deputy Governor, Central Bank of Kenya
- > Dr. Grant Kabango, Deputy Governor, Reserve Bank of Malawi
- > Mr. Rafael Lara, Member of the Board, Central Bank of Paraguay
- > Mr. Vladimir Chistyukin, First Deputy Director, Central Bank of Russia
- > Mr. Allah Malik Kazemi, Advisor to the Governor, Bangladesh Bank

The GSSC is responsible for implementing AFI's strategy for engaging the SSBs, which includes:

- > Overseeing the development of a knowledge-sharing mechanism within AFI that uses case studies to illustrate the proportionate implementation of global standards
- > Encouraging coordination between regulators in AFI member countries by documenting best practices in the proportionate implementation of global standards

- > Engaging the relevant SSBs (including FATF, BCBS, CPSS, IADI, IAIS and IOSCO)¹ through collaborative opportunities and participation in peer learning activities
- > Overseeing the conceptual development of an extended risk framework that takes the risks of financial exclusion into full account

IMPACTS OF GLOBAL STANDARDS ON NATIONAL FINANCIAL INCLUSION POLICIES

At the invitation of H.M. Queen Máxima of the Netherlands, UNSGSA for Inclusive Finance for Development, and Stegan Ingves, Chair of the Basel Committee on Banking Supervision (BCBS), the GSSC prepared and presented a paper, *"Impacts of Global Standards on National Financial Inclusion Policies,"* at the October 2014 Heads of SSBs meeting in Basel. The paper highlights two major challenges that can arise with in-country implementation:

- > implementing proportionate AML/CFT requirements
- > implementing Basel II and III financial stability requirements

The paper also identifies issues of mutual interest to add to the dialogue with SSBs:

- > the de-risking strategies of international banks
- > the need for developing and emerging economies to deploy innovative technologies
- > the need to work collaboratively rather than in silos, which can hinder the implementation of global standards and national financial inclusion policies

The paper was well received at the Basel meetings and has already resulted in concrete actions:

- > Clarifying and aligning BCBS and FATF positions on proportionate AML/CFT regulations
- > Points made in the AFI paper have been incorporated into the work of the FATF-style regional bodies
- > Public statements by the FATF, US Treasury and other parties on the de-risking activities of international banks have been aligned
- > Dialogue and cooperation agreements have been established with SSBs, including a formal partnership agreement with the International Association of Deposit Insurers (IADI)

¹ The Financial Action Task Force (FATF), the Basel Committee on Banking Supervision (BCBS), the Committee on Payment and Settlement Systems (CPSS), the International Association of Deposit Insurers (IADI), the International Association of Insurance Supervisors (IAIS) and the International Organization of Securities Commissions (IOSCO).

HOW THE PROGRAM WORKS



