



# GPI Subgroup on Regulation and Standard-Setting Bodies (SSBs): Terms of Reference

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## 1. Background

### ***Background / rationale***

There is a growing understanding of the interdependence of financial inclusion, financial stability, financial integrity, and financial consumer protection. Country-level policy makers and global standard-setting bodies (SSBs) are increasingly committed to the pursuit of all four core policy objectives. The pursuit of all four core policy objectives is encouraged by the G20, the GPI and its members and Implementing Partners, as well as the United Nations and the International Monetary Fund (IMF).

In this context, the subject of financial inclusion is increasingly integrated within the work and thinking of the SSBs, underscoring the interconnections with their core concerns to protect the stability and the integrity of financial systems and the interests of financial consumers, as well as to consider the risks of financial exclusion.

The changing landscape of innovative digital financial services informs ongoing work by the SSBs and other global bodies to integrate financial inclusion objectives into standards and guidance that can be applied effectively at the country level. Financial inclusion, and digital financial inclusion in particular, trigger an ever-increasing volume of issues of relevance to multiple SSBs. In this context, SSBs need to coordinate and collaborate in order to give coherent guidance for country-level policy making.

### ***Subgroup's areas of focus***

The Subgroup focuses on two action areas under the 2017 Financial Inclusion Action Plan (2017 FIAP) (detailed below): (1) mainstreaming financial inclusion in the work of SSBs and other relevant global bodies; and (2) encouragement of effective and consistent incorporation of financial inclusion in financial sector assessments.

### ***Key achievements over the past years***

Under the 2014 G20 FIAP, the GPI released the GPI White Paper on *Global Standard-Setting Bodies and Financial Inclusion: The Evolving Landscape* (2016) and organized with the Financial Stability Institute (FSI) in Basel two GPI-FSI conferences on SSBs and financial inclusion (2014 and 2016). Furthermore, the Subgroup supported individual SSBs in developing and disseminating financial inclusion-related outputs. The Subgroup work has contributed substantially to the advancements made globally in the recognition of financial inclusion as a policy goal alongside financial stability, financial integrity, and financial consumer protection, notably within the community of global SSBs.

SSBs have made significant progress in addressing financial inclusion in the context of their respective mandates, stretching their thinking and taking concrete steps via integration of financial inclusion considerations (including as a primary focus) in publications, workstreams, and guidance papers. From an initial limited set of activities, there now exists broad and deep work across the seven financial sector SSBs of greatest relevance to financial inclusion.<sup>1</sup>

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<sup>1</sup> Financial Stability Board, Basel Committee on Banking Supervision, Committee on Payments and Market Infrastructures, International Association of Deposit Insurers, International Association of Insurance Supervisors, and the International Organization of Securities Commissions. The work has to a lesser extent included the International Financial Consumer Protection Organisation, the International Telecommunications Union and the International Standards Organization.

***Work that still needs to be done***

FinTech developments and their effect on broader financial sector development, including their contribution (positive or negative) to the linked goals of financial inclusion, financial stability, financial integrity, and financial consumer protection, call for ongoing engagement to help position SSBs and country-level policy makers to keep pace. The SSBs confront, and will continue to confront, a growing range of crosscutting issues on which coordination and collaboration among them is required to harmonize the development and application of their standards and guidance. This calls for further joint work among the SSBs on issues of relevance to multiple SSBs to help countries balance the potentially competing policy objectives introduced by a broad financial inclusion agenda.

***What we want to achieve in the next 3-5 years.*** The Subgroup will continue to progress towards greater ownership by the SSBs of financial inclusion, evolving and formalizing over time the way in which the GPI works with the SSBs (secretariats, leadership, and members of the SSBs) and the FSI, within the Bank for International Settlements (BIS). The GPI troika and other member countries will contribute to this process. Formalizing the way in which the Subgroup works with the SSBs will go hand-in-hand with support for financial inclusion-related activities in the work of the SSBs: crosscutting themes in the work of multiple SSBs of relevance to financial inclusion, but also the relevant work of individual SSBs. The establishment of an ‘SSB-owned’ standing platform to pursue joint work addressing crosscutting issues of relevance to financial inclusion in the work of multiple SSBs and other global bodies, upon the call from the G20 Leaders, remains an ultimate goal.<sup>2</sup>

The Subgroup will also encourage the further development and adoption of assessment methodologies and other tools for financial sector assessments that reflect increased understanding of the interdependence of financial inclusion, stability, integrity, and consumer protection, taking note of financial sector assessment reports and research findings that reflect increased understanding of financial inclusion by assessors and contributing to standardization of approaches taken to the topic of financial inclusion in assessment reports.

Yearly work programs will take into account the financial inclusion priorities of the G20 Presidency country and will also remain attentive to the crosscutting issues identified by the GPI for the engagement of all Subgroups.

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<sup>2</sup> An “expected result” under the 2017 FIAP is progress “towards the establishment of a standing platform to pursue joint work addressing cross-cutting issues of relevance to financial inclusion in the work of multiple SSBs and other global bodies, as framed in the 2016 GPI White Paper.”

## 2. Scope of Work

### 2.1. Goal and Action Areas of the Subgroup

The **Regulation and SSBs Subgroup** focuses on: (1) the mainstreaming of financial inclusion in the work of the SSBs and other relevant global bodies and increasing understanding of the interdependence of financial inclusion, stability, integrity, and consumer protection; and (2) effective and consistent incorporation of financial inclusion in financial sector assessments.

The Subgroup on Regulation and SSBs focuses on two action areas under the 2017 FIAP:

- Mainstream financial inclusion in the work of the global financial standard-setting bodies (SSBs) and other relevant global bodies, while enhancing coordination and collaboration among them and increasing understanding of the interdependence of financial inclusion, stability, integrity, and consumer protection.
- Encourage effective and consistent incorporation of financial inclusion in financial sector assessments: contributing to the further development of methodologies and other tools employed in financial sector assessments; increasing understanding of financial inclusion by financial sector assessors; and promoting better understanding of the lessons learned by national authorities undergoing assessments on implementation of global standards and guidance.<sup>3</sup>

Action Area (GIVEN)	Activities and Outputs foreseen until 2020	Indicators	Expected Results (GIVEN, as framed in FIAP, p. 17-22)
<b>FIAP Action Area 3:</b>  Mainstream financial inclusion in the work of the global financial standard-setting bodies (SSBs) and other relevant	<ul style="list-style-type: none"> <li>○ Organization of biennial GPI-FSI SSB conferences (2018 and 2020) in equal partnership with FSI (including FSI-led policy research analysis and possible preparation of one or more issues papers contributing to the framing of Conference themes) and with due attention to current G20 Presidency's financial inclusion priorities</li> </ul>	Set of relevant takeaways that arise from the October 2018 and 2020 Conferences.	Activities/publications with regard to financial inclusion policymaking (of global bodies and national entities) show evidence of being informed by analysis of financial inclusion, stability, integrity, and consumer protection linkages.

<sup>3</sup> The work of the Subgroups, articulated in annual work plans based on this Subgroup Terms of Reference, is monitored annually. Results of this annual monitoring contribute to the GPI annual progress reports. A deeper stock-taking is done at the time of preparation of a new G20 FIAP.



Action Area (GIVEN)	Activities and Outputs foreseen until 2020	Indicators	Expected Results (GIVEN, as framed in FIAP, p. 17-22)
global bodies while enhancing coordination and collaboration among them and increasing understanding of the interdependence of financial inclusion, stability, integrity and consumer protection.	<ul style="list-style-type: none"> <li>Encouragement and support for financial inclusion relevant activities across the SSBs, contribution to analysis and harmonized treatment of crosscutting issues across multiple SSBs (particularly those crosscutting issues identified as priorities by the current G20 President)</li> </ul>	Relevant takeaways from activities bringing together multiple SSBs that integrate financial inclusion considerations	
	<ul style="list-style-type: none"> <li>Encouragement and support for SSB/global body-specific activities of relevance to financial inclusion</li> </ul>	Evidence of advancement of relevant activities involving single SSBs/other global bodies (such as the work of the Basel Consultative Group)	
	<ul style="list-style-type: none"> <li>Review of standards and guidance to take stock of integration of financial inclusion considerations across SSBs, via use of tracking table and analysis of information provided therein</li> </ul>	Semi-annual updates to tracking table of SSB activities; analysis of this information to identify trends and areas of common interest among SSBs; preparation of a condensed version of the tracking table suitable for dissemination beyond the group of SSBs active in this stock-taking process	Evidence showed increasing integration of financial inclusion into the standards and guidance of global SSBs.
	<ul style="list-style-type: none"> <li>Encourage concrete steps towards greater ownership of financial inclusion within the group of SSBs engaged already in incorporating the goal of financial inclusion in their work, exploring further options for collaboration among the SSBs on financial inclusion.</li> </ul>	Semi-annual GPI SSBs Check-in Meetings, focusing on identifying opportunities for joint work among SSBs; advancement in coordinating and implementing such joint work within the BIS	Progress was made towards the establishment of a standing platform to pursue joint work addressing crosscutting issues of relevance to financial inclusion in the work of multiple SSBs and other global bodies, as framed in the 2016 GPI White Paper (link to GPI crosscutting issues).

Action Area (GIVEN)	Activities and Outputs foreseen until 2020	Indicators	Expected Results (GIVEN, as framed in FIAP, p. 17-22)
	<ul style="list-style-type: none"> <li>○ Increased SSB participation in joint activities of relevance to financial inclusion, public support voiced by SSB leadership, G20, UNSGSA and/or other relevant actors; subject matter on which to focus will be identified jointly with the SSBs, taking into consideration priorities of the current G20 Presidency, in addition to those established by the SSBs</li> <li>○ Formulation of plans and taking concrete initial steps to progress towards a standing SSB platform on financial inclusion, commencing with increased engagement by the SSBs in planning and coordination of joint activities</li> </ul>	<p>Examples of SSB activities that reflect SSB priorities as well as G20 Presidency priorities; examples of public support voiced by SSB leadership, G20, UNSGSA and/or other relevant actors; SSB participation in GPI-related activities</p> <p>Joint activities by SSBs that contribute to the understanding of the interdependence of financial inclusion, stability, integrity, and consumer protection</p> <p>Joint analysis of crosscutting issues related to financial inclusion of relevance to multiple SSBs, including with regard to the recommendations of the 2016 GPI White Paper (e.g. application of the concept of proportionality)</p> <p>Degree of advancement in concrete steps taken by the SSBs to take on planning and coordination, with the support of the GPI</p>	

Action Area (GIVEN)	Activities and Outputs foreseen until 2020	Indicators	Expected Results (GIVEN, as framed in FIAP, p. 17-22)
	<ul style="list-style-type: none"> <li>○ Increased number of SSB events and activities with private sector participation; increased number of countries involving private sector for feedback and consultation on relevant policy making processes related to financial inclusion</li> </ul>	<p>Relevant takeaways from events and activities with private sector participation; specific events: private sector participation in biennial conferences, SSBs workstreams of relevance to financial inclusion that bring in private sector representatives (e.g. forums organized around correspondent banking/de-risking issues; financial integrity issues)</p>	<p>Engagement with the private sector was expanded to better inform and provide input on development of standards and guidance and to promote enabling and protective financial inclusion policies at the country level (link to GPI crosscutting issue 2: collaboration across sectors/private sector).</p>
	<ul style="list-style-type: none"> <li>○ Encouragement for the incorporation of emerging market and developing economies (EMDE) perspectives in SSB papers and in specific activities of SSBs (committees, working groups, events)</li> </ul>	<p>Meaningful examples of the incorporation of EMDEs in SSB activities and events</p>	<p>The SSBs and the GPI encouraged and promoted active participation of emerging market and developing economies in outreach activities of SSBs (SDG 10.5).</p>



Action Area (GIVEN)	Activities and Outputs foreseen until 2020	Indicators	Expected Results (GIVEN, as framed in FIAP, p. 17-22)
<b>FIAP Action Area 4:</b>  Encourage effective and consistent incorporation of financial inclusion in financial sector assessments: contributing to the further development of methodologies and other tools employed in financial sector assessments; increasing understanding of financial inclusion by financial sector assessors; and promoting better understanding of the lessons learned by national authorities undergoing assessments on implementation of global standards and guidance.	<ul style="list-style-type: none"> <li>○ Encourage, support and/or contribute to reviews and/or analyses<sup>4</sup> of the incorporation of financial inclusion considerations in financial sector assessment methodologies and tools<sup>5</sup> and of the increased understanding of interdependence of inclusion, stability, integrity, and consumer protection</li> <li>○ Encourage, support and/or contribute to reviews and/or analyses of publicly available financial sector assessment reports across the SSBs and FSAPs and Article IV consultation reports</li> </ul>	Undertaking of such reviews and/or analyses by the institution(s) in question; tracking, and analyses of findings of such of reviews and/or analyses by the institution(s) in question or other parties	<p>The GPI, SSBs, and other relevant global bodies contributed to the further development and adoption of assessment methodologies and other tools that reflect increased understanding of interdependence of inclusion, stability, integrity, and consumer protection (link to SDG 10.5).</p> <p>The GPI, SSBs, or other relevant global bodies tracked and took note of financial sector assessment reports and findings that reflect increased understanding of financial inclusion by assessors, contributing to standardizing the approach taken to the topic of financial inclusion in assessment reports (link to SDG 10.5).</p>
	<ul style="list-style-type: none"> <li>○ Encourage, support and/or contribute to reviews and/or analyses of the consideration given in financial sector assessments across the SSBs and FSAPs to financial service needs of underserved/vulnerable groups and relevant barriers thereto (see above)</li> </ul>	Evidence that consideration was given in such reviews and/or analyses to financial service needs of underserved/vulnerable groups and relevant barriers thereto	Consideration was given in financial sector assessments to financial service needs of underserved/vulnerable groups and regulatory barriers to the expansion of financial services to vulnerable groups (e.g. Financial Sector Assessment Program analyses and reports) (links to SDG 8.5 and GPI crosscutting issue 4: underserved/vulnerable groups).
	<ul style="list-style-type: none"> <li>○ Events/activities organized by the GPI, its members</li> </ul>	Evidence of increased	The GPI, its members and Implementing

<sup>4</sup> Throughout these Terms of Reference where there is reference to “reviews and/or analyses,” it is recognized that some types of reviews and/or analyses can only be conducted practically by the bodies carrying out the type of assessment in question (or the SSBs or other bodies, the standards and guidance of which are addressed in the assessment); although in some cases there may be opportunities for public input on reports from such reviews and/or analyses released as consultative documents.

<sup>5</sup> The phrase “assessment methodologies and tools,” from the 2017 FIAP, encompasses both formal guidance for assessors (such as FATF’s 2013 Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems), and less formal guidance (and even potentially non-public guidance, if the parties involved are willing to contribute to the review in question or to grant access to others who can perform the review), such as the guidance note on financial inclusion developed for World Bank/IMF Financial Sector Assessments (FSAPs).



Action Area (GIVEN)	Activities and Outputs foreseen until 2020	Indicators	Expected Results (GIVEN, as framed in FIAP, p. 17-22)
	and/or Implementing Partners and Affiliated Partners that promote dialogue between industry and policymakers on proportionate regulation and supervision to enable responsible innovation	dialogue through reports of events and activities	Partners provided support for dialogue between industry and policymakers on proportionate regulation and supervision in order to enable responsible innovation (link to crosscutting issue 2: collaboration across sectors/private sector).
	<ul style="list-style-type: none"> <li>o Encouragement of assessments that measure results of country-level financial inclusion policies and regulation, to increase capacity</li> </ul>	Evidence of such participation through assessment reports (to the extent publicly available)	Capacity for measuring results of country-level financial inclusion policies and regulation was increased (SDG 8.10).

The Subgroup on Regulation and SSBs supports, in the area of regulation and standard-setting, the overarching actions of the GPI under the 2017 G20 FIAP, including the annual priorities under the G20 Presidency and the work of other GPI Subgroups relating to regulation, supervision, and/or standard setting.

## 2.2. The Subgroup's contribution to the Crosscutting Issues of the GPI

GPI's crosscutting issues	Expected contribution by Subgroup
1) Enable innovation to increase digitization	Promotion of global standards and guidance that enable responsible innovation to increase digitization
2) Engagement with the private sector	Encouragement of private sector participation to provide feedback and consultations, if any, in specific events of the SSBs and other global bodies, as well as those of country-level policy makers
3) Achieve data harmonization	(No Subgroup contribution is currently foreseen)
4) Target underserved and vulnerable groups	Contribution to a better understanding of regulatory and supervisory barriers to reaching underserved and vulnerable groups; Encourage peer-to-peer learning among policy makers to learn from best practices across various policy makers
5) Advance women's economic empowerment	Contribution to a better understanding of barriers to women's economic empowerment, specifically with regard to the role (positive and negative) of legal, regulatory and supervisory frameworks

## 2.3. The Subgroup's contribution to the four Principles of the 2030 Agenda for Sustainable Development

Addressing the 2030 Agenda's Sustainable Development Principles	Expected contribution by Subgroup
1) Balancing the social, economic, and environmental dimensions of sustainable development	Embedding of financial inclusion in the work of SSBs; improving understanding of the interdependence of financial inclusion, stability, integrity, and consumer protection, as well as links to inclusive economic growth



Addressing the 2030 Agenda's Sustainable Development Principles	Expected contribution by Subgroup
2) Universality	Expansion of focus of SSBs to EMDEs; promotion of workstreams and documents that address the financial inclusion concerns of EMDEs
3) Integrated and cross-sectoral financial inclusion approaches and activities	Promotion of SSB standards and guidance that facilitate integrated and cross-sectoral financial inclusion approaches and activities
4) Transformative multi-stakeholder partnerships	Promotion of increasing joint ownership of financial inclusion by the SSBs, culminating in the establishment of an SSBs' standing platform on financial inclusion



### 3. Membership<sup>6</sup>

The participants in the Subgroup on Regulation and SSBs include Member Countries, participating non-G20 countries, Implementing Partners, and an Affiliated Partner, as defined in the GPMI ToRs. The current Co-chairs are India, Indonesia, and United Kingdom. Other Member countries currently participating in the Subgroup's work include Argentina, Australia, Germany, Mexico, Russian Federation, and United States. The non-G20 countries currently participating in the Subgroup's work are Peru and Philippines. The Subgroup Co-Chairs are committed to maximizing the involvement of Subgroup members in support of carrying out the activities under these Terms of Reference, leveraging the work of its members, Implementing Partners, and Affiliated Partner(s) with due consideration to procedures laid out in the GPMI Terms of Reference.

Implementing Partners are Alliance for Financial Inclusion (AFI), Better Than Cash Alliance (BTCA), Consultative Group to Assist the Poor (CGAP), International Finance Corporation (IFC), World Bank Group (WBG) and the Affiliated Partner is Access to Insurance Initiative (A2ii). New members, including non-G20 countries, are welcome.

In addition, the Subgroup benefits from the support of, and supports, Her Majesty Queen Máxima of the Netherlands, the UN Secretary General's Special Advocate for Inclusive Finance for Development (UNSGSA) and Honorary Patron of the GPMI.

### 4. Communication and Reporting

All approved Subgroup publications according to section 5 of the GPMI Terms of Reference and other documents are disseminated through [www.GPMI.org](http://www.GPMI.org), as are those materials from Subgroup gatherings that are intended for public consumption. At the same time, the Subgroup also recognizes that issues arise in its work that benefit from close-door discussion pursuant to the Chatham House rule.

The Subgroup is responsible for producing annual work plans and annual progress reports to the Leaders, and reviews of the ToRs/FIAP, following the processes defined by the GPMI Terms of Reference.

### 5. Outputs and Timeline

The specific outputs of the Subgroup, and when outputs will be achieved, will be set out in the Subgroup's annual work plan at the beginning of each year.

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<sup>6</sup> Membership conditions are described in Section 2 (overall membership) and Section 3.5 (Subgroup membership) of the GPMI Terms of Reference.