



April 18, 2025

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

Delivered Via Email: FATF.Publicconsultation@fatf-gafi.org

Re: Second Public Consultation on Recommendation 16 on Payment Transparency

Dear Sir or Madam:

World Council of Credit Unions (WOCCU) appreciates the opportunity to comment on the Financial Action Task Force's (FATF) Second Public Consultation on Recommendation 16 on Payment Transparency.¹ WOCCU is the leading trade association and development organization for the international credit union movement. Worldwide, there are over 82,000 credit unions in over 100 countries with USD 3.6 trillion in total assets serving over 400 million physical person members.² Credit unions and financial cooperatives fill a critical gap in the financial services market. Not driven by profit, credit unions are member-owned, elect their board of directors from their membership and are committed to reinvesting earnings into the services they offer to keep consumer costs low. They reach members in their local communities often excluded from financial services while maintaining compliance with Anti-Money Laundering (AML) requirements.

WOCCU appreciates FATF's difficult challenge ensuring international standards effectively prevent money laundering, terrorist financing and other forms of financial crimes. WOCCU supports FATF's focus on financial inclusion, it is a critical part of preventing financial crimes. Financial inclusion must be reflected in the language of Recommendation 16 and the subsequent guidance. Local financial institutions such as credit unions are often the best and only reliable option offering access to payment services to underserved communities. The impact Recommendation 16 has on credit unions and financial cooperatives needs to be considered.

¹ See, Second Public Consultation on Recommendation 16 on Payment Transparency, available at: <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/R16-public-consultation-February-2025.html>

² World Council of Credit Unions, 2023 Statistical Report (2024), available at https://www.woccu.org/documents/2023_Statistical_Report_EN.
<https://www.cgap.org/blog?combine&stids%5B0%5D=236>



There are a few areas within Recommendation 16 that need adjustments or clarifications before FATF releases the final text and guidance. The burden of newly added message information for certain payments or value transfers, preserving the card exemption even through innovation, and the definitions or labels for certain transactions may have unintended consequences to financial inclusion.

Including additional information in the payment transaction message, such as an address, will create roadblocks for financial inclusion. WOCCU requests FATF minimize the additional data that is added other than by leveraging existing data systems. It is important that underserved communities can access affordable services through financial institutions rather than less regulated alternatives. The compliance costs to incorporate additional data could reduce the number of small financial institutions able to offer these services and may be difficult information to obtain for vulnerable populations. The more guidance FATF can include on examples of implementation, best practices and working with local supervisory authorities to provide official interpretations will be helpful. Increasing compliance costs disproportionately impacts smaller financial institutions and low-income consumers. FATF, member countries, and relevant organizations will need to evaluate the ongoing costs and challenges throughout implementation. WOCCU appreciates that no changes were made to the minimum requirements applicable to domestic transfers.

WOCCU supports FATF's commitment to including simplified data requirements for low-value payments and allowing alternatives if the address or town name is not available. However, allowing flexibility around the address component or any other component in the future will only be beneficial if every national government adopts the provision and supervisors recognize the practice. To keep the cost of these alternatives to a minimum and ensure financial institutions can implement them, safe harbor provisions must be included and clear guidance added.

Given the amount of discussion in both the first and second public consultation, it is important to ensure the card exemption is preserved and there is no confusion on the scope moving forward. When small financial institutions can offer card services to their members, they make a significant investment as the scale and margin are much smaller. Credit unions are often the first opportunity for underserved populations to access card services. It is important that FATF ensures the card exemption is preserved even as technologies evolve and the language used to describe card transactions changes. WOCCU understands FATF's technology neutral approach and appreciates its consideration of future innovation but making sure the existing card exemption is preserved, even through innovation, is critical.

WOCCU requests FATF include additional information and clarification in future guidance to fully explain the change from the term 'wire transfers' to 'payment and value transfers.' There is a risk of confusion and inconsistent implementation at the national level, especially concerning the scope of Recommendation 16. When future innovation results in new providers



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entering the payments space those entities and their services may need to be incorporated into this framework. Likewise, as innovation allows financial institutions to provide existing payment services in a slightly different way using technology, it is important that existing exemptions still apply.

Preventing financial crimes and fraud are critical to credit unions and financial cooperatives. They are also on the frontlines of reaching underserved communities while implementing changing regulatory standards. We offer our comments from the perspective of preventing financial crimes while ensuring financial inclusion through local financial cooperatives. Thank you for your consideration. If you have questions about our comments, please contact me at erinohern@woccu.org.

Sincerely,

A handwritten signature in black ink that reads "Erin O'Hern".

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