IRSG
INTERNATIONAL
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STRATEGY GROUP

IRSG Priorities for the UK 2027 G20 Presidency

Modernising the Global Financial and Regulatory System to Support Growth and Resilience

About the IRSG

The International Regulatory Strategy Group (IRSG) is a joint venture between TheCityUK and the City of London Corporation. Its remit is to provide a cross-sectoral voice to shape the development of a globally coherent regulatory framework that will facilitate open and competitive cross-border financial services. It is comprised of practitioners from the UK-based financial and related professional services industry who provide policy expertise and thought leadership across a broad range of regulatory issues.

1. Context

As the global economy has become more fragmented and growth harder to sustain, the UK Presidency should focus on how financial and related professional services can support better growth across all parts of our economies. The industry is not only a driver of global capital flows, but it also supports high-value employment and innovation across regions and cities, as well as major financial centres. As a leading international financial centre, the UK provides a clear example through strong regional financial and technology clusters that contribute to national growth, opportunity and resilience.

The UK G20 Presidency has an opportunity to rebuild international alignment around a practical, delivery-focused financial system. One that reduces fragmentation and enables all parts of our economies to contribute. This requires coordinated, implementable standards aligned with the pace of technological change and designed to support investment, innovation and rising living standards across the G20 and beyond.

The UK should leverage its convening power to build partnerships for its agenda. Certain issues, such as cyber and frontier AI may be more effectively advanced through the G7 alongside the G20 process. We encourage HMG to leverage the UK's G20 Presidency to coordinate with the US's overlapping G7 Presidency to progress UK interests on these issues, whilst the G20 focuses on broader economic and financial coordination.

The UK agenda should seek support for multi-year programmes that can be continued under the subsequent South Korean G20 Presidency, the UK's 2028 G7 Presidency and beyond. The UK should also use the G20 Finance Track to engage major financial centres outside the G20, including Singapore and Switzerland. Singapore's Chairmanship of ASEAN in 2027 will coincide with the UK G20 Presidency and creates an important opportunity to deepen dialogue with this fast-growing region.

2. A policy agenda delivering systemic renewal

An alignment of UK leadership creates a window of opportunity for reform.
Building on the history of effective UK G20 leadership during the 2008-09 Financial Crisis, the UK's G20 Presidency, combined with the Bank of England Governor's role as Financial

Stability Board (FSB) Chair, and the UK's Presidency of the Financial Action Taskforce (FATF), provides an opportunity to shape the global financial system at both political and technical levels.

The UK Presidency also provides an opportunity to **reinforce the effectiveness and authority of the FSB** as the **primary forum for international financial coordination**. The objective should not be to dilute global standards, but to **strengthen the ability of the FSB Chair** and member jurisdictions to deliver timely, effective and consistently implemented outcomes in an increasingly complex and fast-moving environment.

The UK Presidency should prioritise advancing G20 agreement in a small number of areas that empower the global financial system to support market developments.
It should focus its efforts where speed and fragmentation are most clearly constraining growth and where improved coordination can unlock practical market outcomes:

- **Enhance work on revitalising international regulatory coherence and modernised rulemaking** addressing inconsistent implementation of global standards and reduce fragmentation. This work should recognise that existing standard-setting processes need to adapt to keep pace with rapid technological and real economic change. A more agile and coordinated policy approach is needed to deliver timely, interoperable outcomes that support investment, innovation and growth across economies.
- **Accelerate progress towards the digital future of finance**, through the safe adoption of digital assets and tokenisation, which has the potential to reduce cross-border frictions and enable scalable financial markets. Build the framework for a coordinated approach to AI governance and safeguarding that will support safe adoption, while improving understanding of its impact on productivity, jobs, and operational resilience.
- **Unlock scalable private capital and investment flows**, including transition and adaptation finance to mobilise capital to support growth, resilience and energy security across G20 economies, and emerging markets and developing economies (EMDEs) in particular.

Taken together, the IRSG's priorities support a more connected and effective global financial system, positioning the UK as the leading advocate for such a system that will drive both stability and growth. These priorities will support reducing frictions, enabling scalable markets and ensuring that emerging technologies and investment flows will contribute to productivity, resilience and rising living standards across all economies.

3. Summary of IRSG's recommendations for the UK G20 Finance Track

Priority area	Recommendations	G20 ask/deliverable	Lead bodies	Why this matters for the UK Presidency
Modernising international rulemaking	Champion a practical agenda to modernise international policymaking and improve the speed, responsiveness and consistency of global standard-setting.	Ask the FSB and standard-setting bodies to identify standards where inconsistent implementation is creating fragmentation and propose targeted recalibration by 2028.	FSB, BCBS, IOSCO.	Supports the UK's objective of reducing fragmentation, strengthening global coordination and helping standards keep pace with market and technological change.
Digital assets, tokenisation and cross-border payments	Promote a coordinated programme of work to identify where common international standards would deliver the greatest benefit.	Commission a joint assessment of regulatory, legal and market interoperability across tokenised capital markets and cross-border payments.	FSB, CPMI, IOSCO, BCBS, FATF.	Helps reduce cross-border frictions while allowing jurisdictions to retain appropriate regulatory flexibility.
Cross-border payments standards	Develop common approaches for stablecoin payments, settlement, messaging and market infrastructure for tokenised markets.	Invite the FSB to consult on principles for cross-border stablecoin payments, and CPMI and IOSCO to develop common approaches to settlement and market infrastructure.	FSB, CPMI, IOSCO, BIS.	Builds on practical initiatives such as Project Agora and supports better integration of domestic tokenised deposit projects with international peers.
Financial integrity in digital markets	Ensure fraud and illicit finance risks are addressed as part of digital asset and cross-border payments work.	Task FATF with setting out how AML/CFT standards should apply consistently to tokenised financial markets and cross-border digital asset activity.	FATF.	Ensures efforts to reduce cross-border friction do not inadvertently strengthen criminal capabilities.

AI in financial services	Support greater international coherence and interoperability in the use of AI within financial services, without creating a new global AI rulebook.	Use the G20 Finance Track to examine how international institutions can coordinate on AI governance, emerging risks and regulatory fragmentation.	FSB, IMF, World Bank, standard-setting bodies.	Supports safe AI adoption while reducing unnecessary regulatory fragmentation and maintaining flexibility for innovation.
AI risks and cross-border data flows	Promote trusted cross-border data flows and improve cooperation on AI-related operational, cyber, concentration, fraud and financial crime risks.	Establish mechanisms for sharing information and best practice on frontier AI models and testing approaches.	FSB, IMF, World Bank, OECD, relevant standard setters.	Helps the G20 address the practical risks that may affect AI deployment across financial markets.
Private capital, adaptation and transition finance	Lead a practical G20 agenda focused on mobilising private capital to support growth, energy security and resilience.	Commission a workstream on how regulatory and supervisory frameworks can better recognise insurance, risk transfer and resilience planning in supporting long-term investment and financial stability across EMDEs.	IMF, World Bank, OECD, FSB.	Positions adaptation and transition finance as tools for scalable private capital allocation, particularly for EMDEs.
Transition finance frameworks	Promote interoperable, principles-based approaches to transition finance.	Encourage adoption of mobilisation frameworks, including Transition Finance Guidelines in emerging markets, and develop financial products and investment vehicles to scale finance for high-emitting firms globally.	IMF, World Bank, OECD, FSB.	Gives investors greater confidence and consistency across jurisdictions while reducing fragmentation across markets.
Industry engagement and institutional effectiveness	Encourage more agile and iterative engagement between international policymakers and the private sector.	Explore mechanisms such as a structured “F20” model, expert working groups, innovation sprints and public-private initiatives inspired by the BIS Innovation Hub.	G20, FSB, standard-setting bodies, industry.	Helps standard setters draw on wider expertise, improve practicality and accelerate development of globally interoperable solutions.

4. Key pillars and workstreams

4.1. Modernisation of the international financial system

The core systemic challenge is now regulatory agility, not framework design. The international regulatory system has helped deliver a safer and more resilient financial sector. However, it was largely designed for a period when markets evolved at a slower pace. Today, financial services are being transformed by digital assets, AI, tokenisation and new forms of cross-border activity. International policy processes are increasingly being challenged to keep pace with these developments.

The UK's G20 Presidency provides an opportunity to build on the US Presidency's focus on regulatory modernisation and support efforts already underway within the FSB and other international bodies. The objective should not be to reopen the post-crisis regulatory framework. Rather, this work should be viewed as supporting the FSB Chair's efforts to enhance effectiveness, responsiveness and implementation of international standards. As financial markets and technologies evolve more rapidly, the UK Presidency can help build political support for reforms that strengthen the FSB's capacity to coordinate internationally, draw on external expertise, and promote timely and consistent implementation across jurisdictions.

Recent experience demonstrates the challenge. Progress on the G20 Cross-Border Payments Roadmap has highlighted the difficulty of delivering complex reforms across multiple jurisdictions and institutions. FSB Chair Andrew Bailey recently acknowledged that while substantial work has been completed, users are still not seeing sufficient benefits and cross-border payments remain "slow, expensive and inefficient", demonstrating the challenge of translating international agreement into real-world outcomes.

Similarly, market developments in areas such as AI, tokenisation and digital assets are moving significantly faster than traditional international policy cycles. In some cases, implementation of agreed standards remains uneven across jurisdictions, reducing the benefits of global coordination. FSB Chair Andrew Bailey has observed that implementation of post-crisis reforms has often not been "full, timely and consistent", highlighting the need to strengthen both monitoring and delivery.

Recommended deliverables include:

- **Improving implementation and consistency of agreed international standards:**
    - Building on the strategic review of the FSB's ongoing implementation monitoring work[1], the UK G20 Presidency should task the FSB and standard-setting bodies to conduct a phase two review to identify a prioritised list of standards where inconsistent implementation is creating fragmentation, and propose targeted recalibration by 2028. Priority areas might, for example, include elements of the Basel III package i.e. include

[1] A high-level group tasked by the G20 and chaired by Randy Quarles is assessing 15 years of reform implementation, evaluating the effectiveness of the FSB's tools and processes, and providing recommendations for improvement. The group will provide specific recommendations for improving the FSB's monitoring and implementation processes in its final report, expected in 2026.

the capital treatment of unrated corporate exposures and the market risk framework (Fundamental Review of the Trading Book), which have been implemented very differently across major jurisdictions, several of which have sought alternative solutions given concerns about the complexity and usability of these standards.

- **Encouraging more agile and iterative approaches to policy development:**
  - This would include initiation of pilot projects covering new work at standard setters by putting new principles into practice. For example, the establishment of an Innovation Policy Group, building on the work of initiatives such as the BIS Innovation Hub to ensure leading edge technological progress can be harnessed to inform policy at pace. The Innovation Group could draw on private sector engagement to improve the links between insights learned through BIS Innovation Hub projects and FSB and sectoral standard setting body policy development on emerging technologies.
- **Improving horizon scanning and the identification of emerging risks and opportunities**:
  - Strengthening engagement between international standard setters and industry, making greater use of expert working groups and targeted taskforces where specialist knowledge is required.

This is ultimately an agenda about delivery. A more responsive and effective international system would support financial stability, reduce fragmentation and help ensure global standards remain relevant in rapidly changing markets. It would also reinforce the UK's longstanding support for open markets, international cooperation and globally coherent regulation.

4.2. Building the foundations for interoperable digital financial markets

Emerging regulatory approaches to cryptoassets, stablecoins and the tokenisation of financial assets vary across major jurisdictions. While these frameworks have broadly reflected the FSB's high-level recommendations, they have evolved in different ways to reflect domestic markets, legal frameworks and policy objectives. Consequently, regulatory treatment differs across definitions, licensing, stablecoin issuance and redemption, custody, and the legal and operational treatment of tokenised financial instruments, including tokenised deposits.

A more interoperable international environment could reduce frictions in cross-border payments and capital markets, support trade and investment, and strengthen the foundations for the next generation of digital financial services. As digital assets and tokenised financial markets mature, there is a need to assess where greater cross-border interoperability would support market development, including for tokenised deposits used in wholesale payments, while allowing jurisdictions to retain appropriate regulatory flexibility to address local risks and objectives. This work should also recognise the increasing role of technologies such as AI, distributed ledger technology and programmable finance in shaping future market infrastructure.

The G20 should promote a coordinated programme of work to identify where common international standards would deliver the greatest benefits and support their consistent implementation. This should build on existing work by the international standard-setting bodies and draw on practical cross-jurisdictional initiatives such as Project Agora, Project Meridian FX, and emerging work on cross-border use cases for tokenised deposits, as well as the Transatlantic Taskforce for Markets of the Future's recommendation 1.[2]

Fraud continues to be a persistent anchor on G20 economies with significant transnational criminal networks requiring an enhanced, coordinated international response. Cross-border payments flows would benefit from alignment in regulation to reduce frictions, but this also requires coordinated collaboration to address fraud and crime. Following the UK's lead on recent Global Fraud Summits and recent inclusion of fraud in FATF President's priorities, there is an opportunity to strengthen this momentum with further focus on fraud and illicit finance via the UK's G20 priorities. This must be an explicit consideration when looking to bolster the use of digital assets and reduce cross-border friction to avoid invertedly strengthening criminal capabilities in this area.

Recommended deliverables include:

- **Assess interoperability needs:** Task the FSB, CPMI, IOSCO, BCBS and FATF with producing a joint assessment of regulatory, legal and market interoperability across tokenised capital markets and cross-border payments, identifying where common international standards would provide the greatest economic value.
- **Develop cross-border payments standards:** Invite the FSB to consult on principles for cross-border stablecoin payments, and CPMI and IOSCO to develop common approaches to settlement, messaging and market infrastructure for tokenised financial markets. Support the BIS work on cross-border tokenised deposits via Project Agora, and encourage the connectivity of domestic tokenised deposit projects with international peers (e.g. Great British Tokenised Deposits in the UK).
- **Strengthen financial integrity:** Task FATF with setting out how its AML/CFT standards should be applied consistently to tokenised financial markets and cross-border digital asset activity, including the role of digital identity, travel rule compliance and information-sharing arrangements.
- **Review prudential standards:** Encourage the Basel Committee to review the implementation and calibration of its cryptoasset prudential framework, including the treatment of stablecoins under SCO10, as markets evolve and evidence from implementation becomes available.

4.3. Advancing a coherent and interoperable approach to AI

The G20 can contribute to the safe adoption of AI in financial services. AI has the potential to improve productivity, strengthen risk management and support innovation across financial services. However, different national approaches to AI regulation are creating a growing risk of fragmentation. Diverging regulatory frameworks, data

[2] Recommendation 1 calls for a private sector-led group to test cross-border use cases for tokenised assets and share best practices.

localisation requirements and inconsistent approaches to governance may increase costs, restrict cross-border activity and reduce the benefits that AI can deliver.

The G20 should therefore support greater international coherence and interoperability in the use of AI within financial services. This does not require a new global AI rulebook. Financial services are already highly regulated, with existing frameworks covering governance, risk management, operational resilience and conduct. The priority should be to ensure that these frameworks remain adaptable and are applied consistently as AI technologies evolve.

The UK should encourage the G20 Finance Track to explore how international institutions can work together more effectively on AI-related issues. This should include consideration of how the FSB, IMF, World Bank and standard-setting bodies coordinate on emerging risks, how different jurisdictions are approaching AI governance and how regulatory fragmentation can be reduced while maintaining flexibility for innovation.

As part of this work, the G20 should consider:

- Promoting trusted cross-border data flows and avoiding unnecessary barriers to the responsible use of AI.
- Improving cooperation on AI-related operational, cyber and concentration risks.
- Examining the implications of different approaches to critical third-party oversight and regulatory perimeters.
- Exploring mechanisms for sharing information and best practice on frontier AI models and testing approaches (*noting that BIS has previously invested in creating technical capacity for data analysis)*.
- Strengthening international cooperation on AI-enabled fraud and financial crime.

The UK should also encourage international institutions such as the IMF, World Bank and OECD to examine the broader economic implications of AI, including productivity, growth and labour market impacts. This would support a more informed discussion across the G20 and help ensure policymakers are prepared for the opportunities and challenges that AI presents.

A coherent and interoperable approach to AI would support innovation, reduce unnecessary regulatory fragmentation and help ensure that financial services firms can deploy AI safely and effectively across international markets. This would be consistent with the UK's broader objective of promoting open, competitive and globally connected financial markets.

4.4. Unlocking scalable capital flows and private sector investment

Building on its strengths as a global financial centre, the UK has a unique opportunity to lead a practical G20 agenda focused on the mobilisation of private capital to support growth, energy security, and resilience for G20 members and EMDEs. The G20 should draw attention to regulatory and market barriers that constrain investment, strengthening the pipeline of investable opportunities, and improving the risk-return profile of projects through greater use of blended finance and risk mitigation tools.

Adaptation and transition finance should be positioned as tools for scalable private capital allocation. The UK G20 Presidency should champion a stronger international framework for mobilising adaptation and resilience finance, helping G20 partners understand and address growing protection gaps that constrain economic development and investment. Drawing on the strengths of the UK's insurance market, risk analytics and public-private delivery models, international bodies can support the development of insurance-linked resilience solutions, parametric risk-transfer mechanisms and resilience-focused investment pipelines that improve project bankability and crowd in private capital.

The UK is well placed to lead international efforts to scale transition finance, building on the work of the Transition Finance Council and its emerging Transition Finance Guidelines. By promoting interoperable, principles-based approaches to transition finance, G20 nations can help provide investors with greater confidence and consistency across jurisdictions, while supporting capital flows into sectors that are critical to resilient and sustainable economic growth and energy security. Greater alignment around transition finance frameworks can help unlock investment opportunities, support the development of investable project pipelines, and reduce fragmentation across markets.

Potential deliverables could include:

- Building on the work of the UK EMDE Investor Taskforce, the G20 should commission a workstream to assess how regulatory and supervisory frameworks can better recognise the role of insurance, risk transfer and resilience planning in supporting long-term investment and financial stability across EMDEs.
- Harnessing industry expertise to develop investment vehicles, insurance products forms of risk sharing with government, DFIs/MDBs to support adaptation and transition finance.
- Promoting the adoption of mobilisation frameworks, such as Transition Finance Guidelines in emerging markets.
- Development of financial products and investment vehicles to scale finance to transition high-emitting firms globally.

5. Practical considerations

The UK should continue building momentum for a G20 agenda on modernising international rulemaking: Building on the US "modernisation of regulation" initiative, the UK can drive a focused agenda on improving the speed, adaptability and effectiveness of global standards, with distinct workstreams under it.

Supporting international leadership and institutional effectiveness: The UK should use its Presidency to build consensus around practical reforms that strengthen the effectiveness of the FSB and other standard-setting bodies, recognising the increasing demands placed on international coordination by rapid technological, market and geopolitical change.

Deepening engagement with industry and external expertise: International policymakers should adopt more agile and iterative forms of engagement with the private sector to keep pace with rapid market and technological developments. The UK should encourage exploration of mechanisms ranging from a more structured "F20" model through to targeted expert working groups, innovation sprints and public-private initiatives inspired by the BIS Innovation Hub. These approaches would allow standard setters to draw on wider expertise, improve the practicality of policy proposals and accelerate the development of globally interoperable solutions.

6. Institutional mapping

Topic	Lead body	Supporting
Modernising the global regulatory systems	FSB	BCBS & IOSCO
Digital assets interoperability	FSB	CPMI & IOSCO
AI governance	FSB	BCBS, IMF & IAIS
Cross-border investment flows	IMF/World Bank/OECD	FSB

Glossary	
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
CPMI	Committee on Payments and Market Infrastructures
FAFT	Financial Action Task Force
FSB	Financial Stability Board
IAIS	International Association of Insurance Supervisors
IMF	International Monetary Fund
IOSCO	International Organisation of Securities Commissions
OECD	Organisation for Economic Co-Operation and Development