



What is the impact of the Basel capital reforms on EU banks?

Agenda

Tuesday, 1 October 2019: 17:00 – 19:30 CEPS, Place du Congrès 1, 1000 Brussels

The finalised Basel III reforms contain the recalibration of, among others, the standard risk weights for exposures to residential mortgages, non-rated banks and corporates. They reduce the flexibility in banks' own internal models to determine risk weights with the introduction of limits on the deviation of internal models from the standard approach, by basing the output floor on this new standardised approach and also abolishing the use of internal models for credit value adjustments and operational risk. Additionally, the finalised reforms require global systemically important banks (G-SIBS) to hold a buffer on the leverage ratio as on risk-weighted capital requirements.

The finalised Basel III reforms agreed in December 2017 still need to be implemented in the EU. Although the European Commission has set an objective to avoid significant increases in the capital requirements, several industry representatives have expressed their concerns that the agreed standards are likely to lead to a substantial increase in capital charges. Moreover, the European Banking Authority, which has assessed the impact on a large number of EU banks, finds that the overall increase in the capital requirements for EU banks will be almost a quarter under the most conservative assumptions. This would lead to a shortfall of about €135 billion, impacting primarily the large globally active banks.

During this CEPS meeting the impact of the finalisation of the Basel III reforms on the EU banking sector as well as their implementation across the EU will be discussed.

16:30 – 17:00	Registration
17:00 – 18:30	Panel Discussion: Nathalie Berger , <i>Head of Unit, European Commission (DG FISMA)</i> Marina Cernov , <i>Policy Officer, European Banking Authority</i> Ulrik Nødgaard , <i>CEO, Finance Denmark</i> <i>Moderator: Karel Lannoo, CEO, CEPS</i>
18:30 – 19:30	Cocktail
19:30	End of the event

