The aim of this thesis is to take a closer look on how the stricter capital requirements defined in the Basel III framework will influence European banks from a complex point of view - lending rates and volumes of provided loans, profitability, risk taking and market value of banks. Our analysis employing simultaneous equations and panel data models on exp post data on almost 600 banks operating in the EU in the 2005-2011 period reports following results: (1) Those banks that will be forced to effectively increase their common equity ratio (CE/RWA) will reflect a one percentage point increase in this ratio into higher lending rates by 18.8 basis points. (2) This should, in turn, lead to a modest impact on the volume of provided loans, i.e. as a result of an increase of CE/RWA to 9.5 % (the case of the strictest scenario), the loan volumes are expected to be lowered by 2% from the current volume. (3) Our study further reports that higher capital requirements will cause a decrease in banks’ profitability accompanied by a drop in risk taking. Banks increasing their CE/RWA by one percentage point are expected to experience a decrease in their profitability (measured by ROAA) by 0.174 percentage points. (4) The above mentioned effects were identified as rather negative signals for equity owners, which should be reflected into a drop of market value of given banks.