Abstract

The thesis focuses on the impact of the banking regulation Basel III on bank-intermediated trade finance. The theoretical part of the thesis explains details of Basel III requirements, history of Basel Accords and their future in the form of Basel IV, characteristics of trade finance products and of the whole industry. Trade finance industry voiced worries about the negative effect that these new requirements might have on trade finance business. The thesis estimates determinants of bank-intermediated trade finance and includes a regulatory variable. We use trade finance data from the Czech Republic and Hong Kong in 2000–2014 and from India in 2007–2014. A negative effect of Basel III on trade finance growth is found using pooled OLS regression. Contrary to previous research, we also estimate a negative coefficient of banks’ capital to assets ratios. To the best of our knowledge, the thesis provides the first empirical analysis of the impact of Basel III on trade finance. Trade finance research usually focuses more on the relationship of trade finance and trade flows and the thesis provides an extensive literature summary of this topic. The final part of the thesis contrasts different levels of risk of trade finance and shows that the imputed low-riskiness does not apply to the Czech data.