Abstract

The thesis is focused on content and impact of the new Basel Capital Accord, commonly known as Basel III. These rules react to recent development in global financial markets and introduce some substantial changes into regulatory approach, which include changes to the definition and required amount of regulatory capital and presents new liquidity requirements. The thesis then assesses new rules form two points of view. First, a quantitative model is constructed that predicts the impact of new rules on capital adequacy of four major Czech banks based on default rates data. In the second part of the analysis, institutional impact of new regulation is stressed, namely the question of how new rules fit within the theoretical framework of optimal regulatory architecture and what pitfalls they have. The thesis is unique in the eclectic nature of its approach, whereby two seemingly disparate approaches oppose each other and an attempt at synthesis is presented.

Keywords

Banking regulation, Basel II, Basel III, capital adequacy, capital accords, regulatory impact analysis, credit risk

JEL classification

G21, G28