

This thesis focuses on consequences of the full implementation of Basel III regulations and what impact it will have on the banking sector. The purpose of Basel III is to replace Basel II as a global regulatory standard, because of its predecessor's flaws, such as the amplifying of banks' procyclicality, overreliance on credit rating agencies or the incentive to securitize its assets. The examination of Basel III regulations has shown that the most difficult task for banks would be to raise the capital for increased requirements and implementation of liquidity ratios. This will undoubtedly change the behaviour of banks. Using the panel data model, we will analyze the relationship between the changes in regulatory capital and our dependent variables, which consist of change in interest rates, change in the amount of loans granted and the change of stability of a bank, in countries from the Visegrad Four, the Czech Republic, Slovakia, Poland and Hungary. Using estimated coefficients from our regression, we examine whether there will be unintended negative effects of Basel III implementation and whether there will be an increase in a stability of banks.