Course level I

Introduction to the Basel III framework

Duration
31 August – 4 September 2020 (5 days)

Deadline for application
10 July 2020

Venue
Frankfurt

Objective
Basel III is a comprehensive set of reform measures developed by the Basel Committee on Banking Supervision to strengthen regulation and supervision of the banking sector. Finalised in December 2017, the full Basel III package addresses the lessons learnt from the financial crisis. Specifically, Basel III focuses on strengthening the quality and quantity requirements within the regulatory capital framework, introduces a global liquidity standard, deploys measures to reduce cyclicality, introduces a leverage ratio and provides a basic approach to regulating systemically important banks. It also introduces an aggregate output floor, which compares the risk-weighted assets calculated under the standardised approaches with the results from internal models.

The course aims to give an overview of the Basel framework and Basel III reforms. The Basel framework is also a major component of the regulatory harmonisation process within the European Union, and it was transposed via the Capital Requirements Directive IV package and implemented in 2014. A revised package adopted in 2019 mainly includes the elements of the Basel III reform. This course will therefore also impart comprehensive expert knowledge on major issues relating to the implementation of the Basel III framework in the EU and Germany. The course will focus particularly on background knowledge, but it will also reflect on practice, wherever possible.

Contents
– Overview of the institutional set-up of banking supervision in Germany and Europe
– General overview of the Basel framework, the motivation behind the revisions and the finalisation of Basel III
– Capital – quality, quantity and transparency
– Capital conservation buffer, countercyclical capital buffer, systemically important banks, systemic risk buffer
– Leverage ratio
– Liquidity – quantitative standards, monitoring tools, management principles
– Risk coverage – credit risk, operational risk, market risk
– Pillar 2: introduction to the supervisory review and evaluation process (SREP)
– ICAAP and ILAAP – German and European implementation
– Regulatory disclosure requirements and market discipline (Pillar 3)
– Internal governance aspects
– Current regulatory developments

Target group
This course is aimed at bank inspectors and employees working in the banking supervision unit of their central bank or supervisory authority. A basic knowledge of the new regulations under Basel II and III is essential for productive participation. Participants should also be familiar with the supervisory policies and practices applied at their institution and be prepared to actively contribute to discussions.