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The Publication of Consultative Documents by the Basel Committee on Banking Supervision and Future Challenges

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Abstract

Aiming to improve both the quality and quantity of capital held by banks and to discourage excessive leverage, the Basel Committee on Banking Supervision formulated a comprehensive regulatory reform proposal, and made it public for consultation in December 2009. Going forward, a calibration of capital levels taking into account the results of the consultations and quantitative impact studies will be carried out, with the aim of formulating internationally-agreed rules by the end of 2010. When carrying out reform of banking regulations, it is important to safeguard both the resilience and the financial intermediary function of the banking sector. For this reason, challenges include smooth implementation that takes into account the stability of financial markets and consistency with sustained economic growth, and how to evaluate appropriate capital levels.