Implementation of the Basel III guidelines worldwide and specifically in Liechtenstein

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Implementation Basel III guidelines

- A voluntary, but globally minimum, standard

- Stability of the global financial system and bank capital requirements by
  - Increasing bank liquidity
  - Decreasing bank leverage

- Huge efforts are shown to successfully implement the standards
- Positive attitude towards Basel III despite the subsequent pressure on the banks (administrative burdens)

- Predominant optimistic view that banks will meet the requirements
- Problems might arise for smaller banks in all EU/EEA states
- Required effort distinguish between member states

Implementation in EU/EEA states

EU/EEA states

- European Single Rule Book/CRD IV-Package ensures an uniform application
  - Capital Requirement Directive IV (CRD)
  - Capital Requirement Regulation (EU 575/2013) (CRR)

- Transitional period during 2014:
  - 4% instead of 4.5% for Common Equity Tier Capital
  - 4.5% instead of 6 % for Tier Capital

- CRD-Package: Liquidity Coverage Ratio (LCR) will be set at 60% in January 1st 2015 and than arise 10% each year to reach 100% in January 2019

- CRD-IV: Capital buffers of 2.5% on January 1st 2019

Implementation in third states

Third states
- Not directly obliged to implement the guidelines, however the majority does

Switzerland:
- 2016: Capital conservation buffer
- 2016–2018: Ratio of 2.5% coverage of risk weighted assets

USA:
- Approval after dealing with a serious opposition from local banks
- Rules are subsequently compliant with Basel III

Implementation Basel III in Liechtenstein

- Liechtenstein is a EEA member state and will adopt CRD IV and CRR
- Opted for not making use of the transactional period
- CRD IV: Rules are expected to enter into force by the end of 2014
- Banks in Liechtenstein are not seen to have any problems to be compliant with the Basel III standards
- Liechtenstein Banks already meet the ratio required under Basel III