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