

Comparison of the implementation of Basel III regulations in the USA and the Czech Republic

Abstract

The aim of this paper was to find out whether there are significant differences in the implementation of Basel III rules in the USA in the Czech Republic and at the same time to find out whether the implementation of these rules had a significant impact on consumers through the increase in the cost of credit. This paper has found that although there are some significant differences in the implementation of Basel III, these differences are not systematic in origin and thus both regulations follow the same principles, trying to achieve the same goal. The differences in the implementation of Basel III rules can be found mainly in the area of the liquidity coverage ratio. As a result of these differences, it is relatively more difficult for US banks to achieve the required value of the liquidity coverage ratio compared to European banks. Other important differences were found in particular in the areas of the countercyclical capital buffer, the net stable funding ratio, and the additional capital buffer for systemically important banks. However, differences of lesser importance can be found in all areas of the Basel III rules examined. Notwithstanding these differences, it can be said that the implementation of the Basel III rules in both countries has contributed to the stability of the banking sector. In terms of the impact of the implementation of the Basel III rules on consumers, the interest rate spread indicator and other economic indicators that affect this indicator (such as the country's currency stock or interest rates) were examined. This paper found that, given the level of capital buffers held by banks in both countries studied which was above the required minimum at the time, banks did not need to significantly increase the capital buffers held. Thus, the interest rate spread, taking into account the other economic indicators considered, did not change substantially as a result of the implementation of the Basel III rules, and it can be said that in this respect the implementation of Basel III did not have a significant impact on consumers.