From: <Atef_El-Deeb/United_Bank_Of_Egypt%UBE@UBE.NET>
To: <emailmaster@bis.org>
Date: 4/8/01 1:28pm
Subject: Comments on Basel Accords new version

After attending the World Bank conference on profiting from SME's I found out that it's necessary to raise the following issues with respect to the new version of Basel Capital Requirement Accords:

-Would applying Credit point scoring system work in favor of the way the new accords weight the credit to a particular customer? in other words banks adopting this approach should gain benefits when determining the required amount of capital reserves needed for related clients.

-The suggested collateral eligibility criteria as described in the" proposed standardized approach to credit risk"
needs to be much more country - oriented,in other words what fits the united states in terms of mortgage transaction might not be the case in Egypt. General rules (guidlines)would be preferable in this case.

-The Haircut approach is currently adopted in some countries when determining the appropriate portion of loan loss provisions needed for a single case but of course on a different basis. What I think is practical is to have this approach much flexible in reflecting the prevailing economic situation in a particular country during the revision period.,In other words the better true macro economy parameters the lower the hair cut needed and viceversa. In a country where Real GDP is 3%, inflation within 3.5% no liquidity or slowing down symptoms, the real value of collateral (VAR)is nearly equal to the recorded one.

Thank you