Bangkok Bank

June 3, 2016

Mr. William Coen
Secretary General
Basel Committee on Banking Supervision
Bank for International Settlements
Centralbahnplatz 2, CH-4002 Basel
Switzerland

Re: Comments on the BCBS Consultative Document on Standardised Measurement Approaches for Operational Risk

Dear Secretary General Coen,

Bangkok Bank Public Company Limited ("the Bank") appreciates this opportunity to comment on the March 2016, the Consultative Document issued by the Basel Committee on Banking Supervision ("the Committee"), Standardised Measurement Approach for Operational Risk ("SMA").

The Bank strongly support the Basel WGOR's objectives to address outstanding issues and weaknesses of the current Standardised Approaches for Operational Risk and to enhance such approaches to be more risk sensitive and robust regulatory framework as well as addressing the real benefits of the framework's Advance Management Approaches for Operational Risk (AMA).

However, the Bank believe there is still room to enhance the risk sensitivity of the new proposed framework relative to the current one. The proposed revisions still, to certain extent, emphasize on firm size and still do not take into account degree of the bank business model complexity as well as quality of the bank's operational risk management. The Bank would advocated for a framework that have a clear link between a bank's quality of operational risk management and its operational risk capital requirement. This would embed the right incentives in the capital framework. However, this is not the case under the propose new SMA where operational risk capital requirements will only charge with changes in income statement numbers and not with charges in the quality of operational risk management. We believe this should be added to the list of principles that the BCBS have kept in view in formulating the revised standardized approach.

The SMA assumption that the relationship between the BI and operational loss exposure is stable and similar for banks with similar value of BIs is somewhat arbitrary. The bank understands and appreciate that the Committee put tremendous effort to combine and aligned the previous proposal and industry comments to come up with current SMA but we felt that the formula and its output are rather difficult to interprete and to align and/or make use of the output to incorporate or improve the bank's internal risk management in the meaningful way.

Since the new SMA allow reliance on the used of loss data collection as a proxy of internal risk management and replacing the AMA and given that to some country loss data collection has been encouraged and collected for sometimes, it may be appropriate for the Committee to allow certain degree of local regulatory discretion to allow the usage of loss data in its capital calculation process.

With regards to the Committee's proposal of removing AMA from current usage to calculate required capital for operational risk, we still think that its application may still be useful for the bank's internal risk management and should not be abandon completely.

For your kind consideration.

Ayuth Krishnamara

Executive Vice President

Chief Risk Officer

Bangkok Bank PCL

Tel : 662 230 2365

e-mail : ayuth.kri@bbl.co.th