With reference to BCBS Consultative Document “Developments in credit risk management across sectors: current practices and recommendations” issued in 5 February 2015, the Bank of Thailand (BOT) agree that supervisors should concern on simple risk measurement methods, risk-taking behaviors, promoting central clearing, and capturing risk of central counterparty. Such recommendations would lead to a better credit risk management framework and internal risk management processes of the system.

Nevertheless, details of each recommendation should be provided (e.g. details on simple credit risk evaluation measurements, and responses of supervisors on risk-taking behaviors), as guideline or measure to ensure same level of adoption by each supervisor.

Additionally, since IFRS 13 requires that fair value measurement of OTC derivatives must reflects Credit Valuation Adjustment (CVA) of counterparty, so CVA risk management has become crucial and is a big challenge for countries where credit derivatives market is not active; BCBS’s recommendations in this key area will be valuable. Thus, in the next survey (if any), a question set on Credit risk management of OTC derivative market should also be included.

Respectfully yours,