

Basel Committee on Banking Supervision

SRP

Supervisory review process

SRP34

Operational risk

Under Pillar 2, supervisors should consider whether the Pillar 1 operational risk capital requirement is consistent with its risk exposure and peers.

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Updated the out of force date to 31 Dec 2022, given the revised implementation date of Basel III announced on 27 March 2020.



BANK FOR INTERNATIONAL SETTLEMENTS

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Operational risk in Pillar 2

34.1

Gross income, used in the Basic Indicator and Standardised Approaches for operational risk, is only a proxy for the scale of operational risk exposure of a bank and can in some cases (eg for banks with low margins or profitability) underestimate the need for capital for operational risk.

34.2

With reference to the Committee document on Principles for the Sound Management of Operational Risk (June 2011), the supervisor should consider whether the capital requirement generated by the Pillar 1 calculation (regardless of the calculation approach used) gives an accurate, consistent picture of the individual bank's operational risk exposure, for example in comparison with other banks of similar size, nature and complexity.