2008 FSI Survey on the Implementation of the new capital adequacy framework in non-Basel Committee member countries

Summary of responses to the Basel II implementation survey

August 2008
Foreword

The Financial Stability Institute, as a part of its outreach activity, has been conducting various surveys on subjects of supervisory interest. One of the very important topics on which the FSI has carried out surveys has been the implementation of Basel II in non-Basel Committee countries. The first survey on this topic was carried out in 2004, which was followed by an update in 2006. In order to ascertain the current status/plans of individual jurisdictions in implementing Basel II, a brief second update of the 2004 survey was carried out in 2008.

This paper presents the results of the 2008 follow-up survey. Consistent with the results of the 2004 and 2006 surveys, the 2008 survey findings indicate that the new capital framework will be implemented by the overwhelming majority of non-BCBS countries.

I would like to thank Mr Yutaka Nishigaki, seconded to the FSI from the Bank of Japan, who analysed the survey results. I would also like to thank the FSI team consisting of Mr Amarendra Mohan and Mr Stefan Hohl who worked on the survey together with Mr Roland Raskopf, Mr Juan Carlos Crisanto and Mr Jason George.

Josef Tošovský
Chairman
Financial Stability Institute
August 2008
1. Executive Summary

Over the past several years, the Financial Stability Institute (FSI) has conducted surveys on subjects of supervisory interest and shared the results with the supervisory community. The FSI carried out a survey on Basel II implementation in 2004, which was followed by an update in 2006. In order to ascertain the current status/plans of individual jurisdictions in implementing Basel II, a brief second update of the 2004 survey was carried out in 2008.

The survey was sent to 130 jurisdictions, excluding members of the Basel Committee on Banking Supervision (BCBS), in Africa, Asia, the Caribbean, Latin America, the Middle East and Europe. Responses were received from 101 jurisdictions, representing an overall response rate of 78%.

The 2008 survey results indicate that 105 countries (92 non-BCBS jurisdictions plus 13 BCBS member countries) have implemented or are currently planning to implement Basel II. Thirty-one jurisdictions had implemented Basel II by the end of 2007 and by the end of 2008 as many as 57 jurisdictions will have implemented Basel II.

The 2008 survey responses reveal that each of the three credit risk approaches under Basel II will be implemented by more countries than indicated by the 2006 survey results 1. The Standardised Approach is the most widely used of the three credit risk methodologies - 87% of respondents adopting Basel II plan to implement the Standardised Approach. The Foundation Internal Ratings Based Approach (Foundation IRB) ranks behind the Standardised Approach, at 65%, while 61% of respondents adopting Basel II intend to offer the Advanced Internal Ratings Based Approach (Advanced IRB).

Similar trends are evident for the operational risk approaches. The 2008 survey indicates that the Basic Indicator Approach is expected to be the most widely employed - by 84% of respondents adopting Basel II, followed by the Standardised Approach - at 73%. A majority of respondents adopting Basel II - 53% - expect to make available the Advanced Measurement Approaches (AMA) to operational risk.

The 2008 survey indicates that a large number of jurisdictions will be offering the advanced approaches for credit risk and operational risk under Pillar 1. As many as 56 jurisdictions will be offering Advanced IRB for credit risk and 49 jurisdictions will be offering AMA for operational risk by the year 2015.

The 2008 survey results indicate that 77 jurisdictions will be implementing Pillars 2 and 3 by 2015 as against 71 and 66 jurisdictions, respectively, in the 2006 survey. In the short run (up to 2009), however, a significant number of countries appear to have deferred their implementation plans for Pillars 2 and 3. A possible reason for this could be that more preparations were required for implementing Pillars 2 and 3 than originally thought at the time of the 2006 survey.

This paper presents the responses to the survey from global and regional perspectives while observing the confidentiality commitment made in respect to individual country responses. The paper is organised as follows: Section 2 discusses the global results of the survey. Sections 3-8 describe specific plans related to the implementation of each of the Basel II components across each region.

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1 Some countries that responded to the 2006 survey did not respond to the 2008 survey and vice versa.
2. **Global results of the survey**

The 2008 survey was sent to 130 non-BCBS countries in Africa, Asia, the Caribbean, Latin America, the Middle East and Europe. Responses were received from 101 jurisdictions. A comparative analysis of the number of responses received in the 2006 and 2008 surveys, and the number of jurisdictions\(^2\) intending to adopt Basel II are furnished in Table 1.

<table>
<thead>
<tr>
<th></th>
<th>Number of responses</th>
<th>Jurisdictions intending to adopt Basel II</th>
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</thead>
<tbody>
<tr>
<td>Africa</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>Asia*</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>Caribbean</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Europe*</td>
<td>36</td>
<td>35</td>
</tr>
<tr>
<td>Latin America</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Middle East</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Total*</td>
<td>98</td>
<td>101</td>
</tr>
</tbody>
</table>

* excluding BCBS members

The results of the 2008 survey reinforce the conclusion of the earlier FSI surveys in 2004 and 2006 that Basel II will be implemented\(^3\) widely around the world. Table 2 shows that a total of 105 jurisdictions, including BCBS member countries, intend to adopt Basel II. Thirty-one jurisdictions had implemented Basel II by the end of the year 2007 and by the end of 2008 as many as 57 jurisdictions will have implemented Basel II.

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\(^2\) The number of jurisdictions relates to non-BCBS jurisdictions.

\(^3\) Basel II requires the implementation of three mutually reinforcing pillars: Pillar 1 - minimum regulatory capital for credit, market and operational risks; Pillar 2 - a supervisory review process intended to ensure that banks have adequate capital to support their risks, as well as sound risk management techniques; and Pillar 3 - a set of disclosures that will promote market discipline by allowing market participants to assess key pieces of information related to Pillars 1 and 2. Because the 1998 recommendations on regulatory capital for market risk remain unchanged in Basel II, the survey and this paper deal only with the elements related to credit and operational risks in Pillar 1.
Table 2
Overview of Basel II implementation
(including BCBS member countries)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009-2015**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>-</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Americas*</td>
<td>-</td>
<td>3</td>
<td>14</td>
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<tr>
<td>Asia*</td>
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<td>10</td>
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<tr>
<td>Caribbean</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Europe*</td>
<td>27</td>
<td>34</td>
<td>44</td>
</tr>
<tr>
<td>Middle-East</td>
<td>2</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>57</td>
<td>105</td>
</tr>
</tbody>
</table>

* including BCBS member countries
** including jurisdictions that have not indicated a definite timeframe for implementation of all three pillars

Pillar 1 - Minimum capital requirements

Credit risk

The 2008 survey responses indicate (Chart 1) that by the year 2015, 80 out of the 92 non-BCBS countries (87% of the respondents) implementing Basel II will be using the Standardised Approach for credit risk under Pillar 1. The Standardised Approach remains the most widely used methodology for calculating capital requirements for credit risk. The number of jurisdictions offering Foundation IRB has gone up from 55 in the 2006 survey to 60 in the 2008 survey (Chart 2). There has, however, been a decline in percentage terms from 67% of respondents offering Foundation IRB in the 2006 survey to 65% of respondents offering it in the 2008 survey. The number of jurisdictions offering Advanced IRB has gone up from 45 (55% of respondents) in the 2006 survey to 56 (61% of respondents) in the 2008 survey (Chart 3).
Chart 1
The number of countries adopting the Standardised Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 2
The number of countries adopting the Foundation IRB Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)
Operational risk

A comparison of 2006 and 2008 survey responses indicates that each of the three approaches for allocating capital for operational risk\(^4\) will be implemented by more jurisdictions (Charts 4-6). The 2008 survey indicates that the Basic Indicator Approach is expected to be the most widely employed - by 84% of respondents adopting Basel II (Chart 4) - followed by the Standardised Approach (Chart 5) at 73%. A majority of respondents adopting Basel II - 53% - expect to make available the Advanced Measurement Approaches (AMA) to operational risk (Chart 6).

The 2008 survey indicates that a large number of jurisdictions will be offering the advanced approaches for credit risk and operational risk under Pillar 1. As many as 56 jurisdictions (61% of respondents) will be offering Advanced IRB and 49 jurisdictions (53% of respondents) will be offering AMA for operational risk (Chart 7) by the year 2015.

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\(^4\) With regard to calculating regulatory capital requirements for operational risk, the BCBS proposes a choice of three broad methodologies. The first, the Basic Indicator Approach, proposes that a single indicator, i.e. gross income, be used for calculating the bank’s regulatory capital for operational risk. The second, the Standardised Approach, allows banks to calculate their capital requirements for each business line, again using gross income. An alternative Standardised Approach would allow some banks to use a different indicator, i.e. loans and advances for two specific business lines: commercial and retail banking. Finally, the Advanced Measurement Approaches allow banks to use their internal measurement systems, subject to supervisory approval, to calculate regulatory capital requirements for operational risk.
Chart 4
The number of countries adopting the Basic Indicator Approach for operational risk:
2006 vs 2008 survey
(Cumulative figures over time)

Chart 5
The number of countries adopting the Standardised Approach for operational risk:
2006 vs 2008 survey
(Cumulative figures over time)
Chart 6
The number of countries adopting Advanced Measurement Approaches for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 7
The number of countries adopting advanced approaches for credit risk (Advanced IRB) and operational risk (AMA) as per 2008 survey
(Cumulative figures over time)
Pillar 2 - Supervisory review process

The 2008 survey indicates that 77 jurisdictions will be implementing Pillar 2 by the year 2015 in comparison to 71 jurisdictions in the 2006 survey. In the short-term (up to 2009), however, the 2008 survey indicates that fewer countries will be implementing Pillar 2 (Chart 8) compared with responses to the 2006 survey. This could be due to the fact that more preparations may have been required for Pillar 2 implementation than originally contemplated at the time of the 2006 survey.

![Chart 8](chart8.png)

Pillar 3 – Market discipline

The 2008 survey results indicate that 77 jurisdictions will be implementing Pillar 3 by 2015 in comparison to 66 jurisdictions in the 2006 survey (Chart 9). As with Pillar 2, a significant number of countries appear to have deferred their implementation plans for Pillar 3 in the short run (up to 2009) and the reasons for this could be similar - more preparations required than originally thought at the time of the 2006 survey.

![Chart 9](chart9.png)
3. Specific implementation plans: AFRICA

The survey was sent to 28 jurisdictions in Africa. Responses were received from 16 jurisdictions, representing a response rate of 57%. Twelve respondents intend to adopt Basel II, which is the same number of countries as in the 2006 survey.

Pillar 1 - Minimum capital requirements

Credit risk

As compared to the 2006 survey, the 2008 survey reveals that fewer jurisdictions are planning to implement the standardised approach in the short run, i.e., by 2009. However, the number of jurisdictions implementing Standardised Approach by 2015 remains the same at nine (Chart 3.1). The number of countries planning to implement Foundation IRB by 2015 has gone down from six to four (Chart 3.2) whereas the number of countries implementing Advanced IRB by 2015 remains the same at four (Chart 3.3) The Standardised Approach is expected to be the most widely used methodology as 75% of respondents adopting Basel II will offer this option for credit risk (Chart 3.1).

![Chart 3.1](image-url)

The number of countries in Africa adopting the Standardised Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)
Chart 3.2
The number of countries in Africa adopting the Foundation IRB Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 3.3
The number of countries in Africa adopting the Advanced IRB Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)
Operational risk

The Basic Indicator Approach for calculating capital requirements for operational risk will be offered by 67% of respondents adopting Basel II (Chart 3.4), followed by the Standardised Approach, at 50% (Chart 3.5). A smaller proportion - 33% - expects to offer the Advanced Measurement Approaches by 2015 (Chart 3.6).

Chart 3.4
The number of countries in Africa adopting the Basic Indicator Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 3.5
The number of countries in Africa adopting the Standardised Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)
Pillar 2 - Supervisory review process

The 2008 survey results indicate that several countries in Africa have deferred Pillar 2 implementation since the 2006 survey (Chart 3.7).
Pillar 3 – Market Discipline

The 2008 survey results also indicate that several countries in Africa have deferred Pillar 3 implementation plans since the 2006 survey (Chart 3.8).

Chart 3.8
The number of countries in Africa adopting Pillar 3: 2006 vs 2008 survey
(Cumulative figures over time)

4. Specific implementation plans: ASIA

The 2008 survey was sent to 22 jurisdictions in Asia, of which 18, or 82%, responded. Seventeen of the 18 responding jurisdictions plan to implement Basel II.

Pillar 1 - Minimum capital requirements

Credit risk

According to the 2008 survey, 13 jurisdictions, or 76% of respondents implementing Basel II, plan to permit banks to use the Standardised Approach for calculating their credit risk capital charge. All 13 jurisdictions expect to implement the Standardised Approach by the end of 2009 (Chart 4.1).

The number of jurisdictions permitting the Foundation IRB Approach by 2015 has gone down from 14 in the 2006 survey to 11 in the 2008 survey (Chart 4.2). The number of jurisdictions offering the Advanced IRB Approach by 2015 has gone up from 10 in the 2006 survey to 11 in the 2008 survey (Chart 4.3). The 2008 survey reveals that 65% of the respondents implementing Basel II plan to offer both the Foundation IRB and Advanced IRB Approaches by 2015.
Chart 4.1
The number of countries in Asia adopting the
Standardised Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 4.2
The number of countries in Asia adopting the Foundation
IRB Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)
Operational risk

The 2008 survey reveals that the number of jurisdictions offering the Basic Indicator Approach by 2015 remains at 13, the same number indicated in the 2006 survey (Chart 4.4). The number of jurisdictions offering the Standardised Approach has gone up from 12 to 13 (Chart 4.5) and those offering AMA approaches has gone down from seven to six (Chart 4.6). According to the 2008 survey, 35% of the respondents implementing Basel II will be offering AMA approaches.

Chart 4.4
The number of countries in Asia adopting the Basic Indicator Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)
Chart 4.5
The number of countries in Asia adopting the Standardised Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 4.6
The number of countries in Asia adopting Advanced Measurement Approaches for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)

Pillar 2 - Supervisory review process

The 2008 survey indicates that several jurisdictions in Asia have deferred their Pillar 2 implementation plans compared to the position reflected in the 2006 survey (Chart 4.7).
Chart 4.7
The number of countries in Asia adopting Pillar 2: 2006 vs 2008 survey
(Cumulative figures over time)

Pillar 3 – Market Discipline
The 2008 survey also indicates that several jurisdictions in Asia have deferred their Pillar 3 implementation plans compared to the position reflected in the 2006 survey (Chart 4.8).

Chart 4.8
The number of countries in Asia adopting Pillar 3: 2006 vs 2008 survey
(Cumulative figures over time)
5. **Specific implementation plans: CARIBBEAN**

The survey was sent to 11 jurisdictions in the Caribbean. Responses were received from nine jurisdictions, representing a response rate of 82%. Eight respondents stated that they are intending to adopt Basel II.

**Pillar 1 - Minimum capital requirements**

**Credit risk**

The number of jurisdictions offering the Standardised Approach has gone up from four in the 2006 survey to six in the 2008 survey, whereas the jurisdictions offering Foundation IRB and Advanced IRB have both gone up from one to four (charts 5.1-5.3).

**Chart 5.1**

The number of countries in the Caribbean adopting the Standardised Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)
Chart 5.2
The number of countries in the Caribbean adopting the Foundation IRB Approach for credit risk: 2006 vs 2008 survey (Cumulative figures over time)

Chart 5.3
The number of countries in the Caribbean adopting the Advanced IRB Approach for credit risk: 2006 vs 2008 survey (Cumulative figures over time)

Operational risk
Compared to the 2006 survey, the number of jurisdictions offering different approaches for operational risk in the 2008 survey has gone up: those offering the Basic Indicator Approach have increased from three to six (Chart 5.4); the Standardised Approach from three to four (Chart 5.5) and the Advanced Measurement Approaches from one to four (Chart 5.6).
Chart 5.4
The number of countries in the Caribbean adopting the Basic Indicator Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 5.5
The number of countries in the Caribbean adopting the Standardised Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)
Chart 5.6
The number of countries in the Caribbean adopting Advanced Measurement Approaches for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)

Pillar 2 - Supervisory review process

As compared to the 2006 survey results, the number of jurisdictions planning to implement Pillar 2 has gone up from four to six in the 2008 survey (Chart 5.7). In the short run (by 2009), however, the number of countries implementing Pillar 2 has gone down from four to two.
Pillar 3 - Market Discipline

The number of jurisdictions implementing Pillar 3 has gone up from three in the 2006 survey to six in the 2008 survey (Chart 5.8). In the short run (by 2009), however, the number of countries implementing Pillar 3 has gone down from three to one.

Chart 5.8
The number of countries in the Caribbean adopting Pillar 3: 2006 vs 2008 survey (Cumulative figures over time)
6. Specific implementation plans: LATIN AMERICA

The survey was sent to 17 jurisdictions in Latin America. Responses were received from 14 jurisdictions, representing a response rate of 82%. Twelve of these jurisdictions intend to adopt Basel II.

Pillar 1 - Minimum capital requirements

Credit risk

The 2008 survey reveals that 92% of Latin American respondents implementing Basel II envisage offering the Standardised Approach for credit risk (Chart 6.1). Fifty percent and 42% of survey respondents implementing Basel II expect to offer the Foundation IRB Approach (Chart 6.2) and the Advanced IRB Approach, respectively (Chart 6.3).

Chart 6.1
The number of countries in Latin America adopting the Standardised Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)
Chart 6.2
The number of countries in Latin America adopting the Foundation IRB Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 6.3
The number of countries in Latin America adopting the Advanced IRB Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)
**Operational risk**

Seventy-five per cent of respondents adopting Basel II envisage offering the Basic Indicator Approach for operational risk (Chart 6.4), followed by the Standardised Approach at 50% (Chart 6.5). The number of jurisdictions offering Advanced Measurement Approaches has gone down from five to three and some countries have deferred their implementation plans (Chart 6.6).

**Chart 6.4**
The number of countries in Latin America adopting the Basic Indicator Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)

**Chart 6.5**
The number of countries in Latin America adopting the Standardised Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)
Chart 6.6
The number of countries in Latin America adopting Advanced Measurement Approaches for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 6.7
The number of countries in Latin America adopting Pillar 2: 2006 vs 2008 survey
(Cumulative figures over time)

Pillar 2 - Supervisory review process

Based on the 2008 survey, 92% of respondents in Latin America implementing Basel II expect to implement Pillar 2 (Chart 6.7) by 2015. However, in the short run (by 2009), some jurisdictions have deferred their Pillar 2 implementation.
Pillar 3 – Market Discipline

The Pillar 3 implementation plans of jurisdictions in Latin America show a similar trend as Pillar 2 - 92% of respondents implementing Basel II expect to implement Pillar 2 (Chart 6.8) by 2015. However, in the short run (by 2009), some jurisdictions have deferred their plans for implementing Pillar 3.

Chart 6.8
The number of countries in Latin America adopting Pillar 3: 2006 vs 2008 survey
(Cumulative figures over time)
7. Specific implementation plans: Middle East

The survey was sent to 10 jurisdictions in the Middle East and responses were received from nine jurisdictions, representing a response rate of 90%. All nine jurisdictions responding to the survey intend to adopt Basel II.

Pillar 1 - Minimum capital requirements

Credit risk

Results from the 2008 survey show that all nine jurisdictions implementing Basel II are offering the Standardised Approach for credit risk by the end of 2008 (Chart 7.1). The Foundation IRB Approach is being offered by 78% of the respondents (Chart 7.2) whereas the Advanced IRB Approach is being offered by 44% of respondents by 2015 (Chart 7.3).

Chart 7.1
The number of countries in the Middle East adopting the Standardised Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)
Chart 7.2
The number of countries in the Middle East adopting the
Foundation IRB Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 7.3
The number of countries in the Middle East adopting the
Advanced IRB Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)
Operational risk

The 2008 survey results indicate that eight out of nine jurisdictions implementing Basel II are offering the Basic Indicator Approach for operational risk by 2008 (Chart 7.4). The Standardised Approach is also being offered by eight jurisdictions, but in the longer time horizon of 2010-15 (Chart 7.5). The Advanced Measurement Approaches are being offered by 44% of jurisdictions by 2015 (Chart 7.6).

Chart 7.4
The number of countries in the Middle East adopting the Basic Indicator Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 7.5
The number of countries in the Middle East adopting the Standardised Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)
Pillar 2 - Supervisory review process

The 2008 survey results indicate that eight out of nine jurisdictions planning to implement Basel II expect to implement Pillar 2 by 2008 (Chart 7.7).
Pillar 3 - Market Discipline

The 2008 survey results indicate that eight out of nine jurisdictions planning to implement Basel II expect to implement Pillar 3 by 2008 (Chart 7.8).

Chart 7.8
The number of countries in the Middle East adopting Pillar 3: 2006 vs 2008 survey
(Cumulative figures over time)
8. Specific implementation plans: NON-BCBS EUROPE

The 2008 survey was sent to 42 jurisdictions in non-BCBS Europe. Responses were received from 35 jurisdictions, representing a response rate of 83%. Thirty-four jurisdictions are expecting to implement Basel II and a majority of them will have implemented all three pillars by the end of 2008.

Pillar 1 - Minimum capital requirements

Credit risk

Ninety-four per cent of respondents adopting Basel II envisage offering the Standardised Approach for calculating capital requirements for credit risk (Chart 8.1), followed by the Foundation IRB Approach and the Advanced IRB Approach both at 82% (Chart 8.2 and 8.3). Compared to the 2006 survey, a larger number of respondents will be implementing all three approaches for credit risk.

Chart 8.1
The number of countries in non-BCBS Europe adopting the Standardised Approach for credit risk: 2006 vs 2008 survey
(Cumulative figures over time)

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
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<tr>
<td>2008</td>
<td>26</td>
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<tr>
<td>2010-2015</td>
<td>26</td>
<td>32</td>
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</tbody>
</table>
Operational risk

As with credit risk, the 2008 survey results demonstrate a larger number of jurisdictions offering all the three approaches for operational risk. Most respondents envisage offering the Basic Indicator Approach, at 97% (Chart 8.4), followed by the Standardised Approach, at 88% (Chart 8.5). A substantial majority of respondents expect to offer the Advanced Measurement Approaches - 82% - which is well above the average for all non-BCBS survey respondents (Chart 8.6).
Chart 8.4
The number of countries in non-BCBS Europe adopting the Basic Indicator Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)

Chart 8.5
The number of countries in non-BCBS Europe adopting the Standardised Approach for operational risk: 2006 vs 2008 survey
(Cumulative figures over time)
Pillar 2 - Supervisory review process

The 2008 survey reveals that 76% of non-BCBS European countries implementing Basel II are expecting to implement Pillar 2 by 2008, 88% by 2009 and 91% during the period 2010-15 (Chart 8.7).
Pillar 3 – Market Discipline
The 2008 survey reveals that 74% of non-BCBS European countries implementing Basel II are expecting to implement Pillar 3 by 2008, 88% by 2009 and 91% during the period 2010-15 (Chart 8.8).

Chart 8.8
The number of countries in non-BCBS Europe adopting Pillar 3: 2006 vs 2008 survey
(Cumulative figures over time)