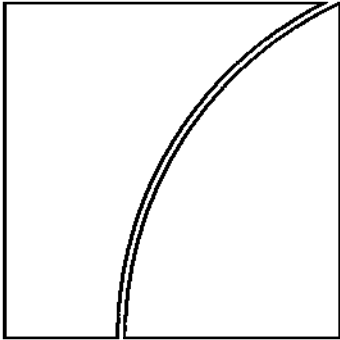


Financial Stability Institute



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No 9

2010 FSI Survey on the Implementation of the New Capital Adequacy Framework

Summary of responses to the Basel II
implementation survey

August 2010



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Foreword

Over the past several years, the Financial Stability Institute has carried out surveys on topics of interest to supervisors around the world. Basel II implementation has been one such important topic, with surveys conducted in 2004, 2006 and 2008. In order to ascertain the latest status of implementation of Basel II, especially against the backdrop of the recent financial crisis, the survey was carried out again this year.

This paper presents the results of the 2010 survey on Basel II implementation. Consistent with the earlier surveys, the 2010 survey findings indicate that Basel II will be implemented by the overwhelming majority of jurisdictions.

I would 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. I would also like to thank Ms Mirsada Burić from the Banking Agency of the Federation of Bosnia and Herzegovina and Mr Rodrigo Coelho from the Central Bank of Brazil who were seconded to the FSI from their respective agencies and who helped to analyse the survey results.

Josef Tošovský
Chairman
Financial Stability Institute
August 2010

Contents

Foreword	iii
1. Executive Summary	6
2. Global results of the survey.....	8
3. Specific implementation plans: Africa	21
4. Specific implementation plans: Asia	27
5. Specific implementation plans: the Caribbean.....	33
6. Specific implementation plans: Europe.....	39
7. Specific implementation plans: Latin America	45
8. Specific implementation plans: the Middle East	51

1. Executive Summary

Over the past 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, followed by updates in 2006, 2008 and 2010.

The 2010 survey was sent to 173 jurisdictions, including members of the Basel Committee on Banking Supervision (BCBS). Responses were received from 133 jurisdictions, representing an overall response rate of 77%.

The 2010 survey results indicate that 112 countries have implemented or are currently planning to implement Basel II, as compared to 106 countries in the 2008 survey.¹ The results of the 2010 survey reinforce the conclusion of the earlier FSI surveys that Basel II will be implemented widely around the world. The Standardised Approach is the most commonly used of the three credit risk methodologies - 96 respondents adopting Basel II plan to implement the Standardised Approach. The Foundation Internal Ratings Based Approach (Foundation IRB) will be implemented by 65 jurisdictions (as compared to 72 in the 2008 survey) and 61 respondents (as compared to 69 in 2008) intend to offer the Advanced Internal Ratings Based Approach (Advanced IRB).

The 2010 survey indicates that the Basic Indicator Approach for operational risk is expected to be the most widely employed - by 90 respondents adopting Basel II (the same number as reported in the 2008 survey), followed by the Standardised Approach – 84 respondents (80 as per 2008

¹ Some countries that responded to the 2008 survey did not respond to the 2010 survey and vice versa. The 2008 survey results have been restated to include all jurisdictions that are currently members of the Basel Committee.

survey) and by Advanced Measurement Approaches – 59 respondents (62 as per 2008 survey).

The 2010 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 61 jurisdictions will be offering Advanced IRB for credit risk and 59 jurisdictions will be offering AMA for operational risk by the year 2015.

The 2010 survey results indicate that 90 jurisdictions will be implementing Pillar 2 and 93 will be implementing Pillar 3 by 2015, as compared to 91 jurisdictions each implementing Pillars 2 and 3, respectively, in the 2008 survey. In the medium-term (up to 2012), however, the 2010 survey indicates that fewer countries will be implementing Pillars 2 and 3 compared with the 2008 survey. This could be because more preparation may have been required for implementation, possibly also in the context of enhancements to the Basel II framework, than was originally contemplated in 2008.

The 2010 survey also asked jurisdictions if the financial crisis and/or subsequent regulatory response had an impact on their Basel II implementation plans. Out of the 133 responses received, 32 jurisdictions (three from Africa, four from Asia, five from Caribbean, 10 from Europe, six from Latin America and four from Middle East) answered in the affirmative. Twenty-three jurisdictions mentioned that the crisis had led to a delayed timetable for Basel II implementation, whereas five jurisdictions reported that the crisis had led to an accelerated timetable for implementation. One jurisdiction mentioned that, whereas some aspects of Basel II implementation were kept on an accelerated timetable, some other aspects were delayed due to the crisis. Three jurisdictions reported that although the crisis had affected Basel II implementation the overall timetable for Basel II implementation remained on track - there was neither a delay nor an acceleration of the timetable.

The 2010 survey also asked jurisdictions about their current focus in terms of supervisory work related to Basel II and other priorities in banking supervision. Several jurisdictions are

working to either implement or operationalise Pillar 2 as a part of their Basel II related work. As regards other priorities in banking supervision, several countries indicated that they were working on enhancing the efficiency and effectiveness of on- and off-site supervision.

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.

2. Global results of the survey

The 2010 survey was sent to 173 jurisdictions, including Basel Committee member countries. Responses were received from 133 jurisdictions. A comparative analysis of the number of responses received in the 2008 and 2010 surveys, and the number of jurisdictions intending to adopt Basel II² are furnished in Table 1.

The results of the 2010 survey reinforce the conclusion of the earlier FSI surveys in 2004, 2006 and 2008 that Basel II will be implemented³ widely around the world. As per the 2010

² The 2010 survey includes the responses of Basel Committee member countries whereas the 2008 survey was confined to non-Basel Committee member countries. In order to make a meaningful comparison between the two surveys, the responses to the 2008 survey have been restated to include all 27 Basel Committee member countries.

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

survey, 112 jurisdictions, including the 27 Basel Committee member countries, intend to adopt Basel II⁴ (Table 2).

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 changes to the 1998 recommendations on regulatory capital for market risk were introduced separately and not included in prior surveys, this paper deals only with the elements related to credit and operational risks in Pillar 1.

⁴ The number of jurisdictions that stated that they would have implemented Basel II by year-end 2008 has gone down from 57 in the 2008 survey to 43 in the 2010 survey. This is on account of the fact that 12 jurisdictions in the 2008 survey, which expected to implement Basel II by 2008 reported implementation after 2008 in the 2010 survey. Three jurisdictions that reported Basel II implementation by 2008 in the 2008 survey did not participate in the 2010 survey. One jurisdiction that participated in the 2010 survey (and not in 2008 survey) responded that it had implemented Basel II in 2008.

Table 1
Overview of Basel II implementation
 (by number of jurisdictions)

	Number of responses*		Jurisdictions intending to adopt Basel II*	
	2008 survey	2010 survey	2008 survey	2010 survey
Africa	16	20	12	15
Americas**	16	22	14	17
Asia	19	25	18	17
Caribbean	9	10	8	8
Europe	46	46	45	45
Middle East	9	10	9	10
Total	115	133	106	112

* includes BCBS members.

** includes the United States, Canada and Latin America.

Table 2

Overview of Basel II implementation - timeline

(by number of jurisdictions; cumulative figures over time)

Region	2008	2009	2010	2011	2012	2013-2015*
Africa	1	1	4	6	8	15
Americas**	2	2	5	5	9	17
Asia	7	9	12	13	14	17
Caribbean	-	1	1	1	1	8
Europe	29	32	35	38	38	45
Middle East	4	4	7	7	8	10
Total	43	49	64	70	78	112

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

** includes the United States, Canada and Latin America.

Pillar 1 – Minimum capital requirements

Credit risk

The 2010 survey responses indicate (Chart 1) that by the year 2015, 96 jurisdictions (as compared to 93 in the 2008 survey) will be using the Standardised Approach for credit risk under Pillar 1. There is, however, a marginal decline in the number of jurisdictions offering the Standardised Approach in the

medium term (up to 2012) in the 2010 survey as compared to the 2008 survey. The Standardised Approach remains the most widely used methodology for calculating capital requirements for credit risk.

As compared to the 2008 survey, the 2010 survey indicates (Charts 2 and 3) that there is a marginal decline in the number of jurisdictions offering advanced approaches for credit risk (Foundation and Advanced IRB) not only in the short and medium term (by 2012) but also in the long term (2013-15). The number of jurisdictions offering Foundation IRB by the year 2015 has gone down from 72 in the 2008 survey to 65 in the 2010 survey (Chart 2) while those offering Advanced IRB by 2015 have gone down from 69 to 61 respectively (Chart 3).

Chart 1
The number of countries adopting the Standardised Approach for credit risk: 2008 vs 2010 survey
 (Cumulative figures over time)

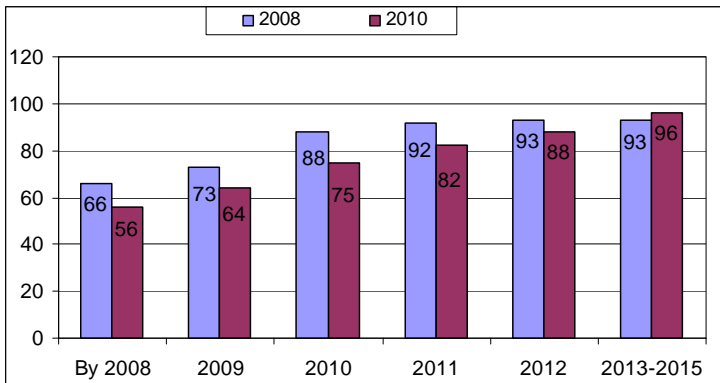


Chart 2
The number of countries adopting the Foundation IRB Approach for credit risk: 2008 vs 2010 survey
 (Cumulative figures over time)

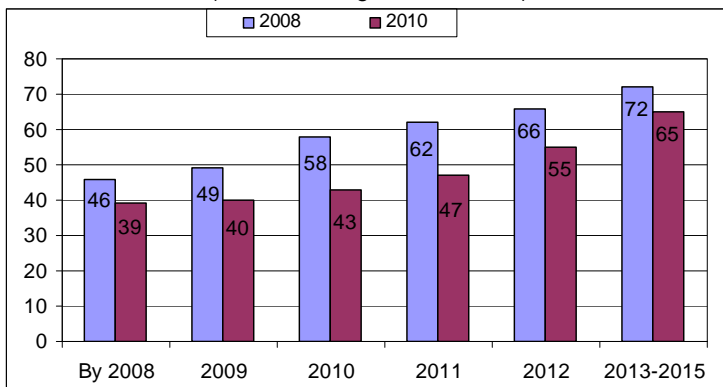
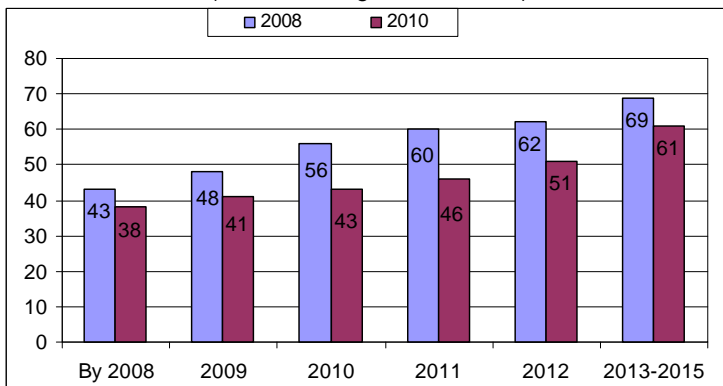


Chart 3
The number of countries adopting the Advanced IRB Approach for credit risk: 2008 vs 2010 survey
 (Cumulative figures over time)



Operational risk⁵

The 2010 survey responses indicate that the Basic Indicator Approach is expected to be the most widely employed for operational risk, by 80% of respondents adopting Basel II (Chart 4). This is followed by the Standardised Approach (Chart 5) at 75%. A majority of respondents adopting Basel II (53%) expect to make available the Advanced Measurement Approaches (AMA) to operational risk (Chart 6).

Advanced approaches under Pillar 1

The 2010 survey indicates that a large number of jurisdictions will be offering advanced approaches for credit risk and operational risk under Pillar 1. As many as 61 jurisdictions (54% of those implementing Basel II) will be offering Advanced IRB and 59 jurisdictions (53% of those implementing Basel II) will be offering AMA for operational risk (Chart 7) by the year 2015.

⁵ 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: 2008 vs 2010 survey
 (Cumulative figures over time)

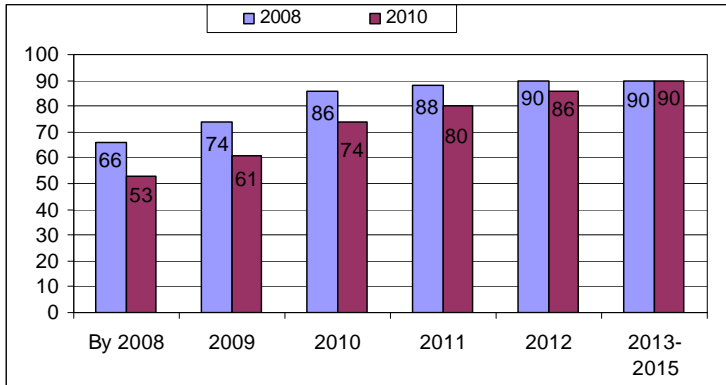


Chart 5
The number of countries adopting the Standardised Approach for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)

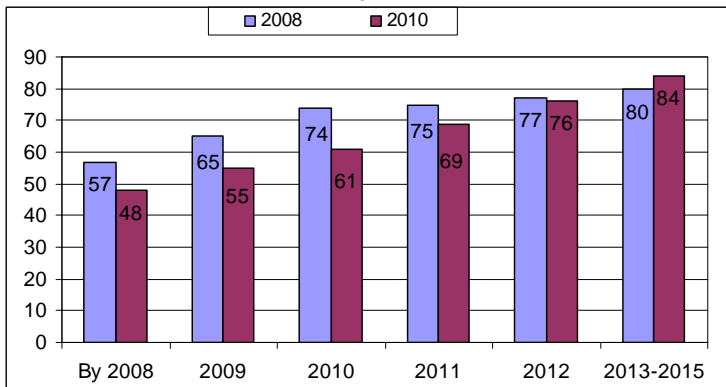


Chart 6
The number of countries adopting the Advanced Measurement Approaches for operational risk:
2008 vs 2010 survey
(Cumulative figures over time)

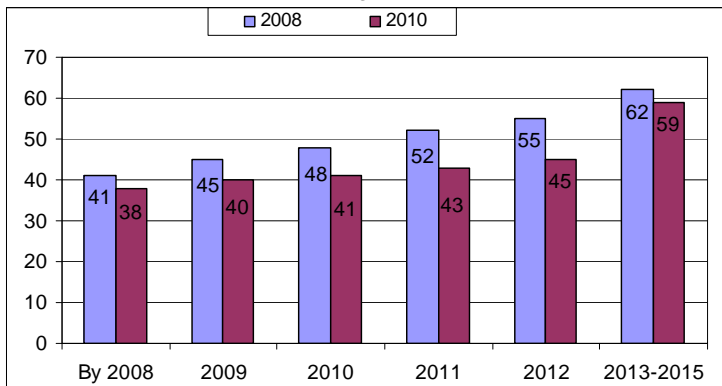
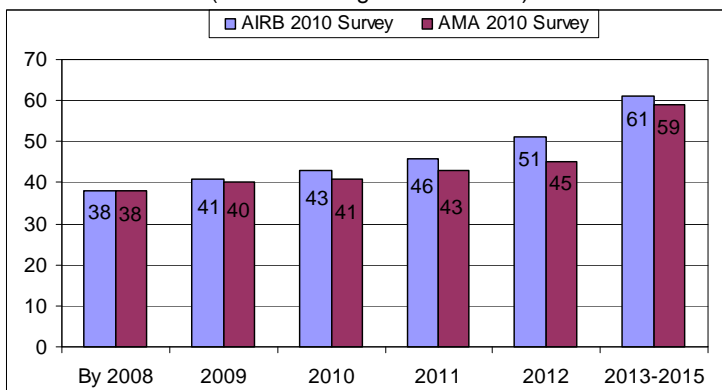


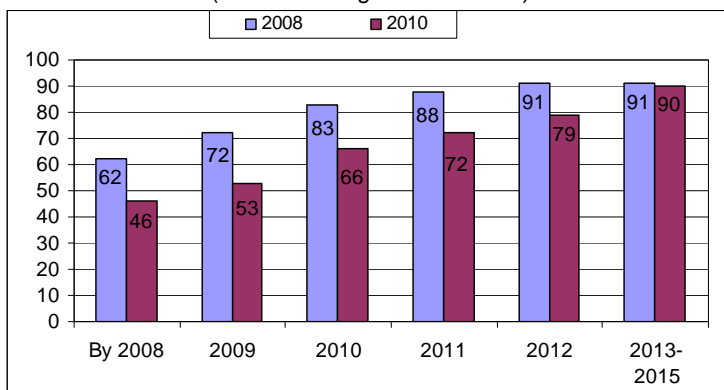
Chart 7
The number of countries adopting advanced approaches for credit risk (Advanced IRB) and operational risk (AMA) as per the 2010 survey
(Cumulative figures over time)



Pillar 2 - Supervisory review process

The 2010 survey indicates that 90 jurisdictions will be implementing Pillar 2 by the year 2015 in comparison to 91 jurisdictions in the 2008 survey. In the medium-term (up to 2012), however, the 2010 survey indicates that fewer countries will be implementing Pillar 2 (Chart 8) compared with responses to the 2008 survey. This could be because more preparation may have been required for Pillar 2 implementation, possibly also in the context of enhancements to the Basel II framework, than was originally contemplated in 2008.

Chart 8
**The number of countries adopting Pillar 2:
2008 vs 2010 survey**
(Cumulative figures over time)

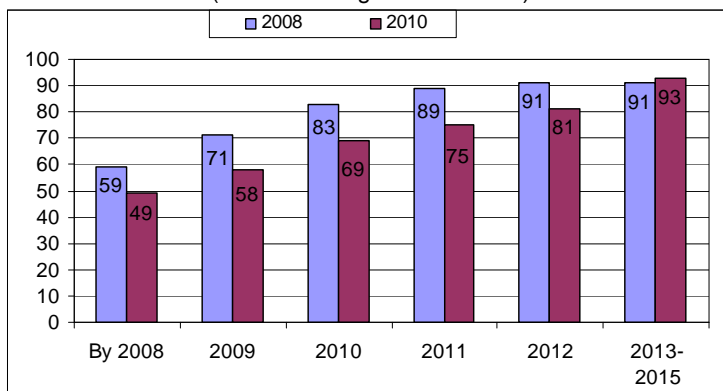


Pillar 3 - Market discipline

The 2010 survey results indicate that 93 jurisdictions will be implementing Pillar 3 by 2015 in comparison to 91 jurisdictions in the 2008 survey (Chart 9). As with Pillar 2, some countries

appear to have deferred their implementation plans for Pillar 3 in the medium term (up to 2012). The reasons for this could be similar - more preparation is required than originally envisaged, possibly also in the context of enhancements to the Basel II framework.

Chart 9
**The number of countries adopting Pillar 3:
 2008 vs 2010 survey**
 (Cumulative figures over time)



Impact of the financial crisis on Basel II implementation plans

The 2010 survey also asked jurisdictions if the financial crisis and/or subsequent regulatory response had an impact on their Basel II implementation plans. Out of the 133 responses received, 32 jurisdictions (three from Africa, four from Asia, five from the Caribbean, 10 from Europe, six from Latin America and four from the Middle East) answered in the affirmative. Twenty-three jurisdictions mentioned that the crisis had led to a delayed timetable for Basel II implementation, whereas five jurisdictions reported that the crisis had led to an

accelerated timetable for implementation. One jurisdiction mentioned that, whereas some aspects of Basel II implementation were kept on an accelerated timetable, some other aspects were delayed due to the crisis. Three jurisdictions reported that, although the crisis had affected Basel II implementation, the overall timetable for Basel II implementation remained on track - there was neither a delay nor an acceleration of the timetable. Two jurisdictions reported that there was a change in the permissible approaches under Pillar 1 due to the crisis.

Current supervisory work relating to Basel II and other priorities in banking supervision⁶

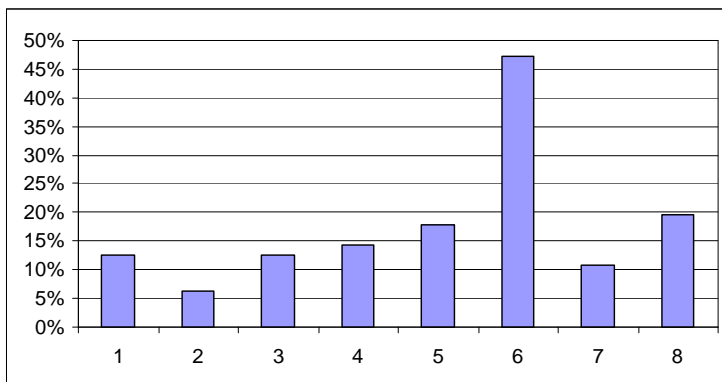
The 2010 survey also asked jurisdictions about their current supervisory work relating to Basel II and other priorities in banking supervision. Several jurisdictions reported that their current supervisory work relating to Basel II was focused on either implementing or operationalising⁷ Pillar 2. Many jurisdictions are engaged in preparations for implementing Basel II enhancements.

Some jurisdictions have mentioned that their current priority is adoption of internal models for regulatory purposes, whereas some others are more actively engaged in approval and validation of internal models.

⁶ For these two questions there were no pre-defined answers, therefore the FSI used its own judgment in an attempt to group the answers in a meaningful way.

⁷ The answers related to work associated with Pillar 2 were divided into two groups. The first captures activities related to the implementation of Pillar 2 (for example, drafting guidelines). The second is concerned with the ongoing supervisory review process and its refinements.

Chart 10
Current supervisory work relating to Basel II
 (Percentage of jurisdictions)

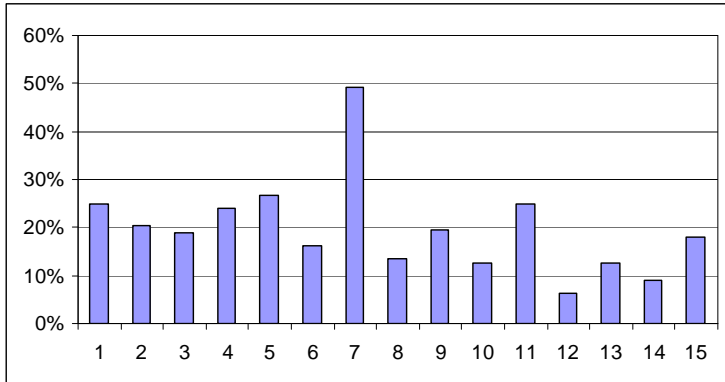


Legend

- | | |
|--|------------------------------------|
| 1 Preconditions for Basel II implementation | 5 Implementing Pillar 2 |
| 2 Implementing Pillar 1 basic approaches | 6 Operationalising Pillar 2 |
| 3 Working towards implementing internal models | 7 Pillar 3 |
| 4 Internal models approval/validation | 8 Working on Basel II enhancements |

As regards other current priorities in banking supervision, several countries indicated that they are working on enhancing the efficiency and effectiveness of on- and off-site supervision, including implementing and improving risk-based supervision and capacity building. Some of the other priorities relate to improving credit and liquidity risk monitoring, effective consolidated and cross-border supervision and legal changes.

Chart 11
Priorities in banking supervision
 (Percentage of jurisdictions)



Legend

- | | |
|--------------------------------|--|
| 1 Legal changes | 9 Bank Resolution and Crisis Management |
| 2 Quality of capital | 10 Accounting and Reporting |
| 3 Macropudential supervision | 11 Consolidated and cross-border supervision |
| 4 Credit risk | 12 Core principles |
| 5 Liquidity risk | 13 Risk management |
| 6 Stress testing | 14 AML/CFT |
| 7 On- and off-site supervision | 15 Others |
| 8 Corporate governance | |

3. Specific implementation plans: Africa

The 2010 survey was sent to 36 jurisdictions in Africa. Responses were received from 20 jurisdictions, representing a response rate of 56%. Fifteen respondents intend to adopt Basel II, as compared to 12 in the 2008 survey.

Pillar 1 - Minimum capital requirements

Credit risk

The 2010 survey reveals that 10 countries will be implementing the Standardised Approach by 2015 as compared to nine in the 2008 survey (Chart 3.1). The number of countries planning to implement the Foundation IRB and Advanced IRB approaches by 2015 remains at four (Chart 3.2 and 3.3). The Standardised Approach is expected to be the most widely used option for credit risk (Chart 3.1) in Africa.

Chart 3.1
The number of countries in Africa adopting the Standardised Approach for credit risk: 2008 vs 2010 survey
(Cumulative figures over time)

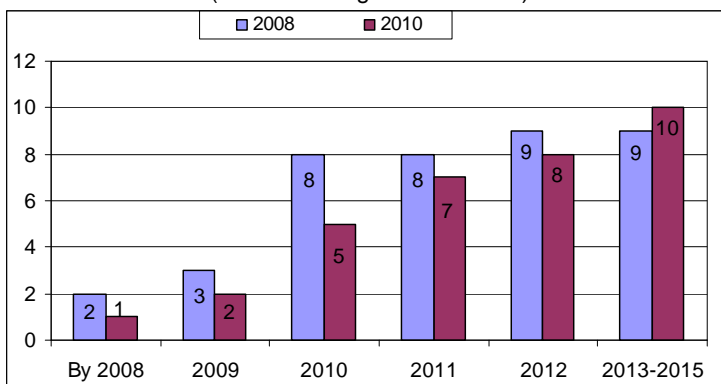


Chart 3.2
The number of countries in Africa adopting the Foundation IRB Approach for credit risk: 2008 vs 2010 survey
 (Cumulative figures over time)

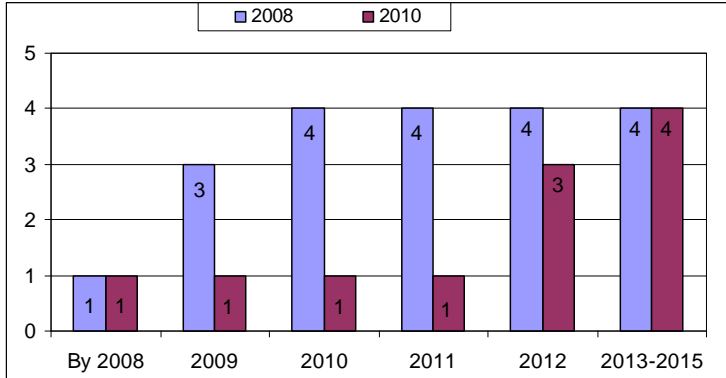
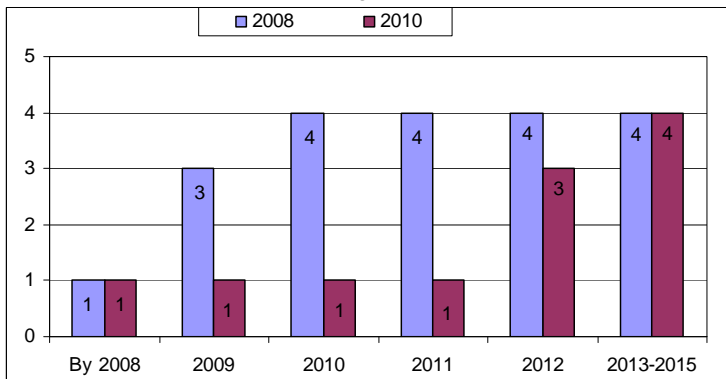


Chart 3.3
The number of countries in Africa adopting the Advanced IRB Approach for credit risk: 2008 vs 2010 survey
 (Cumulative figures over time)



Operational risk

Ten respondents will offer the Basic Indicator Approach for calculating capital requirements for operational risk by 2015 (Chart 3.4), followed by the Standardised Approach, at six (Chart 3.5) and the Advanced Measurement Approaches, at four (Chart 3.6).

Chart 3.4
**The number of countries in Africa adopting the Basic Indicator Approach for operational risk:
2008 vs 2010 survey**
(Cumulative figures over time)

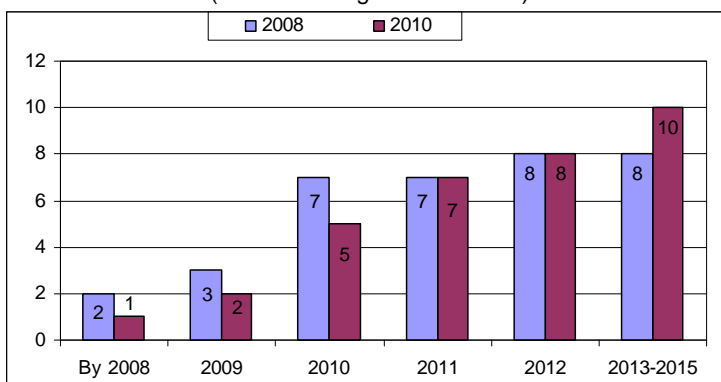


Chart 3.5
The number of countries in Africa adopting the Standardised Approach for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)

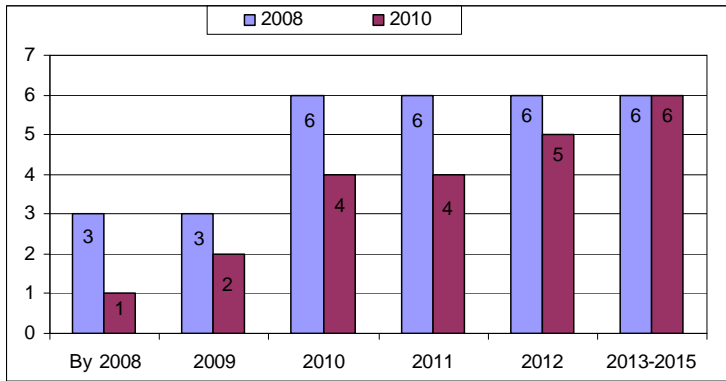
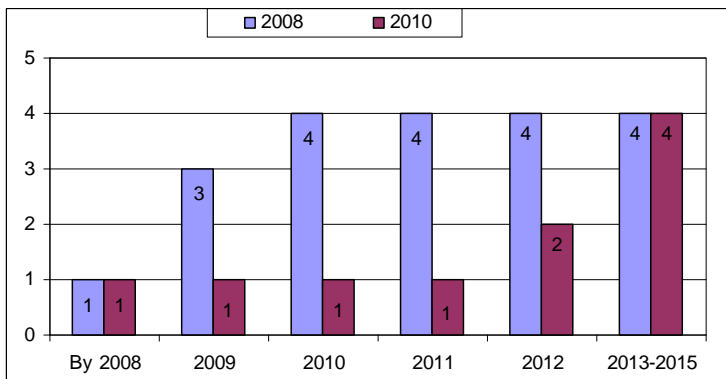


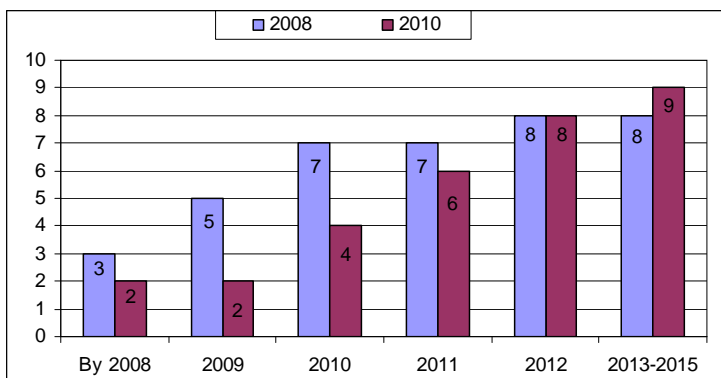
Chart 3.6
The number of countries in Africa adopting the Advanced Measurement Approaches for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)



Pillar 2 - Supervisory review process

The 2010 survey results indicate that eight countries in Africa will have implemented Pillar 2 by 2012 and nine by 2015 (Chart 3.7).

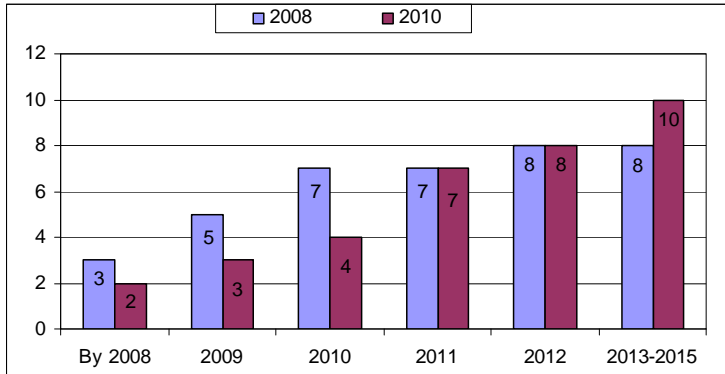
Chart 3.7
**The number of countries in Africa adopting Pillar 2:
2008 vs 2010 survey**
(Cumulative figures over time)



Pillar 3 - Market Discipline

The 2010 survey results also indicate that eight countries in Africa will have implemented Pillar 3 by 2012 and 10 by 2015 (Chart 3.8).

Chart 3.8
**The number of countries in Africa adopting Pillar 3:
 2008 vs 2010 survey**
 (Cumulative figures over time)



4. Specific implementation plans: Asia

The 2010 survey was sent to 30 jurisdictions in Asia. Responses were received from 25 jurisdictions, representing a response rate of 83%. Seventeen respondents intend to adopt Basel II (as compared to 18 in the 2008 survey).

Pillar 1 - Minimum capital requirements

Credit risk

According to the 2010 survey, 15 of the 17 jurisdictions implementing Basel II plan to permit banks to use the Standardised Approach for calculating their credit risk capital

charge. All 15 jurisdictions expect to implement the Standardised Approach by 2010 (Chart 4.1).

The number of jurisdictions implementing the Foundation and Advanced IRB Approaches by 2015 is 12 in both the 2008 and 2010 surveys (Chart 4.2 and 4.3).

Chart 4.1
The number of countries in Asia adopting the Standardised Approach for credit risk: 2008 vs 2010 survey
(Cumulative figures over time)

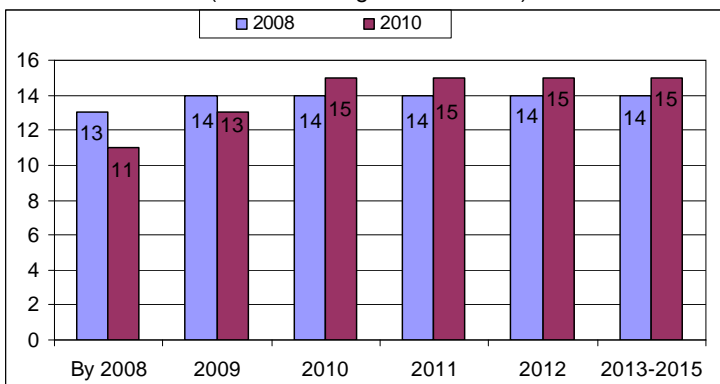


Chart 4.2
The number of countries in Asia adopting the Foundation IRB Approach for credit risk: 2008 vs 2010 survey
 (Cumulative figures over time)

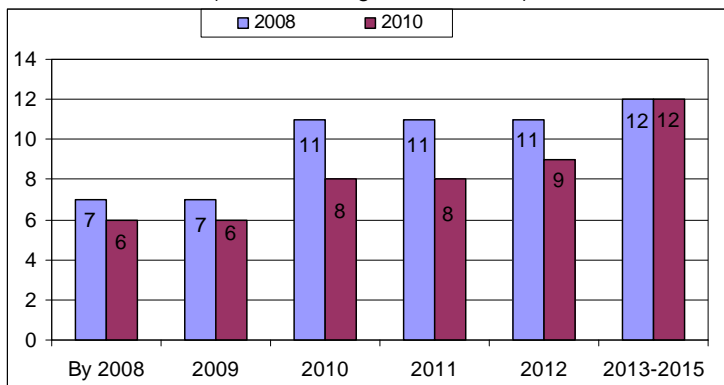
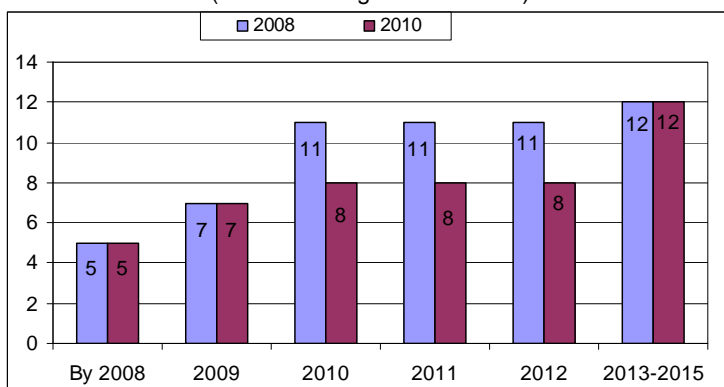


Chart 4.3
The number of countries in Asia adopting the Advanced IRB Approach for credit risk: 2008 vs 2010 survey
 (Cumulative figures over time)



Operational risk

Fourteen jurisdictions are offering the Basic Indicator Approach for operational risk by 2010 as per both the 2008 and 2010 surveys (Chart 4.4). The number of jurisdictions offering the Standardised Approach by 2015 has gone up from 14 to 16 (Chart 4.5) and those offering AMA approaches has gone up from seven to nine (Chart 4.6).

Chart 4.4
**The number of countries in Asia adopting the Basic Indicator Approach for operational risk:
2008 vs 2010 survey**
(Cumulative figures over time)

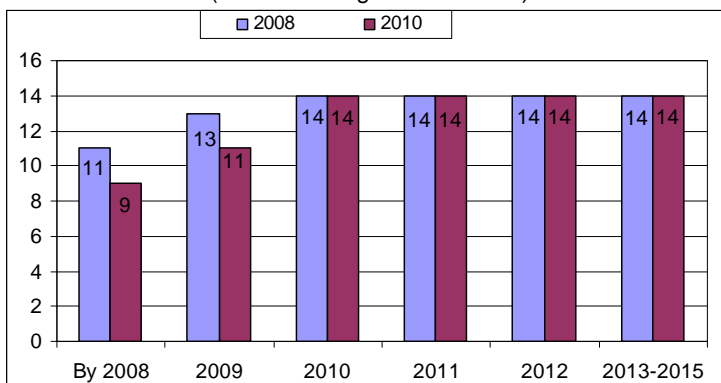


Chart 4.5
The number of countries in Asia adopting the Standardised Approach for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)

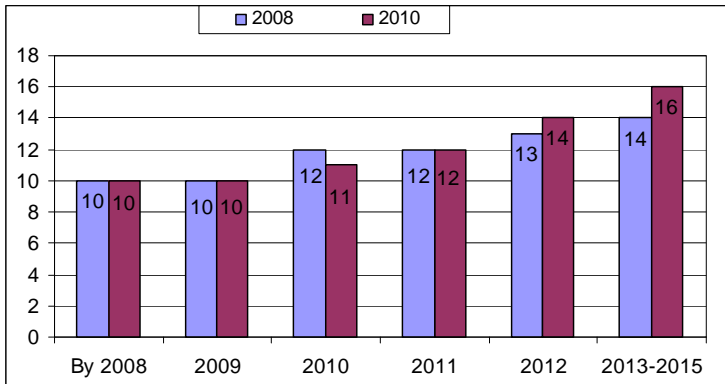
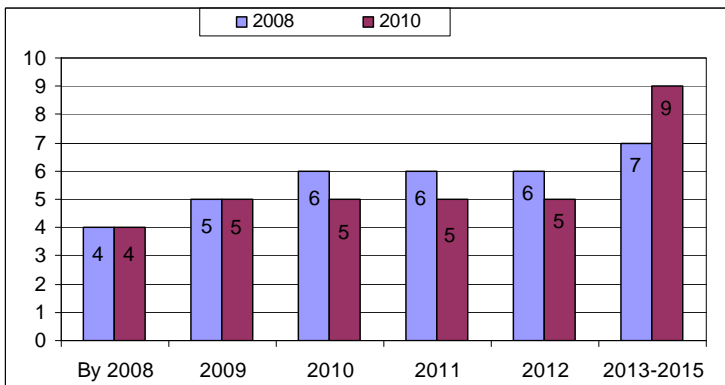


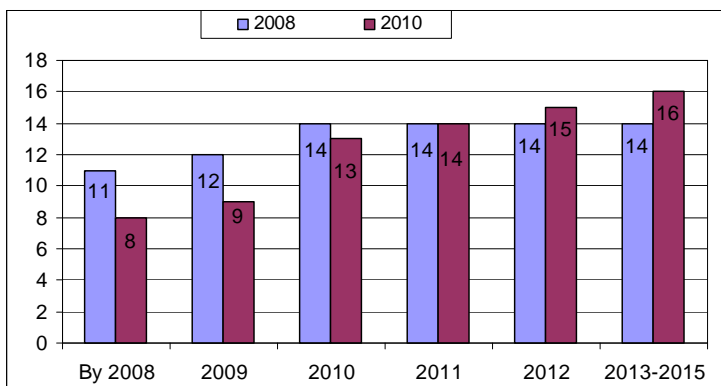
Chart 4.6
The number of countries in Asia adopting the Advanced Measurement Approaches for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)



Pillar 2 - Supervisory review process

The 2010 survey indicates that the number of jurisdictions in Asia implementing Pillar 2 by 2015 has gone up from 14 to 16 as compared to the position reflected in the 2008 survey (Chart 4.7).

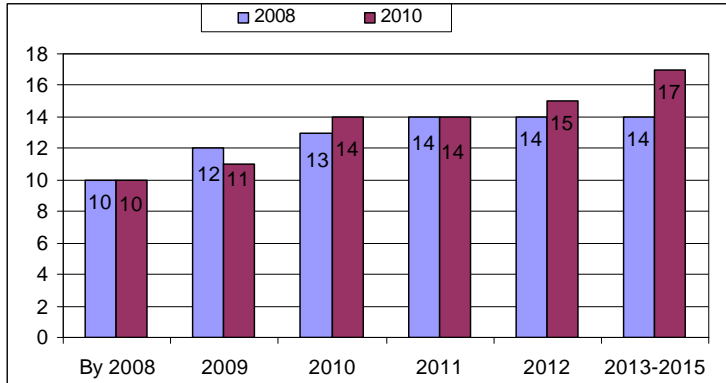
Chart 4.7
**The number of countries in Asia adopting Pillar 2:
2008 vs 2010 survey**
(Cumulative figures over time)



Pillar 3 - Market Discipline

The 2010 survey also indicates that the number of jurisdictions in Asia implementing Pillar 3 by 2015 has gone up from 14 to 17 as compared to the 2008 survey (Chart 4.8).

Chart 4.8
**The number of countries in Asia adopting Pillar 3:
 2008 vs 2010 survey**
 (Cumulative figures over time)



5. Specific implementation plans: the Caribbean

The 2010 survey was sent to 15 jurisdictions in the Caribbean. Responses were received from 10 jurisdictions, representing a response rate of 67%. Eight respondents intend to adopt Basel II, the same number as reported in the 2008 survey.

Pillar 1 - Minimum capital requirements

Credit risk

Six jurisdictions will implement the Standardised Approach by 2015 as per both the 2008 and 2010 surveys. The number of

jurisdictions offering Foundation IRB and Advanced IRB have both gone down from four to two (Chart 5.2 and 5.3).

Chart 5.1
The number of countries in the Caribbean adopting the Standardised Approach for credit risk: 2008 vs 2010 survey
(Cumulative figures over time)

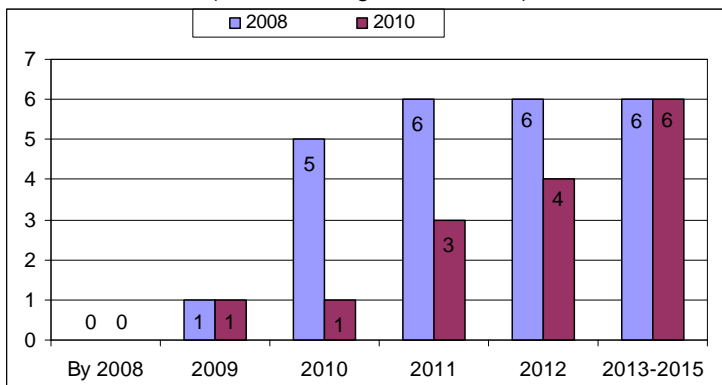


Chart 5.2
The number of countries in the Caribbean adopting the Foundation IRB Approach for credit risk:
2008 vs 2010 survey
 (Cumulative figures over time)

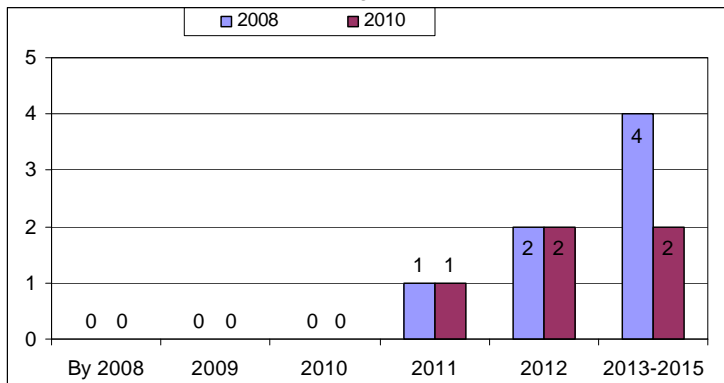
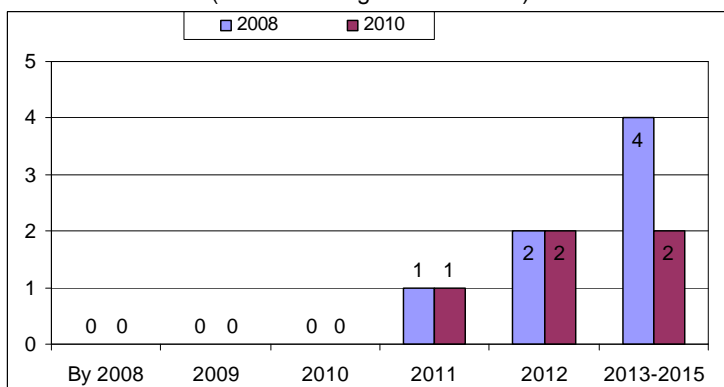


Chart 5.3
The number of countries in the Caribbean adopting the Advanced IRB Approach for credit risk:
2008 vs 2010 survey
 (Cumulative figures over time)



Operational risk

The number of jurisdictions offering the Basic Indicator Approach for operational risk by 2015 has gone down from six in the 2008 survey to three in the 2010 survey (Chart 5.4), whereas those offering the Standardised Approach have increased from four to five (Chart 5.5). The number of jurisdictions implementing the Advanced Measurement Approaches has decreased from four to one (Chart 5.6).

Chart 5.4
The number of countries in the Caribbean adopting the Basic Indicator Approach for operational risk: 2008 vs 2010 survey
(Cumulative figures over time)

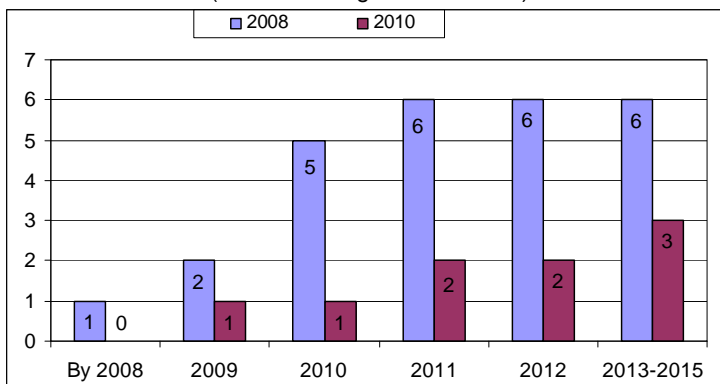


Chart 5.5
The number of countries in the Caribbean adopting the Standardised Approach for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)

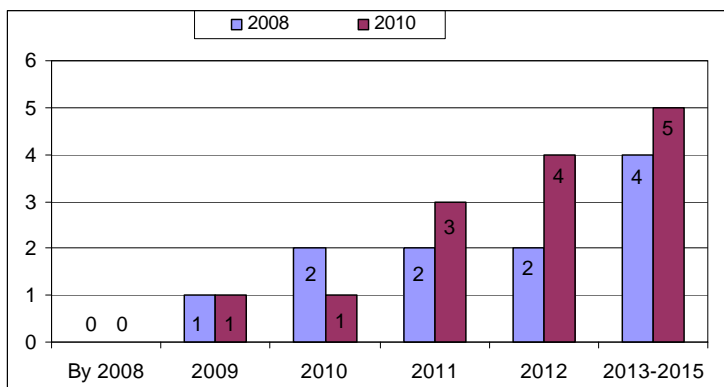
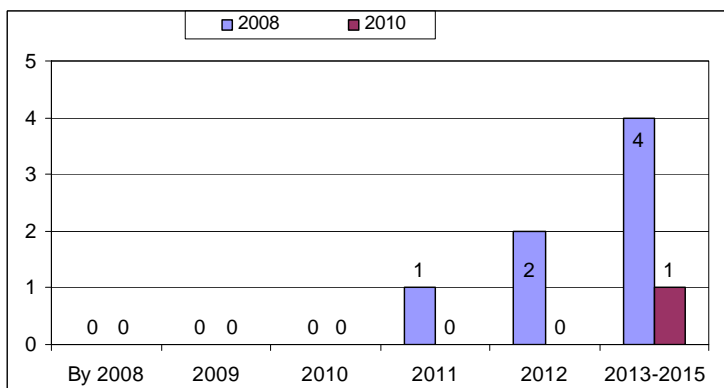


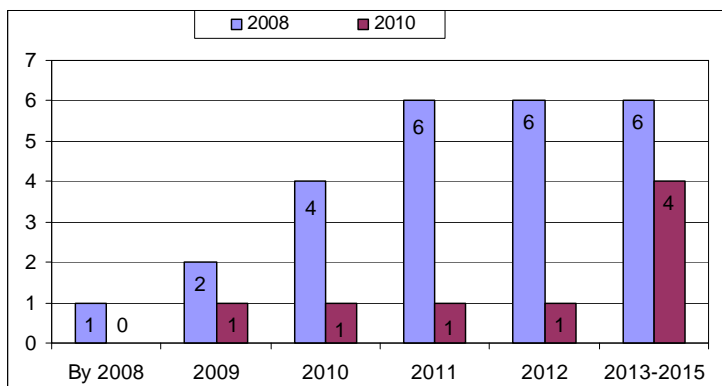
Chart 5.6
The number of countries in the Caribbean adopting the Advanced Measurement Approaches for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)



Pillar 2 - Supervisory review process

The number of jurisdictions planning to implement Pillar 2 by 2015 has gone down from six in the 2008 survey to four in the 2010 survey (Chart 5.7), with only one country implementing it by 2012.

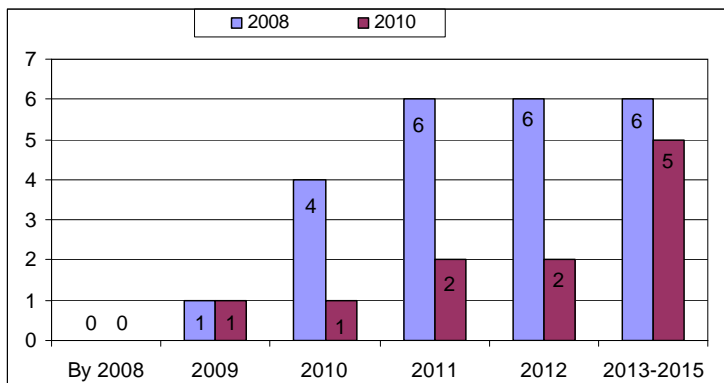
Chart 5.7
The number of countries in the Caribbean adopting Pillar 2: 2008 vs 2010 survey
(Cumulative figures over time)



Pillar 3 - Market Discipline

The number of jurisdictions implementing Pillar 3 by 2015 has gone down from six in the 2008 survey to five in the 2010 survey (Chart 5.8). In the medium term (by 2012), however, the number of countries implementing Pillar 3 has gone down from six to two.

Chart 5.8
**The number of countries in the Caribbean adopting
Pillar 3: 2008 vs 2010 survey**
(Cumulative figures over time)



6. Specific implementation plans: Europe

The 2010 survey was sent to 56 jurisdictions in Europe. Responses were received from 46 jurisdictions, representing a response rate of 82%. Forty-five respondents intend to adopt Basel II.

Pillar 1 - Minimum capital requirements

Credit risk

The 2010 survey reveals that 44 jurisdictions will implement the Standardised Approach for credit risk by 2015 (Chart 6.1). Thirty-seven jurisdictions will offer the Foundation IRB

Approach (Chart 6.2) and 36 will offer the Advanced IRB Approach (Chart 6.3).

Chart 6.1
The number of countries in Europe adopting the Standardised Approach for credit risk: 2008 vs 2010 survey
(Cumulative figures over time)

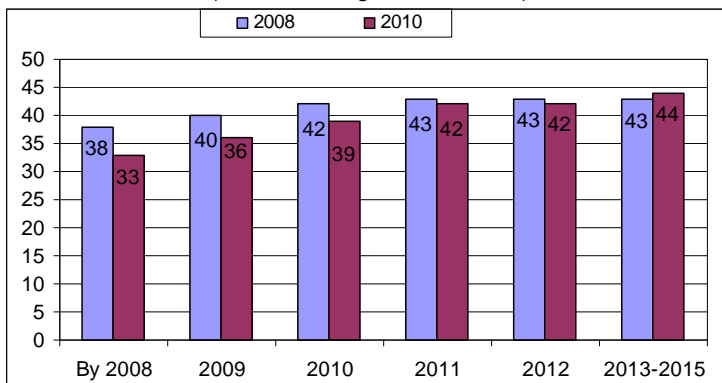


Chart 6.2
The number of countries in Europe adopting the Foundation IRB Approach for credit risk:
2008 vs 2010 survey
 (Cumulative figures over time)

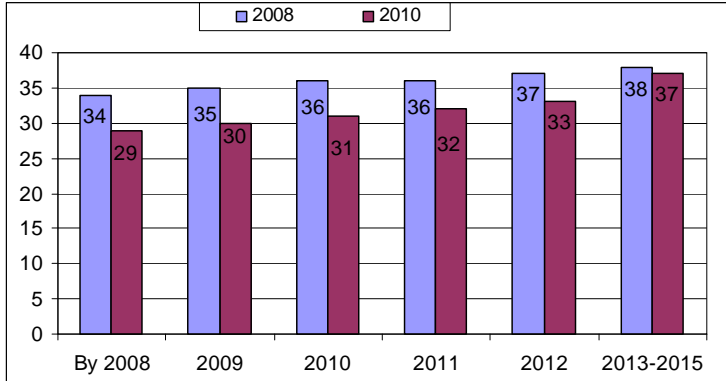
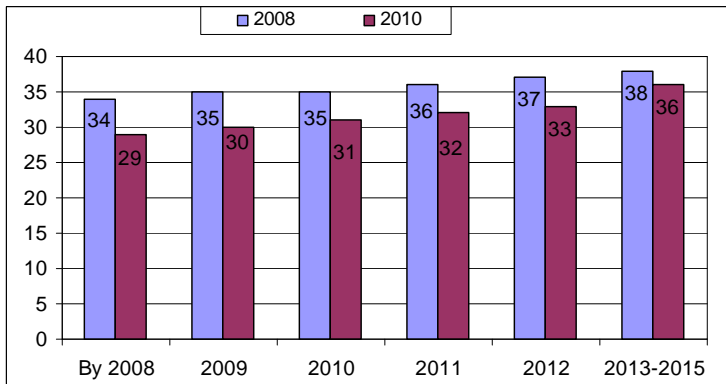


Chart 6.3
The number of countries in Europe adopting the Advanced IRB Approach for credit risk:
2008 vs 2010 survey
 (Cumulative figures over time)



Operational risk

As per the 2010 survey, 43 jurisdictions will be implementing the Basic Indicator Approach for operational risk by 2015 (Chart 6.4), 42 will adopt the Standardised Approach (Chart 6.5) and 38 will offer the Advanced Measurement Approaches (Chart 6.6).

Chart 6.4
**The number of countries in Europe adopting the Basic Indicator Approach for operational risk:
2008 vs 2010 survey**
(Cumulative figures over time)

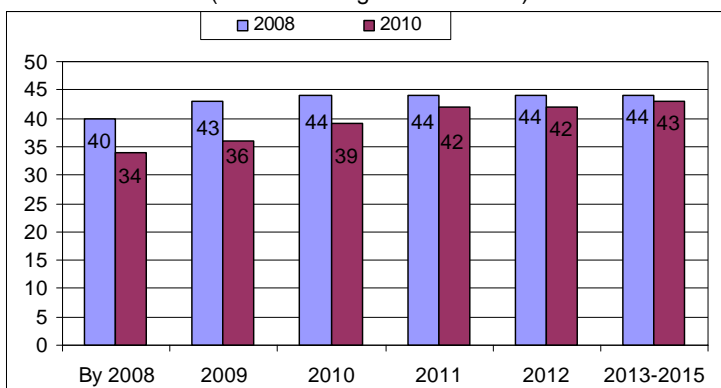


Chart 6.5
The number of countries in Europe adopting the Standardised Approach for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)

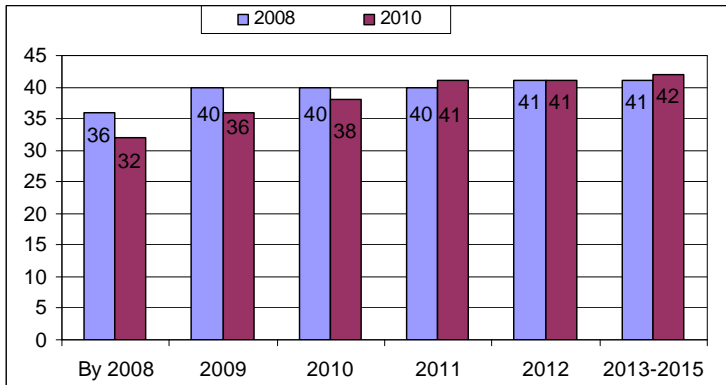
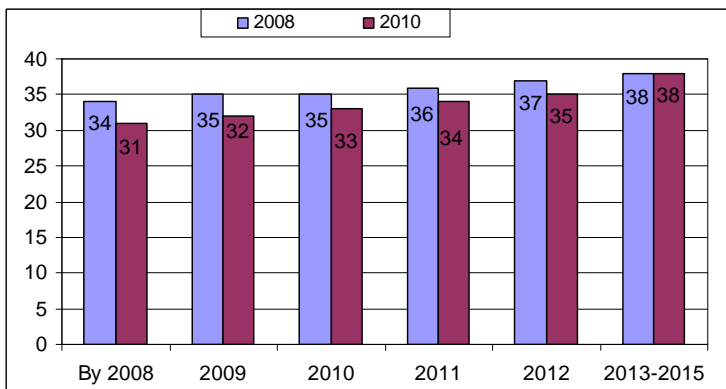


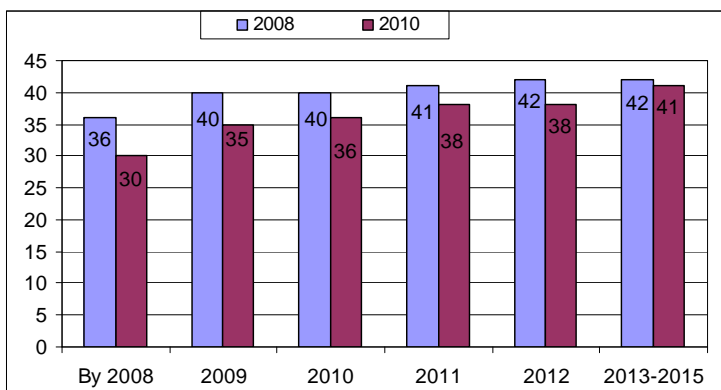
Chart 6.6
The number of countries in Europe adopting the Advanced Measurement Approaches for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)



Pillar 2 - Supervisory review process

As per the 2010 survey, 41 jurisdictions in Europe will implement Pillar 2 by 2015 (Chart 6.7).

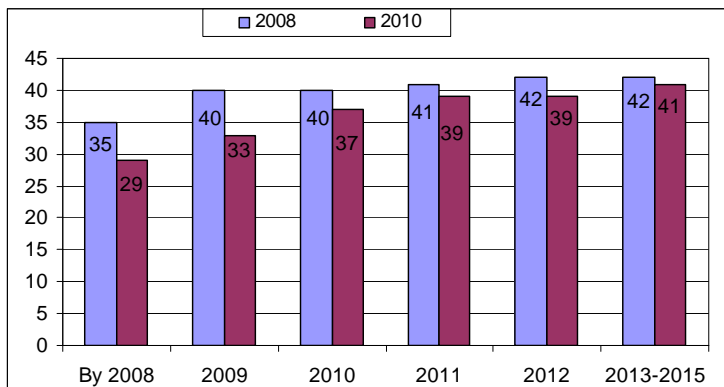
Chart 6.7
**The number of countries in Europe adopting Pillar 2:
2008 vs 2010 survey**
(Cumulative figures over time)



Pillar 3 - Market Discipline

The 2010 survey shows that 41 jurisdictions will implement Pillar 3 by 2015 (Chart 6.8).

Chart 6.8
**The number of countries in Europe adopting Pillar 3:
 2008 vs 2010 survey**
 (Cumulative figures over time)



7. Specific implementation plans: Latin America

The 2010 survey was sent to 24 jurisdictions in Latin America. Responses were received from 20 jurisdictions, representing a response rate of 83%. Fifteen respondents intend to adopt Basel II.

Pillar 1 - Minimum capital requirements

Credit risk

The 2010 survey reveals that 10 jurisdictions will implement the Standardised Approach for credit risk by 2015 (Chart 7.1).

Six jurisdictions will offer the Foundation IRB Approach (Chart 7.2) and five will implement the Advanced IRB Approach (Chart 7.3).

Chart 7.1
The number of countries in Latin America adopting the Standardised Approach for credit risk: 2008 vs 2010 survey
(Cumulative figures over time)

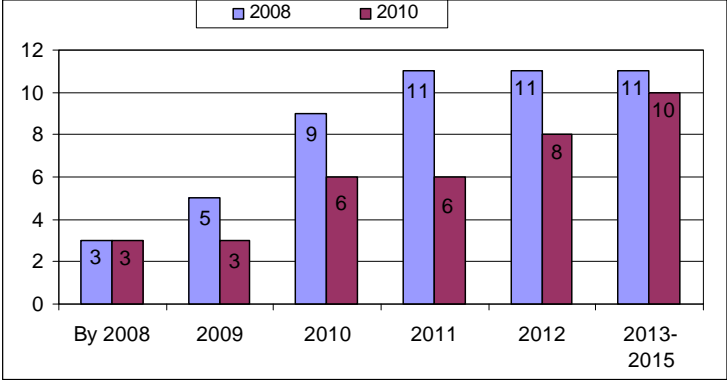


Chart 7.2
**The number of countries in Latin America adopting the
 Foundation IRB Approach for credit risk:
 2008 vs 2010 survey**
 (Cumulative figures over time)

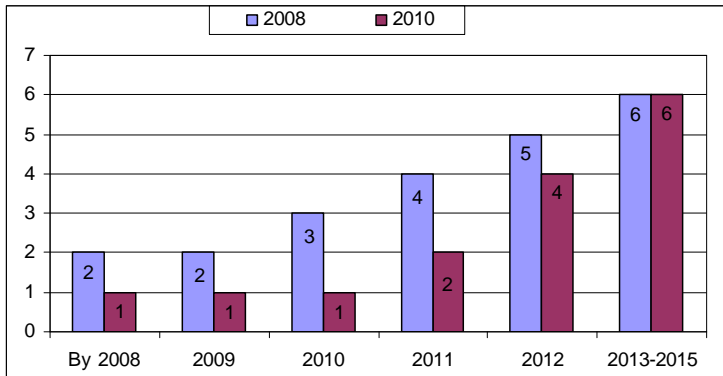
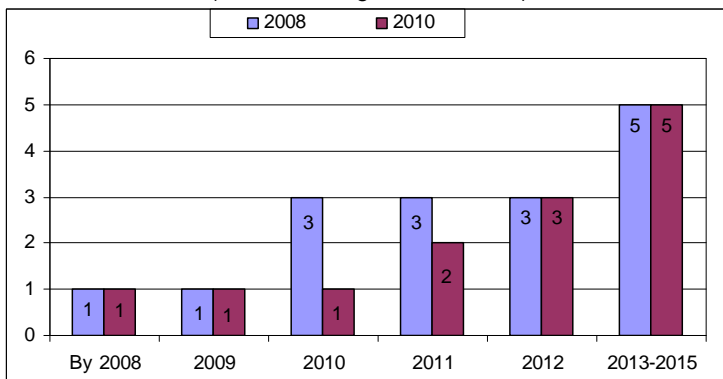


Chart 7.3
**The number of countries in Latin America adopting the
 Advanced IRB Approach for credit risk:
 2008 vs 2010 survey**
 (Cumulative figures over time)



Operational risk

The number of jurisdictions implementing the Basic Indicator Approach for operational risk by 2015 has gone up from nine in the 2008 survey to 10 in the 2010 survey (Chart 7.4). The Standardised Approach has increased from six to eight (Chart 7.5) and the Advanced Measurement Approaches from three to five (Chart 7.6).

Chart 7.4
The number of countries in Latin America adopting the Basic Indicator Approach for operational risk: 2008 vs 2010 survey
(Cumulative figures over time)

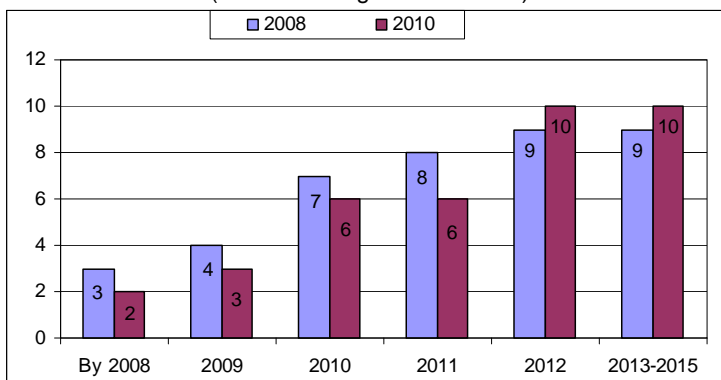


Chart 7.5
The number of countries in Latin America adopting the Standardised Approach for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)

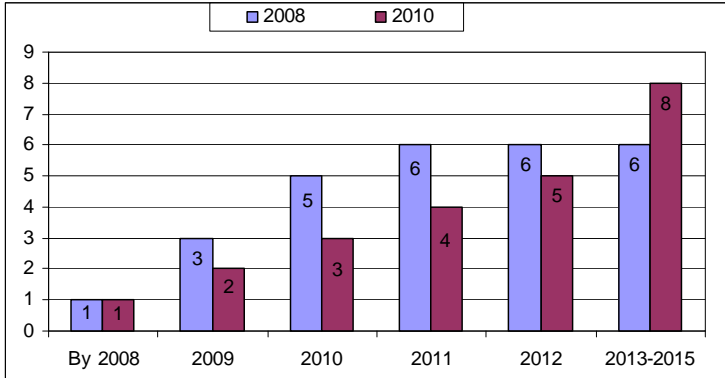
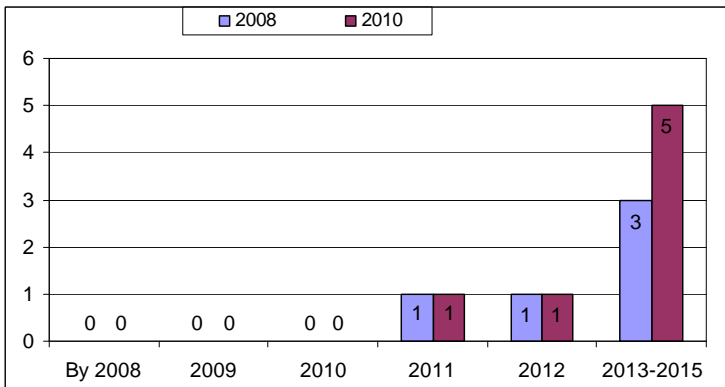


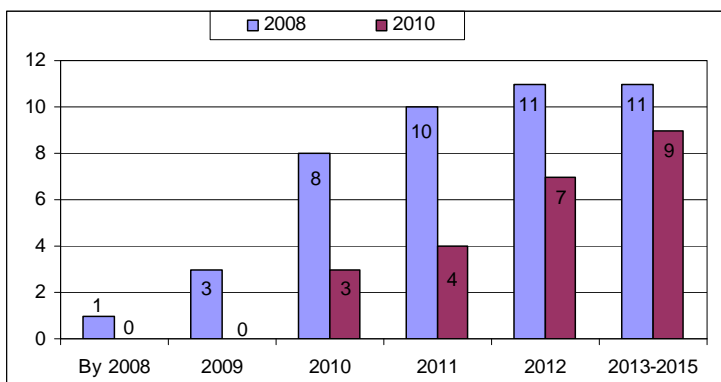
Chart 7.6
The number of countries in Latin America adopting the Advanced Measurement Approaches for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)



Pillar 2 - Supervisory review process

The number of jurisdictions implementing Pillar 2 by 2015 has gone down from 11 to nine (Chart 7.7).

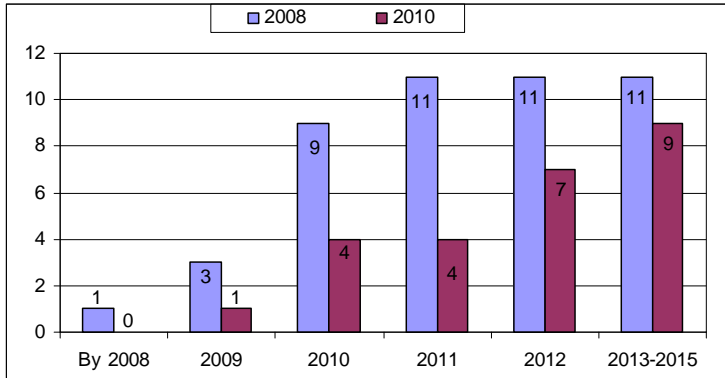
Chart 7.7
The number of countries in Latin America adopting Pillar 2: 2008 vs 2010 survey
(Cumulative figures over time)



Pillar 3 - Market Discipline

The number of jurisdictions implementing Pillar 3 by 2015 has also gone down from 11 to nine (Chart 7.8).

Chart 7.8
**The number of countries in Latin America adopting
Pillar 3: 2008 vs 2010 survey**
(Cumulative figures over time)



8. Specific implementation plans: the Middle East

The 2010 survey was sent to 10 jurisdictions in the Middle East. All 10 jurisdictions responded and stated that they intend to adopt Basel II.

Pillar 1 - Minimum capital requirements

Credit risk

The 2010 survey reveals that all 10 jurisdictions will implement the Standardised Approach for credit risk by 2015 (Chart 8.1). The number of jurisdictions offering the Foundation IRB Approach has gone down from seven in the 2008 survey to

three in the 2010 survey (Chart 8.2). According to the 2010 survey, none of the jurisdictions will be offering the Advanced IRB Approach as compared to four in the 2008 survey (Chart 8.3).

Chart 8.1
The number of countries in the Middle East adopting the Standardised Approach for credit risk: 2008 vs 2010 survey
(Cumulative figures over time)

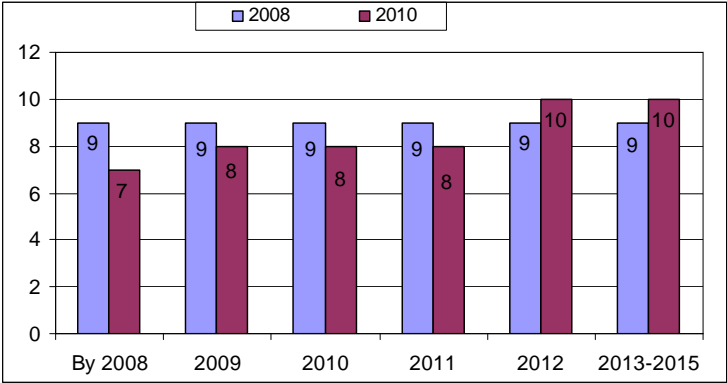


Chart 8.2
The number of countries in the Middle East adopting the Foundation IRB Approach for credit risk:
2008 vs 2010 survey
 (Cumulative figures over time)

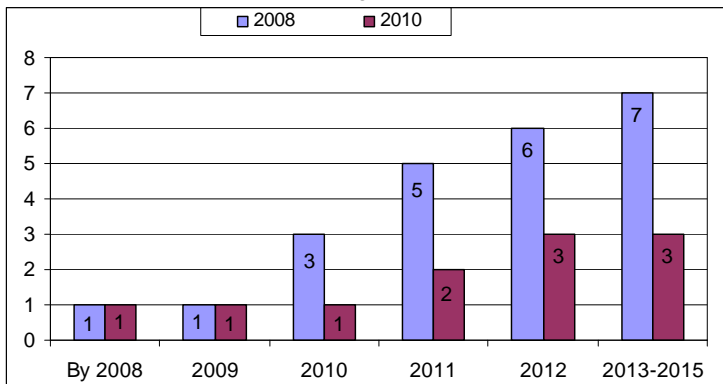
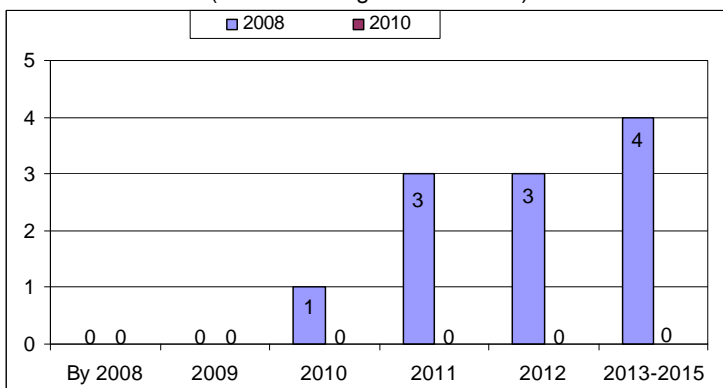


Chart 8.3
The number of countries in the Middle East adopting the Advanced IRB Approach for credit risk:
2008 vs 2010 survey
 (Cumulative figures over time)



Operational risk

The number of jurisdictions implementing the Basic Indicator Approach for operational risk by 2015 has gone up from eight in the 2008 survey to nine in the 2010 survey (Chart 8.4). The jurisdictions offering the Standardised Approach have gone down from eight to six (Chart 8.5) and none of the jurisdictions will be implementing the Advanced Measurement Approaches as compared to four in the 2008 survey (Chart 8.6).

Chart 8.4

The number of countries in the Middle East adopting the Basic Indicator Approach for operational risk: 2008 vs 2010 survey
(Cumulative figures over time)

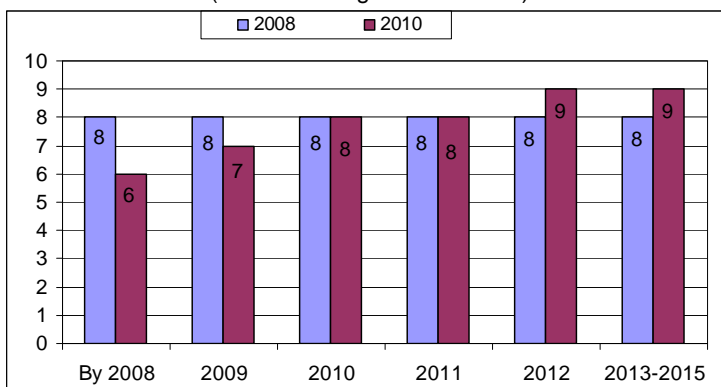


Chart 8.5
The number of countries in the Middle East adopting the Standardised Approach for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)

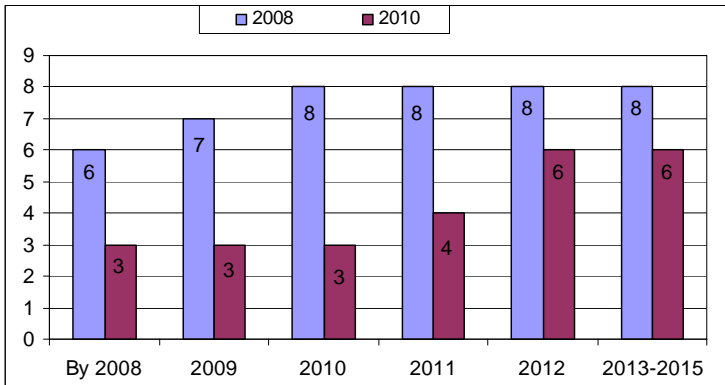
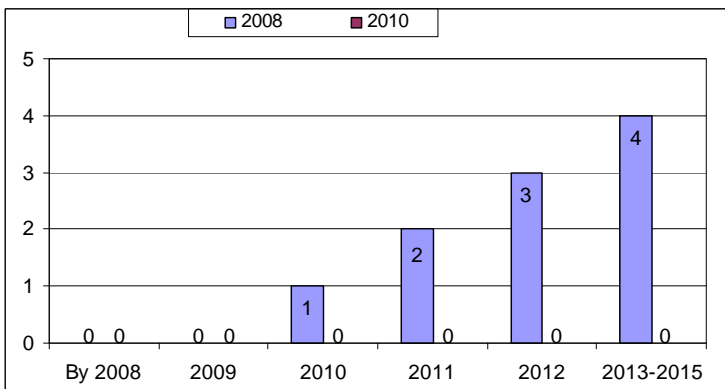


Chart 8.6
The number of countries in the Middle East adopting the Advanced Measurement Approaches for operational risk: 2008 vs 2010 survey
 (Cumulative figures over time)

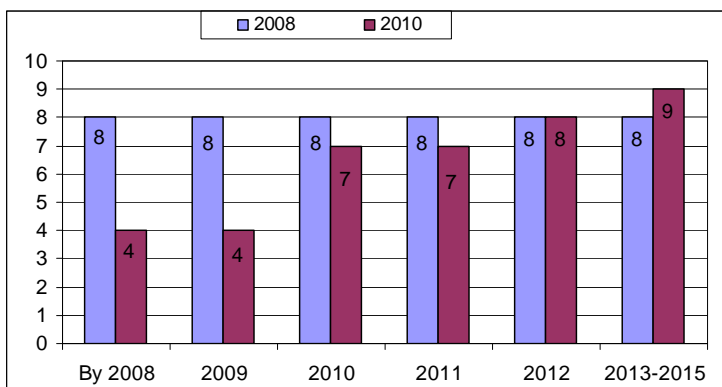


Pillar 2 - Supervisory review process

The number of jurisdictions implementing Pillar 2 by 2015 has gone up from eight to nine (Chart 8.7).

Chart 8.7

The number of countries in the Middle East adopting Pillar 2: 2008 vs 2010 survey (Cumulative figures over time)



Pillar 3 - Market Discipline

The number of jurisdictions implementing Pillar 3 by 2015 has also gone up from eight to nine (Chart 8.8).

Chart 8.8
**The number of countries in the Middle East adopting Pillar
3: 2008 vs 2010 survey**
(Cumulative figures over time)

