bankenverband

Stellungnahmen
Stellungnahme DK zum Diskussionspapier der BaFin "A regulatory algorithm for determining capital requirements as a stressed value-at-risk"

3. Januar 2012

The proposed new standardised approach for banks which do not have an approved internal model for market risk is considerably more complex than the existing regime. Rigorous implementation would require the establishment and operation of an infrastructure comparable to an internal model with respect to methods, processes, availability of data and validation. The proposed approach represents a completely new "standardised" model for prudential purposes.

The clear benefits of the existing standardised approach in terms of design and operational simplicity are completely absent. Owing to its similarities to an internal model, the proposal admittedly addresses some of the current weaknesses of the standardised approach. By the same token, however, it also throws up serious new problems.

Since many details of the proposed approach would have to be decided by the individual bank, consistent implementation across the industry is unlikely. One of the proposal's declared objectives - namely to standardise the method of measuring market risk - would therefore not be achieved. The requirements to be met by the model are, moreover, so complex that it is doubtful whether it would be possible to apply the new approach without prior supervisory approval. This would make it necessary to introduce a supervisory approval process as part of the standardised approach.

For various reasons, implementation of the proposed new approach would probably be beyond the reach of smaller banks. Given the complexity of this so-called standardised model, we are convinced that no small bank would use it voluntarily. If mandatory introduction were considered for banks currently using the standardised approach, it would be essential to raise significantly the threshold above which banks (in Germany, at least) become subject to additional trading book requirements. Otherwise, smaller institutions would face adverse effects on their business activities, liquidity management, refinancing basis and interest rate management. But bigger banks should also have the option of using a less complex approach. We would reject as totally unreasonable and unfeasible any idea of also making use of the proposed approach mandatory for banks operating below the threshold for additional trading book requirements. […]