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Basel Committee
on Banking Supervision

Proportionality in bank regulation and supervision – a joint global survey

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Contents

Glossary

BCBS	Basel Committee on Banking Supervision
BCG	Basel Consultative Group
BCP	Core principles for effective banking supervision
EAP	East Asia & Pacific
ECA	Europe & Central Asia
FSB	Financial Stability Board
HIC	High income
HQLA	High-quality liquid assets
ICAAP	Internal capital adequacy assessment process
IRRBB	Interest rate risk in the banking book
LCR	Liquidity coverage ratio
LIC	Low income
LMIC	Low middle income
MENA	Middle-East & Northern Africa
NBDTI	Non-bank deposit-taking institutions
NSFR	Net stable funding ratio
PTA	Prudential treatment of assets
SREP	Supervisory review and evaluation process
SA	South Asia
SSA	Sub-Saharan Africa
UMIC	Upper middle income

1. Introduction

1. **The concept of proportionality is embedded in the work of the Basel Committee on Banking Supervision (the Committee).** Proportionality is also embedded in the Committee's Core Principles for Effective Banking Supervision (BCPs)[1] which, unlike the Basel framework, are universally applicable (BCBS, 2012). The BCPs note that "supervisory practices should be commensurate with the risk profile and systemic importance of the banks being supervised". Since the Committee's Basel I framework (BCBS, 1988), the scope of application of the capital and liquidity standards set by the Committee encompass only internationally active banks in member jurisdictions. This scope of internationally-active banks continues to apply for all of the Committee's regulatory standards, including the Basel III framework.[2] These standards comprise minimum requirements: jurisdictions are free to apply more conservative requirements should they deem it necessary.

2. **The Committee and its outreach arm, the Basel Consultative Group (BCG), have worked to support proportionality in non-member jurisdictions.** The Committee concluded its post-crisis reforms, culminating on the December 2017 finalisation of Basel III (BCBS, 2017). The complexity of the framework has increased along with the higher expectations on robustness and risk management of internationally active banks. This complexity has made implementation and supervision of some of the rules more resource-intensive. As a result, various jurisdictions, including member jurisdictions, have incorporated a greater degree of proportionality in implementing the standards. To take stock of the proportionality measures in place across jurisdictions, the Committee conducted a stocktake on proportionality amongst Committee and BCG members (BCBS, 2019a).[3] The results highlighted that most respondents were applying proportionality measures, typically to banks that collectively represent a small share of total banking assets in the jurisdiction and exhibit limited complexity in their operations.

3. **The joint Committee – BCG statement issued in November 2019 provides important perspectives and direction for proportionate implementation.[4]** It reiterates that the Basel framework must be applied in full to the internationally active banks in Committee member jurisdictions, and that there is no expectation that internationally active banks must use the internally modelled approaches. The joint statement clarifies that proportionality can take different forms, including implementing standards for banks in non-BCBS member jurisdictions that are broadly consistent with the principles of the applicable Basel standards. The BCPs embed the role of proportionality and require supervisory practices to be commensurate with the risk profile and systemic importance of the supervised banks. A proportionate regulatory framework should not reduce the resilience of banks or dilute the prudential regulatory framework.

[1] www.bis.org/publ/bcbs230.htm

[2] www.bis.org/basel_framework/

[3] www.bis.org/bcbs/publ/d460.htm

[4] www.bis.org/publ/bcbs_nl23.htm

4. **In the light of the joint Committee-BCG statement and to build on the 2019 stocktake, the World Bank (WB) and the BCG undertook a comprehensive joint global survey to facilitate greater understanding by all relevant stakeholders of the proportionality practices in different jurisdictions.** The survey references 11 specific standards, guidelines and principles issued by the Committee. [5] Besides taking stock of details about the different approaches to proportionate and full implementation of these standards, the survey inquires about the motivation for proportional and full implementation, any associated challenges and unintended outcomes, and factors that could help jurisdictions to achieve an effective proportionate implementation. The survey scope extends beyond commercial banks, encompassing the regulation and supervision of cooperative banks, development banks and non-bank deposit taking institutions (NBDTIs).

5. **The working definition of proportionality for the purposes of this survey includes several forms of proportionate implementation.** With a view to eliciting consistent and comparable responses, proportionality was described in this survey as the practice of implementing (a) a limited or simplified set of Committee standards (referred to as a limited set), (b) a more comprehensive or conservative set of Committee standards (referred to as a conservative set) compared to those set out in the standards; or (c) the implementation of a combination of limited and conservative set of standards (referred to as a combined set). Proportionality can be applied across all banks in a jurisdiction, eg when all banks are under a limited or simplified set of Committee standards. It can also be applied for different groups of banks within a jurisdiction, eg internationally active banks are required to fully implement the Committee's standards while other banks, which are smaller and simpler, are required to implement a limited or simplified set of standards. Implementation of locally developed standards was not deemed to be a proportionate implementation as these are understood to be significantly different from the Basel standards. When a jurisdiction implements, for example, the standardised approaches in Basel III for all material risks for that jurisdiction, that is deemed to be full implementation for the purposes of the survey.

6. **This paper sets out a summary of the survey responses.** The survey questionnaire was issued to 179 jurisdictions and this review is focused on geographical groups and country income groups, with 90 complete responses. The survey was open from 7 February to 5 June 2020. The survey drew responses from 94 jurisdictions (53% response rate), of which 90 were considered sufficiently complete for the analyses. Respondents have a broad distribution across geographical regions and income groups. Details of the structure and content of the questionnaire and the survey methodology are presented in Annex 1. Annex 2 contains a chart pack highlighting additional information from the results.

7. **The key takeaways from the analysis of survey responses are:**

- Proportionate implementation is practised widely, across geographic regions and income groups. The use of proportionality is growing, as judged by respondents reporting future plans for proportionality. This is a work-in-progress but is also challenging for several jurisdictions.
- Importantly, proportionality is acknowledged by respondents as promoting banking stability, reducing unnecessary regulatory burden and compliance costs, and making effective use of scarce supervisory resources. Consistent with this, a significant proportion of respondents (67%) are planning to implement or revise their proportionate approaches. Respondents have also expressed a clear preference for implementing a limited set of Committee standards.
- However, challenges remain for jurisdictions that have adopted or are considering adopting proportionality. These challenges are during the design of proportionate approach (eg how to define the tiering criteria, how to maintain a level playing field and how to avoid opportunities

[5] The survey also included standards issued by the Financial Stability Board (FSB). This Paper only describes the results regarding the standards issued by the Committee. Henceforth in this Paper, "standards" includes standards, guidance and sound practices or principles issued by the Committee and the FSB that were explicitly included in the survey questionnaire, unless specified. These are Basel I, Basel II, Basel III, leverage ratio, liquidity coverage ratio, net stable funding ratio, large exposures, interest rate risk in the banking book, prudential treatment of assets, corporate governance, and recovery and resolution planning.

for regulatory arbitrage) and after proportionality is implemented (eg how to ensure financial positions are still comparable across banks and how to achieve net reduction in compliance costs and stress on supervisory resources and constraints).

- Implementation is motivated by factors other than risk profile or systemic relevance in some cases. For example, full or conservative set are implemented by jurisdictions seeking to obtain or retain correspondent banking relationships, meet the expectation of host jurisdiction supervisors or of rating agencies, regional pressure and peer pressure.

2. Current approaches to proportionality

8. **More than 80% of respondents currently implement proportionate approaches to at least one subset of their financial systems.** Over 80% of the respondents within all regions and all income groups, except for Europe and Central Asia (ECA) and high-income group jurisdictions (HIC), are implementing proportionate approaches. About 9% of the respondents are implementing only full requirements across all standards, another 6% are implementing only full requirements but in selected standards. The remaining 3% are implementing only locally developed non-Committee or non-FSB standards. Those implementing full requirements in all standards are predominantly high income jurisdictions from ECA[6] (Graph A2.1, 1st to 3rd panels).

9. **Over 85% of jurisdictions with proportionate approaches implement a limited or simplified set of Basel standards**. A jurisdiction could be implementing more than one type of proportionate approach. For example, it could be implementing a limited set for some standards, a conservative set for some of the other standards and a combined set for some of the remaining standards. According to the respondents, overall the preference in all regions and income groups is for implementation of a limited set of standards. A distant second is the implementation of a conservative set (43%), while the least common is implementation of a combined set (31%). The order of preference for the three types of proportionate approaches is reflected consistently across the regions and income groups, except for the Americas and Sub-Saharan Africa (SSA), where a conservative set and combined set are equally preferred (Graph A2.1, 4th and 5th panels).

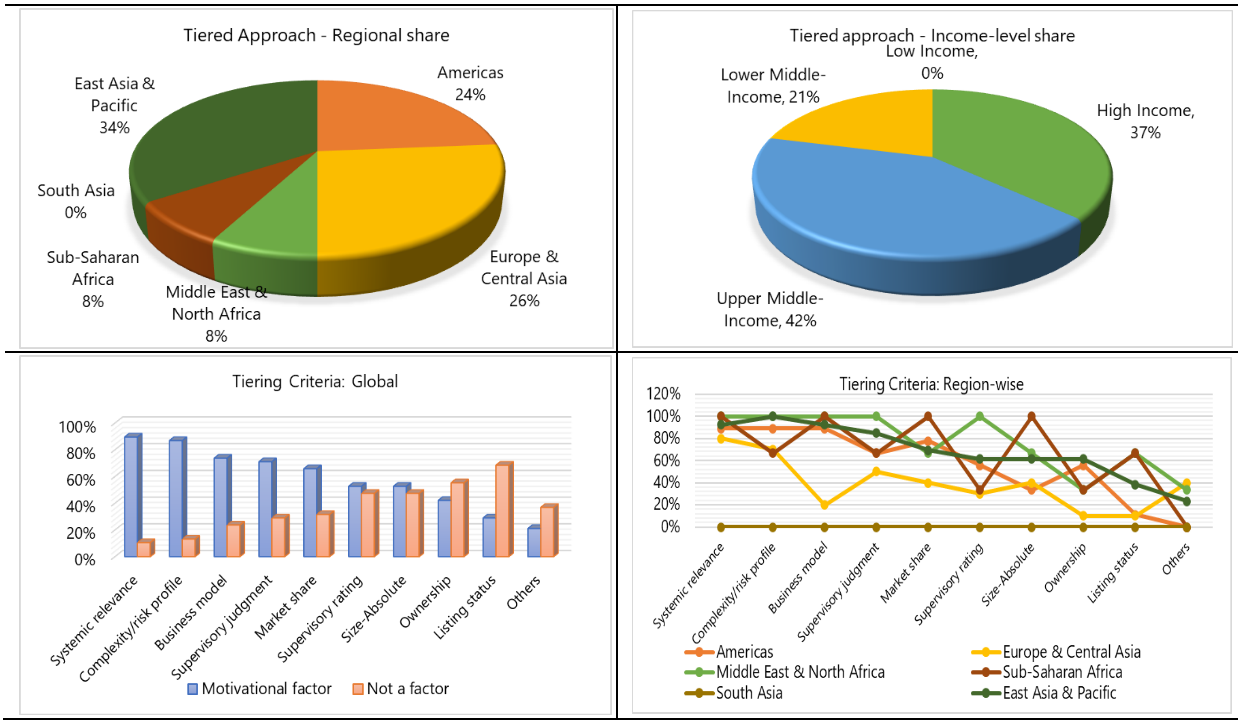
10. **Approximately half of jurisdictions with proportionate regulation adopt a tiered approach.** Under the tiered approach, a jurisdiction can implement different sets of prudential regulatory and supervisory requirements simultaneously for different segments of regulated entities. This can, for example, translate into implementing the full Basel standards for one set of regulated entities, alongside one or more of the proportionate approaches and locally developed non-Basel standards for other sets of regulated entities. Respondents from three regions (the Americas, ECA and East Asia & Pacific, EAP) and two income groups (HIC and upper middle-income, UMIC) account for about 80% of jurisdictions implementing a tiered approach. Respondents from South Asia (SA) and low-income jurisdictions are not implementing the tiered approach (Graph 1, upper panels).

11. **Over 80% of respondent jurisdictions adopting a tiered approach used the systemic relevance and the complexity or risk profile of supervised entities as tiering criteria.** Jurisdictions normally establish certain tiering criteria for deciding the appropriate set of prudential regulatory and supervisory requirements for each segment. By decreasing order of significance, the most commonly used criteria are: systemic relevance (used by 89% of jurisdictions implementing a tiered approach); complexity or risk profile (87%); business model or permitted activities (74%); supervisory judgment (71%); market share (66%); and supervisory rating (53%). Of the above, systemic relevance is more often used as the main criterion, while the others are more often used as additional criteria. Less frequently used criteria include

[6] Please see Annex 3 for details of full implementation.

listing status (Middle East & North Africa, MENA, and SSA) and ownership criteria (EAP) (Graph 1, lower panels).

Implementation of tiered approach — Graph 1



12. **Over 60% of the jurisdictions adopting a tiered approach rely on supervisory judgement to determine the tier of a supervised entity.** Use of supervisory judgement as a tiering criterion varies according to a respondent's region. With a view to ensuring consistency in exercising supervisory judgment, supervisors place comparable reliance on experience, guiding principles (qualitative and quantitative) and quality assurance when determining the segment to which an entity is allocated. However, at regional level, a greater proportion of ECA jurisdictions place reliance on experience and quality assurance, which are also inherently judgmental, compared to other areas. A greater proportion of SSA jurisdictions and lower middle-income (LMIC) jurisdictions rely more on experience and guiding principles supported by quality assurance, suggesting managed discretion (Graph A2.2, 1st to 3rd panels).

3. Proportionality in regulation and supervision

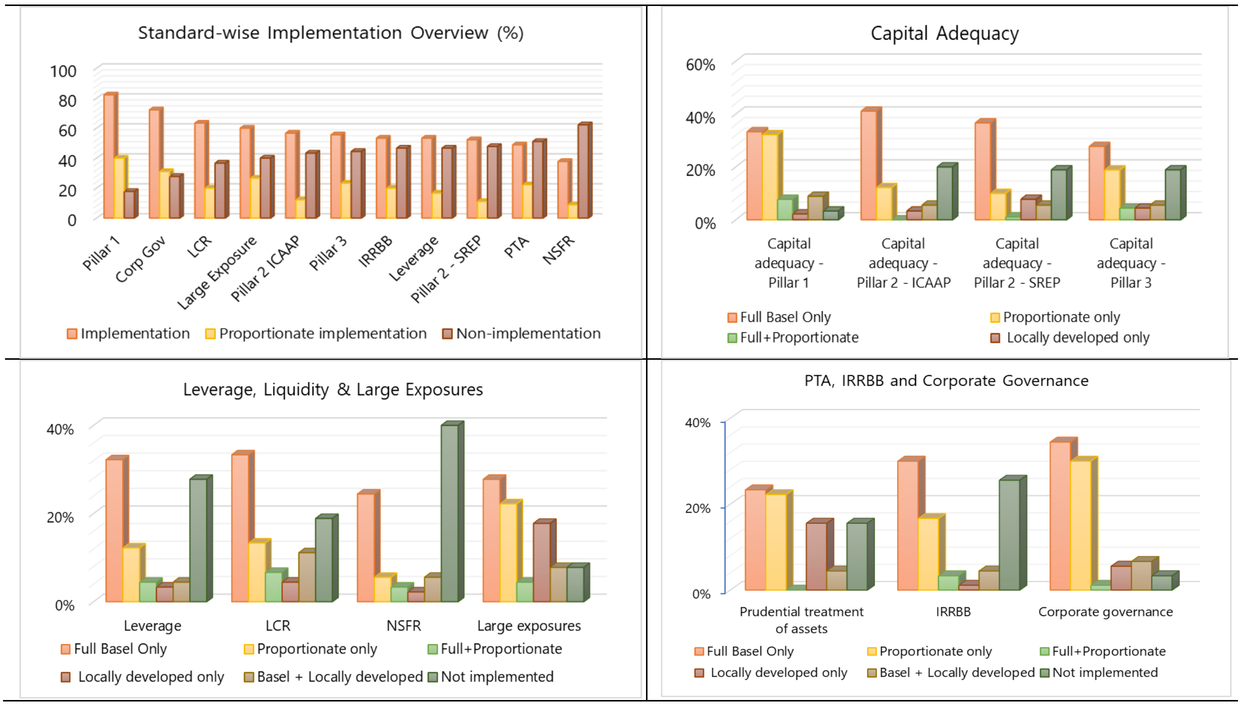
13. **Although over 80% of respondent jurisdictions currently implement proportionate approaches to at least one subset of their financial systems, at the level of individual standards, proportionate implementation is in a range of about 10% to 40%.** Pillar 1, corporate governance and large exposures are implemented in a proportionate manner in over 25% of respondent jurisdictions, net stable funding ratio (NSFR), Pillar 2 – supervisory review and evaluation process (SREP) and internal capital adequacy assessment programme (ICAAP) are implemented proportionately by less than 15% of respondent jurisdictions and the other Committee standards included in the survey are implemented proportionately by 15% to 25% of respondent jurisdictions (Graph 2, upper left panel).

14. **Most standards included in the survey have been implemented either fully or proportionately by over 50% of respondent jurisdictions, yet some of the standards have not been implemented by**

most jurisdictions.[7] In particular, non-implementation is materially more prevalent than implementation for the NSFR. The prevalence of non-implementation by respondent jurisdictions is higher than that for proportionate implementation for all standards except for Pillar 1 of capital adequacy framework and corporate governance (Graph 2, upper left panel).

15. **Respondents list a number of factors for not implementing a given standard instead of implementing it in full or proportionately.** These factors include the complexity of standards, the absence of key pre-requisites for implementing the standards, lack of adequate technical skills and resources in banks and/or supervisory authorities, a desire to avoid an increase in compliance costs and limited cross border activity by banks in that jurisdiction. The presence of simple and non-complex banks and/or banking products, underdeveloped domestic financial markets and stability and the resilience of the banks/ banking system are the other factors explaining non-implementation of full Basel standards (Graph A2.3, upper left panel).

Implementation of individual standards Graph 2



16. **Simplicity of a standard and the availability of a standardised version are main drivers of full implementation, whereas less onerous but implementable standards tend to be applied proportionately.** On the other extreme, respondents tend not to implement standards that: are onerous and complex, do not offer flexibility (eg in the form of standardised or simplified approaches and national discretion), and those which respondents consider challenging to develop and implement proportionally. Also, jurisdictions reasonably tend to not implement a standard when key pre-requisites for implementation are absent.[8]

[7] Non-implementing jurisdictions are those that are neither implementing standards (in full, or proportionately) nor implementing locally developed requirements.

[8] Absence of pre-requisites could be the motivation for not implementing a standard or for implementing proportionate approach instead of the full standard. For example, some jurisdictions may not implement the liquidity coverage ratio (LCR) standard if they do not have availability of high-quality liquid assets (HQLA).

4. Motivations for proportionate approaches

17. **Heterogeneity in the banking system and customising the regulatory and supervisory frameworks to local realities have influenced the choice of proportionate approaches by respondent jurisdictions.**

- The main reasons for implementing a limited set of standards include: the simplicity of supervised entities and of the banking products offered by them; limited cross-border activity; the state of development of financial markets in the jurisdiction; and, the desire to reduce unnecessary regulatory burden and compliance costs (Graph A2.4, upper left panel).
- Jurisdictions implementing a conservative set of standards cite the promotion of banking sector resilience as a key reason. Other motivations for going beyond minimum standards include helping supervised banks obtain or retain correspondent banking relationship with banks headquartered in Basel Committee jurisdictions, complexity of supervised entities and significance of cross-border activity. The state of development of financial markets and supervised entities' participation in these markets are not material motivation for implementing conservative or combined set approaches to proportionate implementation (Graph A2.4, upper right panel).
- The motivation for implementing a combined set of standards is the desire to reduce compliance costs and customise the requirements to the spectrum of supervised institutions operating in these jurisdictions, that spans across smaller and non-complex institutions offering simple products to large complex institutions that are internationally active and offer complex products (Graph A2.4, 7th panel).

18. **In addition to the motivating factors observed at the global level, other factors also influence the choice of the specific proportionate approach.**

- In jurisdictions that implement a limited set of standards, availability of supervisory resources has been flagged as a motivating factor in jurisdictions in the Americas and in SSA, and absence of pre-requisites for implementing the full standard for respondents in SSA and SA. Both factors were motivations for LMIC and low-income (LIC) respondents (Graph A2.4, 3rd and 4th panels).
- In jurisdictions implementing conservative set of standards, the complexity of banks has been flagged as a factor in ECA and in EAP. Significance of cross-border activity and helping banks obtain or retain correspondent banking relationship, have motivated respondents in SSA, EAP and LIC jurisdictions. Further reasons for a more conservative regulation include the stage of development of financial markets and banks' participation in these as flagged by EAP respondents, and helping banks obtain a better credit rating as flagged by respondents in LIC jurisdictions (Graph A2.4, 5th and 6th panels).
- In jurisdictions that are implementing a combined set of standards, the stage of financial market development and banks' participation in these markets has been cited by respondents in EAP respondents. Requests from banks operating in the jurisdiction is a motivation in respondents from LMIC jurisdictions (Graph A2.4, 8th and 9th panels).

5. Opportunities and challenges of proportionate implementation[9]

5.1 Opportunities

19. **Implementation of proportionate approaches has eased the regulatory and supervisory burdens for the supervisors for the majority of respondents.** Proportionate implementation has also helped in easing the compliance burdens for the supervised entities in over 40% of the respondent jurisdictions. However, proportionate approaches do not seem to have much impact on attracting new entrants, or on consolidation or restructuring among the supervised entities – such impact is seen in a little less than 20% of the respondents (Graph A2.5, upper left panel).

20. **Globally, about 45% of respondent jurisdictions implementing proportionate approaches have indicated that it has significantly or materially helped in promoting stability of individual banks and of the banking system.** At a regional level, this proportion is higher in SA (75%) and EAP (67%), and LMIC jurisdictions (59%). About 20% of respondent jurisdictions have indicated that it was too early to tell or unclear if implementation of proportionate approaches contributed or not to financial stability. No respondent has mentioned that proportionate approaches adversely impacted financial stability in their jurisdiction (Graph A2.5, upper right panel).

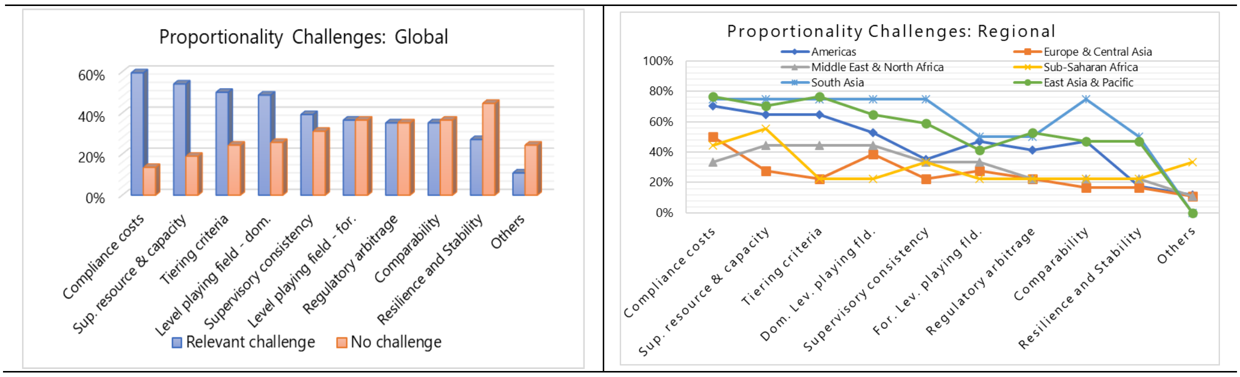
5.2 Challenges

21. **Proportionate implementation poses challenges that seem to be counter intuitive.** While key motivating factors or objectives for proportionate implementation include the desire to reduce the compliance costs for banks and reduce the excessive load on supervisory resources and capacity, key challenges flagged by the respondent jurisdictions are increasing compliance costs due to increased operating procedures and reliance on IT, and stress on supervisory resources and capacity, when compared to non-implementation. This must be viewed alongside the fact that a significant proportion of implementing jurisdictions have achieved reduction in compliance costs and supervisory burden, and in conserving supervisory resources (Graph 3, left panel).

22. **The development and implementation of proportional approaches bring out several other challenges.** In decreasing order of significance, the other main challenges flagged by the respondents are: determining the tiering criteria and thresholds for identifying the banks or bank groups to which varying regulatory or supervisory approaches would apply, perceived distortion of the level playing field within the jurisdiction and exercising consistency in the application of supervisory judgment where proportionate implementation is dependent on such judgment. Remaining challenges identified by the respondents from the list of options provided in the survey, in order of decreasing significance, include: perceived distortion of the level playing field across jurisdictions, perceived promotion of regulatory arbitrage opportunities, distortion of comparability of financial positions across banks and potential erosion in the resilience and/or stability of the banks and the banking system (Graph 3, left panel).

[9] The survey responses on opportunities and challenges cut across the standards and types of proportionate approach(es) implemented in a jurisdiction. Hence, the analyses does not attribute challenges to particular standards or a specific proportionate approach.

Challenges in proportionate implementation Graph 3



23. **Survey responses suggest that several respondents who encountered challenges have largely addressed these challenges[10].** Jurisdictions challenged by increased compliance costs and stress on supervisory resources and capacity were able to address these challenges only to a limited extent.[11] However, a point to be noted is that the jurisdictions that addressed a challenge may not have flagged it as a challenge. Hence, there could be other challenges as well where the proportion of respondents who could not adequately address these is higher (Graph A2.6, 4th panel).

24. **Respondents who are currently implementing Committee standards in full have flagged similar issues or challenges which they expect to encounter while implementing proportionate approaches, but with a different level of significance.** The top three challenges for these respondents are: perceived distortion of the level playing field within the jurisdiction, distortion of comparability of financial positions across banks, and ensuring consistency in the application of supervisory judgment, if proportionate implementation is dependent on such judgment (Graph A2.6, 7th panel).

6. Effectiveness of proportionate approaches and any unintended consequences

25. **A little less than a quarter of the respondents implementing proportionate approaches have undertaken an assessment of the effectiveness of these approaches.[12]** From a regional perspective, the share of respondents that have self-assessed the effectiveness of their proportionate approaches ranges from about 20% to 35% in ECA, SSA and EAP. It is much higher in SA (50%) and much lower in Americas and MENA (11% or below). From an income level perspective, respondents from LIC jurisdictions have not assessed effectiveness and LMIC jurisdictions have undertaken effectiveness assessments in the highest proportion, at 32% (Graph A2.7, upper left panel).

26. **Across the specific Basel standards included in the survey, about 16% of the jurisdictions globally implementing proportionate approaches have indicated that their implementation is fully or adequately effective.** At the level of individual standards, 14% to 16% of implementing respondents

[10] The difference between the challenged jurisdictions and those that resolved the challenges is less than 10 percentage points for most challenges.

[11] The difference between the challenged jurisdictions and those that resolved these challenges is more than 20 percentage points.

[12] "Effectiveness" was not defined in the survey questionnaire. The respondents were allowed to consider their own respective definitions, as the intention was to see the whole universe of effectiveness assessment undertaken by jurisdictions.

have confirmed effectiveness, except for leverage ratio, NSFR and IRRBB where 5% to 7% have confirmed effectiveness (Graph A2.7, upper right panel).

27. **Fewer than 10% of respondents have indicated that implementation of proportionate approaches has led to unintended outcomes, including migration of risk to unregulated entities.** The other unintended outcomes are mergers, acquisitions and voluntary exit by supervised entities. The rest have indicated that proportionality did not elicit any unintended outcome; that it is too early to tell; or that such consequences are unclear (Graph A2.7, 7th panel).

7. Plans for adoption of proportionate approaches

28. **A significant proportion of respondents (67%) have plans to implement or revise proportionate approaches, with a clear preference for implementing a limited set of Committee standards.** The main areas where over 50% of these respondents plan to implement the proportionate approaches are in capital adequacy (Pillars 1, 2 and 3, except Pillar2-SREP) and corporate governance. At the level of individual standards, a significant proportion (44% to 76%) of the respondents with future plans for proportionality plan to implement a limited set of Basel requirements. At the other extreme, standards with less plans for proportionality are the leverage ratio and NSFR (Graph A2.8, upper panels).

29. **Three broad groups of factors are motivating jurisdictions' plans for proportionality: simplicity of the banking system, diversity of banks, and desire to move closer to full implementation.** The motivation for adopting or revising proportionate approaches in the future include a few factors that have motivated the respondents to implement proportionate approaches in the past (Graph A2.8, 5th panel).

8. Support factors to improve the effectiveness of proportionate approaches

30. **A considerable majority of respondents implementing or planning to implement proportionate approaches indicated that global principles and case-studies on proportionality would be helpful as they start or reinforce their proportionality frameworks.** The key factors that can promote more effective implementation of proportionate regulation and supervision are: case studies of effective implementation of proportionate approaches – both general and of comparable jurisdictions; and global guiding principles for proportionate implementation. Other factors that would still be helpful for a majority of jurisdictions are the availability of an external expert to guide and advice on the development and roll-out of the proportionate approaches; and post implementation independent review or assessment of the effectiveness of proportionate approaches (Table 1).

Materials that could help implement or enhance proportionality frameworks			Table 1
	All respondents	Respondents implementing proportionate approaches	Respondents implementing full approaches
Global guiding principles	90%	81%	88%
Case studies in general	94%	85%	82%
Case studies of comparable jurisdictions	94%	86%	82%
Support of external experts	77%	70%	65%
Post-implementation review / assessment	76%	72%	59%
Others	7%	5%	18%

Source: World Bank and Basel Consultative Group.

References

Basel Committee on Banking Supervision (1988): *International convergence of capital measurement and capital standards*, July

____________________ (2012): *Core principles for effective banking supervision*, September.

____________________ (2017): *Basel III: Finalising post-crisis reforms*, December.

____________________ (2019a): *Proportionality in bank regulation and supervision – a survey on current practices*, March.

____________________ (2019b): *Joint BCBS-BCG statement on proportionality*, November.

Annex 1 – Survey methodology and participation

Survey methodology

The survey questionnaire comprised 68 questions about jurisdictions' current proportionate implementation, motivating factors and incentives, any challenges associated with the application of proportionality, the occurrence of unintended consequences and what can help to improve the effectiveness of proportionate implementations. Questions were shown to respondents dynamically, based on responses to previous questions. For example, questions about details of proportionate implementations were only shown to respondents that currently have in place a proportional regulation.

The survey took stock of implementation details of the following standards issued by the Basel Committee and FSB, covering key elements of regulation and supervision:

- Issued by the Basel Committee: Basel I; Basel II; Basel III; leverage ratio; LCR; NSFR; large exposures; IRRBB; prudential treatment of assets; and corporate governance.
- Issued by the FSB: recovery planning and resolution planning.

A high-level summary of the structure and content of the questionnaire is presented in Table A.1.

Overview of the survey questionnaire — Table A.1

Contents	Question numbers	Who can respond
Respondent contact details	1 and 2	All respondents
Banking system overview	3 to 14	All respondents
Overview of implementation of prudential standards	15 to 30	All respondents
Details of proportionate implementation	31 to 52	Respondents implementing proportionate standards
Other implementation	53	All respondents
Other implementation	54 to 56	Respondents implementing full standards
Other implementation	57	All respondents
Other implementation	58 to 61	Respondents not implementing a standard
Plans for future implementation	62	All respondents
Plans for future implementation	63 to 65	Respondents with future plans for proportionate implementation
What can help proportionate implementation & conclusion	66 to 68	All respondents

Participation

The 90 respondent jurisdictions are listed in Table A.2. They encompass all geographic regions. All income groups are represented, although low income and lower-middle income jurisdictions represent together only one fourth of respondents.

Respondent jurisdictions Table A.2

Afghanistan	El Salvador	North Macedonia
Albania	Ghana[2]	Norway[2]
Angola	Guatemala	Palau
Armenia[2]	Guinea	Palestinian Territory
Australia[1]	Guyana	Panama
Austria[2]	Iceland	Peru[2]
Azerbaijan[2]	India[1]	Philippines[2]
Bahamas, The	Iraq	Poland[2]
Belarus	Jamaica	Qatar[2]
Belgium[1]	Japan[1, 2]	Romania
Belize	Jordan	Russia[1, 2]
Bhutan	Korea, Republic of[1]	Saint Kitts and Nevis
Bolivia	Kyrgyz Republic	Samoa
Bosnia and Herzegovina	Lao People's Democratic Republic	Saudi Arabia[1]
Brazil[1]	Lebanon[2]	Seychelles
Brunei	Liechtenstein	Singapore[1]
Cambodia	Lithuania	South Africa[1, 2]
Canada[1, 2]	Malaysia[1, 2]	Spain[1, 2]
Cayman Islands	Maldives	Thailand
China[1, 2]	Marshall Islands	Tonga
Colombia[2]	Mauritius[2]	Trinidad and Tobago
Costa Rica	Mexico[1, 2]	Turkey[1]
Croatia	Moldova, Republic of	Turks and Caicos Islands
Czech Republic[2]	Mongolia	Uganda
Denmark[2]	Morocco	Ukraine[2]
East Timor	Mozambique	United Arab Emirates[1, 2]
Ecuador	Namibia	United Kingdom[1]
Egypt	New Zealand[2]	Uruguay
Georgia[2]	Nicaragua	Uzbekistan
Germany[1, 2]	Nigeria[2]	Yemen

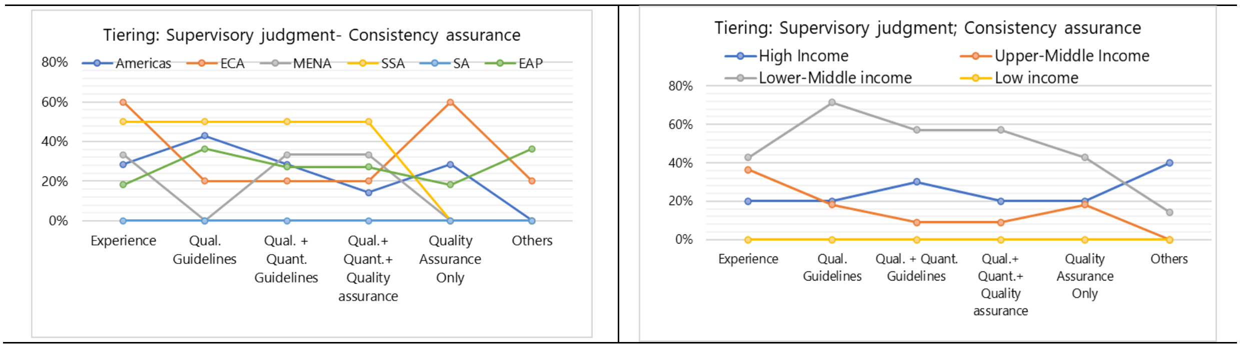
[1] Jurisdiction is a member or observer of the Basel Committee on Banking Supervision. [2] Jurisdiction is a member of the Basel Consultative Group.

Annex 2 – Chart pack

Overview of proportionate implementation of Basel and FSB standards Graph A2.1

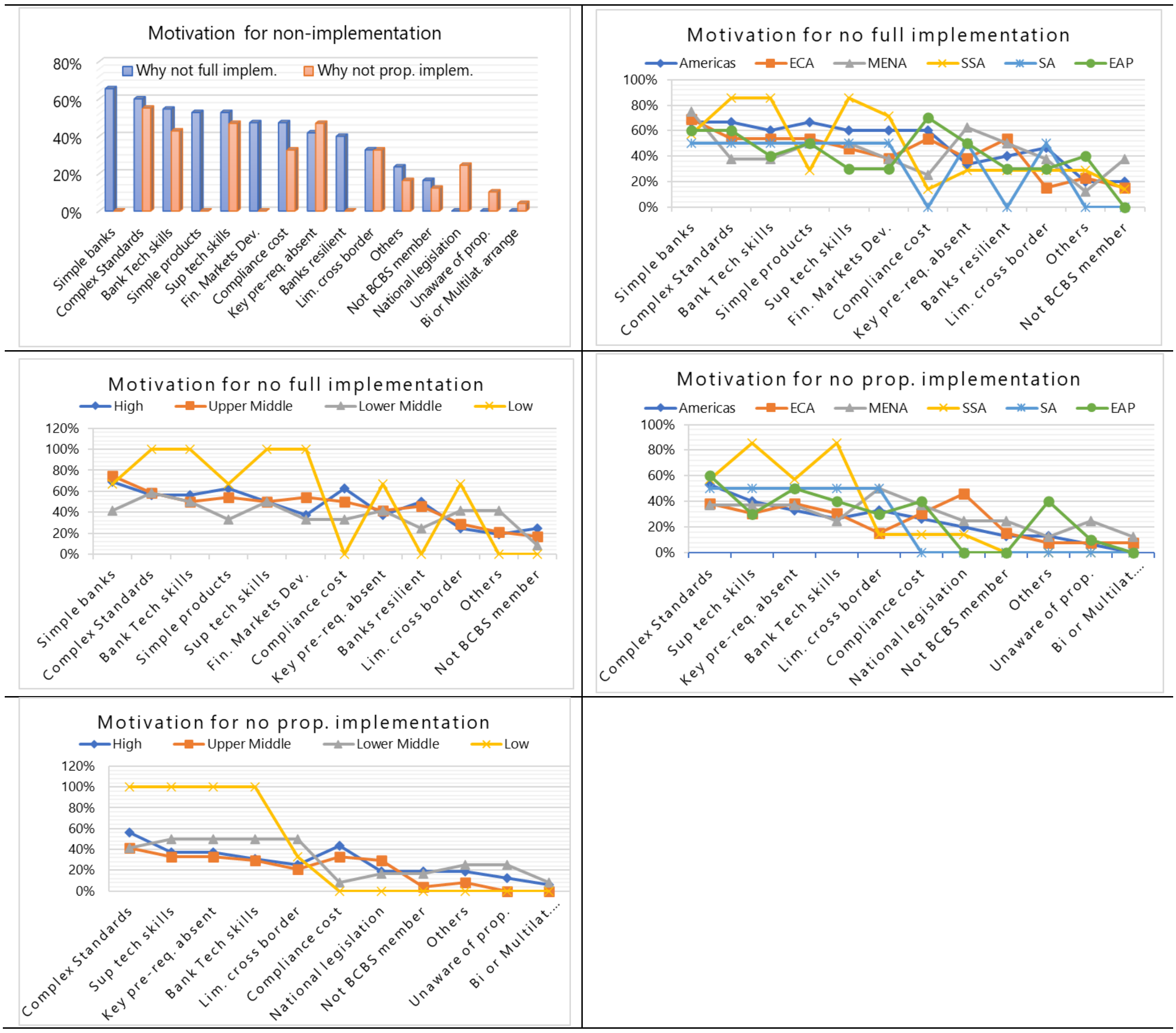
Tiered approach to proportionate implementation

Graph A2.2



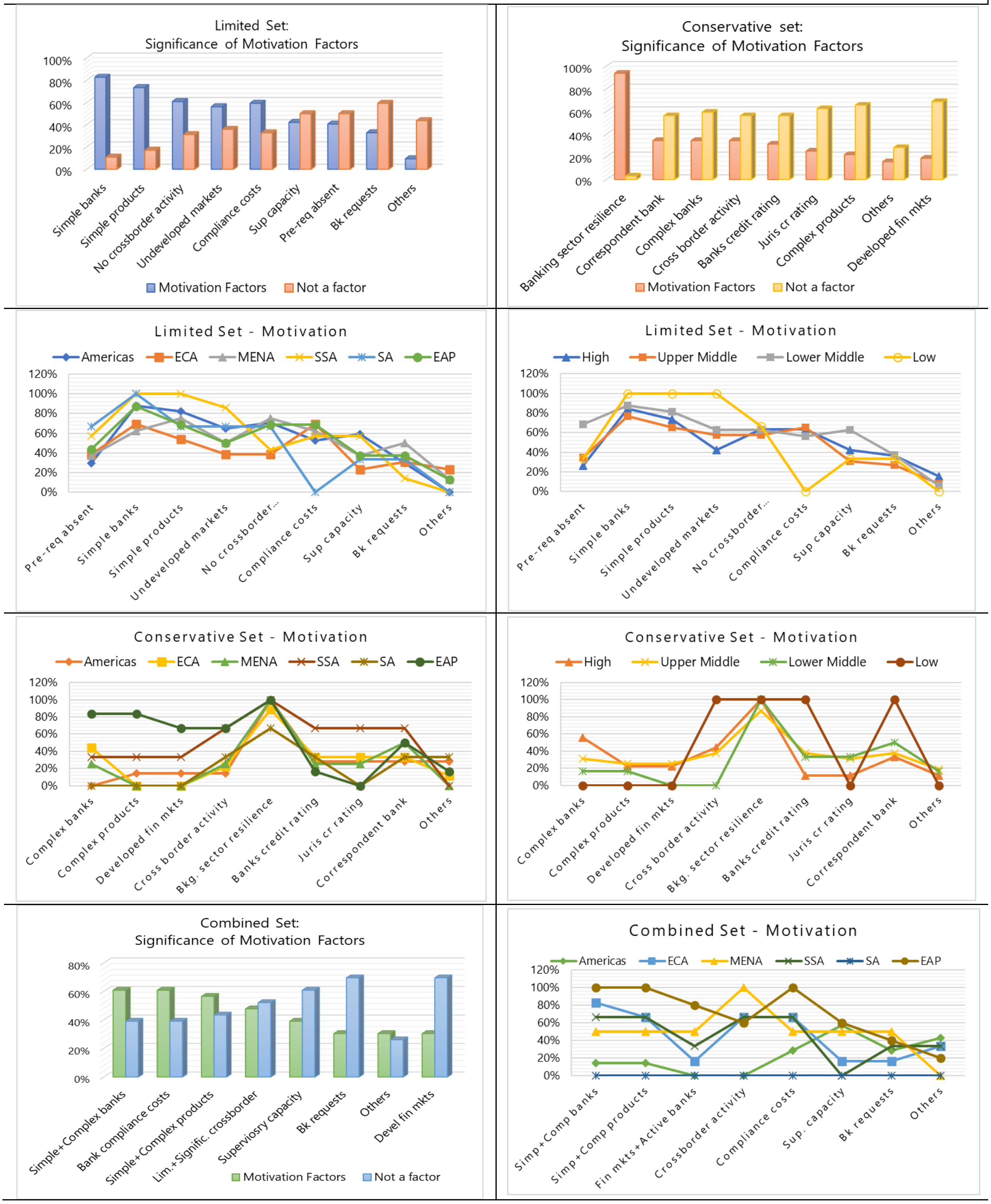
Motivation for not implementing full or proportionate approaches

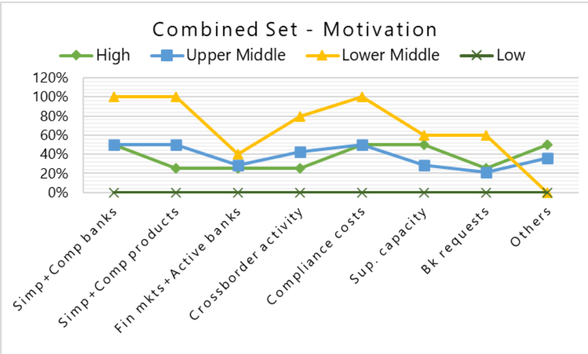
Graph A2.3



Motivation for proportionate approaches

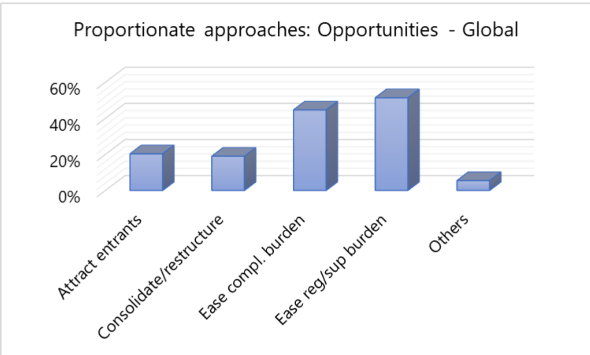
Graph A2.4

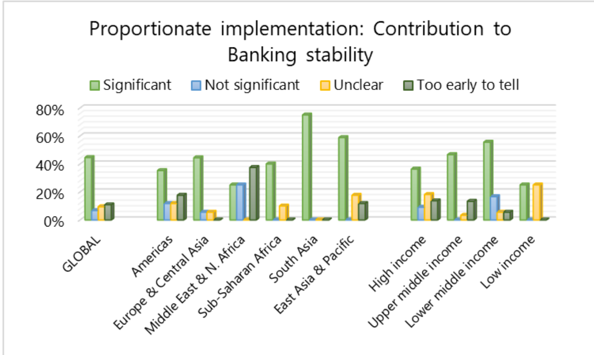


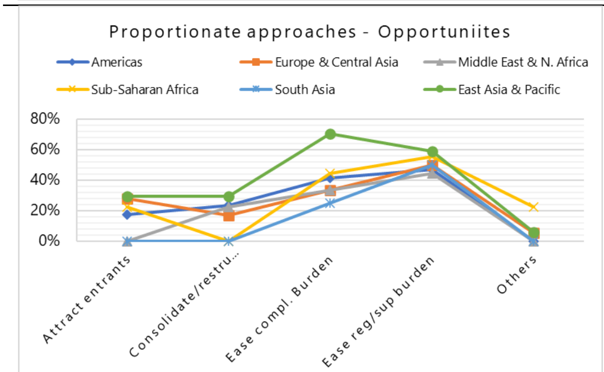


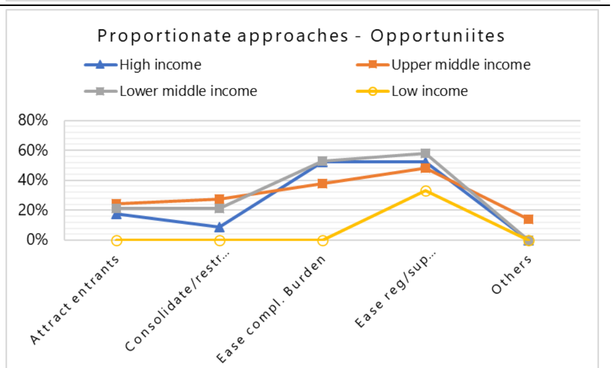
Opportunities in proportionate implementation

Graph A2.5



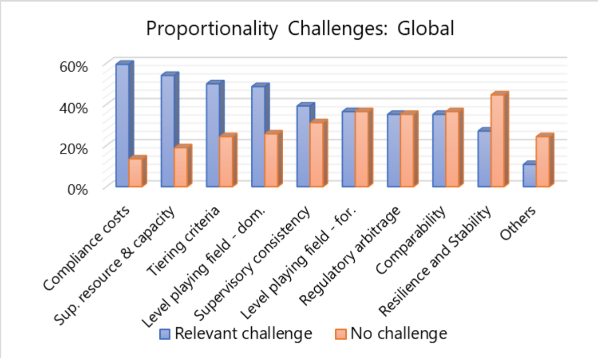


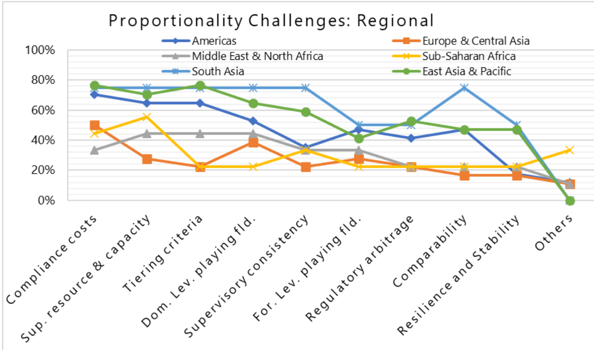


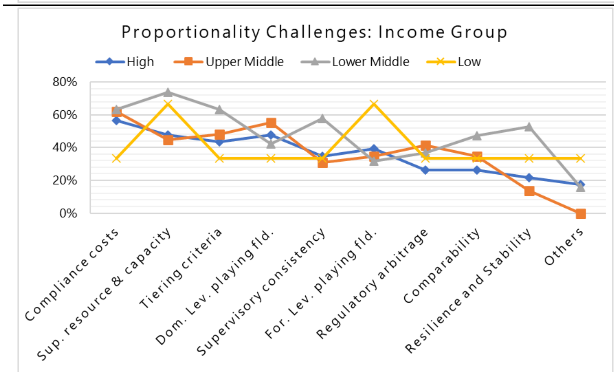


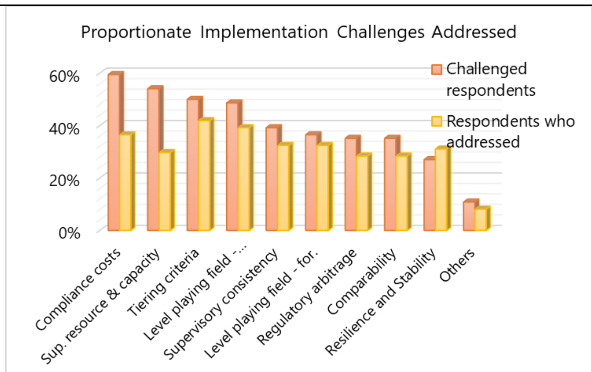
Challenges in proportionate implementation

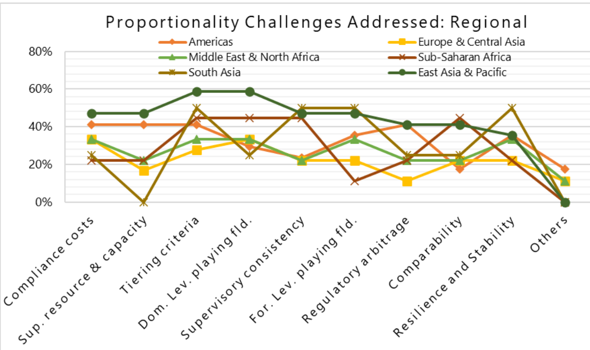
Graph A2.6

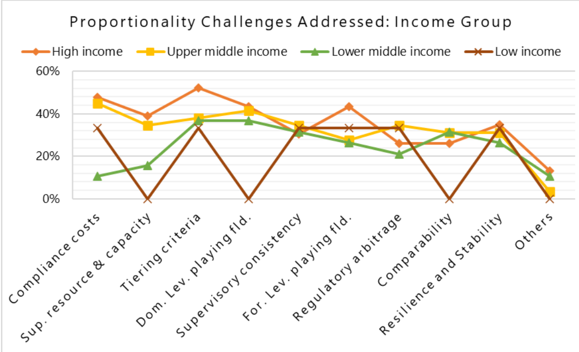


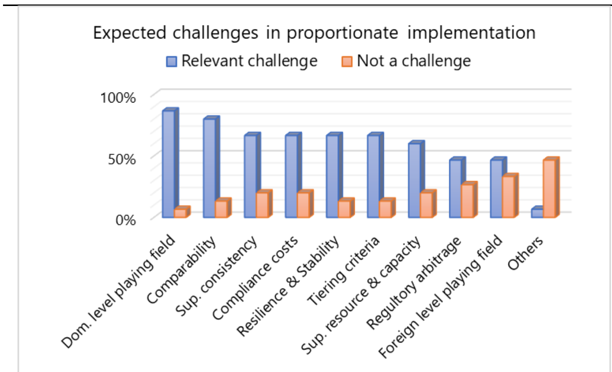






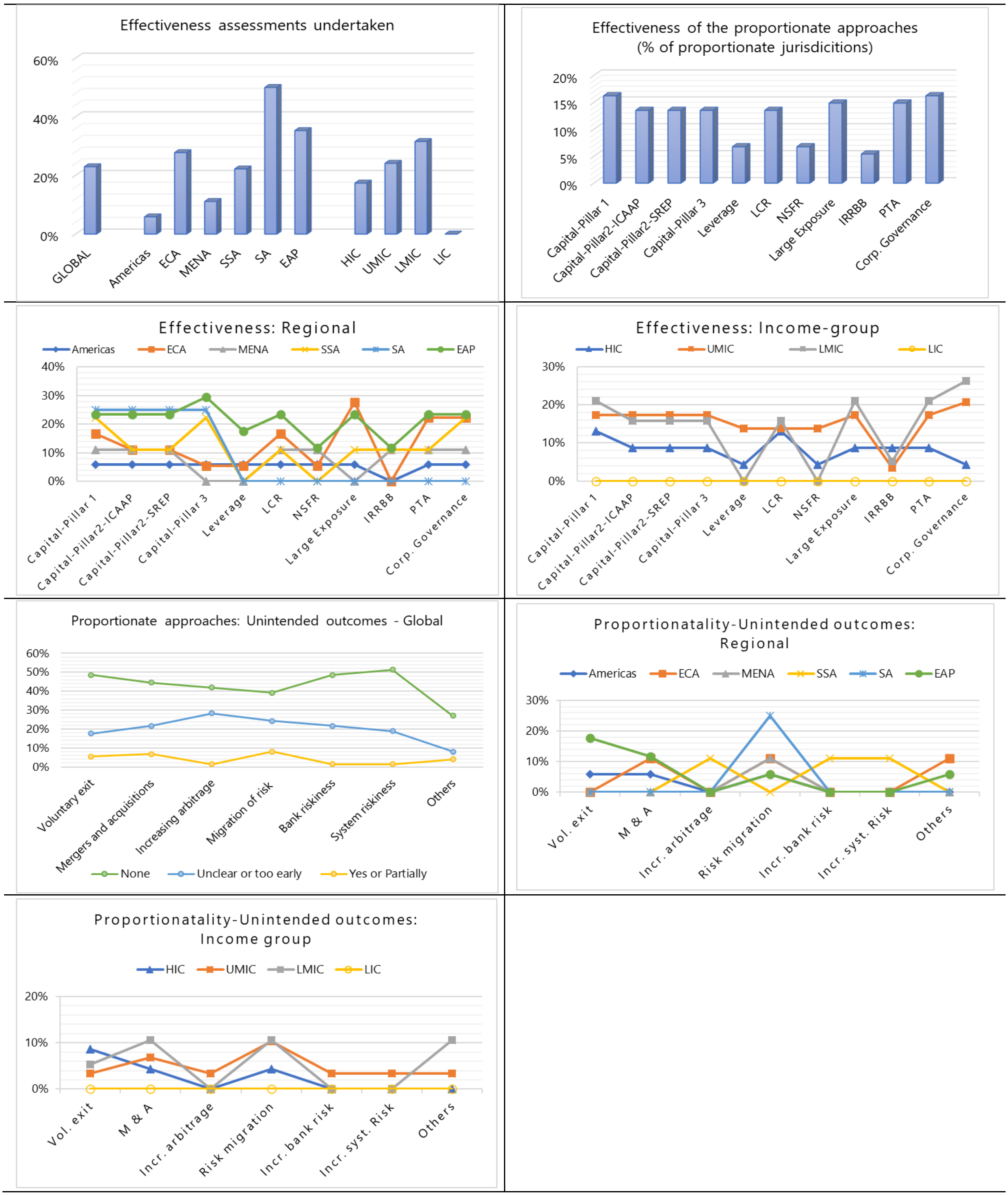






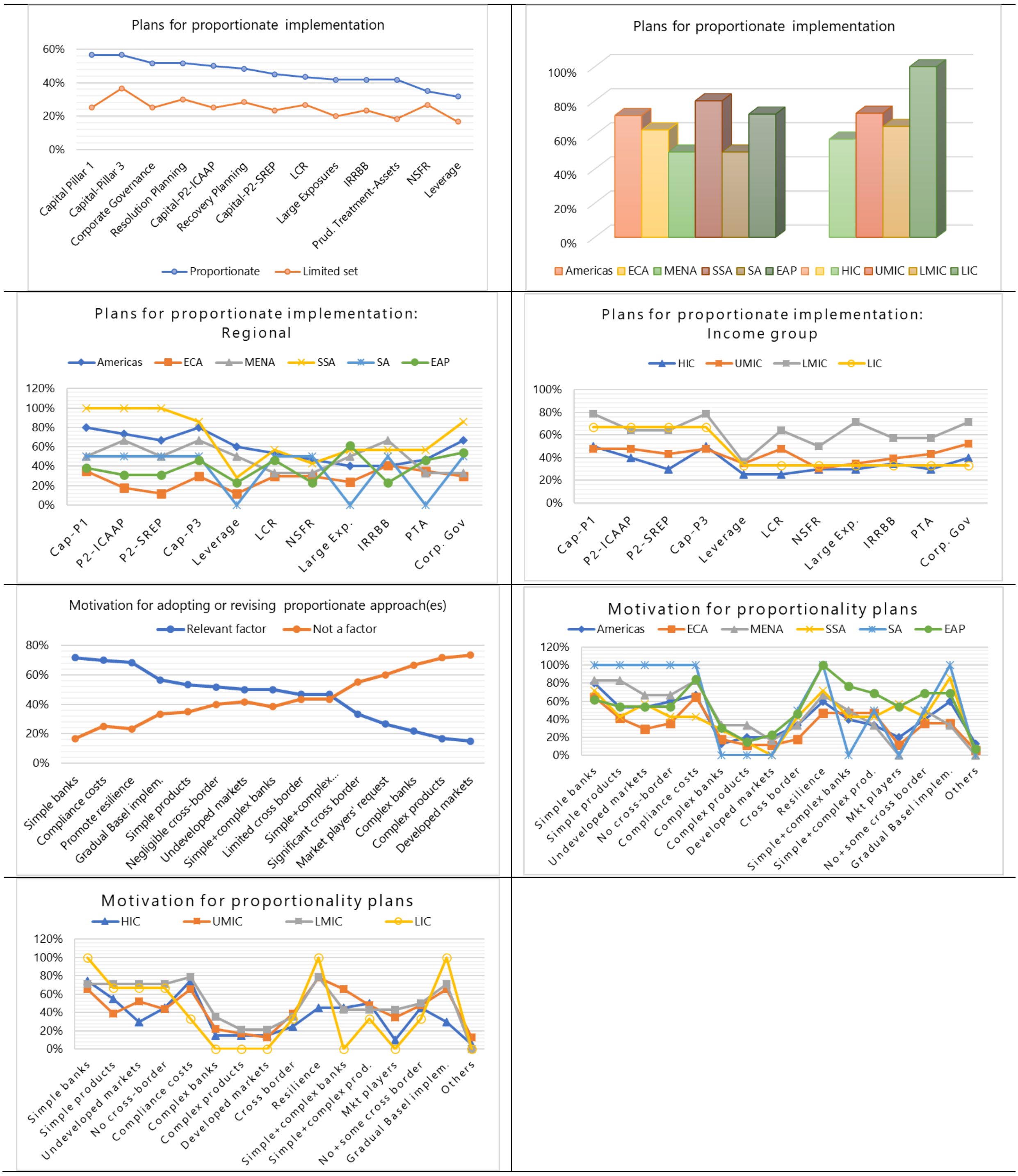
Effectiveness of proportionate implementation

Graph A2.7



Plans for proportionate implementation

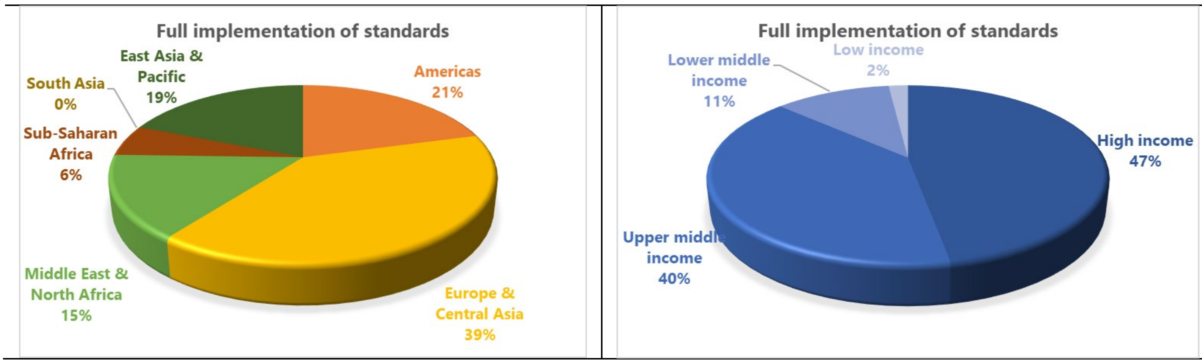
Graph A2.8



Annex 3 – Full implementation

1. **About 59% of the respondent jurisdictions are implementing full standards on regulation and supervision.** Please see Graph A3.1 for regional and income-group distribution of these jurisdictions. Nine per cent are implementing only full standards in all areas and six per cent are implementing only full standards and guidance in select areas. The remaining 44% are implementing full standards in select areas or for select segments of supervised entities alongside proportionate implementation of standards in other areas or for other segments of the supervised entities.

Full implementation of standards Graph A3.1



2. **Respondents implementing full requirements have been motivated by several key factors to adopt such implementation.** The main motivations in descending order of significance are promoting banking sector resilience or stability through implementation of standards, voluntarily improving compliance with BCPs and aligning with the implementation in the jurisdictions whose banking systems are like respondents' banking system. Other motivations include: responding to and complying with Financial Sector Assessment Programme (FSAP) recommendations, helping banks from the jurisdiction obtain or retain correspondent banking relationships with banks from jurisdictions that are already implementing Committee standards, providing assurance to supervisory authorities from jurisdictions hosting respondent's banks, and helping banks from the jurisdiction obtain a better credit rating. Respondents have also been motivated to implement full standards by several other factors, but there are equal or greater number of respondents who are of the view that these are not relevant motivating factors. Please see Graph A3.2 left panel for details.

Full implementation Motivation and Opportunities Graph A3.2