Covid-19 - Basel Committee highlights importance of capital buffers **18 June 2020**

Yesterday, the **Basel Committee for Banking Supervision (BCBS) issued a statement highlighting that in the context of the ongoing pandemic it is paramount for individual jurisdictions to preserve the stability of their respective banking systems**, so as to enable banks to maintain their lending activities throughout the crisis.

The press release can be found here.

The BCBS statement further emphasises that capital buffers and additional requirements that have been introduced for banks after the last financial crisis have played a crucial role in preserving the position of banks in the last few months.

As a result, **discretionary capital buffers (Pillar 2 capital) that national supervisors have reduced throughout the pandemic to boost bank lending capacity should be rebuilt over appropriate time** horizons.

Likewise, the BCBS cautions that the despite the pandemic, **implementation of the final Basel III standard (with the new implementation deadline of January 2023) remains of fundamental importance.** The **EU will come forward with a legislative proposal to implement Basel III either in Q4 2020 or in Q1 2021**.

Finally, the BCBS emphasises the **significance of benchmark transition and underlines its expectation of banks to continue working towards the transition deadlines** (e.g. for LIBOR) that have been put in place.

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