

THIRST QUENCHER OF THE BANKING SYSTEM -BASEL3

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ABSTRACT

Recent crisis has made everyone realised about weaknesses in global regulatory and banking system. So, as to protect the interest of the people against any unanticipated losses, regulatory authorities have laid down certain norms for the banks – BASEL norms are one of them. Herein, Bank has to maintain capital as a cushion to mitigate the risk of loss in value of exposure, businesses etc. Basel 3 recommended by BASEL committee on banking supervision has led to the evolution of stricter definition of capital so as to enhance consistency, quality and transparency of the capital base for the monetary system. This was done so as to identify the changes brought by Basel 3 vis-a-vis Basel 2 and ability of banking sector to absorb capital adequacy requirement. For the proposed research few sample banks are taken. It was found that tier 1 capital of public bank is decreasing whereas that of private bank is increasing. It was concluded that Basel 3 is remedy to bank run out.

KEYWORDS: Regulatory, Capital Adequacy, Counter Cycle Buffer, Bank Run Outs.