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Basel III Rules Criticized

By The Moscow Times

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The new Basel III banking rules are tailored to banks in developed countries and could freeze credit or promote bad practices in emerging economies, European Bank for Reconstruction and Development president Thomas Mirow said.

Basel III "can cause severe problems in financial systems that simply do not yet have stable sources of long-term funding," Mirow said in a speech at an EBRD conference in Astana, Kazakhstan, which was e-mailed Wednesday.

"It may force banks in these economies to either curtail long-term lending, with harmful consequences for growth, or to seek foreign sources of long-term funding," he said. This, "as we have seen, creates external vulnerabilities," he added.

(Bloomberg)

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