

Basel III – Finalisation (2017)

Basel III is an international banking regulation framework that strengthens banks' capital, liquidity, and risk management to reduce systemic risk.



What it is

Basel III is an international regulatory framework for banks that aims to strengthen risk management, supervision, and financial stability within the financial sector. The framework enhances the resilience of banks by establishing more robust capital adequacy, liquidity, and leverage requirements, ultimately reducing systemic risk and protecting the global financial system.

Developed and published by the Basel Committee on Banking Supervision (BCBS), Basel III is adopted by financial institutions and regulators worldwide. It covers critical areas of risk management such as credit risk, operational risk, market risk, and liquidity risk, setting global standards that support compliance oversight and promote effective supervisory practices in banking.

At a glance

PUBLISHER

Basel Committee on Banking Supervision (BCBS)

TYPE

Regulation

VERSION

Basel III Finalisation Package (commonly referred to as "Basel III Final" or "Basel 3.1")

EFFECTIVE

December 2010

DOMAIN

Financial Services Regulation

FAMILY

Other

REGION

Switzerland

INDUSTRY

Financial Services

ADOPTION MODEL

Regulatory Compliance

IMPLEMENTATION COMPLEXITY

Very High

Source: <https://www.bis.org/bcbs/basel3.htm>

Why it matters

- **Strengthen risk governance** Establish structured oversight of capital adequacy, liquidity, and leverage ratios to enhance financial institution stability.
- **Enhance regulatory compliance** Support adherence to international banking standards, reducing regulatory exposure and maintaining trust with supervisory authorities.
- **Improve operational resilience** Require stress testing and contingency planning to ensure financial institutions can withstand liquidity challenges and economic shocks.
- **Promote data protection and transparency** Mandate disclosures and reporting requirements that improve transparency and accountability within financial institutions.

How SmartSuite supports Basel III

Policy and Requirement Library

Organize Basel-related policies, procedures, and governance requirements with owners.

Risk and Control Documentation

Link capital/liquidity risk processes to controls, evidence, and accountable teams.

Model Documentation and Validation Tracking

Track model documentation, validations, approvals, and data lineage evidence.

Reporting and Review Cadence

Schedule recurring reporting, reconciliations, and management reviews with proof.

Issues, Findings, and Remediation

Manage audit findings, remediation plans, and closure verification.

Status and Readiness Reporting

Provide clear status views across controls, issues, and reporting readiness.

Common framework mappings

COBIT 2019

COSO ERM 2017

ISO 31000:2018

ISO 27001:2022

NIST CSF 2.0

NIST 800-53 Rev.5

SOC 2

SWIFT CSCF

Official resources

Basel III: International Regulatory Framework for Banks

Defines the Basel III standards for banking regulation to enhance global financial stability.

bis.org/bcbs/basel3.htm

Frequently Asked Questions on Basel III Monitoring

Provides answers to common questions about the implementation and monitoring of Basel III.

bis.org/bcbs/publ/d443.htm

Basel III Monitoring Report

Describes data and analyses related to the monitoring of Basel III implementation.

bis.org/bcbs/publ/d486.htm

Frequently asked questions

What is Basel III used for?

Basel III is an international regulatory framework designed to enhance the strength and resilience of banks by setting standards for capital adequacy, liquidity, and leverage. It aims to improve risk management and reduce systemic risk within the global financial system.

Is Basel III mandatory or certifiable?

Basel III itself is not a certification program, but its adoption is mandated by financial regulators in many jurisdictions. Compliance is required for banks operating in countries that have incorporated Basel III standards into their national regulations.

What is the scope of Basel III and who must comply?

Basel III applies primarily to internationally active banks, but its principles are frequently adopted by a broad range of financial institutions. The framework covers areas such as credit risk, operational risk, market risk, and liquidity risk.

What key concepts and requirements are central to Basel III compliance?

Basel III introduces minimum capital ratios, leverage ratios, liquidity coverage ratios, and net stable funding ratios. Institutions must also implement standardized risk assessment methodologies and maintain appropriate buffers to absorb losses.

How does a bank implement Basel III requirements in practice?

Banks implement Basel III by updating internal controls, enhancing governance structures, conducting risk assessments, and integrating capital and liquidity management into enterprise risk programs. Practical steps include measuring regulatory capital, tracking risk exposures, and reporting compliance data to regulators.

How is Basel III related to other regulatory frameworks?

Basel III builds upon earlier Basel Accords (Basel I and II) and is aligned with other international standards for risk and compliance, often integrating with local regulatory requirements and broader risk management frameworks, such as enterprise risk management (ERM).

How would SmartSuite support Basel III?

SmartSuite supports Basel III management by providing tools for risk tracking, control management, and evidence collection related to the framework's requirements. The platform enables automated compliance monitoring, facilitates documentation for audits, and offers reporting features to demonstrate ongoing compliance and audit readiness.

License included / downloadable: Yes Basel III standards are published by the Basel Committee on Banking Supervision and are publicly available through the Bank for International Settlements.

Full framework page and mappings: smartsuite.com/frameworks/basel-iii-finalisation-2017