

Implementation divergences: the EU, the UK and the US

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The agreement of December 2017 required transposition into the law of each member jurisdiction. It is in this phase that the consensus of Basel has proved fragile. Several Asian jurisdictions, including Japan, Hong Kong, Singapore and Australia, implemented the bulk of the package in 2023 or 2024, largely in line with the agreed timetable. Switzerland followed on 1 January 2025. The three largest Western jurisdictions, however, diverged in timing and in substance.¹

The European Union adopted the package through Regulation (EU) 2024/1623, known as CRR3, and Directive (EU) 2024/1619, known as CRD VI, which were published in June 2024. Most provisions of CRR3 have applied since 1 January 2025. The EU, however, introduced numerous transitional arrangements, among them a temporary favourable treatment of unrated corporate exposures and of low-risk residential mortgages for the purposes of the output floor. The application of the new market risk rules was postponed by delegated act to 2026 and, according to subsequent proposals, to 2027.² Several observers, including the European Banking Authority, have noted that these transitional provisions depart from the Basel standards for a considerable period.

In the United Kingdom, the Prudential Regulation Authority implements the package under the name "Basel 3.1". It published its near-final rules in two instalments in December 2023 and September 2024. The implementation date has been postponed more than once, first from 2025 to 2026 and then to 1 January 2027, with the transition for the output floor shortened so that full implementation is still expected for 2030. The PRA justified the delays mainly by the need to remain aligned with the uncertain timetable in the United States.³

The United States has been the most uncertain case. In July 2023, the Federal Reserve, the Federal Deposit Insurance Corporation and the Office

of the Comptroller of the Currency proposed rules, commonly called the "Basel III endgame", which would have raised the capital requirements of large banks considerably and applied the expanded risk-based approach to all banks with assets above 100 billion dollars. After strong opposition from the industry and public criticism from members of Congress, the Vice Chair for Supervision of the Federal Reserve announced in September 2024 that the agencies would re-propose the rules with substantially lower increases.⁴ After the change of administration in January 2025, the agencies indicated a fundamental reconsideration of the proposal, together with a recalibration of the enhanced supplementary leverage ratio. The status of the US implementation as of autumn 2026 is to be verified.⁵

These divergences touch the core of the Basel project. The Accord of 1988 was born from American concern about competition from foreign banks with lower capital requirements. Forty years later, European and British authorities have delayed their own implementation for the same reason, out of concern that their banks might be disadvantaged against American competitors. The Committee has reaffirmed several times that its members expect full, timely and consistent implementation, but it has no means of enforcing that expectation.⁶

1 Notes

1. Basel Committee, Implementation of Basel Standards: A Report to G20 Leaders on Implementation of the Basel III Regulatory Reforms (published annually) and the Committee's progress reports on adoption. Status to be verified. ↩
2. Regulation (EU) 2024/1623 of 31 May 2024 amending Regulation (EU) No 575/2013 (CRR3) and Directive (EU) 2024/1619 of 31 May 2024 (CRD VI); Commission delegated act postponing the FRTB application date. Status to be verified. ↩
3. Prudential Regulation Authority, Policy Statements PS17/23 (December 2023) and PS9/24 (September 2024) on the implementation of Basel 3.1, and subsequent PRA announcements on the postponement of the implementation date to 1 January 2027. Status to be verified. ↩
4. Joint notice of proposed rulemaking, Regulatory Capital Rule: Large Banking Organizations and Banking Organizations with Significant Trading Activity, 88 Fed. Reg. 64028 (18 September 2023); speech of Michael S. Barr, Vice Chair for Supervision, of 10 September 2024. To be verified. ↩
5. On the position of the US agencies after January 2025 and the re-proposal of the capital rules, see the statements of the Federal Reserve

Board and the other agencies in 2025 and 2026. Status to be verified.
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6. See, for example, the GHOS press releases reaffirming the expectation of full and consistent implementation of Basel III, including statements issued in 2024 and 2025. To be verified. ↩

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