AFME comment on The Basel Committee’s 12th September statement

There is no argument about the need to establish a more resilient capital regime - the Basel Committee's aim. There is a great deal of detail to analyse in tonight's statement but it appears that the Committee has recognised the importance of ensuring that, in the transition to the new regime, recapitalisation timing does not undermine the banks' ability to meet their customers' credit requirements.

However, even now, there remain significant concerns, particularly the proposal to designate some firms as systemically important and therefore burdened with additional requirements. We believe this would be fraught with difficulty - as, in other contexts, the Basel Committee has recognised - and unnecessary.

Banks will need to do a great deal of work over the next few weeks to assess fully what the impact of the Basel proposals will be. Disproportionate requirements would be damaging for both the financial sector and the wider economy. Continuing uncertainty over what is required could have a negative impact on the banks' ability to plan ahead, which, in turn, will act as a brake on recovery in European economies.

12th September 2010

Ends