



FSC TO DELAY IMPLEMENTATION OF BASEL III FOR NEW ONLINE-ONLY BANKS

The FSC will grant new online-only banks a grace period of two or three years for the implementation of Basel III regulations, scheduled to be fully effective from 2020 for other banks – e.g. traditional banks and existing digital banks. As the FSC is preparing to issue a preliminary license to one or two additional online-only banks in May, the deferral is to give new online-only banks time to adapt to a new regulatory regime, easing their regulatory burden at the early stage of business operation. The FSC will propose amendments to relevant regulations¹, expected to take effect in May. The proposal will be open for public comment from March 27 to May 7, 2019.

Delay of Basel III Implementation

(assume that new online-only bank is launched in 2020)

	2020	2021	2022	2023-25	after 2026
Capital Regulations	delay (Basel I regulations to be applied)			gradual implementation of Basel III	full implementation of Basel III
LCR	80% or above	90% or above	full implementation of Basel III (100% or above)		
NSFR / Leverage ratio	delay			full implementation (NSFR of 100% or above, leverage ratio of 3% or above)	

- ▶ **(Capital regulations)** Basel I regulations will apply for the first three years since the launch of a new online-only bank. Basel III regime will be phased in from the fourth year of business.
- ▶ **(Liquidity Coverage Ratio)** 80% or above in the first year; 90% or above in the second year; full implementation of Basel III in the third year of business.
- ▶ **(Net Stable Funding Ratio)** Implementation will be deferred for the first three years before its full implementation from the fourth year of business.
- ▶ **(Leverage ratio)** Implementation will be deferred for the first three years before its full implementation from the fourth year of business.

¹ Regulations on Supervision of Banking Business and Supervisory; and Regulations on Financial Holding Companies