What are Basel III and Basel IV?

The Basel Accords refer to a set of banking supervision regulations set by the Basel Committee on Banking Supervision (BCBS), developed and modified between 1980 and 2011.

The goal of the Basel Accords is to create an international regulatory framework for managing credit and market risks to ensure that banks hold enough cash reserves to meet their financial obligations and survive economic distress. They also aim to strengthen corporate governance, risk management, and transparency. These regulations are the most comprehensive set of regulations governing the international banking system.

The Basel Accords can be broken down into Basel I, Basel II, and Basel III.

Basel III basically built on Basel I and Basel II when the global financial crisis of 2008 exposed the weaknesses of the international financial system. Basel III regulations were created in November 2010 and strengthened the minimum capital requirements outlined in Basel I and II. Basel III also introduced various capital, leverage, and liquidity ratio requirements and included new capital reserve requirements and countercyclical measures to increase reserves in periods of credit expansion and to relax requirements during periods of reduced lending.

Now, Basel IV expands further on Basel III in leveling the global playing field and harmonizing how banks calculate risks.

For a deeper dive, I suggest the articles below:

Origins of Bitcoin: https://bitcoin.org/bitcoin.pdf

https://www.softwaretestinghelp.com/types-of-cryptocurrency/

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