

Basel Committee work programme and strategic priorities for 2023/24

The Basel Committee maintains a two-year work programme that outlines the strategic priorities for its policy, supervision and implementation activities. The programme is endorsed by the Group of Governors and Heads of Supervision and is developed under the direction of the Committee Chair.

The key themes of the Committee's 2023-24 work programme comprise the following:

- (i) Emerging risks and horizon scanning;
- (ii) Digitalisation of finance;
- (iii) Climate-related financial risks;
- (iv) Monitoring and review of existing standards and guidance; and
- (v) Implementation and evaluation.

Emerging risks and horizon scanning

Against the backdrop of a highly uncertain outlook and growing risks, the Committee will continue to pursue a forward-looking approach to identifying and analysing risks and vulnerabilities to the banking system, including the impact of ongoing geopolitical developments, stagflationary dynamics, scarring effects and cross-border spillovers.

As part of this work, the Committee will conduct a series of horizon scanning exercises, with a focus on the bank and supervisory implications of risks related to inflation, emerging market economies, and cross-border booking models. The Committee will also continue to assess the robustness and suitability of banks' credit risk models, drawing on the lessons learnt from the initial phase of the pandemic and the evolving macrofinancial outlook.

Digitalisation of finance

The Committee will be pursuing a wide range of initiatives related to the digitalisation of finance, which include analytical, policy and supervisory-related elements.

Over the coming two years, the Committee will publish an analytical report on the bank and supervisory implications of the ongoing digitalisation of finance. The report will review technological developments, including the emergence of new entrants/suppliers in the banking system, the use of artificial intelligence and machine learning, big data and governance arrangements. The Committee will also conduct a deep dive analysis on the supervisory implications of Banking as a Service.

The Committee will continue to assess bank-related developments in cryptoasset markets, including the role of banks as stablecoin issuers, custodians of cryptoassets and broader potential channels of interconnections with the cryptoasset ecosystem. It will also monitor the implementation of its prudential treatment of banks' cryptoasset exposures, and plans to review by the end of 2023 the treatment of permissionless blockchains with additional safeguards and the criteria to identify stablecoins eligible for the "Group 1b" prudential treatment, including the appropriate composition of reserve assets and the effectiveness of statistical tests.

Climate-related financial risks

The Committee will continue to pursue a holistic approach to address climate-related financial risks to the global banking system. This will include work across all three pillars of regulation, supervision and disclosure.

On regulation, the Committee will undertake analytical work to assess the materiality of gaps in the existing Basel framework. Building on this work, the Committee will consider whether potential regulatory measures to address climate-related financial risks are needed.

On supervision, the Committee will monitor the implementation of its Principles for the effective management and supervision of climate-related financial risks published earlier this year. Building on work underway by other global forums (most notably the Financial Stability Board (FSB) and Network for Greening the Financial System), the Committee will also discuss potential complementary work related to banks' transition planning and use of climate scenario analyses.

On disclosure, the Committee will continue to coordinate with the International Sustainability Standards Board (ISSB) and, building on this work, seek to complement the ISSB's initiatives by developing a set of bank-specific "Pillar 3" disclosure requirements.

Monitoring and review of existing standards and guidance

In line with the guidance provided by the Group of Governors and Heads of Supervision, the Committee's work on monitoring and reviewing existing standards and guidance will be limited to a set of targeted initiatives.

Work in this area includes: (i) an update to the Core principles for effective banking supervision, drawing on supervisory insights and structural changes since the previous update in 2012; (ii) developing additional guidance with regards to banks' interconnections with non-bank financial intermediation (NBFIs); (iii) developing updated supervisory principles on banks' outsourcing practices and reliance on third- and fourth-party service providers, building on work underway by the FSB; and (iv) reviewing the shock scenarios developed in its standard on interest rate risk in the banking book.

Implementation and evaluation

The full, timely and consistent implementation of Basel III remains a high priority for the Committee. To that end, the Committee will continue to monitor the status of Basel III implementation across member jurisdictions and pursue its Regulatory Consistency Assessment Programme.

Based on the progress made in implementing the outstanding Basel III standards, the Committee will also continue to pursue its work programme on evaluating the impact and efficacy of Basel III in the medium term.