

FYI: An Update on Emerging Issues in Banking

FDIC Publishes Corrections to Basel II Capital Impact Study

August 5, 2004

Overview

The FDIC has replaced on its website the *FYI* dated December 8, 2003, titled "Estimating the Capital Impact of Basel II in the United States," with a corrected version. An independent economist has brought to the author's attention a calculation error in the paper's estimation of capital requirements for wholesale lending. As a result of that error, the paper's estimates of capital requirements for wholesale lending were lower than what the underlying assumptions and methodology should have implied. The error was not sufficiently material to have affected the paper's overall conclusions about the proposed capital framework that existed in December, 2003.

The revised version is being published solely to correct the historical record. It does not reflect changes in the Basel II framework made subsequent to the release of the original paper. That new framework is described in "International Convergence of Capital Measurement and Capital Standards," published by the Basel Committee on Banking Supervision in June, 2004, with the agreement and support of the FDIC. The revised paper is available at <https://www.fdic.gov/bank/analytical/fyi/index.html>.

About *FYI*

FYI is an electronic bulletin summarizing current information about the trends that are driving change in the banking industry, plus links to the wide array of other FDIC publications and data tools.

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