

# Basel III and the supply of bank credit in South Africa

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## Abstract

**Keywords:** Bank capital, Bank regulation, Credit

**JEL Codes:** G01, G18, G28, G32, G38

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# **1 Introduction**

The paper investigates the impact of Basel III regulation on bank lending in South Africa. This introduction is an overview of the paper

# **2 Context**

A review of policy context, with focus on South Africa but also reference to other emerging markets. Further detail in Appendix 1 and 2a.

# **3 Literature**

Osborne et al. (2017)

Jokipii and Milne (2008)

Gambacorta and Mistrulli (2004)

Schwert (2018)

Kim and Sohn (2017)

Carlson et al. (2013)

Tabak et al. (2011)

Altunbas et al. (2004)

Gambacorta and Shin (2018)

Berrospide and Edge (2010)

## 4 Developments in South African Banking

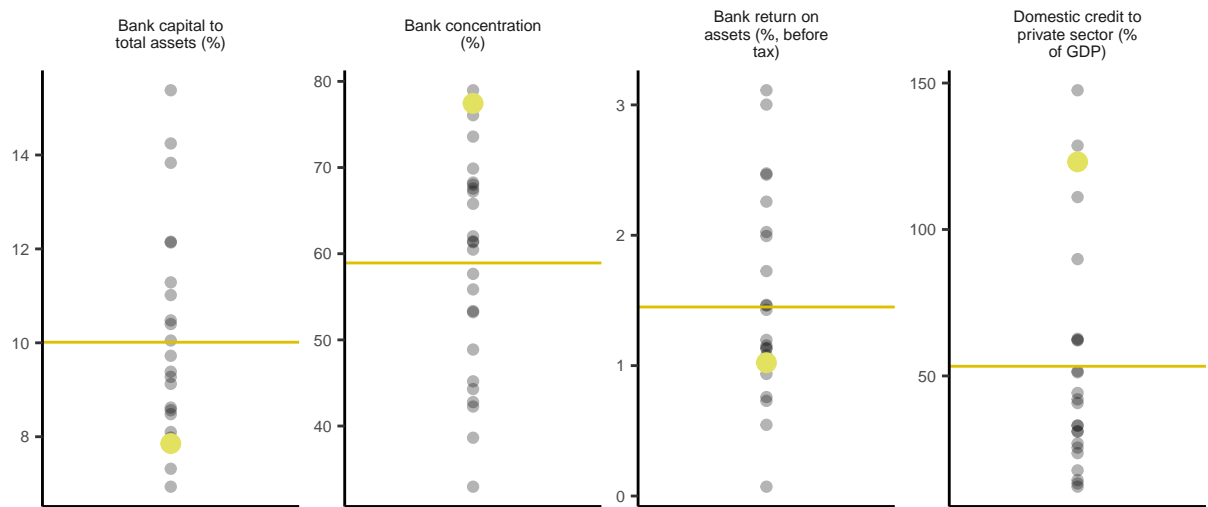
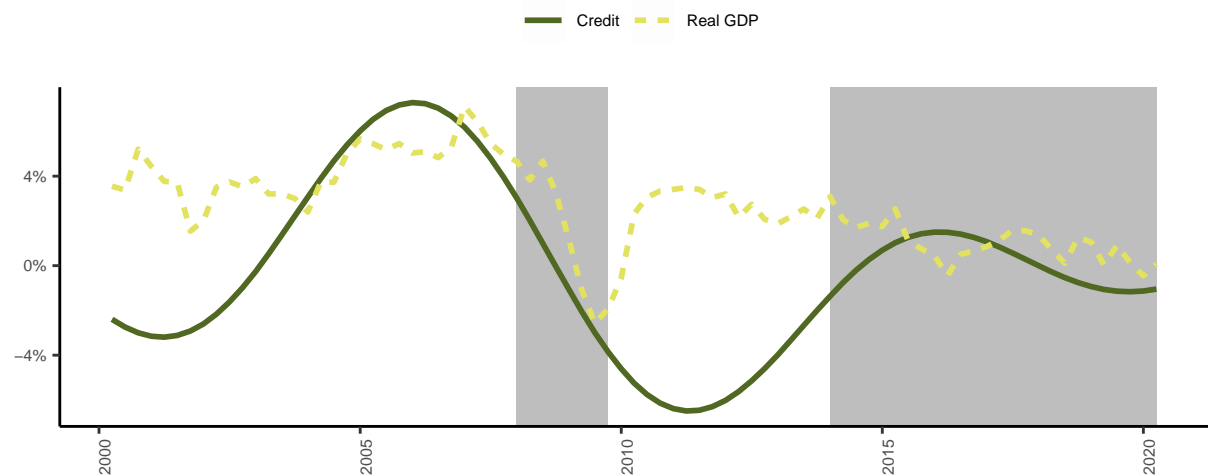


Figure 1: International Comparison. Source: World Bank (2022)



Shaded area represent downward phases of the business cycle.

Figure 2: Credit Cycle. Source: South African Reserve Bank (2022)

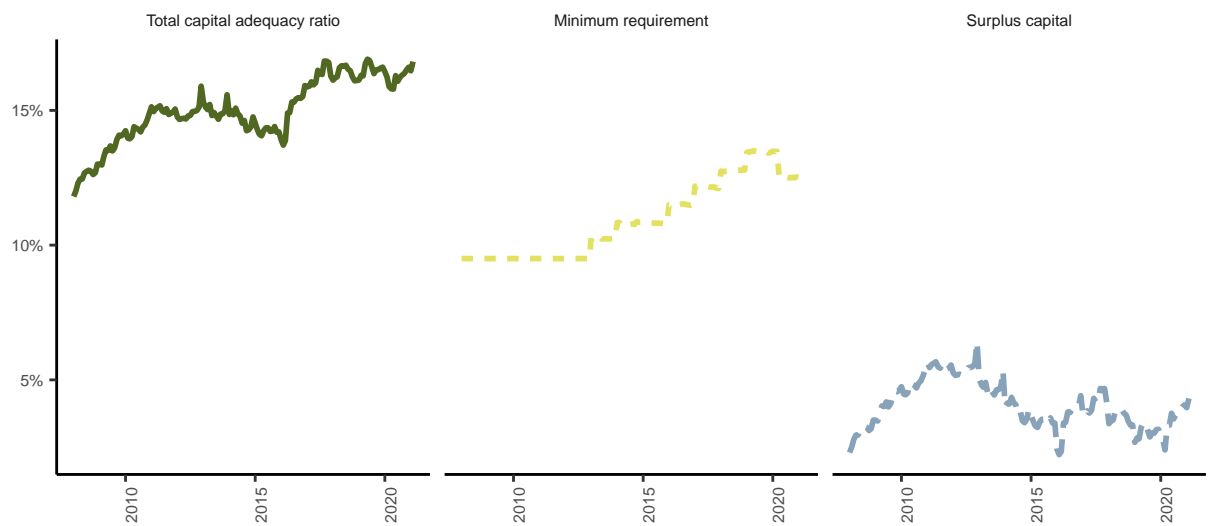
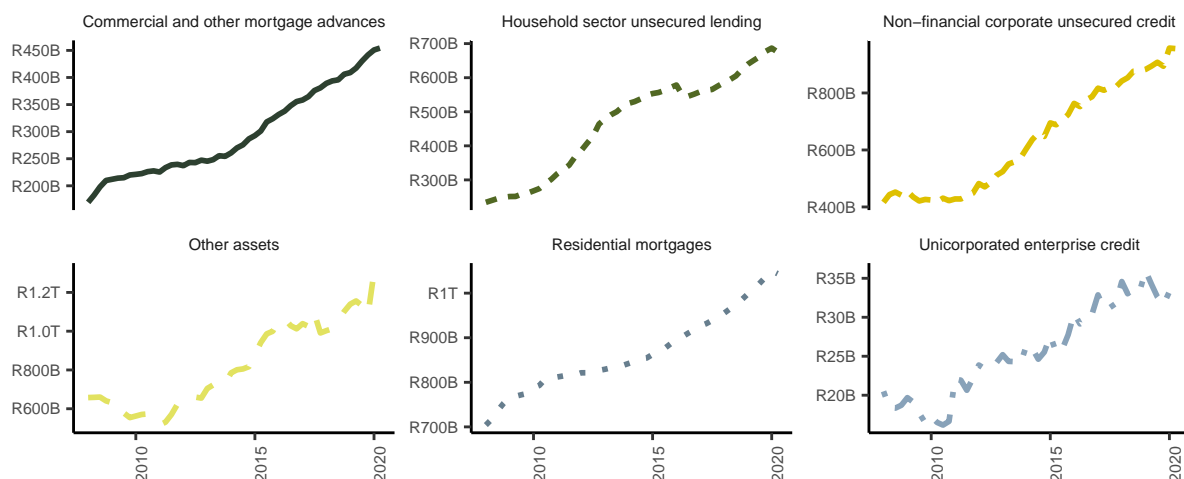


Figure 3: Capital Buffers. Source: South African Reserve Bank (2022)

## Bank assets in Rand



## Bank assets as a percentage of GDP

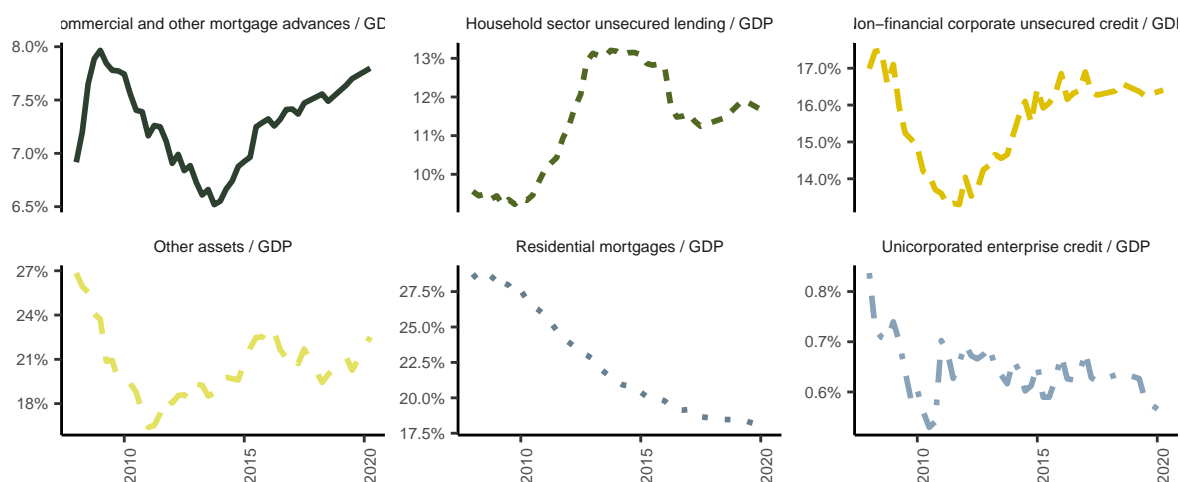


Figure 4: Bank assets. Source: South African Reserve Bank (2022)

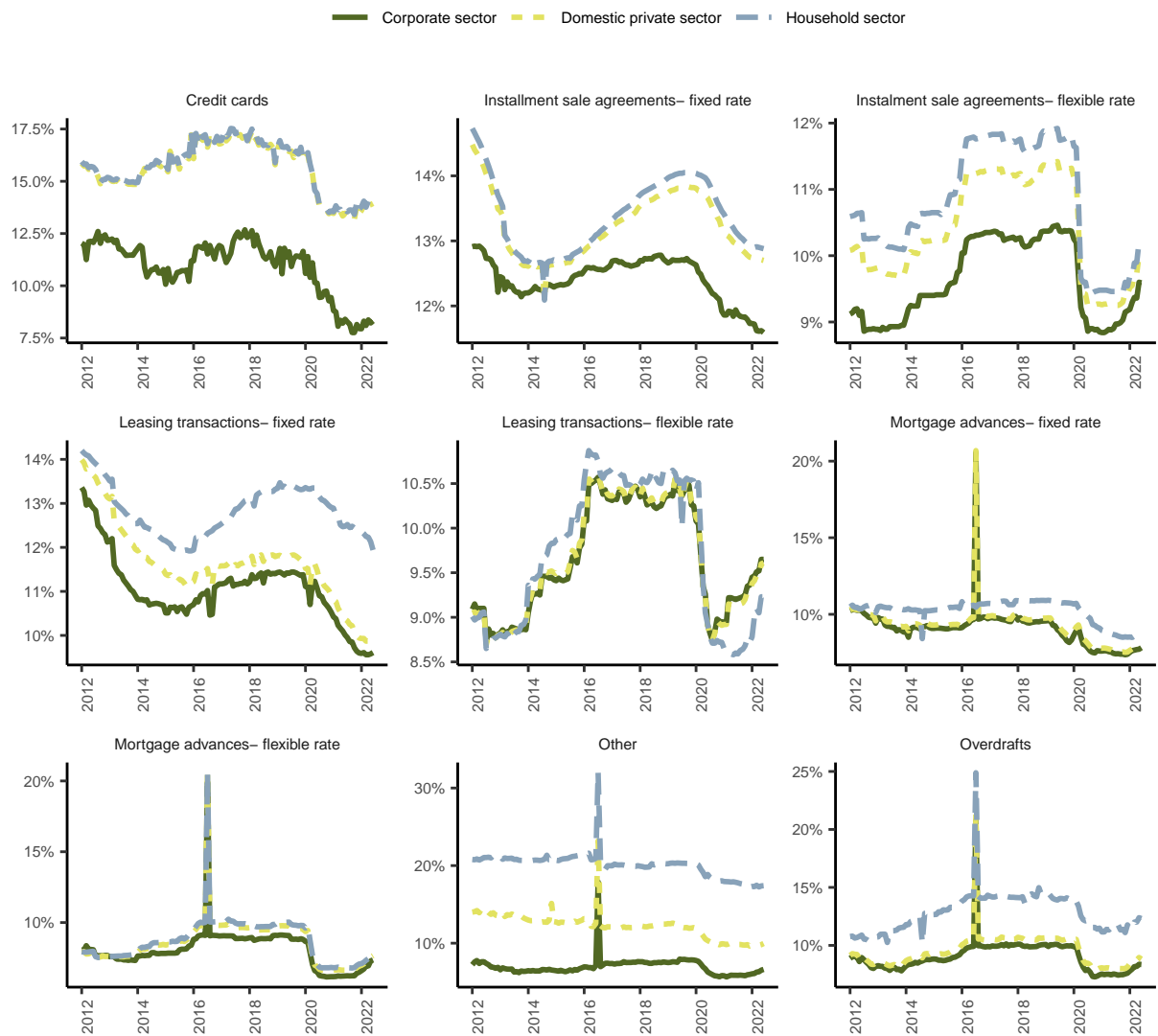


Figure 5: Lending Rates. Source: South African Reserve Bank (2022)

## 5 Specification

Variable	Median	SD	Min	Max	IQR	Obs
Capital buffer	4.1	0.9	2.3	5.8	1.3	44
Commercial and other mortgage advances / GDP	7.3	0.4	6.5	8.0	0.6	44
Household sector unsecured lending / GDP	11.5	1.4	9.2	13.2	3.1	44
Non-financial corporate unsecured credit / GDP	15.9	1.3	13.3	17.5	2.0	44
Other assets / GDP	19.9	2.4	16.4	26.8	3.0	44
Real GDP	1.9	1.6	-2.6	4.7	2.3	44
Residential mortgages / GDP	22.0	3.6	17.9	28.8	6.6	44
Unincorporated enterprise credit / GDP	0.6	0.1	0.5	0.8	0.1	44

Table 1: Descriptives

## 6 Estimation Results

## 7 Conclusion

## 8 Appendix: Descriptive Analysis

### 8.1 Data

#### 8.1.1 Capital Buffers

#### 8.1.2 BA 900 Quartelty Data

#### 8.1.3 BA 900 to GDP



## 9 Appendix: Detailed Literature Review

More detailed literature review

## References

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