

THE BASLE II ACCORD AND ITS DEVELOPMENT IN THE EUROPEAN UNION

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Abstract II

The new capital requirements for banks discussed under the heading “Basle II” have led to a lively debate about the future borrowing possibilities available to Germany’s small and medium-sized enterprises (SME’s) in recent years.

The standards discussed in the context of Basle II aim to adapt the capital requirements for the backing of risk assets more strongly to actual risks. It is planned to create a standard approach for determining the capital backing of credit risks based on internal bank ratings. Ratings would thus play a key role for credit extension and pricing in future.

With this in mind, SME’s have to take action in order to further play an active role in national economies. Will Basle II have an important impact on the further development on SME’s? This paper is attempting to contribute to this question.