

*To Mariano and my three jewels,
Antonio, Andrea and Bianca,
main reason for my life*

Contents

	<i>pag.</i>
Introduction	1
Chapter I	
Basel III and completion of reforms: an overview and analysis on RWA variability	7
1. Basel III and the regulatory capital adequacy: an overview	9
2. Focus on RWA variability and the internal ratings based approach	12
Chapter II	
RWA density assessment. Evidence of literature review	17
1. Introduction	19
2. An overview on an international scale: some empirical evidence	22
3. An overview of RWA measures divergence	34
4. Summary remarks	46
Chapter III	
RWA density ratio: focus on the alternative analysis methodologies	49
1. Introduction	51
2. What possible new ratios to contain the variability of RWA	52
3. Breakdown of the RWA: a way to contain variability?	57
4. On the problems of variability of the RWA density: some reflections by International Authorities	61

Chapter IV

Variability of the RWA density and possible “manipulation” of risk estimates by banks.	
Internal models against the Standardized Approach	65
1. Focus on the role of Banking Regulation	67
2. Empirical evidence and considerations	77
3. Possible future developments to requalify RWA density	80

Chapter V

Completion of Basel III reforms: the rivisitation of SA and IRB approach contrasting? The variability in RWAs densities	83
1. Introduction	85
2. The impact of Basel III on RWA variability: limits on the use of the IRB and review of the SA for credit risk	88
3. Backstop measures: the output floor	91
4. Conclusion and next step	94
References	97