This chapter begins with a discussion of the reasons for bank regulation. Traditionally the focus of bank regulation has been the protection of individual institutions' stability from a depositors' run, and of depositors and deposit guarantee schemes from incurring losses in the event of bank failures. Another fundamental goal was the protection of taxpayers from a public bailout and from the kind of moral hazard that arises when public bank rescues are likely. However, in recent years, and especially since the global financial crisis the focus of bank regulation has broadened to include eliminating too-big-to-fail institutions; increasing capital cushions and introducing liquidity requirements; and enhancing the resilience of the financial system to withstand system-wide shocks. The remainder of the chapter covers prudential regulation, capital regulation, the different
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phases of the Basel capital framework, and the total loss absorbing capacity standard.

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