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# Introduction

This study presents the case for an international banking standard (IBS). An IBS would go beyond existing international banking agreements to better address the factors underlying the rash of banking crises that has afflicted developing countries over the past 15 years. An IBS would also help to improve banking supervision in industrial countries.

Chapter 2 outlines the case for an IBS. It emphasizes that during the past 15 years banking crises in developing countries have been widespread and severe. Such banking crises have been costly for the countries involved and increasingly pose risks to others. Existing international agreements do not confront the main origins of banking crises in developing countries, and a voluntary IBS offers a more attractive route to banking reform than the alternatives.

Chapter 3 takes up four key operational questions associated with the design and implementation of an IBS:

- Should there be a unitary standard that applies to all countries, or should an IBS have two levels?
- What guidelines should be included in an IBS?
- Who would set the standard?
- How would compliance with the standard be monitored and encouraged?

In answering these operational questions, several potential criticisms of an IBS are also evaluated.

Chapter 4 offers brief concluding remarks, including an action agenda for reaching an IBS agreement by the September 1997 Annual Meetings of the International Monetary Fund and World Bank in Hong Kong, if not sooner. Finally, four appendices provide supplementary material: on the location and timing of developing-country banking problems; on several examples of earlier international financial standards; on differences among industrial countries as regards permissible banking activities, bank ownership, and banking supervisory practices; and on possible formats for public disclosure of banks' financial condition.