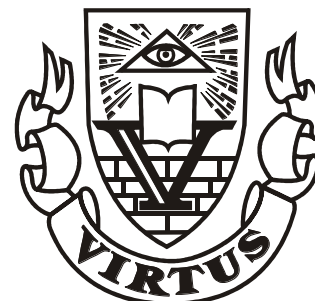


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FATCA FROM THE EUROPEAN UNION PERSPECTIVE 7

Alicja Brodzka

The Foreign Account Tax Compliance Act requires foreign financial institutions to report to the US Internal Revenue Service the information about financial accounts held by US taxpayers, or by foreign entities in which US taxpayers hold a substantial ownership interest. This aim of FATCA, which is to increase the ability of the American tax authorities to combat cross-border tax evasion by US persons, is reasonable. However, it imposes burdensome due-diligence, information reporting and withholding obligations on all foreign (non-US) financial institutions. It also raises legal concerns – notably data protection issues. The article analyses the main issues connected with FATCA, presents the pro and contra opinions, and looks at the reaction of EU Member States at the announcement of American provisions.

THE VAT IN THE BANK SYSTEM 14

Krzysztof Biernacki

The bank system in the European Union plays an important role as a significant sector of the economy. Implementing in the last century -VAT exemption also for services performed by banks generates extra tax inflows, but decreases international competitiveness of this sector.

However, VAT is a perfect consumption tax, alternatives were created for banks' services taxation. As the paper shows, many of them are used in other than EU countries and provide smaller distortions in taxation.

The aim of this article is to shortly present the dominant model of VAT taxation in the EU with a particular reference to banks' services and describe an alternative method of taxing them. The analysis will also refer to introducing a new Financial Transaction Tax since 2014.

POVERTY, GOVERNANCE AND ECONOMIC GROWTH 19

Kefi Mohamed Karim, Hadhek Zouhaier, Ben Hamed Adel

The objective of this paper is to study the effect of governance and poverty on economic growth of a set of eight developing countries during the period 2000-2009, using a dynamic and static panel data model and a simultaneous equations model. The key findings generated from these three empirical tests stipulate a negative effect of governance on poverty and a positive effect of political instability and corruption on poverty.

**COST ESTIMATION OF THE FUTURE HARVEST AS AGRICULTURAL LOAN
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N. N. Vnukova

The aim of this work is to attempt developing recommendations which may improve the overall banking technique of future cropping cost estimating.

Objectives that have been set to achieve this aim are: to analyze alternative techniques of future cropping cost estimating; to perform calculation according to the selected techniques for 10 agricultural companies from different regions of Ukraine; to compare the techniques by means of hierarchy analysis method.

**LOSS DISTRIBUTION APPROACH FOR OPERATIONAL RISK
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Pavel V. Shevchenko, Gareth W. Peters

The management of operational risk in the banking industry has undergone significant changes over the last decade due to substantial changes in operational risk environment. Globalization, deregulation, the use of complex financial products and changes in information technology have resulted in exposure to new risks very different from market and credit risks. In response, Basel Committee for banking Supervision has developed a regulatory framework, referred to as Basel II, that introduced operational risk category and corresponding capital requirements. Over the past five years, major banks in most parts of the world have received accreditation under the Basel II Advanced Measurement Approach (AMA) by adopting the loss distribution approach (LDA) despite there being a number of unresolved methodological challenges in its implementation. Different approaches and methods are still under hot debate. In this paper, we review methods proposed in the literature for combining different data sources (internal data, external data and scenario analysis) which is one of the regulatory requirement for AMA.

**UNDERSTANDING OPERATIONAL RISK CAPITAL
APPROXIMATIONS: FIRST AND SECOND ORDERS** **58**

Gareth W. Peters, Rodrigo S. Targino, Pavel V. Shevchenko

Authors set the context for capital approximation within the framework of the Basel II / III regulatory capital accords. This is particularly topical as the Basel III accord is shortly due to take effect. In this regard, they provide a summary of the role of capital adequacy in the new accord, highlighting along the way the significant loss events that have been attributed to the Operational Risk class that was introduced in the Basel II and III accords. Then authors provide a semi-tutorial discussion on the modelling aspects of capital estimation under a Loss Distributional Approach (LDA). The emphasis is to focuss on the important loss processes with regard to those that contribute most to capital, the so called "high consequence, low frequency" loss processes.

SUBSCRIPTION DETAILS **79**