

# ***THE CAPITAL REQUIREMENTS FOR FINANCIAL INSTITUTIONS IN THE CONTEXT OF BASEL II***

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## ***Abstract:***

*In this article we analyze and present the steps that banks should take in implementing the proposed regulations by the Basel Committee in order to create the necessary framework for the operational risk management. Therefore the first part is an introduction where we explain the basic effects of the operational risk. Then we continue with the operational risk approaches: basic indicator approach, standardized approach and advanced measurement approach. Also we present a case study for the Romanian market and stated the most important benefits that are derived from quantification of operational risk and how to mitigate it. This last section represents the conclusion remarks of the paper.*

**Keywords:** *operational risk; operational risk management; basic indicator approach, standardized approach, advanced measurement approach*

**JEL codes::** *E42, C02, G32, G33*