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# **IMPACT OF REGULATORY RISK ON INTERNATIONAL BANKING SECTOR**

### **Abstract:**

This paper examines the concept of regulatory risk from both a theoretical and legal perspective. Regulatory risk plays a crucial role in corporations and organizations operating at various levels, including global, European, national, and internal scales.

The theoretical framework begins by presenting selected definitions of regulatory risk within corporations. It delves into the complexities and nuances associated with this type of risk, highlighting its potential implications on business operations, compliance, and reputation. Furthermore, the paper explores the benefits that stem from effectively managing regulatory risk, such as enhanced operational efficiency, reduced legal liabilities, and improved stakeholder trust. Moving on to the legal aspect, the paper focuses on different scales of regulatory risk. It examines the global scale, where regulations and compliance requirements vary across jurisdictions and can pose challenges for multinational corporations. The European scale is also considered, with an emphasis on the regulatory landscape within the European Union and its impact on businesses operating within its member states. Lastly, the paper addresses the internal requirements organizations must adhere to, which are often self-imposed and designed to align with industry best practices and mitigate regulatory risks.

The paper further explores specific legal and technical requirements imposed by regulators. The method of analyzing the content of base documents, which are the basis for the operation of regulators in the area of finance, was used to examine the legal approach to risk management. The paper analyzes the Federal Financial Supervisory Authority, discussing the regulations and guidelines it enforces to ensure financial stability and protect consumers. The European Banking Authority is also examined, focusing on its role in promoting harmonized banking regulations across the European Union. Additionally, the paper examines the regulatory framework provided by the Komisja Nadzoru Finansowego, highlighting its responsibilities and initiatives in overseeing the financial sector within a specific country. By comparing these different regulatory systems, the paper aims to provide insights into the varying approaches taken by regulators to address and mitigate regulatory risk.

Overall, this paper offers a comprehensive exploration of regulatory risk, encompassing both theoretical and legal perspectives. It highlights the importance of understanding and effectively managing regulatory risk in today's complex business environment, and provides valuable insights into the diverse regulatory frameworks and requirements that organizations must navigate to ensure compliance and mitigate potential risks.

### **Keywords:**

banking, law, regulation, risk, UE, model, reporting

**JEL Classification:** K20