

Question ID	2013_306
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Liquidity risk
Article	425
Paragraph	2
Subparagraph	c
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	n.a.
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Disclose name of institution / entity	Yes
Name of institution / submitter	European Banking Federation
Country of incorporation / residence	Belgium
Type of submitter	Industry association
Subject matter	20% inflow on assets with an undefined contractual end date
Question	What is the practical interpretation of 20% inflow on assets with an undefined contractual end date?
Background on the question	For example, credit card balances have an undefined end date but have minimum repayment requirements. Is it proposed to ignore the minimum repayment and replace it with the 20% inflow? While the application of the 20% inflow rate seems to be straightforward for revocable loans, European banks would particularly welcome more clarity on specific products with committed loan facilities, as well as the treatment of credit cards balances.
Final answer	Article 425(2)(c) of Regulation (EU) No. 575/2013 (CRR) states that a 20% inflow rate shall be applied only to the <u>assets loans</u> with an undefined contractual end date where the contract allows the bank to withdraw and request payment within 30 days. Moreover, these contractual inflows shall

	<p>come from exposures that are not past due and for which the institution has no reason to expect non-performance within the 30-day time horizon.</p> <p>A higher inflow rate of 50% can be applied to monies due from non-financial customers for the purposes of principal payment (which could include, for example, minimum monthly repayments on credit cards, repayments on overdrafts) in accordance with Article 425(2)(a) of the CRR, i.e. they shall be reduced by 50% of their value or by the contractual commitments to those customers to extend funding, whichever is higher.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_306

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