Question for written answer E-000709/2020
to the Commission
Rule 138
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Subject: Credit Conversion Factor

With regard to unconditionally cancellable commitments, the most recent Basel III agreements introduce a capital absorption of 10% with respect to the current zero weighting (Credit Conversion Factor (CCF)), even for the undrawn parts of loans.

Banks may cancel these loans at any time, and the banks have tools enabling them to constantly monitor the debtor's creditworthiness.

Call loans are an important source of finance for micro and small undertakings, allowing them elasticity of funding to cope with fluctuations in financial needs.

The introduction of the CCF may have a significant impact on those undertakings by increasing the total cost of credit or reducing the elasticity which has been granted so far.

The new Green Deal and the new eco-sustainability goals will compel businesses, including small and medium-sized ones, to take structural conversion measures which will require funding and adequate flexibility.

In the light of the above, does not the Commission consider it more appropriate, in the transposition of the Basel III finalisation, which is already being examined, to retain the current provisions in terms of provisioning for such exposures, thus assigning a zero weighting to the part of the funding that has been agreed but not drawn, at least for SMEs?