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Payment and e-money institutions have capital requirements which they must meet at all times. Consistent monitoring of capital adequacy is therefore of prime importance. In particular, a firm's capital resources are likely to fluctuate throughout the year, meaning that its capital surplus/deficit will also fluctuate.

In addition, while the ongoing capital requirement for payment institutions under Method A, B or C will remain static throughout the year, the ongoing capital requirement for e-money institutions under Method D can fluctuate from month to month.

This Capital Adequacy Monitoring tool illustrates how the various Methods are calculated, and provides a framework for the monthly monitoring of capital adequacy on your firm's balance sheet.

Captial Adequacy Monitoring Tool

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nove	Dec
EQUITY												
Capital - Ordinary Shares												
Current Year Earnings												
Retained Earnings												
Share Premium Account												
TOTAL EQUITY												

Capital Requirement for payment institutions

Initial Capital Requirement

€20K for firms only offering money remittance
€125K for firms offering any other payment services
€50K additional capital requirement where offering payment inititation services
Total initial capital requirement

Ongoing Capital Requirement (Method A,B or C)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nove	Dec
METHOD A												
Fixed overheads												
10% fixed overheads												
Capital requirement £ (Higher of initial capital requirement and 10 % fixed overheads)												
Capital resources £												
SURPLUS/DEFICIT												

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nove	Dec
Method B												
Projected payment volume £												
Projected payment volume €												
4% volume up to €5m												
2.5% volume above €5m up to €10m												
1% volume above €10m up to €100m												
0.5% volume above €100m up to €250m												
0.25% volume above €250m												
Sum of above payment volume segments												
Capital requirement € (Higher of initial capital requirement and sum of the payment volume segments)												
Capital requirement £												
Capital resources £												
SURPLUS/DEFICIT												

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nove	Dec
Method C												
Income for the preceeding 12 months £ (projected)												
Income for the preceeding 12 months €												
10% income up to €2.5m												
8% income between €2.5m and €5m												
6% income between €5m and €25m												
3% income between €25m and €50m												
1.5% income above €50m												
Sum of above income segments												
Capital requirement € (Higher of initial capital requirement and sum of income segments)												
Capital requirement £												
Capital resources £												
SURPLUS/DEFICIT												

Capital Requirement for e-money institutions

Initial Capital Requirement

€350k

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nove	Dec
METHOD D												
Outstanding e-money												
2% of average outstanding E-money												
Capital Requirement € (Higher of initial capital requirement and 2% of average outstanding e-money)												
Capital Requirement £												
Capital Resources £												
SURPLUS/(DEFICIT)												