

Bank Negara orders banks to grant six-month repayment moratorium

Malaysiakini

24 March 2020

Banks have been instructed to grant an automatic six months moratorium on all loan and financing payments, except for credit card balances, beginning April 1.

In a letter to all banking institutions today, deputy Bank Negara governor Jessica Chew said the goal of this move is to ease cash flow of SMEs and individuals given the Covid-19 outbreak.

To be applicable, the borrower must not be in arrears exceeding 90 days as of April 1 and the loan is denominated in ringgit.

Banks have been instructed to provide lenders with adequate information on how the suspended loan repayments would be treated during the moratorium period and options for borrowers to resume payments after.

"Banking institutions are generally expected to facilitate the resumption of repayments after the moratorium period consistent with the affordability of borrowers.

"This includes offering suitable workout plans to repay the principal and interest accrued during the moratorium period, taking into consideration the repayment capacity of the borrowers.

"Banking institutions must also ensure that individuals and SMEs that do not wish to avail themselves to the automatic moratorium can continue with their current repayment terms with minimal inconvenience," Chew said in a statement.

Bank Negara also "strongly encourage" banks to facilitate requests for a moratorium by corporate borrowers in a way that will enable viable corporations to preserve jobs and swiftly resume economic activities when conditions stabilise and improve.

"This may also include the appropriate consideration of additional financing to support immediate cash flows and the rescheduling and restructuring of existing facilities," wrote Chew.

As for individuals who are unable to meet the minimum monthly repayment for credit card balances, Bank Negara has instructed banks to turn the balances into term loans.

Bank Negara will provide adequate liquidity for banks during this period. Banks are also encouraged to avoid increased competition for deposits as it would lead to dislocations and fragmentations in the funding market and impact credit conditions.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd

Source: <https://www.malaysiakini.com/news/516618>