

# Govt extends loan moratorium by 3 months for unemployed

The Malaysian Reserve  
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*These measures expected to benefit 3m individuals and SMEs, says PM*

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THE government has agreed to extend the bank loan moratorium for borrowers who are severely affected by the Covid-19 pandemic and still need the relief assistance.

Prime Minister (PM) Tan Sri Muhyiddin Yassin said the moratorium will be extended for a duration of three months for those who have lost their job due to the pandemic, upon application by the borrower to the financial institution.

"After the additional three months, financial institutions could grant a further extension if the individual is still unsuccessful in securing a job.

"For individuals who are still working but their salaries have been cut or reduced, the targeted assistance is in the form of reduced instalment payments in line with the rate of the pay cut, subject to the type of borrowing," said the PM in a special televised announcement yesterday.

This assistance will run for a period of six months and an extension could be granted by the financial institution subject to the individual's current income situation.

He said consideration will also be given to other borrowers, including individuals or small



- Bernama

The PM says consideration will also be given to other borrowers who have also been impacted by Covid-19

and medium enterprises (SMEs), traders, hawkers or the self-employed who have also been impacted by Covid-19.

Among the options offered include paying the interest/profit only for a specified period, extending the entire borrowing period to reduce monthly repayments or other appropriate reliefs.

Additionally, for hire purchase borrowers in need of assistance, financial institutions will offer appropriate instalment scheduling subject to the Hire Purchase Act 1967.

"These measures are expected to benefit three million individuals and SMEs. If more people need help, banking institutions have committed to consider

appropriate assistance."

According to Bank Negara Malaysia (BNM), as of July 20, more than 7.7 million individual borrowers or 93% of all borrowers have benefitted from the loan repayment moratorium worth RM38.3 billion. A total of 243,000 or 95% of SME borrowers also benefitted with a value of RM20.7 billion.

Muhyiddin said loan borrowers who continued to pay their loan increased from 331,000 borrowers in April to 601,000 borrowers in July, while 18,000 SMEs continued their repayment with respective financial institutions.

BNM in a statement said banks will provide a targeted moratorium extension and provision of repayment flexibility to individuals

as well as SMEs affected by the Covid-19 pandemic.

"It is recognised that income and cashflow challenges remain for some, especially those who have lost their jobs or experienced a reduction in incomes.

"In this regard, a targeted approach ensures that financial resources and attention are prioritised where it is needed the most," the central bank said in a statement yesterday.

BNM said banks will also consider extending the flexibility at the end of that period, bearing in mind the salary of the borrower at that time.

BNM has communicated to the banks to deliver a simplified application and documentation process for borrowers, ahead of the blanket moratorium ending on Sept 30, 2020.

"In recognition of these exceptional circumstances, the flexibilities provided to borrowers during this period will not appear in the CCRIS (Central Credit Reference Information System) reports of borrowers."

BNM will also monitor the progress of banks in assisting borrowers that may continue to face temporary financial difficulties.

It will also continue to focus on efforts in ensuring that the banking system continues to carry out its intermediation function effectively in support of economic recovery.