

FAQ on #COVID-19 Moratorium Bank Negara Malaysia

1. Whose is eligible for the automatic moratorium?

- a. Individuals
- b. SME Customers

2. What is being offered?

Automatic six (6) month moratorium on all bank banking facilities for those affected by the Covid-19 outbreak.

3. What type of facilities are covered under this automatic moratorium?

Term loans, Overdrafts, Hosing Loans, Hire Purchases, Bank Guarantees any other financing that has been made available **EXCEPT** for credit card balances

4. What is the duration of the moratorium?

Maximum of 6 months

5. When does it come into effect (start)?

1st April to 31st December 2020.

6. By when must I approach the bank for this moratorium/restructuring and rescheduling?

By or before the 31st of December 2020.

7. Any criteria the individual or SME customer of the bank must fulfill?

- Your facility should be designated in Malaysian Ringgit
- And the account must not be arrears of not exceeding 90 days as at 1st April 2020.

8. Does the moratorium involve principal or interest?

The automatic moratorium covers both principal and interest.

9. What are the available to the customers?

- 6 months automatic moratorium on all facilities/loans except credit cards.

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- Rescheduling and Restructuring of existing facility.
- Additional financing, (example the SRF financing) or any other available or appropriate facility offered.

10. What is the SRF Fund?

- a. It's the Special Relief Facility (SRF) announced by the government as part of the first stimulus package:
- b. with an allocation of RM2 billion by government
- c. to help alleviate the short-term cash flow problems faced by SMEs affected by the COVID-19 outbreak.

Salient features of the SRF:

- financing of up to RM1 million
- tenure of up to 5.5 years
- including a six-month grace period before repayment commences
- financing rate is capped at 3.75% p.a
- The SRF is available until the 31st December 2020

11. Will there be any penalty incurred by the client/customer for the moratorium period?

NO – there should not be any penalty or hidden charges.

12. Would the interest be calculated during that moratorium period?

YES, it will be calculated based on the existence rate of the specific facility.

13. Will it increase the overall replacement cost?

YES

- If the restructuring includes only moratorium – then the increased amount will be the interest amount that has been incurred during the restructured period.
- If the restructuring involves rescheduling and this increases the tenure of the facility/loan – effectively extending and making the repayment period longer than the original duration – then that appropriate cost interests will add up to the overall amount.

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14. Will it affect my credit scoring (CCRIS)?

NO, it won't.

- The moratorium period is EXCLUDED in determining if an account is an arrears for the purpose of accounting classification.
- The loans and financing needs need not be reported as rescheduled or restructured in the CCRIS report
- The Reschedule & Restructured loan/facility is not to be classified as credit risk in CCRIS.
- This will apply to any requests that has been made to the bank before the 31st of December 2020.

In short – the moratorium, rescheduling and restructuring should not have any material effect on the credit score of the individual and customer.

15. What are the options available for credit card holders/balance amount?

- You are not eligible for moratorium.
- For the outstanding balance on the credit card which is owned to the bank there is an option to:
- Bank is to offer the customer an option of converting the credit card owing (balance that is owed to the bank) into a term loan financing with the following criteria:
 - a. Tenure of not more than 3 years and
 - b. Financing rate of not more than 13% per annum.

16. What if you have not been able to pay the minimum payment for the credit card for the last 3 consecutive months?

- The bank shall automatically convert this into the term loan
- These options are available to all credit card holders until or by the 31st of December 2020.

17. What are the principles behind many of the regulatory changes and flexibilities that BNM has announced to all banks?

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- Regulatory changes to ensure that the financial system has enough liquidity and banks have more leeway and reduced regulatory thresholds with a common objective of being able to provide better margins and terms of financing to clients.
- BNM also refrains the banks from using these flexibilities to provide only to their best customers or pay dividends/profits to their shareholders or share buy back schemes.

18. What have the banks been urged to do?

- BNM have tasked the banks to provide its customers with information on how the suspended loan/financing payments/repayments will be treated during the six months' period and the options available for them to resume payment once the period is over.

19. What must the banks do?

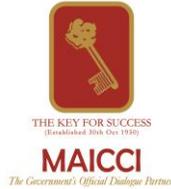
- Facilitate request for moratorium on loan/financing facilities in a way that enables the company to preserve jobs and swiftly resume activities when conditions stabilize and improve.

20. What happens after 6 months of that moratorium?

- **YES** - there is a provision to go beyond 6 months - Bank should provide adequate info/clarity to resume repayments after the moratorium period, particularly if they anticipate that they may still face some difficulty meeting scheduled repayments. Bank is expected to generally facilitate the resumption of repayments after the moratorium period consistent with the affordability of customers (payment capacity).

21. What if I don't want to take the moratorium and continue with my current facility/loan without changes?

- **YES** - you can, and the bank will facilitate that you can continue with your current payment terms.



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22. What must you do?

- Reach out to your bank and seek their assistance in establishing the moratorium, restructure, reschedule or seek the use of contingency funds like SRF. The BNM directive will serve as a good guide.

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