

CIRCULAR NO: 133/2020

DATE: 30 JULY 2020

EXTENSION OF THE MORATORIUM AND REPAYMENT FLEXIBILITY

Reference is made to the [ANNOUNCEMENT BY THE PRIME MINISTER](#) and [BANK NEGARA MALAYSIA'S \(BNM\) PRESS RELEASE](#) dated 29 July 2020.

The National Alliance Government had agreed to extend the moratorium (which was initially targeted to expire on 30 September 2020) and implement banking assistance to individuals and SMEs who continue to be affected by COVID-19. The targeted groups are as follows:

- i. Individuals who have lost their jobs in 2020 and have yet to find a job will be offered an extension of the loan moratorium for a further THREE MONTHS by their bank.
- ii. Individuals who are still in employment but whose salaries have been affected due to COVID-19 will be offered a reduction in loan instalment in proportion to their salary reduction, depending on the type of financing. Banks will offer the flexibility for a period of at least SIX MONTHS. Banks will also consider extending the flexibility at the end of that period, bearing in mind the salary of the borrower at that time.

For hire purchase financing, affected borrowers will be offered revised instalment schedules that are consistent with the Hire-Purchase Act 1967.

Banks have also committed to provide the following assistance to all individual borrowers, SMEs, traders, hawkers and the self-employed affected by COVID-19. The flexibility offered by each bank will take into account the specific circumstances of borrowers.

- i. Allowing borrowers to pay only the interest portion of the loan over a period of time;
- ii. Lengthening the overall period of the loan to reduce monthly instalments; or
- iii. Providing other forms of flexibility until a borrower is in a more stable position to resume repayments in full

All other borrowers who have the means should start to repay as it will reduce their overall debt and borrowing cost.

To obtain these flexibilities, borrowers need to apply directly to their respective banks beginning **7 August 2020**.

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BNM has communicated to the banks to deliver a simplified application and documentation process for borrowers. To ease concerns of borrowers with loans from multiple banks, they may also approach the relevant "one-stop" centre to work out an appropriate assistance package:

- i. For individuals, Agensi Kaunseling dan Pengurusan Kredit (AKPK)
- ii. For SMEs, Small Debt Resolution Scheme (SDRS)

Yours sincerely,

ST GIAM

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