



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

PRESS RELEASES

Measures to Assist Individuals, SMEs and Corporates Affected by COVID-19

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Bank Negara Malaysia (the Bank) today announces a number of regulatory and supervisory measures in support of efforts by banking institutions to assist individuals, small and medium-sized enterprises (SMEs) and corporations to manage the impact of the Covid-19 outbreak. These measures allow banking institutions to remain focused on supporting the economy during these exceptional and unprecedented circumstances, by providing flexibilities for banking institutions to respond swiftly to the needs of their customers. Banking institutions are well-positioned to do so, given the large financial buffers that have been built up over the years.

Deferment and Restructuring of Loans/Financing Facilities

1. *Loans/financing to individuals and SMEs*

To ease the cash flow of individuals and SMEs that are likely to be the most affected by Covid-19, banking institutions will offer a deferment of all loan/financing repayments for a period of 6 months, with effect from 1 April 2020. This offer is applicable to performing loans, denominated in Malaysian Ringgit, that have not been in arrears for more than 90 days as at 1 April 2020. For credit card facilities, banking institutions will offer to convert the outstanding balances into a 3-year term loan with reduced interest rates to help borrowers better manage their debt.

It is important to note that the interest/profit will continue to accrue on loan/financing repayments that are deferred and borrowers will need to honour the deferred repayments in the future. Borrowers should therefore ensure that they understand and discuss with their banking institutions on the options available to resume their scheduled repayments after the deferment period.

Individuals and SMEs that do not wish or need to avail of these flexibilities can continue with their current repayment structures.

2. ***Loans/financing to corporations***

Banking institutions will also facilitate requests by corporations to defer or restructure their loans/financing repayments in a way that will enable viable corporations to preserve jobs and swiftly resume economic activities when conditions improve. Corporations should approach their banking institutions to discuss their repayment plans and the restructuring of credit facilities.

The Bank has provided appropriate time-bound flexibilities for banking institutions to report deferred/restructured facilities in the Central Credit Reference Information System (CCRIS), taking into account the temporary nature of disruptions faced by borrowers/customers.

Ample Liquidity Conditions

Financial intermediation activities during this period is supported by sufficient liquidity in the banking system. The Bank will also continue to supply daily ringgit liquidity to banks via various tools under our open market operations, including the outright purchase of government securities, FX swaps, reverse repos and the standing facility. The Bank has also taken pre-emptive measures to boost liquidity through the recent reduction in Statutory Reserve Requirement (SRR) ratio by 100 basis points. Coupled with the additional SRR flexibilities granted to Principal Dealers, this has released approximately RM30 billion worth of liquidity into the banking system. In addition, the amount of excess liquidity in the system amounted to RM160 billion. Of this, approximately RM100 billion placements with the Bank under open market operations can also be used to meet the liquidity needs of banking system. The Bank will continue to closely monitor developments and ensure sufficient liquidity in the financial system at all times.

Additional Supervisory and Prudential Measures

The banking system is facing these challenges from a position of strength, with excess capital buffers above the minimum regulatory requirement of RM119.7 billion as at end January 2020. To enable banking institutions to support their customers and proactively manage risks arising from current developments, the Bank has reviewed its planned regulatory and supervisory activities in 2020 to ease compliance and operational burdens on banking institutions. As part of this review, policy and supervisory initiatives will be refocussed on monitoring and responding to

risk developments and ensuring that banking institutions continue to be a source of strength for the Malaysian economy.

In this connection, banking institutions will be allowed to draw down on capital and liquidity buffers which were built up over the years to support lending activities. To this effect, banking institutions may drawdown on the capital conservation buffer of 2.5%, operate below the minimum liquidity coverage ratio of 100%, and utilise the regulatory reserves that were set aside during periods of strong loan growth. The Bank fully expects banking institutions to restore their buffers within a reasonable period after 31 December 2020.

The implementation of the Net Stable Funding Ratio will proceed as scheduled on 1 July 2020. However, the minimum NSFR will be lowered to 80% and banking institutions will be required to comply with the requirement of 100% from 30 September 2021.

The Bank will be extending the timeline for all ongoing consultations on published discussion papers and exposure drafts to 30 June 2020 and beyond. Flexibilities will also be provided for banking institutions to meet timelines for regulatory submissions to take into account the efforts being undertaken by the Government to contain the spread of Covid-19.

With these flexibilities and sustained resilience of the banking system, which is underpinned by sound prudential and risk management practices, Malaysian banking institutions are well-placed to respond to the needs of the economy during this period of challenges. The flexibilities form part of the new measures that will be put in place under the Second Economic Stimulus Package 2020, to alleviate the challenges faced by individuals and businesses affected by the Covid-19 outbreak, preserve jobs and ensure continuity of viable businesses.

See also:

1. [Frequently Asked Questions](#) (FAQs) (updated 30 March 2020)
2. [Supplementary FAQs](#) (7 April 2020)

Bank Negara Malaysia

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