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**MEDIA RELEASE**

**MAS and Financial Industry to Support  
Individuals and SMEs Affected by the COVID-19 Pandemic**

Singapore, 31 March 2020... The Monetary Authority of Singapore (MAS), together with the Association of Banks in Singapore (ABS), the Life Insurance Association (LIA), the General Insurance Association (GIA), and the Finance Houses Association of Singapore (FHAS), today announced a package of measures to help ease the financial strain on individuals and SMEs caused by the COVID-19 pandemic. The package of financial measures complements the initiatives in the Government's Unity Budget and Resilience Budget to preserve jobs and support enterprises and households.

2. The COVID-19 outbreak is now global, and increasing in intensity. Stringent measures are being adopted around the world to contain the virus, severely curtailing economic activity. Uncertainty about the trajectory of the pandemic and the depth and duration of an economic recession have also created strains in financial markets globally, which can in turn accentuate the economic crunch.

3. The Singapore economy contracted sharply in the first quarter of this year, faced with the sudden decline in external demand, disruption in supply chains, and reduced spending at home. MAS expects the economy to remain weak beyond the first half of the year.

4. In the months ahead, many individuals and SMEs in Singapore will continue to face challenges in managing their cash flows and meeting their financial obligations, such as loan repayments and insurance premiums.

5. MAS and the financial industry have collaborated on a package of measures to help individuals and SMEs facing temporary cashflow difficulties to ride through the storm. The package has three components:

- help individuals meet their loan and insurance commitments;
- support SMEs with continued access to bank credit and insurance cover; and
- ensure interbank funding markets remain liquid and well-functioning.

6. The relief for individuals and SMEs will be provided on an opt-in basis, as their cashflow circumstances will differ. Deferring payments increases future obligations and hence borrowers and policyholders should weigh their options carefully. Financial institutions will process all applications expeditiously.

## Helping Individuals with Loan and Insurance Commitments

### *Defer Repayment of Residential Property Loans*

7. Individuals with residential property loans may apply to their respective bank or finance company to **defer either (i) principal payment or (ii) both principal and interest payments** up to 31 December 2020.

8. Interest will accrue only on the deferred principal amount; no interest will be charged on the deferred interest payments. Lenders will approve the request for deferment as long as the individual is not in arrears for more than 90 days as at 6 April 2020. Individuals do not need to demonstrate any impact from COVID-19 to obtain the deferment.

### *Lower Interest on Personal Unsecured Credit*

9. Individuals with **unsecured credit facilities** from banks or other credit card issuers may apply to their respective lender to convert their outstanding balances to **term loans at a reduced rate of interest**, capped at 8% (compared to the 26% typically charged on credit cards). The term of the converted loan can be up to five years, depending on the individual's ability to meet the minimum monthly repayment.<sup>1</sup>

10. This option is available to all individuals who have suffered a loss of 25% or more of their monthly income after 1 February 2020 and are at risk of incurring substantial arrears. Individuals may apply to their lenders for conversion of their outstanding unsecured debt from 6 April till 31 December 2020.

### *Defer Premium Payments for Life and Health Insurance*

11. Individuals with **life and health insurance** policies may apply to their insurer to **defer premium payments for up to six months** while maintaining insurance coverage during this period. Premium deferment is available for all individual life and health insurance policies with a policy renewal or premium due date between 1 April and 30 September 2020. This measure supplements existing premium relief options available to policyholders, such as taking up a premium loan against the policy cash value or converting to a paid-up policy by reducing the sum assured.

### *Flexible Instalment Plans for General Insurance*

12. Individuals holding **general insurance** policies, such as for **property and vehicles**, may apply to their general insurance company for **instalment payment plans** while maintaining insurance protection. By working with their insurance company on an appropriate instalment plan, policyholders can pay their premiums in smaller amounts and enjoy coverage for the

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<sup>1</sup> The monthly repayment amount for a five year term loan at 8% effective interest rate will be at less than 2% of the loan amount.

paid-up period, instead of paying a lump sum premium for the entire policy period at the start.

### **Supporting SMEs with Access to Bank Credit and Insurance Cover**

13. Banks and finance companies in Singapore have committed to help ease the financial strain on SMEs arising from the need to make principal repayments on their loans during this period, in view of the temporary cashflow constraints that many may face.

#### *Defer Payment of Principal on Secured SME Loans*

14. SMEs may opt to **defer principal payments** on their **secured term loans** up to 31 December 2020, subject to banks' and finance companies' assessment of the quality of the SMEs' security. SMEs will also be able to extend the tenure of their loans by up to the corresponding principal deferment period if they wish. This relief will be available to SMEs that continue to pay interest and are in good standing with their banks and finance companies (not more than 90 days past due as of 6 April 2020).

15. It is estimated that more than S\$40 billion of existing loan facilities to SMEs will likely qualify for this opt-in relief scheme. Besides secured term loans, banks and finance companies also stand ready to work with SME customers to adjust their loan repayment schedules for other types of loan facilities.

#### *Lower Interest on SME Loans*

16. Banks and finance companies may apply for **low-cost funding** through a **new MAS SGD Facility** for loans granted under Enterprise Singapore's [SME Working Capital Loan scheme](#) and [Temporary Bridging Loan Programme](#). Banks and finance companies can apply for these funds until end December 2020, provided they commit to pass on the savings in funding cost to their SME borrowers. This initiative will potentially lower the interest rates charged to eligible SME borrowers. Details will be provided at a later date.

#### *Assistance with Insurance Premium Payment*

17. Corporates, including SMEs, holding **general insurance** policies that protect their business and property risks may apply to their insurer for **instalment payment plans**. General insurance companies stand ready to work with their corporate customers so they can pay their premiums in smaller amounts and enjoy coverage for the paid-up period, instead of paying a lump sum premium for the entire policy period at the start.

### **Ensuring Liquid and Well Functioning Funding Markets**

18. MAS is providing sufficient liquidity to Singapore Dollar (SGD) and US Dollar (USD) funding markets in Singapore and supporting their effective functioning. This will enable financial institutions to fund themselves, intermediate credit to individuals and businesses, and provide essential financial services. Banks should avail themselves of the liquidity facilities

provided by MAS to bolster their ability to meet the SGD and USD funding needs of their customers.

19. MAS has been providing ample SGD liquidity to the banking system through its daily money market operations (MMO). MAS has also significantly stepped up its provision of USD liquidity to the banking system, increasing the volume of foreign exchange swaps transacted at its daily MMO by about 25% over the past two weeks.

20. MAS established on 26 March 2020, a ***new MAS USD Facility*** to provide up to ***US\$60 billion of funding*** to support stable USD liquidity conditions. The USD funds are obtained through a swap facility between the MAS and the US Federal Reserve, which will enable Singapore to play its role in supporting USD funding markets in the region.

### **Financial Sector Committed to Support the Economy**

21. Mr Ravi Menon, MAS Managing Director said, “It is heartening to see our banks, insurers, and finance companies coming together to support their customers through this difficult time. Our financial institutions are able to do this because of their strong starting position. They have deep capital buffers, ample liquidity, and low leverage. They are well-placed to not only ride out the economic storm caused by COVID-19, but also provide meaningful relief to individuals and SMEs affected by the crisis. The package of measures they have put together speaks of a financial industry in Singapore that is robust, responsible, and purposeful. These measures will complement the government’s broader fiscal initiatives and help the Singapore economy recover more quickly and emerge stronger when the pandemic passes – as it surely must.”

22. Mr Samuel Tsien, Chairman, the Association of Banks in Singapore said, “The shock to the economy from the COVID-19 outbreak is unprecedented. We must take extraordinary measures to address not just a health crisis, but what has developed to become a deep global economic crisis. As banks, it is our social responsibility to do our best to help our affected customers ride through these difficult times and help them recover as soon as possible. Banks have already introduced targeted financial relief programmes on an individual basis for their impacted customers, but we are now doing more as an industry. We are fully behind the measures announced today by MAS. The measures are broad-based and standardised, to provide prompt and direct relief to affected individuals and businesses, particularly SMEs. ABS and the banks in Singapore will work closely with MAS to ensure the continued health of our banking system and the well-being of our economy.”

23. Mr Lee Sze Leong, Chairman, Finance Houses Association of Singapore said, “Finance companies are fully supportive of the proactive measures announced by MAS to assist our customers, both individuals and businesses, to alleviate the financial burden as a result of COVID-19. We understand the difficulties of our customers during this challenging period and are committed to rendering support. We stand united with the industry in rolling out these measures and are determined to ride out this crisis together.”

24. Mr Khor Hock Seng, President, Life Insurance Association Singapore said, “The life insurance industry joins nationwide efforts to help people in Singapore get through these

challenging times. In addition to the usual options available to keep individual policies going, we are giving customers who need help more time to pay premiums that are due to ensure that their insurance protection remains uninterrupted during this difficult period.”

25. Mr Craig Ellis, President, General Insurance Association said, “The general insurance sector is committed to ensure that our customers’ protection needs continue to be met at all times. Particularly during these challenging times we recognise the important role we play in supporting customers with their financial difficulties. As in the past, we will get through this together as an industry and a nation.”

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**Annex**

**FINANCIAL INDUSTRY SUPPORT MEASURES**

For Individuals	
Facility	Features
<p><b>Defer Repayment of Residential Property Loans<sup>2</sup></b></p> <p><u>Scope</u></p> <ul style="list-style-type: none"> <li>• Purchase loans and mortgage equity withdrawal loans, including Debt Reduction Plans</li> <li>• Owner-occupied (HDB and private) and investment properties</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals can choose to <b>defer repayment of principal or both principal and interest</b> up to 31 Dec 2020.</li> <li>• Where there is deferment of principal and interest payments, <b>interest will accrue only on the deferred principal amount</b> i.e. interest-on-interest is waived.</li> <li>• Individuals can choose to <b>extend the loan tenure by up to the corresponding deferment period.</b></li> <li>• After the deferment period, the <b>loan amount together with the interest accrued on the deferred principal amount will be fully amortised</b> over the remaining loan tenure (i.e. no balloon repayment).</li> <li>• The <b>deferment will not cause the loan to be reflected as a restructured loan</b> in the individuals’ credit bureau reports.</li> </ul> <p><u>Eligibility</u></p> <ul style="list-style-type: none"> <li>• <b>Opt-in</b> basis, for individuals with mortgage repayments that are no more than 90 days past due as at 6 Apr 2020.</li> <li>• No need for individuals to demonstrate any impact from COVID-19.</li> <li>• Granted expeditiously in response to individuals’ request for deferment.</li> </ul> <p><u>Customer Education</u></p> <ul style="list-style-type: none"> <li>• Individuals will be given illustrations of:               <ul style="list-style-type: none"> <li>○ the monthly repayment amount (if any) during the deferment period and the monthly repayment amount when they resume regular repayments;</li> <li>○ the additional interest that will accrue over the deferment period; and</li> <li>○ the total interest payable by individuals over the entire loan tenure before and after opting for the deferral of payment.</li> </ul> </li> </ul>

<sup>2</sup> ABS will refer to this measure as “Special Financial Relief Programme (Mortgages)”

<p><b>Lower Interest on Personal Unsecured Credit<sup>3</sup></b></p> <p><u>Scope</u></p> <ul style="list-style-type: none"> <li>• Credit cards and other revolving credit lines</li> </ul>	<ul style="list-style-type: none"> <li>• Borrowers can choose to <b>convert outstanding unsecured debt from credit cards and other revolving credit lines to a term loan</b> any time from 6 Apr to 31 Dec 2020.</li> <li>• Key features of term loan: <ul style="list-style-type: none"> <li>○ Effective <b>interest rate capped at 8%</b></li> <li>○ Tenure of up to <b>5 years</b>. Borrowers can choose a suitable loan tenure based on his ability to service monthly repayment e.g. 2%-3% of loan amount</li> <li>○ No early repayment penalty</li> <li>○ Not reflected as a restructured loan in borrower’s credit bureau reports</li> <li>○ Unutilised credit limit with lender will not be made available after conversion</li> </ul> </li> </ul> <p><u>Eligibility</u></p> <ul style="list-style-type: none"> <li>• <b>Opt-in</b> basis for borrowers who are impacted by Covid-19 (at least 25% loss of income after 1 February 2020; proof of impact on income required) and whose repayments are between 30 and 90 days past due at the point of application</li> <li>• Singapore Citizen or Permanent Resident</li> <li>• Granted expeditiously in response to borrower’s request for conversion</li> </ul>
<p><b>Defer Premium Payments</b></p> <p><u>Scope</u></p> <ul style="list-style-type: none"> <li>• Life and health insurance policies</li> </ul>	<ul style="list-style-type: none"> <li>• Policyholders can apply to their insurer to <b>defer premium payments for up to six months</b> while maintaining insurance coverage during this period.</li> <li>• Premium deferment is available for individual life and health insurance policies with a premium due date or policy renewal date between 1 April to 30 September 2020.</li> </ul> <p><u>Eligibility</u></p> <ul style="list-style-type: none"> <li>• For policyholders facing financial difficulties</li> </ul>
<p><b>Flexible Premium Instalment Plans</b></p> <p><u>Scope</u></p> <ul style="list-style-type: none"> <li>• General insurance policies (e.g. for vehicle and property)</li> </ul>	<ul style="list-style-type: none"> <li>• Policyholders can apply to their insurer for <b>instalment payment plans</b> while maintaining insurance protection for paid-up period.</li> </ul> <p><u>Eligibility</u></p> <ul style="list-style-type: none"> <li>• For policyholders facing financial difficulties</li> </ul>

<sup>3</sup> ABS will refer to this measure as “Special Financial Relief Programme (Unsecured)”

For SMEs	
Facility	Features
<p><b>Defer Payment of Principal on Secured SME Term Loans<sup>4</sup></b></p> <p><u>Scope</u></p> <ul style="list-style-type: none"> <li>All fully secured term loans, regardless of type of collateral, taking into account bank's internal haircuts</li> </ul> <p>[See Appendix for details]</p>	<ul style="list-style-type: none"> <li>Borrowers can choose to <b>defer payment of principal and pay only interest</b> up to 31 Dec 2020.</li> <li>Borrowers can choose to <b>extend the loan tenure by up to the corresponding principal deferment period.</b></li> </ul> <p><u>Eligibility</u></p> <ul style="list-style-type: none"> <li><b>Opt-in</b> basis, for borrowers with loan repayments that are no more than 90 days past due as at 6 Apr 2020.</li> <li>No need for borrower to demonstrate any impact from COVID-19.</li> <li>Granted expeditiously in response to borrower's request for deferment, but requests may be denied in exceptional cases.</li> </ul> <p><u>Customer Education</u></p> <ul style="list-style-type: none"> <li>Borrowers will be given illustrations of –               <ol style="list-style-type: none"> <li>the monthly payment amount during the interest-only payment period, and the monthly repayment amount when they resume regular repayments;</li> <li>the additional interest (arising from the accrual of interest on the deferred principal amount) that they will pay during the interest-only payment period; and</li> <li>the total interest payable by the borrower over the entire loan tenure before and after opting for the principal deferment.</li> </ol> </li> </ul>
<p><b>Lower Interest on SME Loans</b></p>	<ul style="list-style-type: none"> <li>MAS to make available <b>low-cost funding to banks and finance companies</b> participating in the <b>enhanced Enterprise Singapore loan schemes</b> to SMEs               <ul style="list-style-type: none"> <li>Applies to new Enhanced Working Capital Loan and Temporary Bridging Loan facilities</li> <li>Banks to pass on lower funding cost to SMEs</li> <li>Terms to be announced later</li> </ul> </li> </ul>
<p><b>Flexible Premium Instalment Plans</b></p> <p><u>Scope</u></p> <ul style="list-style-type: none"> <li>General insurance policies (e.g. trade credit, vehicle, and property)</li> </ul>	<ul style="list-style-type: none"> <li>Policyholders can apply to their insurer for <b>instalment payment plans</b> while maintaining insurance protection for paid-up period.</li> </ul> <p><u>Scope and Eligibility</u></p> <ul style="list-style-type: none"> <li>For policyholders facing financial difficulties</li> </ul>

<sup>4</sup> ABS will refer to this measure as "Special Financial Relief Programme (SME)"



## **Appendix – FAQs on Relief Measures for SMEs**

### **1. What is the definition of “SME”?**

Banks and finance companies define their SME customer segment based on different criteria. As a package, this relief should minimally apply to customers with: i) annual sales turnover of up to S\$100m; or ii) employment size up to 200 workers.

### **2. How should movable collateral and floating charges be treated?**

“Fully secured” would refer to all collateral that the bank and finance company currently accepts for SME term loans. For movable collateral and floating charges, the bank and finance company may apply its internal haircuts to determine whether the loan is “fully secured” in relation to the package.

### **3. Does the relief apply if the loan is no longer “fully secured” during the deferment period due to a decline in collateral value?**

The relief should apply throughout the deferment period so long as the loan was “fully secured” at the point of application for the relief.

### **4. How should other facilities granted to SMEs be treated?**

The package only applies to fully secured term loans, but banks and finance companies may extend the relief to partially secured term loans at their own initiative. In relation to other types of facilities, like those related to trade finance, banks and finance companies should make efforts to support their customers during this period of economic disruption.

### **5. For loans that mature prior to 31 December 2020, how would the extension of tenure apply?**

As set out in the package, borrowers who opt in can choose to extend the loan tenure up to the corresponding principal deferment period.

For example, if a borrower opts into the relief on 1 July 2020, and its loan tenure ends on 1 September 2020, the borrower may choose to extend the loan tenure by 6 months, i.e. until end-February 2021.