

## FAQs on Deferment Package and Conversion Package

No.	Question	Answer
<b>Deferment of Loan/Financing Payment (Deferment Package)</b>		
1.	What is deferment of loan or financing payment?	<p>It is a <b>temporary</b> deferment or suspension of loan/financing payment obligation (principal and interest/profit) for a limited period of time. During this period, borrowers/customers with loan/financing that meet the conditions do not need to make any payment, and no late payment charges will be imposed. Borrowers will need to honour the deferred payments in the future. Loan/financing payment resumes after the deferment period or penalties will be imposed.</p> <p>Interest/profit will continue to be added (accrue) on loan/financing payments that are deferred and borrowers/customers will need to honour the deferred payments in the future. Loan/financing payment resumes after the deferment period.</p>
2.	What is the objective of the deferment package?	The aim of this package is to provide some relief to individuals and businesses who face temporary financial constraints arising from the COVID-19 pandemic. This is to help individuals and businesses facing financial adversities cope with challenges during this period. Loan/financing payment resumes after the deferment period.
3.	Which financial institutions offer this deferment package?	All licensed banks, licensed Islamic banks and prescribed development financial institutions (DFIs) regulated by BNM (financial institutions or FIs) will provide this deferment flexibility. Borrowers/customers that meet the eligibility criteria can avail themselves to this flexibility.
4.	Which loan/financing qualifies for the deferment?	<p>For individuals and small and medium enterprises (SMEs), the deferment in conventional loans or Islamic financing payment obligations (except credit card) are automatically effected by FIs if the loans/financing meet these criteria:</p> <ul style="list-style-type: none"> <li>• not in arrears exceeding 90 days as at 1 April 2020; and</li> <li>• denominated in Malaysian Ringgit.</li> </ul> <p>Meanwhile, corporate borrowers/customers may request for a moratorium on loan/financing payment from their respective FIs.</p>
5.	Does this deferment package apply to newly approved/disbursed loans/financing?	It applies to all loans/financing outstanding as at 1 April 2020.

No.	Question	Answer
6.	Can I ask for more than 6 months deferment?	The deferment is only for 6 months. Please contact the FI if you require a longer deferment period.
7.	Do I need to apply?	No. All individual and SME loans/financing (excluding credit cards) that meet the criteria will automatically qualify for the deferment.
8.	If I opt for the deferment, will my CCRIS records be adversely affected?	No. Your CCRIS will not be affected during the deferment period. It will remain similar as per the status as at March 2020 throughout deferment period.
9.	My loan/ financing is in default, can I qualify? Can loans under rescheduling and restructuring (R&R) program be eligible for the deferment package?	<p>Loans/financing accounts that are already more than 90 days in arrears, will not qualify for the deferment. You are advised to contact the hotline, email or check the website of your FI for more information on this.</p> <p>However, loans/financing under R&amp;R program are eligible for the deferment subject to meeting the criteria, which are:</p> <ul style="list-style-type: none"> <li>• not in arrears exceeding 90 days as at 1 April 2020; and</li> <li>• denominated in Malaysian Ringgit.</li> </ul>
10.	How is the deferment package different from the other loan/financing moratoriums announced by FIs recently?	<p>FIs have been proactive in responding to the needs of their borrowers/customers with various rescheduling and restructuring packages offered to assist affected borrowers/customers. Such efforts are highly commended and encouraged to continue.</p> <p>The deferment package is an extension of these measures across all FIs to widen access to short-term financial relief by households and businesses that need it the most in these challenging times.</p>
11.	Would my loans or financing with other non-bank credit providers such as credit cooperatives, authorised money lenders or my employer qualify for this deferment package?	No. Other non-bank lenders or credit providers that are not regulated by BNM are not participating institutions in this package.
12.	How do I know if my FI has enrolled my loan/financing into the deferment package? How do I know if I have qualified?	<p>The deferment package applies automatically to all individuals and SMEs that have conventional loans or Islamic financing payment obligations (except credit cards) that are not in arrears exceeding 90 days as at 1 April 2020 and denominated in Malaysian Ringgit.</p> <p>All FIs will provide information through their websites and reach out individually to borrowers through sms/emails/calls with more information on what to expect during the deferment period, along</p>

No.	Question	Answer				
		with options on repayment plans after the deferment period. Please check for further information on the channels mentioned above or call the customer hotlines of your FI for more information.				
13.	I work in the tourism sector and have been badly affected by recent events, I have been struggling to meet my monthly mortgage payments since January and my savings are soon running dry. Do I qualify for the deferment package?	Yes, provided that your loan/financing is not in arrears for more than 90 days as at 1 April 2020.				
14.	I run a small business which has been severely affected by COVID-19, if business does not improve, I will soon be defaulting on my car and personal loans/financing? Do I qualify for the deferment package?	Yes, provided that your loans/financing are not in arrears for more than 90 days as at 1 April 2020.				
15.	Will I be charged additional interest/profit on the instalment amount that is deferred by 6 months during the period?	<p>For conventional loans, interest will continue to be charged on the outstanding balance comprising of both principal and interest portion (i.e. compounded) during the moratorium period. However, some FIs may decide not to compound interest during the deferment period. Please check with your respective banks' websites for further information.</p> <p>For Islamic financing, profit will continue to accrue on the outstanding principal amount. Such profit however will not be compounded in line with Shariah principles.</p> <p>FIs are not allowed to impose late penalty charges on the deferred amount. In other words, the loan/financing payment is just deferred by 6 months.</p>				
16.	What would my HP financing monthly payments look like before and after the 6 months moratorium period?	<table border="1" data-bbox="751 1640 1484 1818"> <thead> <tr> <th data-bbox="751 1640 1013 1709">Monthly instalment <b>before</b> deferment</th> <th data-bbox="1013 1640 1484 1709">Monthly instalment <b>after</b> deferment</th> </tr> </thead> <tbody> <tr> <td data-bbox="751 1709 1013 1818">RM1,133</td> <td data-bbox="1013 1709 1484 1818">RM1,133 – no change <b><i>If tenure post-deferment extended 6 more months</i></b></td> </tr> </tbody> </table> <p>This illustration is based on a fixed rate HP loan, with these assumptions:</p>	Monthly instalment <b>before</b> deferment	Monthly instalment <b>after</b> deferment	RM1,133	RM1,133 – no change <b><i>If tenure post-deferment extended 6 more months</i></b>
Monthly instalment <b>before</b> deferment	Monthly instalment <b>after</b> deferment					
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No.	Question	Answer
		<ul style="list-style-type: none"> <li>• Loan/financing amount - RM90,000, flat interest/profit rate - 4%</li> <li>• Original tenure - 9 years, borrower/customer has repaid for 3 years</li> <li>• Outstanding loan/financing amount before and after deferment period – RM81,600</li> <li>• No additional interest/profit charged during deferment</li> </ul>
17.	<p>What happens to my loan/financing payments after the deferment period?</p> <p>How does being in the deferment package affect my interest payments after the 6-month period? Is there an increase in monthly payments, or longer tenure?</p>	<p>For conventional loans, interest will continue to be charged on the outstanding balance comprising of both principal and interest portion (i.e. compounded) during the deferment period. However, some FIs may decide not to compound interest during the deferment period.</p> <p>For Islamic financing, profit will continue to accrue on the outstanding principal amount. Such profit, however will not be compounded in line with Shariah principles.</p> <p>Borrowers/customers are advised to look out for notices from their FIs on the implementation of the deferment package.</p> <p>Borrowers/customers are reminded to carefully consider the payment options proposed by their FI, in particular on how to resume payments after the deferment period. This may include higher subsequent instalment amount while preserving the original loan/financing tenure, or an extension of the loan/financing tenure after the 6 month moratorium period.</p> <p>Borrowers/customers should make sure they understand the overall financial implications and their ability to meet these and should reach out to their FIs via calls/emails if more information is required.</p>
18.	My loan/financing is under AKPK's Debt Management Programme (DMP). Do I qualify for the deferment?	Yes. Similar to other loans/financing with FIs, interest/profit will continue to accrue on loan/financing payments that are deferred. Borrowers/customers are advised to contact AKPK to discuss options available to borrowers/customers under the DMP.
19.	Do overdraft facilities, share financing or Ar-Rahnu qualify for the deferment?	The deferment package is applicable to loans/financing with scheduled or contractually due payments, including financing facilities that require scheduled interest/profit payments.
20.	If a corporate opts in for a loan or financing payment deferment package, would it still be able to get new financing from FIs?	Yes. The credit decisions of FIs are subject to their respective internal credit policies and assessment.

No.	Question	Answer				
21.	I have a loan/financing under an auto-debit arrangement. Would the FI stop debiting my bank account for 6 months?	Yes. However, if you wish to opt-out of the deferment and continue paying your loans/financing via your existing auto-debit arrangement please inform your FI accordingly.				
22.	As a corporate, what would be the criteria to opt-in?	<p>Corporate borrowers/customers should refer to their FIs for the deferment and rescheduling/restructuring of their loans/financing. The criteria are subject to each FI's internal credit policies and assessment.</p> <p>In addition, these loans/financing must meet this criteria:</p> <ul style="list-style-type: none"> <li>• not in arrears exceeding 90 days as at 1 April 2020; and</li> <li>• denominated in Malaysian Ringgit.</li> </ul>				
23.	My loan/financing payment is made via Biro Perkhidmatan Angkasa (BPA). Do I need to inform BPA?	<p>The deferment in loan/financing payment for 6 months are automatically effected by FIs. Your FI will work out an arrangement with BPA. You do not need to inform BPA.</p> <p>However, if you wish to opt-out of the deferment and continue paying your loans/financing managed by BPA, please inform your employer and your FI accordingly.</p>				
24.	What would my housing loan/financing monthly payment look like after the 6 months moratorium period?	<table border="1" data-bbox="751 1045 1466 1188"> <thead> <tr> <th data-bbox="751 1045 1068 1115">Monthly instalment before deferment</th> <th data-bbox="1068 1045 1466 1115">Monthly instalment after deferment</th> </tr> </thead> <tbody> <tr> <td data-bbox="751 1115 1068 1188">RM1,438</td> <td data-bbox="1068 1115 1466 1188">RM1,483 <b>(RM45 increase)</b></td> </tr> </tbody> </table> <p>The above illustration of a conventional housing loan is based on these assumptions:</p> <ul style="list-style-type: none"> <li>• No extension of tenure after deferment period</li> <li>• Loan amount - RM300,000</li> <li>• Interest rate - 4.6% p.a. (interest not compounded during deferment period)</li> <li>• Original tenure - 35 years, and borrower has repaid for 5 years</li> <li>• Principal and interest payments suspended during deferment period</li> <li>• Outstanding principal before deferment period - RM280,585</li> <li>• Outstanding amount post-deferment to be repaid within 29.5 years = <b>RM287,038</b></li> </ul>	Monthly instalment before deferment	Monthly instalment after deferment	RM1,438	RM1,483 <b>(RM45 increase)</b>
Monthly instalment before deferment	Monthly instalment after deferment					
RM1,438	RM1,483 <b>(RM45 increase)</b>					
25.	I want to continue with my loan/financing payments. How do I opt-out of the automatic deferment package?	Please respond to the notification sent by the FI and inform that you wish to opt-out of the automatic deferment package. You must continue to make timely and full payment of your loan/financing.				

No.	Question	Answer
26.	I have a loan/financing which is automatically deducted from my salary under the staff scheme. For example, loans / financing provided by my employer but managed and disbursed by FIs. Do I qualify for the deferment?	No. It is a scheme by your employer not by the FIs.
27.	Will the FI automatically suspend the payment requirement if I do not respond to their notification?	Yes.
28.	Do I still qualify for the deferment if I am in a well-paying job that has not been affected by the COVID-19 pandemic? My friends have recommended me to allow for the automatic moratorium instead of opting-out and continuing my home loan monthly payments.	<p>Yes. However, interest will continue to accrue during the 6 months moratorium period. As such, your monthly instalment and total interest cost will increase after deferment (refer to the illustration shown in Question 24).</p> <p>Hence, borrowers/customers are strongly advised to carefully consider the payment options after moratorium period and should continue paying their loans obligations if they can afford it (refer to Question 25).</p>
29.	For loans/financing to SMEs, does the payment deferment apply to payment to Credit Guarantee Corporation (CGC)?	CGC has announced that it is offering automatic deferment of 6 months for all its direct loan/financing customers. It is only applicable to performing loan/financing accounts that are not in arrears for more than 90 days. CGC can be reached at <a href="mailto:csc@cgc.com.my">csc@cgc.com.my</a> or call 03-7880 0088
30.	After the deferment period, will the repayment amount or financing tenure be adjusted to take into account the accrued amount? What about those nearing the end of the loan/financing tenure e.g. the final payment is less than 6 months?	Borrowers/customers are advised to contact their FIs to discuss options available to resume payments after the deferment period. See response to Question 17.

No.	Question	Answer
<b>Conversion of Credit Card Balances into a 3-year Term Loan/Financing (Conversion Package)</b>		
31.	<p>I heard that card issuer will now provide automatic conversion of credit card balances into term loans/financing, but I have a monthly salary of about RM5,500.</p> <p>Will I qualify for this conversion package by card issuer?</p>	<p>All cardholders are eligible to participate in the conversion package regardless of their level of income.</p> <p>For cardholders that have missed three consecutive months of their minimum monthly payments, card issuers will automatically convert the outstanding credit card balances of cardholders into a term loan of up to three years in tenure.</p> <p>Card issuers will also provide other cardholders with the option to opt-in at any point from 1 April to 31 December 2020 to convert their credit card balances into term loans at the same tenure and rate as above.</p>
32.	<p>I have two credit cards with big amounts outstanding, and I was retrenched in January 2020. I have not been able to meet my credit card monthly obligations since January and am very worried of the consequences. Will I qualify for the conversion of these outstanding balances into term loans/financing? How does it work? Do I need to call my card issuer to effect this?</p>	<p>If you have been unable to meet the minimum monthly payment on your credit card for 3 consecutive months, your card issuer will automatically convert the outstanding balance into a term loan/financing of not more than 3 years at an effective interest/profit of not more than 13% per annum.</p> <p>Your card issuer will send you a notification on this and advise you on the term loan/financing agreement. You can also contact your card issuer (via emails or calls) to request for a conversion if your card issuer has not automatically converted the outstanding balance on your credit card.</p>
33.	<p>After the first automatic conversion, if I am unable to meet my credit card minimum repayments again, will the card issuer convert the balance into a term loan/financing?</p>	<p>No, the automatic conversion into term loan/financing will only be done once during the period from 1 April till end Dec 2020.</p>
34.	<p>Can I terminate the term loan/financing before the end of its tenure?</p>	<p>Yes, but you need to fully settle the term loan/financing balance. There is no early settlement penalty.</p>
35.	<p>Can credit cardholders who have converted their card balances into a term loan/financing immediately ask for 6 months deferment of loan or financing payment package?</p>	<p>Yes, they can. Loan/financing payment for the term loan/financing resumes after the deferment period.</p>

No.	Question	Answer
36.	In the event my request for conversion is not approved by the card issuer, can I request for the deferment package?	<p>No, the deferment of payments for 6 months is not applicable to credit card balances.</p> <p>Card issuers will proceed with converting all credit card accounts that are eligible for automatic conversion, while all other cardholders whose accounts are still performing (i.e. in arrears for less than 90 days) will have the option to opt-in to convert their outstanding credit card balances into term loans/financing.</p>
37.	If my credit card outstanding balances is converted to a term loan/financing, can I still use my credit card?	Yes, you can continue to use the credit card up to the remaining credit limit after taking into account the balance converted into a term loan/financing. The outstanding balance converted into the term loan/financing is treated as part of the credit card limit.
38.	If my credit card outstanding balances is converted to a term loan/financing, will my CCRIS records be adversely affected?	Your CCRIS record will not be adversely affected, if your credit card account is performing (in arrears for 90 days or less) at the point of conversion. However if your credit card account is already non-performing (in arrears for more than 90 days), this will continue to be reflected in your CCRIS record.
39.	Am I allowed to add additional amount to be converted to term loan/financing? Or it is a one-time exercise only?	<p>The amount to be converted into term loan/financing is based on the statement balance at the point of conversion only.</p> <p>Additional term loan/financing facility to be granted will be based on individual card issuer's normal credit underwriting processes, which include affordability assessment.</p>
40.	Am I given the option/flexibility to choose the term loan/financing period within the tenures i.e. 1-3 years (maximum 3 years)?	Your card issuer will set the term loan/financing tenure (not more than 3 years).
41.	Is there any minimum amount for the conversion of credit card outstanding balance to term loan/ financing?	There is no minimum amount. However, the amount should be reasonable as amounts that are too small will be impractical to convert into a term loan/financing of up to three years. You are advised to seek further information from your card issuer.



No.	Question	Answer
<b>General Information</b>		
42.	Who can I contact to obtain more information on this?	<p>The Deferment Package and Conversion Package will be automatically provided to all eligible borrowers and customers.</p> <p>In line with the requirements of the Movement Control Order, please do NOT visit your FI's branch during this time. E-mail, visit your FI's online channel or download your FI's mobile applications for any urgent communication.</p> <p>Most front-line services including BNMLINK for walk- in visitors have been suspended from 18 March until 14 April 2020.</p> <p>However, members of the public can contact BNM through these following channels or refer to BNM's website at <a href="http://www.bnm.gov.my">www.bnm.gov.my</a> for further updates:</p> <ul style="list-style-type: none"> <li>• LINK (<a href="https://telelink.bnm.gov.my">https://telelink.bnm.gov.my</a>); or</li> <li>• BNMTELELINK (Tel: 1-300-88-5465) from Monday to Friday (9.00 a.m. to 5.00 p.m.)</li> </ul>

**Bank Negara Malaysia**  
**27 March 2020**