

FAQs on Deferment Package and Conversion Package

**Fonts in blue denotes updates to the FAQs published on 30 March 2020. See questions 35, 36 & 37.*

No.	Question	Answer
Deferment of Loan/Financing Payment (Deferment Package)		
1.	What is deferment of loan or financing payment?	<p>It is a temporary 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/customers will need to honour the deferred payments in the future. Loan/financing repayment resumes after the deferment period and if such repayments are not fully settled when due, late payment 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?	<p>All licensed banks, licensed Islamic banks, licensed investment banks and prescribed development financial institutions (DFIs) regulated by BNM (financial institutions or FIs) will provide this deferment flexibility.</p> <p>Borrowers/customers that meet the eligibility criteria can avail themselves to this flexibility.</p>
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 for credit card) are automatically effected by FIs if the loans/financing meet these criteria:</p> <ul style="list-style-type: none"> • not in arrears exceeding 90 days as at 1 April 2020; and • denominated in Malaysian ringgit. <p>Meanwhile, corporate borrowers/customers may request for a deferment on loan/financing payment from their respective FIs.</p>

No.	Question	Answer
5.	Does this deferment package apply to newly approved/ disbursed loans/financing?	It applies to all eligible loans/financing outstanding as at 1 April 2020.
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 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 31 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, e-mail or check the website of your FI for more information on this.</p> <p>However, loans/financing under R&R program are eligible for the deferment subject to meeting the criteria, which are:</p> <ul style="list-style-type: none"> • not in arrears exceeding 90 days as at 1 April 2020; and • denominated in Malaysian ringgit.
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.

No.	Question	Answer
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 for credit card) 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/calls/e-mail with more information on what to expect during the deferment period, along 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.</p>
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 are 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 deferment period. However, some FIs may decide not to compound interest during the deferment period. Please check your FI's website 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>

No.	Question	Answer
16.	<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 or an extension of the loan/financing tenure after the 6 month deferment 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/e-mails if more information is required.</p>
17.	<p>My loan/financing is under AKPK's Debt Management Programme (DMP). Do I qualify for the deferment?</p>	<p>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.</p>
18.	<p>Do share margin financing, revolving credit facilities (including overdraft and trade facilities), bankers acceptances, Ar-Rahnu or bullet payment type facilities qualify for the automatic 6-month deferment?</p>	<p>Yes. The automatic 6-month deferment from 1 April 2020 is applicable to all credit facilities with scheduled or contractually due payments.</p> <p>These include facilities where repayment/payment of principal (in part or in full) and/or interest/profit, are either scheduled at fixed intervals or are to be settled in a one-off lump sum payment i.e. bullet payment, subject to these facilities meeting these criteria:</p> <ul style="list-style-type: none"> • not in arrears exceeding 90 days as at 1 April 2020; and • denominated in Malaysian ringgit. <p>For overdraft facilities, the deferment applies to the amounts in excess of the approved limit, since these outstanding amounts withdrawn over the approved limit are contractually due for repayment.</p>

No.	Question	Answer
		<p>Trade financing facilities may be eligible for deferment, depending on whether the features of these facilities allow for extension in tenure.</p> <p>Borrowers/customers are advised to look out for the notification or contact their FIs for further information on the terms of the deferment and post-deferment repayment options.</p>
19.	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.
20.	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.
21.	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"> • not in arrears exceeding 90 days as at 1 April 2020; and • denominated in Malaysian ringgit.
22.	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>

No.	Question	Answer				
23.	What would my housing loan/financing monthly payment look like after the 6 months deferment period?	<table border="1" data-bbox="712 214 1430 359"> <thead> <tr> <th data-bbox="712 214 1034 285">Monthly instalment before deferment</th> <th data-bbox="1034 214 1430 285">Monthly instalment after deferment</th> </tr> </thead> <tbody> <tr> <td data-bbox="712 285 1034 359">RM1,438</td> <td data-bbox="1034 285 1430 359">RM1,483 (RM45 increase)</td> </tr> </tbody> </table> <p data-bbox="669 375 1435 436">The above illustration of a conventional housing loan is based on these assumptions:</p> <ul data-bbox="716 438 1471 831" style="list-style-type: none"> • No extension of tenure after deferment period • Loan amount - RM300,000 • Interest rate - 4.6% p.a. (interest not compounded during deferment period) • Original tenure - 35 years, and borrower has repaid for 5 years • Principal and interest payments suspended during deferment period • Outstanding principal before deferment period - RM280,585 • Outstanding amount post-deferment to be repaid within 29.5 years = RM287,038 	Monthly instalment before deferment	Monthly instalment after deferment	RM1,438	RM1,483 (RM45 increase)
Monthly instalment before deferment	Monthly instalment after deferment					
RM1,438	RM1,483 (RM45 increase)					
24.	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.				
25.	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.				
26.	Will the FI automatically suspend the payment requirement if I do not respond to their notification?	Yes.				
27.	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 deferment instead of opting-out and continuing my home loan monthly payments.	<p data-bbox="669 1560 1446 1705">Yes. However, interest will continue to accrue during the 6 months deferment period. As such, your monthly instalment and total interest cost will increase after deferment (refer to the illustration shown in Question 23).</p> <p data-bbox="669 1738 1468 1883">Hence, borrowers/customers are strongly advised to carefully consider the payment options after deferment period and should continue paying their loans obligations if they can afford it (refer to Question 24).</p>				

No.	Question	Answer
28.	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 csc@cgc.com.my or call 03-7880 0088
29.	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 16.
Conversion of Credit Card Balances into a 3-year Term Loan/Financing (Conversion Package)		
30.	<p>I heard that FI 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 FI?</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 3 consecutive months of their minimum monthly payments, FIs will automatically convert the outstanding credit card balances of cardholders into a term loan of up to three years in tenure.</p> <p>FIs 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>
31.	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 FIs to effect this?	<p>If you have been unable to meet the minimum monthly payment on your credit card for 3 consecutive months, your FI 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 FI will send you a notification on this and advise you on the term loan/financing agreement. You can also contact your FI (via e-mails or calls) to request for a conversion if your FI has not automatically converted the outstanding balance on your credit card.</p>

No.	Question	Answer
32.	After the first automatic conversion, if I am unable to meet my credit card minimum repayments again, will the FI convert the balance into a term loan/financing?	No, the automatic conversion into term loan/financing will only be done once during the period from 1 April till end Dec 2020.
33.	Can I terminate the term loan/financing before the end of its tenure?	Yes, but you need to fully settle the term loan/financing balance. There is no early settlement penalty.
34.	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?	Yes, they can. Loan/financing payment for the term loan/financing resumes after the deferment period.
35.	In the event my request for conversion is not approved by the FIs, 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>FIs will proceed with converting all credit card accounts that are eligible for automatic conversion, while all other cardholders will have the option to opt-in to convert their outstanding credit card balances into term loans/financing.</p>
36.	If my credit card outstanding balances is converted to a term loan/financing, can I still use my credit card?	Yes, if your card account is in arrears for 90 days or less at the point of conversion , 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. However, if you credit card account is already non-performing (in arrears for more than 90 days) , your FI may have a policy to block the usage of the card.
37.	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. The account will be tagged as R&R in CCRIS.

No.	Question	Answer
38.	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 FI's normal credit underwriting processes, which include affordability assessment.</p>
39.	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 FI will set the term loan/financing tenure (not more than 3 years).
40.	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 FI.
General Information		
41.	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/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 the Movement Control Order ends.</p> <p>However, members of the public can contact BNM through these following channels or refer to BNM's website at www.bnm.gov.my for further updates:</p> <ul style="list-style-type: none"> • LINK (https://telelink.bnm.gov.my); or • BNMTELELINK (Tel: 1-300-88-5465) from Monday to Friday (9.00 a.m. to 5.00 p.m.)