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Targeted moratorium extension up to banks – Tengku Zafrul

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KUALA LUMPUR, Jun 28 – It is up to the banks if they wish to extend the loan moratorium in a targeted way, said Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz.

He expressed the view that banks should look into targeted assistance but they cannot be forced to do so as it within their jurisdiction.

“(There are) A lot of request from people who need more time for the moratorium. So, this is really up to the banks whether they can or cannot (do so).

“But in my personal view, we ought to help the people who need help,” he told a press conference after making a working visit to the Prasarana headquarters here, today.

Tengku Zafrul said the targeted moratorium extension should be looked at by banks on a case-by-case basis.

Under the Prihatin Rakyat Economic Stimulus Package’s (PRIHATIN), Bank Negara Malaysia (BNM) has proposed an automatic moratorium on all loan repayments by individuals and small and medium enterprises for six months from April 1-Sept 30, 2020.

“Going forward, I think the best (way) is we focus on the targeted groups who need help,” he said.

He said the borrowers have to engage with their banks early if they feel they need to reschedule their loan repayments.

“Especially those who have lost their jobs and had their pay reduced. Please see your bank now and restructure (your loan repayment),” he added.

Meanwhile, Tengku Zafrul said the government would continue to adhere to fiscal discipline and he is optimistic that the fiscal deficit would be reduced once the economy improved post COVID-19.

"Even though our (fiscal) deficit will rise, (this is because) we want to help the people and the economy, but in the long run we will have to reduce this deficit once the economy recovers.

“(Some evidence) of fiscal discipline is our current account... In terms of expenditure, it is positive as we do not use loans despite our fiscal (deficit), but our current account is not in deficit,” he said.

On June 25, the International Monetary Fund (IMF) revised upward Malaysia’s 2020 gross domestic product (GDP) forecast to 3.8 per cent year-on-year (y-o-y) contraction from the previously estimated 1.7 per cent contraction.

Besides that, the World Bank has downgraded its forecast for Malaysia's economy this year and expects the economy to contract by 3.1 per cent from its earlier expectations of -0.1 per cent in April, while it expects the near-term outlook to be uncertain due to COVID-19.

Tengku Zafrul said the lower projection was in line with BNM’s forecast of between -2.0 per cent and 0.5 per cent in 2020 amid highly challenging global economic outlook.

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