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Moratoria to COVID-19 affected businesses and individuals has exceeded Rs. 4,000 billion: Saubagya loans amount to over Rs. 179 billion

The Central Bank of Sri Lanka (CBSL) has implemented several schemes to assist COVID-19 affected borrowers through Financial Institutions (FIs) supervised by the CBSL. The schemes included extended repayment periods, concessionary rates of interest, working capital loans, debt moratoriums and restructuring/rescheduling of credit facilities for affected borrowers.

These concessions greatly assisted the small and medium enterprises of many affected sectors: tourism, apparel, plantation, information technology, logistic service providers, three-wheeler owners, operators of school vans, lorries, small goods transport vehicles and buses, and private sector employees.

In line with the concessionary schemes implemented by CBSL, FIs have approved over 2.9 million requests for concessions amounting to a total of Rs. 4,083.8 billion prioritizing the micro, small and medium enterprises (Table1). These concessions, which were extended until 31.12.2021 by licensed banks and until 31.03.2022 by non-bank financial institutions, have helped to support the above groups who faced financial difficulties due to loss of jobs, reduction of incomes, contraction of business operations, closure of businesses, etc.

Considering that the tourism sector has been affected since 2019, special concessionary schemes for affected borrowers in the tourism sector continued to be granted from time to time and extended until 30.06.2022 by licensed banks and until

31.03.2022 by non-bank financial institutions. Accordingly, FIs have so far approved 24,831 requests for such concessions (Table 2).

Specific concessions, such as moratoriums for lease facilities, granted to COVID-19 affected businesses and individuals in passenger transportation sector, were initially up to 30.09.2021, and extended further until 31.12.2021 by licensed banks and 31.03.2022 by non-bank financial institutions. FIs have approved 117,085 requests for such concessions (Table 3).

In addition to debt moratoria, affected borrowers of the NBFIs sector have been provided with the option to either restructure existing credit facilities for a longer term (subject to furnishing an agreeable revival plan) or to settle existing credit facilities early, where such requests are to be facilitated by waiving future interest, fees and applicable charges. These options have been made available for borrowers of non-bank FIs up to 31.03.2022.

CBSL has also requested FIs to grant further concessions, including the waiver of accrued penal interest, restructuring of existing credit facilities, provision of interest rebates, waiver of early settlement fees and other charges, suspension of legal action on loan recoveries, extension of the validity period of cheques valued below Rs. 500,000, discontinuation of certain charges usually made by FIs (for cheque returns, stop payment, etc.) and suspension of late payment fees applicable on credit cards during the concessionary period. FIs have also been requested to refrain from declining loan applications from eligible borrowers, solely based on unfavorable Credit Information Bureau (CRIB) records.

CBSL has further facilitated the revival of COVID-19 affected businesses through the introduction of the Saubagya COVID-19 Renaissance Loan Scheme Facility (SCRF) in 3 phases to provide working capital loans at an interest rate of 4% per annum, with a repayment period of 24-months, including a grace period of 6 months. Through this

scheme, CBSL processed 62,574 applications leading to the release of Rs. 179,280 million under the SCRF, of which, Licensed Banks have disbursed Rs. 165,513 million among 53,152 affected businesses island-wide. Considering the subsequent waves of COVID-19 pandemic, grace periods and loan repayment periods applicable to SCRF loans have also been extended several times. Accordingly, a debt moratorium has been granted up to 31.12.2021 while the repayment period has been extended by 12 months to 36 months. In addition, beneficiaries of the other loan schemes implemented by CBSL, such as Saubagya and Swashakthi Loan Schemes, have been provided with further relief at this crucial juncture, by the reduction of the interest rates and the introduction of the debt moratorium.

As announced recently by the CBSL in its six-month Road Map for ensuring macro-economic and financial system stability, a liquidity support grant of Rs. 15 billion is to be provided to FIs supervised by CBSL to compensate a part of the cost of the interest charged by them from affected borrowers during the moratorium, with a view to providing further relief to borrowers.

In the meantime, the CBSL has established the Financial Consumer Relations Department (FCRD) in August 2020 to handle complaints by financial consumers and borrowers who are able to submit complaints to FCRD using the forms available in the CBSL website.

Table 1: Concessions Given to COVID-19 Affected Borrowers

Moratorium phases	Licensed Banks				Non-Bank Financial Institutions			
	No. of requests received	No. of requests approved	% of approved requests	Capital outstanding (Rs. Bn)	No. of requests received	No. of requests approved	% of approved requests	Capital Outstanding (Rs. Bn)
COVID-19 (1st Wave)	1,435,119	1,336,136	93.10	2,280.7	985,063	847,491	86.03	355.3
COVID-19 (2nd Wave)	136,184	121,530	89.24	726.9	143,382	111,038	77.44	62.1
COVID-19 (3rd Wave)	171,511	154,841	90.28	552.4	393,893	356,634	90.54	106.4
Total	1,742,814	1,612,507	92.52	-	1,522,338	1,315,163	86.39	-

Table 2: Concessions Given to the Tourism Sector

Moratorium phases	Licensed Banks				Non-Bank Financial Institutions			
	No. of requests received	No. of requests approved	% of approved requests	Capital outstanding (Rs. Bn)	No. of requests received	No. of requests approved	% of approved requests	Capital Outstanding (Rs. Bn)
Tourism (Phase 1)	5,919	4,258	71.94	113.9	1,441	1,389	96.39	3.6
Tourism (Phase 2)	6,903	5,961	86.35	214.0	6,485	5,792	89.31	5.6
Tourism (Phase 3)	7,318	6,351	86.79	220.1	1,266	1,080	85.31	1.8
Total	20,140	16,570	82.27	-	9,192	8,261	89.87	-

Table 3: Concessions Given to the Passenger Transportation Sector

Moratorium	Licensed Banks				Non-Bank Financial Institutions			
	No. of requests received	No. of requests approved	% of approved requests	Capital outstanding (Rs. Bn)	No. of requests received	No. of requests approved	% of approved request	Capital Outstanding (Rs. Bn)
Lease Facilities	883	809	91.62	3.2	122,591	116,276	94.85	33.4

* Same borrower may have obtained concessions under different schemes/ phases.