

MONETARY AUTHORITY OF SINGAPORE

Frequently-asked Questions on Debt Relief Programme 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.