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Measures to relieve the impact of the novel Coronavirus

February 2020

The outbreak of the novel coronavirus (COVID-19) poses an additional challenge to Hong Kong's economy which is already in a technical recession following the social unrest in 2019. The COVID-19 epidemic has caused adverse impacts on the financial conditions of businesses and borrowers in the city. Subsequent to the issuance of a circular by the HKMA on 6 February 2020, where the regulator encouraged authorized institutions to adopt a sympathetic stance in dealing with customers facing financial stress due to the epidemic¹, all six domestic systematically important authorized institutions (D-SIBs) and three locally incorporated authorized institutions in Hong Kong have rolled out temporary relief measures.

The key relief measures offered or to be offered by nine banks in Hong Kong as of 18 February 2020 are highlighted below:

For Retail Customers

- Most banks offer principal moratorium for mortgage loans up to a maximum of 12 months.
- HSBC is the only bank offering a special loan scheme for retail customers.
- Fee waiver for late payment and certain remittance.
- Hang Seng Bank is allowing its customers to apply for debt restructuring.

For Corporate Customers

- Principal moratorium for various loans are offered, including taxi, public bus, public light bus and trade finance loans.
- HSBC, BEA and Citibank allow eligible customers to convert unused trade lines into a 6-month overdraft facility of up to HKD 10 million to meet daily operational needs.
- Most banks allow for at least 1-month extension on trade loans tenor.
- · BEA will waive charges for past due loans.



For Small and Medium Enterprises (SMEs)

- Some banks offer principal moratorium for SME Financing Guarantee Scheme (SFGS) and SME Loan Guarantee Scheme (SGS).
- BOCHK and CNCBI launched a special loan scheme for SMEs with fast-track loan approval within 1 to 5 working days.
- Most banks have waived application fees and are subsidising the guarantee fees for new applicants under the SFGS and SGS.

For Insurance Customers

- Certain life insurance customers who are diagnosed with COVID-19 are entitled to receive additional hospital coverage during the coverage period.
- Life insurance customers can apply for an extension of renewal premium payment grace period from 30 to 180 days.
- BOCHK has simplified claim procedures and allows priority approval for life insurance customers affected by COVID-19.

Other Relief Measures

- BOCHK and DBS are offering financial support to manufacturers of medical and anti-epidemic supplies, protection equipment and pharmaceuticals.
- There is a significant increase in the use of digital and phone banking to avoid physical visits at the branch.
- Special hotlines have been set up as a result of the outbreak.

Analysis of relief measures offered across banks

The following table presents our analysis on relief measures offered or to be offered by nine banks in Hong Kong as of 18 February 2020.

Relief Measures	BEA ²	BOCHK ³	Citibank ⁴	CNCBI ⁵	DBS ⁶	Hang Seng Bank ⁷	HSBC ⁸	ICBCA ⁹	Standard Chartered ¹⁰
For Retail Customers			<u>.</u>						
Principal moratorium for mortgage loans	✓	✓	✓	×	×	~	\checkmark	×	✓
Special loan scheme	×	×	×	*	×	×	\checkmark	×	×
Debt restructuring	×	×	×	×	×	 ✓ 	×	×	×
Fee waiver for credit card late charge	✓	~	~	×	×	×	✓	×	~
Fee waiver for mortgage and consumer loan customers	\checkmark	~	×	*	×	×	\checkmark	×	×
Fee waiver for local fund transfer	×	×	×	×	×	×	×	×	~
No handling charge for remitting donation fund or epidemic prevention related payment	×	×	×	×	×	×	×	~	×
No handling charge for remittance with the bank's branch located at infected area	×	×	×	×	×	×	×	~	×
For Corporate Customers									
Cash flow support for trade finance customers	✓	×	~	*	×	×	√	×	×
Extension of import trade loan payment period	\checkmark	×	~	×	✓	×	\checkmark	×	~
Principal moratorium for trade finance loans	×	×	×	*	×	~	×	×	×
Principal moratorium for taxi/ public bus/ public light bus loans	~	×	×	×	~	×	~	×	×
Principal moratorium for property loans	×	×	×	×	×	~	×	×	×
Principal moratorium for commercial loans	\checkmark	×	×	×	×	~	\checkmark	×	×
Principal moratorium for mortgage loans	\checkmark	~	×	×	~	~	×	×	×
Waive penalty charges/ penalty interest on past due loan repayments	~	×	×	×	×	×	×	×	×
Debt restructuring	×	×	×	×	×	✓	×	×	×
For SMEs									
Principal moratorium for SMEs through SFGS and SGS	×	~	×	×	×	×	\checkmark	×	~
Special loan scheme for SMEs with express processing	×	~	×	~	×	×	×	×	×
Guarantee fee subsidy for new applicants under the SFGS and/or SGS	~	~	~	×	~	~	√	×	~
Fee waiver for new applicants of SFGS and SGS loans	✓	~	×	*	~	~	✓	×	~
Fee waiver for account opening and account maintenance	×	×	×	×	~	*	×	×	~
Accelerated loan application process	×	×	×	×	×	×	×	×	~

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For Insurance Customers										
Additional hospital coverage	×	~	×	×	×	×	✓	×	~	
Extension of renewal premium payment grace period	×	~	×	×	×	×	✓	×	~	
Simplified claim and priority approval procedures	×	1	×	×	×	×	×	×	×	
Other insurance benefits	×	×	×	×	×	×	\checkmark	×	×	
Other Relief Measures										
Financial support to manufacturers of medical and anti- epidemic supplies	×	~	×	×	~	×	×	×	×	
Waive concessions for electronic services	*	~	×	×	×	×	×	×	×	
Digital and phone banking infrastructure & hotline	~	✓	×	\checkmark	~	×	✓	×	×	

Given the current situation of the epidemic outbreak, it is expected that other banks operating in Hong Kong will also roll out similar measures in the near future. Authorized institutions should ensure that the terms and conditions of their relief measures are clearly documented and sufficiently disclosed to the relevant customers. Adequate training should also be provided to the staff handling matters related to the relief measures to ensure fair and consistent treatment of customers.

Source

¹ https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2020/20200206e1.pdf

- ² https://www.hkbea.com/pdf/en/about-bea/new-release/2020/20200211en.pdf
- ³ https://www.bochk.com/dam/bochk/desktop/top/aboutus/pressrelease2/2020/20200206_01_Press_Release_EN.pdf
- ⁴ https://www.citibank.com.hk/english/info/pdf/Citi_HK_Announces_Relief_Measures_to_Support_HK_Community_ENG_FINAL_2020.pdf
- ⁵ https://www.cncbinternational.com/_document/about-us/media-center/2020-02-07/en/p20200207a.pdf
- ⁶ https://www.dbs.com/hongkong/newsroom/DBS_Hong_Kong_to_offer_comprehensive_range_of_COVID19_relief_measures_for_SMEs
- ⁷ Note: No official press release could be identified from the Bank's official website. https://finance.yahoo.com/news/coronavirus-hsbc-standard-chartered-among-093000914.html
- ⁸ https://www.about.hsbc.com.hk/-/media/hong-kong/en/news-and-media/200131-press-release-hsbc-life-special-novel-coronavirus-benefit-eng-final.pdf

https://www.about.hsbc.com.hk//media/hong-kong/en/news-and-media/200210-hsbc-steps-up-support-for-hong-kong-businesses-eng.pdf

Partner

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https://www.about.hsbc.com.hk/-/media/hong-kong/en/news-and-media/200213-hsbc-launches-relief-measures-rbwm-en.pdf

⁹https://www.icbcasia.com/ICBC/%E6%B5%B7%E5%A4%96%E5%88%86%E8%A1%8C/%E5%B7%A5%E9%93%B6%E4%BA%9A%E6%B4%B2/EN/Homepage/Promotion Landing Page/Express_Crossborder_Personal/

¹⁰ https://av.sc.com/hk/content/docs/hk-relief-measures-press-release-eng-20200210.pdf

https://av.sc.com/hk/content/docs/hk-standard-chartered-launches-relief-measure-for-corporates-20200214e.pdf



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