

SESSION #24: SME Loan Repayment Holidays in the Age of COVID



Speakers:

- Kamal Hingorani, Global Head of Collections for Retail Banking, Standard Chartered Bank
- Beatrice Uhagón Caillemer, SME Discipline Leader (Global), BBVA

Main takeaways:

- **The payment deferral programs can blur the lines between illiquid and insolvent borrowers, making credit risk assessments more challenging.** Lengthy and large-scale loan repayment holidays may factor into financial institutions' decisions on new lending and could have longer-term implications for the stability of the financial system.
- **Early communication with clients is essential in granting loan repayment holidays.** It is important to gather information regarding the clients' impact and ability to pay and open communication channels to offer various solutions to their specific needs.
- The nature of relief offerings has shifted over time. Going into the second or third phase, some regulators began to place greater emphasis on **targeting relief measures to clients with a higher impact.** Additionally, there was **a shift away from payment holidays to interest-only options** in several economies.