



External Relations Department

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SBP extends the availability of Deferment of Principal Amount of Loans facility till September 2020

Considering the fact that COVID-19 pandemic is continuing to stress the cash flow of small and medium sized businesses and households, SBP has decided to extend the Deferment of Principal Amount facility up till 30th September 2020. This facility will however be available for Small & Medium Enterprise Financing, Consumer Financing, Housing Finance, Agriculture Finance and Micro financing only. The facility is not being extended to corporates and commercial borrowers since a significant amount of their loans and advances has already been deferred. It is expected that more businesses and households, who were not able to avail the facility, will benefit from this extension.

On March 26th 2020, amid growing concerns about the potential economic impact of the COVID-19 pandemic, State Bank of Pakistan (SBP) with the collaboration of Pakistan Banks Association (PBA) announced a comprehensive set of measures to help businesses and households to manage their finances. Among these, a key measure was the deferment of principal amount of loans and advances by banks and DFIs. Under this facility, businesses and households could request for the deferment of their loans and advances for a period of one year, albeit continuing to service the mark-up amount. The measure also ensured that the deferment of principal will not affect borrower's credit history and such facilities will not be reported as restructured/rescheduled in the credit bureau's data. This measure proved extremely helpful for borrowers and is evident from the fact that up till 3rd July 2020, banks deferred Rs. 593 billion of principal amount of loans of over 359 thousand borrowers. A very large number of borrowers— 95 percent of total beneficiaries of this scheme, as of July 3, 2020 have been small borrowers including SMEs, consumer finance, and microfinance.
