

MTUC calls for automatic extension of loan moratorium

By **Hakimie Amrie Hisamudin** - July 31, 2020 8:15 AM



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Those eligible for an extension of the moratorium on loan repayments have been told to submit an application to their bank.

PETALING JAYA: The Malaysian Trades Union Congress (MTUC) has welcomed the extension of the moratorium on loan repayments for individuals and SMEs but urged the government to make the extension automatic for those in the B40 and M40 groups.

They should not have to apply for the extension, said MTUC secretary-general J Solomon.

Prime Minister Muhyiddin Yassin had earlier announced that the moratorium would be extended by another three months for certain groups, especially those who lost their jobs this year.

After three months, the moratorium for retrenched workers may be extended further by the banks.

Muhyiddin said those who were eligible could contact their banks from Aug 7 to apply for the extension.

Speaking to FMT, Solomon said those affected badly by the pandemic should not be compelled to apply for the moratorium, calling the process a "bureaucratic hassle" and an "unnecessary burden".

"The government should instead automatically extend the moratorium by at least six months for all B40 and M40 families, irrespective of their employment status," he said.

"Those who are working but forced to take pay cuts are in as much need of the moratorium as those who are jobless."

He said these borrowers should not be left at the mercy of the banks "because banks are known to be over-stringent with their requirements, especially in documentation".

"It is MTUC's belief that the application process will see many deserving B40 and M40 applicants failing to getting the moratorium extended."

He said the government had shown, through the Prihatin aid, that it had no trouble adopting the targeted assistance method.

"Therefore, an automatic loan freeze should be easily arranged.

"The Inland Revenue Board and other government agencies have a comprehensive database on B40 and M40 families. Banks can use this database to approve an automatic six-month extension of the moratorium to the targeted groups."

Malaysian Employers Federation executive director Shamsuddin Bardan had a similar reaction to Muhyiddin's announcement. He told FMT borrowers would face a challenge in justifying to the banks their need for the extension.

"The conditions imposed are restrictive and not helpful to individual borrowers," he said.

He said those forced to take pay cuts were greatly affected and deserved to get the moratorium.

"Before the movement control order, overtime allowance made up more than 30% of an employee's income," he said. "But right now allowances are practically non-existent."

He said many borrowers might not be able to service their loans after the freeze. "Legal action will be taken and borrowers may even be declared bankrupt."