



RESERVE BANK OF MALAWI

FOR IMMEDIATE RELEASE

MEASURES TO MITIGATE THE IMPACT OF COVID-19 FROM THE BANKING INDUSTRY IN MALAWI

Following His Excellency the President, Professor Arthur Peter Mutharika's announcement of additional measures with regard to preventing the spread of the Corona Virus and mitigating the effects thereof on 4th April, 2020, the Bankers Association of Malawi (BAM) and the Governor and Registrar of Financial Institutions have agreed on the following measures:

Actions by the Commercial Banks:

- (i) Immediately provide a three-month moratorium on interest and principal repayments for loans by borrowers on a case by case basis;
- (ii) Restructure and refinance or renegotiate loans for small and medium scale enterprises, corporates and other borrowers affected by COVID-19 on a case by case basis;
- (iii) Reduce by forty (40) percent fees and charges related to internet banking, mobile payments and any other related services, except for POS and visa and master card related payments, in order to encourage usage of electronic payment transactions; and

- (iv) Defer all payments of bonuses and dividends until the risk of COVID-19 is under control. However, this will be assessed by the Registrar of Financial Institutions on a case by case basis.

Actions by the Registrar of Financial Institutions:

- (i) Reduced the Liquidity Reserve Requirement (LRR) on domestic currency deposits, thereby releasing K12 billion as additional liquidity availed to banks to directly support borrowers that are distressed as a result of COVID-19;
- (ii) Reduced Lombard Rate margin by 50 percent to reduce the cost of accessing funds from the Central Bank and enable banks to pass on the benefits to borrowers;
- (iii) Activate the Emergency Liquidity Assistance Facility and make it available to banks on a case by case basis;
- (iv) Approve the recapitalisation plan under the Prompt Corrective Action (PCA) Directive beyond 90 days in the unlikely event of a bank breaching the Prudential Capital Requirement Directive as a result of COVID-19;
- (v) Grant relief to banks on the provisioning of restructured loans and loans on moratorium impacted by COVID-19.

These measures are effective from 9th April 2020 midnight.

Dalitso Kabambe (PhD)
**GOVERNOR & REGISTRAR OF
FINANCIAL INSTITUTIONS**

Kwanele Ngwenya
**PRESIDENT OF BANKERS
ASSOCIATION OF MALAWI**