

BANK Assistance for Australian SMALL Businesses – COVID-19 RESPONSE

1. Coronavirus SME Guarantee Scheme

WHO

Small and Medium Enterprises (SMEs) with a turnover of up to \$50 million. (including sole traders and not-for-profits).

WHAT

- Government will provide eligible lenders with a guarantee for 50% of new loans, enhancing participating lenders willingness and ability to provide credit.
- Maximum total size of loans of \$250,000 per borrower.
- Loans will be up to three years, with an initial six-month repayment holiday.
- Unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.
- The decision on whether to extend credit, and management of the loan, will remain with the lender.

HOW

- The Scheme will be available for new loans made by participating lenders until 30 September 2020.
- SMEs interested in the Coronavirus SME Guarantee Scheme should approach their financial institution for more information. Government is still working with banks and lenders to ensure loans are available as soon as possible.
- While the scheme officially commences from April 2020, some bank or lenders may be able to provide credit sooner, and still benefit from the guarantee.

2. Small Business Assistance from Banks

Some small business customers are being offered loan repayment breaks and a variety of waived fee and reduction options, varying from bank to bank. Here is brief summary of the major banks response:

Commonwealth

- Automatic deferral of BetterBusiness Loan and Equipment Loan principal and interest repayments for loan limits up to \$5 million, over April, May and June 2020, unless customers advise the bank not to. *Customers will be contacted around the end of the repayment deferral period to confirm whether they need a further three-month deferral.*
- Interest run up during the period will either be capitalised or due at the end of the loan period, depending on the type of loan.

- Automatic waiver of merchant fees for eligible business customers with EFTPOS device or eCommerce facility, over March, April and May 2020.

Westpac

- Businesses loans up to \$10 million can defer repayments for up to six months.
- Interest deferred will be capitalised.
- Establishment fee for equipment finance loans waived until the end of June.
- EFTPOS terminal fees will be refunded for up to three months.
- Businesses can get money out of term deposits without the interest rate adjustment
- Payments on business credit cards have been deferred for three months.

NAB

- Principal and interest repayments on some business loans can be paused for up to six months.
- Business credit card repayments can be deferred for up to six months.
- EFTPOS terminal rental can be waived for up to six months.
- Businesses suspending trade can get a fee waiver on terminal rental and monthly fees for up to six months.

ANZ

- Businesses that have taken out term loans of up to \$10m can put repayments on hold for up to six months. Interest run up during the period is capitalised.
- Overdraft increases are available for twelve months.

Bendigo Bank

- From 30 March any business customer with facilities up to \$10 million can defer principal and interest repayments for six months. Interest run up during the period is capitalised.
- Fees waived to restructure or consolidate loans.
- Other options for fees waived or deferred.
- Waive merchant terminal rental fee for three months.
- No interest rate reduction for early withdrawals on term deposits.

NOTE

THIS IS A SUMMARY ON WHAT IS AVAILABLE FOR BUSINESSES THROUGH SOME BANKS AND LENDERS DURING THE CURRENT COVID-19 CRISIS. THE AAAA DOES NOT ENDORSE ANY OF THE ABOVE, BUT RATHER ENCOURAGES YOU TO EXPLORE ALL FINANCIAL OPTIONS BEST FOR YOU AT THIS TIME. READ ALL OF THE TERMS AND CONDITIONS ASSOCIATED WITH ANY LOAN REPAYMENT PAUSE OR TAKING OUT A NEW REDUCED-RATE LOAN. WHILE IT MAY PROVIDE SHORT-TERM RELIEF FOR YOUR BUSINESS, YOU ALSO RISK A CONSIDERABLE EXTENSION TO YOUR LOAN, OR INCREASED RATES AND REPAYMENTS. IF CUSTOMERS CHOOSE TO DEFER LOAN REPAYMENTS, INTEREST WILL BE CAPITALISED, MEANING INTEREST AND FEES WILL BE ADDED TO YOUR LOAN BALANCE WITH EITHER THE TERM OF THE LOAN EXTENDED, OR PAYMENTS INCREASED AFTER THE DEFERRAL PERIOD.