



Press Release

24 March 2020

Deferral of Loan Payments for Borrowers Displaced by COVID-19 Pandemic

The Central Bank of The Bahamas has arranged with domestic banks and credit unions to provide a 3-month deferral against repayments on credit facilities for businesses and households that were negatively impacted by the COVID-19 pandemic. This accommodation will be revisited in June 2020, for appropriate changes that may still be warranted.

Forbearance will be provided for borrowers who maintained their accounts in good standing before the onset of the pandemic. Further, it is on the condition that such payments will resume, with accrued interest, when the financial circumstances of such borrowers recover.

Some financial institutions have already announced credit support that could extend beyond three months. Although, the administrative approach to implementing these and other accommodation will vary across lending institutions, the Central Bank will extend tolerant regulatory treatment to exclude these credit balances from being classified as arrears or restructured loans.

Social assistance and relief payments deposited into bank accounts will remain available to satisfy the assistance needs of borrowers, and not to defray to debt service obligations.

Borrowers should be advised, that since any credit on which repayment has been postponed will continue to accrue interest, they should only take advantage of payment deferrals when other options or adjustments do not exist. Borrowers who can afford to do so are encouraged to continue making loan payments, rather than see their loans increase through accrued interest. In all instances, borrowers are urged to inform their lending institutions of hardships they may be experiencing from loss or reduction in cash flows, income or employment.

More details on the payment deferrals arrangements will be released in the coming days.

The Central Bank will continue to monitor economic conditions and make adjustments to monetary and prudential policies that promote and preserve the stability of the financial system.

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