

Big banks reassure SMEs in Covid-19 crisis

While President Cyril Ramaphosa spent the weekend working to shore up the country's already wobbly economy in the face of the Covid-19 crisis, South Africa's major banks have pledged their support to small and medium enterprises (SMEs) and other clients.



Image source: Getty/Gallo

Standard Bank was the first out of the ranks, offering payment relief for small businesses with turnover of less than R20m, from 1 April 2020 till end June 2020.

These new payment terms will be automatically set to help SMEs manage their cash flows, and honour payments to their own employee base. However, they will not be exempt from the interest accrued on loans or credit in that period.

“The relief will come from capitalising the interest and fees typically paid to the bank each month and changing the terms of repayment to a later date,” said Standard Bank South Africa Chief Executive, Lungisa Fuzile.

In addition, all customers still studying full time with a student loan from the bank will receive a payment holiday over the same period at 0% interest and with zero fees.

Nedbank has also promised to support its clients, possibly by deferring payments (or part thereof) for a suitable period, extending existing loan periods or extending additional credit to manage short-term cashflow shortfalls.

While FNB says it “believes that SMEs and an economically viable consumer market are vital to the country’s economic growth prospects. It is the collective responsibility of both the government and the private sector to continue working together to identify immediate and long-term initiatives that will provide relief”.

“Furthermore, the bank remains open for business to assist SMEs that qualify for credit to stabilise their cashflow and consumers who may want to cover unexpected expenses.”

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