

COVID-19 Small business – Bank initiatives fact sheet

Updated: 31 March 2020

Cash is king, and the flow of cash into small businesses across Australia has slowed significantly. The government and banks are working together to provide funding to support working capital while business slows. Here are a few options available to small business owners:

Some small businesses have experienced a decline in business revenue due to government restrictions to slow the spread of COVID-19. Others who continue to operate, may forecast a decline in revenue in the coming months. Now is the time to reduce operating costs and provision for the future.

If your business had a healthy turnover prior to COVID-19, it's worth exploring the options available to you now, so that you can recover quickly and reopen when the time comes.

Defer business loans

Australian banks will defer loan repayments for 98% of all businesses affected by COVID-19 for six months.

The business relief package is available to business customers of participating banks, with total business loan facilities of up to \$10 million (up from the \$3 million small business threshold) where you advise your bank your business is affected by COVID-19.

Assistance can include:

- A deferral of scheduled loan repayments
- Waiving fees and charges
- Interest free periods or no interest rate increases
- Debt consolidation to help make repayments more manageable.

For more information on how to defer your business loan, contact your bank.

SME \$250,000 unsecured business loan guarantee scheme

The Coronavirus SME Guarantee Scheme will provide support for these businesses. Under the Scheme, the Government will provide a guarantee of 50% to small and medium enterprise (SME) lenders for new unsecured loans to be used for working capital. This will enhance these lenders' willingness and ability to provide credit, which will result in SMEs being able to access additional funding to help support them through the upcoming months.

The Government will provide eligible lenders with a guarantee for loans with the following terms:

- Maximum total size of loans of \$250,000 per borrower.
- The loans will be up to 3 years, with an initial 6 month repayment holiday.
- The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.

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Waive your Merchant Fees

Several lenders are offering to waive merchant fees for those businesses who have been ordered by the government to shut down. For more information on waiving merchant fees, contact your bank.

'COVID Care' bank contact details

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