

# Loan moratorium: Private banks go for 'opt-in' version

Mumbai, April 1: Most private sector lenders have decided to go for the "opt-in" option on loan repayment moratorium, putting the onus on the customer to take the initiative of informing the bank of their choice to go for the three-month breather offered by the Reserve Bank of India.

HDFC Bank said it would encourage customers with adequate funds to continue repayments to avoid the extra interest charges and tenor extension of the loan.

The RBI last Friday announced a three-month moratorium on loan repayments in the wake of Covid-19 crisis for dues to be paid during March-May 2020 and left it to the banks to implement the same.

A slew of state-run banks, which control over two-thirds of the system, have gone for an "opt-out" option where the repay-



ments automatically get deferred unless a customer informs of her willingness to pay.

Experts have already made it clear that this is not an interest waiver, but a deferment of payments, meaning the additional interest costs will have to borne by the customers.

"If you do not want the EMI moratorium, no further action is required from your side. We will continue to bank your repayment instructions," HDFC Bank said on its website.

Kotak Mahindra Bank asked customers to write to an email ID for "opting in" for the moratorium.

The bank would be charging the interest, at the original contracted rate, for the moratorium period on the outstanding amount of loan.

ICICI Bank took a different approach, wherein it has decided to make the moratorium as "opt-in" for the loans generally availed of by salaried customers, while for loans taken by micro-borrowers and traders, whose cash flow may stand to get impacted, it is "opt-out".

In a note to customers, state-run State Bank of India said "interest shall continue to accrue on the outstanding portion of the term loan during the moratorium period". The interest will be collected as additional EMIs from borrowers who opt for the moratorium.

Bank of Baroda said it is offering retail customers the option of getting a refund of the EMI deducted in March. —Agencies