

## SAMA'S PRIVATE SECTOR FINANCING SUPPORT PROGRAM

14/03/2020 12:00 AM

As part of its role in activating the available monetary policy tools and enhancing financial stability, including enabling the financial sector to support the growth of the private sector, and supporting the efforts of the government in combating the Coronavirus (COVID-19) and mitigating its expected financial and economic impacts on the private sector, especially on SME sector, SAMA has announced the introduction of Private Sector Financing Support Program with a total value of about SAR 50 billion. The program aims at supporting and enabling the private sector to promote economic growth through a package of measures that includes the following:

First: Supporting SME Finance:

The purpose of the program is to mitigate the impacts of precautionary coronavirus measures on the SME sector, specifically by reducing the burden of cash flow fluctuations, supporting working capital, enabling the sector to grow during the coming period and contributing to supporting economic growth, and maintaining employment. The program consists of three basic elements as follows:

1. Deferred Payments Program:

Depositing an amount of about SAR 30 billion for banks and financing companies to delay the payment of the dues of the financial sector (banks and finance companies) from SMEs for a period of six months as of its date.

2. Funding for Lending Program:

Providing concessional finance of about SAR 13.2 billion for SMEs by granting loans from banks and finance companies to the SME sector to support business continuity and sector growth during the current stage in a way that contributes to supporting economic growth and maintaining employment levels in these enterprises.

3. Loan Guarantee Program:

Depositing an amount of SAR 6 billion for banks and insurance companies to enable insurance entities (banks and insurance companies) to relieve SMEs from the finance costs of KAFALA Program for the purpose of minimizing finance costs for entities eligible to utilize from those guarantees during the Fiscal Year 2020 and support finance expansion.

Second: Supporting Fees of POS and E-Commerce:

This is accomplished via supporting payment fees of all stores and entities in the private sector for a period of 3 months with an amount exceeding in total SAR 800 million. SAMA will pay these fees to payment service providers participating in the national system.

Third: As regards institutions affected by the precautionary measures implemented in the cities of Makah and Medina, SAMA is now coordinating with banks and finance companies to facilitate finance repayments of such institutions.

Finally, SAMA would like to reassure that the banking sector is still registering good performance indicators, and this will improve its resilience to cope with future challenges and crises. These indicators are clearly reflected in the continuity of the commercial banks performing their vital role in the economic development of the Kingdom. SAMA would also reaffirm that it will continue its role of maintaining the financial stability and raising the efficiency of the financial sector to support the Kingdom Vision 2030 to continue the development and prosperity march under the direction of the Custodian of the Two Holy Mosques and his loyal Crown Prince, may Allah protect them.