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To: Representatives of Depository Institutions

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Minister of State for Financial Services

Cash Flow Support for Companies as Impact of COVID-19 (Novel Coronavirus) Outbreak Grows  
(Request)

As the impact of the ongoing COVID-19 epidemic spreads, firms from various sectors, especially tourism companies that have seen their sales drop off as the numbers of overseas and domestic travelers have fallen and manufacturers that have cut production because of difficulties procuring parts and materials from China, are expressing concerns about cash flow.

Financial institutions have already been ascertaining companies' circumstances and providing needed assistance in the form of financing based on customers' business prospects and offering close support, and the current situation will put the true value of these efforts to the test.

Given fears that cash flow could become even more challenging at the fiscal year-end, we request that financial institutions, including their front-line sales personnel, make full-fledged efforts to do following as the Financial Services Agency places the highest inspection/supervision priority on the efforts of financial institutions to support companies for the time being, and will be conducting special interviews as well as timely and appropriate inspections of financial institutions as necessary to check on their efforts in this regard. We also urge that financial institutions take care not to unnecessarily require enormous volumes of documents from companies.

1. Determine the business conditions and short-term cash flow at companies in even greater detail by visiting their facilities, setting up emergency consultation desks, etc.
2. Follow up carefully on circumstances at companies that have existing loans and be quick and flexible in changing loan conditions, e.g. offering concessions on principal/interest repayment
3. Actively implement emergency lending programs for new loans (and make collateral/guarantee requirements more flexible) to meet the needs of companies promptly

and appropriately, including the use of safety net loans/guarantees from policy financial institutions and credit guarantee associations

4. Establish systems capable of providing prompt and appropriate support for companies.

The Financial Services Agency and local Finance Bureaus will be conducting special interviews as well as timely and appropriate inspections of financial institutions as necessary to check on their efforts in this regard.

The Financial Services Agency established a "Free Telephone Consultation Service for COVID-19-Affected Parties" on February 28, and local Finance Bureaus have set up their own dedicated telephone lines. The consultations conducted with companies will be relayed to financial institutions so that they can respond appropriately.

The Financial Services Agency will also request that financial institutions submit reports (in accordance with Article 24 of the Banking Act) on the changes they have made to loan conditions (similar to the stipulations of the Financing Facilitation Act, "the number of applications for loan condition changes, etc.", "of which, the number of loan condition changes made", "of which, the number of requests denied", etc.) and other efforts, and will disclose these endeavors publicly.

The Financial Services Agency will help ensure that financial institutions are able to efficiently undertake the aforementioned efforts by being flexible in scheduling the interviews, meetings, etc., regularly arranged by the Financial Services Agency and local Finance Bureaus and taking other steps as needed.

We discontinued the inspection manual in December 2019 and respect the individual asset assessments and other decisions made by financial institutions in regard to classifying receivables when repayment periods are extended or other conditions are changed. We are asking financial institutions to be proactive in offering companies support.