

## Facilitation of Year-end Finance for SMEs and Small Businesses

In light of the impact of the COVID-19 infection, the FSA has repeatedly requested financial institutions to meticulously ascertain companies' business conditions and make their utmost efforts to avoid serious hindrance to their cash management. We appreciate the steady efforts for cash flow support for companies that have been made by financial institutions based on these requests.

However, the current economic environment remains severe and it is also a concern that companies will be significantly affected by the restriction of economic activities due to the prolongation and expansion of the COVID-19 infection and the alteration of the government's various support measures, including the Go To travel campaign. Financial institutions are requested to continue making their utmost efforts to secure cash flow support toward the year end, when demand for operating capital increases, and thereafter.

While closely watching the impact of the COVID-19 infection, it is also necessary to consider measures to achieve strong economic recovery and further enhance added value in light of the new normal in the post-COVID-19 era, such as support for companies' management improvement and business reconstruction and transformation. Financial institutions are expected to fulfil their financial intermediary function more thoroughly.

The Director-General of the Small and Medium Enterprise Agency has requested thorough cooperation for the facilitation of year-end finance for SMEs and small business as shown in the Attachment.

Please properly inform the member financial institutions of your association of the following matters.

- (1) It is currently a concern that businesses providing accommodation and eating and drinking services, etc. will be significantly affected by the restriction of economic activities due to the prolongation and expansion of the COVID-19 infection and the alteration of the government's various support measures, including the Go To travel campaign. Financial institutions are requested to

continue ascertaining companies' business conditions meticulously and endeavor to fulfill their financial intermediary function properly and positively, such as by actively providing new loans and promptly and flexibly responding to requests to alter conditions of existing loans, while collaborating with relevant organizations, so that companies' cash management will not be seriously hindered.

- (2) In collaboration with external organizations, such as the Regional Economy Vitalization Corporation of Japan, the Small and Medium-Sized Enterprise Revitalization Support Councils, the Organization for Small & Medium Enterprises and Regional Innovation, and external experts as necessary, financial institutions are expected to sufficiently fulfill their consulting function and positively offer support (including support for smooth business succession) so that each borrower can surely improve their business management.

With regard to their future businesses in light of the impact of the COVID-19 infection, in particular, financial institutions should thoroughly communicate with each company about what option is optimal, including the possibility of business reconstruction, rehabilitation, transformation, etc., and take effective support measures proactively.

- (3) The Special Provisions of the Guidelines for Personal Guarantee Provided by Business Owners, which place emphasis on the time of business succession, started to be applied on April 1, 2020. Accordingly, in order to further disseminate loans not dependent on personal guarantees, financial institutions should positively disseminate the Guidelines and the Special Provisions among companies and carefully respond to their consultations.

- (4) On October 30, 2020, the Special Provisions for the Application of the Guidelines for Debt Consolidation after a Natural Disaster to the COVID-19 Infection were established and the application thereof will commence on December 1, 2020. Based on the purport of the Special Provisions, financial institutions should flexibly respond to consultations from individuals and sole proprietors that were seriously affected by the COVID-19 infection and need to consolidate their debts.

In recent years, large-scale natural disasters have been occurring frequently. Financial institutions are requested to broadly disseminate and encourage the use of the Guidelines for Debt Consolidation after a Natural Disaster and make meticulous responses in accordance with the circumstances and the needs of respective companies and individuals affected by disasters toward the reconstruction of their lives and businesses.

- (5) Even under the declaration of a state of emergency issued amid the early

spread of the COVID-19 infection, financial institutions continued services in order to maintain the financial function to support people's economic activities. They are requested to take appropriate measures to ensure continued services into the future.

- (6) Financial institutions should disseminate the requests (1) to (5) above thoroughly to the front-line sales personnel and positively make utmost efforts.