

PRESS STATEMENT

BANKING SECTOR COMMITMENT ON THE FIGHT AGAINST COVID-19

To curb the impact of COVID-19, His Majesty's Government has declared a state of national emergency and further announced a 20 day long partial lockdown. During this time, banking services are expected to be available. It is in this context that the Central Bank of Eswatini wishes to inform the public at large that the banking community is fully committed to working with emaSwati to ensure minimal disruption in the financial system. The Central Bank stands ready to support His Majesty's Government to overcome the global pandemic and minimize the impact on the country's economy and livelihood of emaSwati.

In line with Government's commitment to the fight against COVID-19, the Central Bank wishes to announce the following:

1. All banks are well capitalized with adequate excess liquidity buffers to enable them to withstand the difficult times ahead.
2. Banks will continue to provide all banking services to their customers through-out the partial lock-down period and beyond.
3. The Central Bank will continue to work with banks to ensure adequate availability of notes and coins for access by the public in all bank branches and ATMs.
4. The Central Bank and banks, would like to encourage members of the public to make use of contactless modes of payment as far as possible. The banks shall ensure continued availability of these alternative payment channels for use by members of the public.
5. The Central Bank will continue to engage with both banks and Mobile Network Operators to explore means of making such alternative payment channels easily accessible and cost effective.
6. The Central Bank is working closely with banks to determine the extent of the impact of the pandemic to the financial sector through working out various scenarios which shall inform the most effective intervention or combination of interventions the Central Bank would need to put in place to assist the Banking sector to effectively deliver on their intermediation responsibilities even during this time.
7. As a direct response to the fight against COVID-19, the Central Bank and banks, have implemented all the measures recommended by the Ministry of Health and the World Health Organization and these are not limited to the following:
 - a. Invoking business continuity plans to allow some employees to work from home.
 - b. Improving hygiene in all operating premises including offices through more regular and frequent cleaning, deep cleaning in some instances as well as fumigation where appropriate.
 - c. Availadequate disinfectants such as sanitizers for staff and customers at entrances to premises, offices, lifts and various strategic locations.
 - d. Implementing measures to reduce and where possible eliminate completely face to face meetings amongst staff or with customers or external stakeholders as far as possible.
 - e. Providing frequent communication and updates to staff in respect of the pandemic and educating staff on how they can take care of themselves and their families.
 - f. Increasing financial resources targeted at fighting the spread of the virus within premises and also paying for tests that may be needed by staff for the virus.
 - g. Suspending completely all external travel and planned missions from abroad and utilizing video conferencing facilities to carry out meetings with external parties.
 - h. Setting up internal pandemic task teams to assist each institution implement measures to eliminate the spread of the virus and closely monitor implementation of already agreed measures.

In addition to the above responses, the Central Bank wishes to advise the public of the following measures:

1. The Central Bank strongly encourages banks to consider restructuring loan repayments and where possible avail loan repayment holidays for businesses and individuals that have been directly or indirectly affected by the COVID-19.
2. Banks are further encouraged to consider absorbing the cost of facilitating such loan adjustment arrangements.
3. The Central Bank has encouraged banks to make every effort to keep their branches open during the prescribed business hours and to put in place measures to prevent the spread of the virus in all their branches including ATMs by availing the necessary sanitizers for use by both staff and customers.
4. The Central Bank, as previously announced, has taken steps to loosen monetary policy by cutting the discount rate by 100 basis points to provide much needed relief to all borrowers from the cost of servicing their loans.
5. To make liquidity available in the economy, the Central Bank reduced the liquidity requirement for commercial banks by 500 basis points whilst reducing that for development & savings banks by 400 basis points.
6. The Central Bank also reduced the reserve requirement from 6% of customer deposits to 5% of customer deposits for all banks. This is aimed at availing more liquidity to the banks so that they are able to issue more loans to their clients.
7. The Central Bank is reviewing its emergency liquidity assistance tools available for lending to banks which are experiencing liquidity stress. The Central Bank has decided to lower the cost of borrowing from such a tool as well as extending repayment or tenure from overnight to up to 9 months.
8. The Central Bank will intensify its existing prudential measures and stress testing technics to allow it to closely monitor the performance of all banks and respond swiftly to any indications of stress at any point in time.
9. The Central Bank further wishes to advise members of the public that investment services will continue to be available as per norm. However, the Bank would like to encourage members of the public to consider utilizing electronic means as far as possible for interaction with the Bank and further be amenable to utilize electronic money transfer arrangements instead of cash based exchange. For purposes of this, members of the public may contact our Domestic Debt Manager at 7802 4110 or through email at Nhlanhlam@centralbank.org.sz.
10. The Central Bank takes this opportunity to re-assure the public at large that all licensed banks in Eswatini are open for business and shall continue to be so through-out these difficult times. In this regard, the Central Bank is encouraging members of the public to avoid unnecessary panic as this will have an adverse effect to the Banking Sector and the economy.

Your money is safe in the banks.

M.V. SITHOLE
GOVERNOR



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