

# YOUR PERSONAL FINANCE GUIDE DURING THE COVID-19 LOCKDOWN

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# FINANCIAL HYGIENE DURING THE LOCKDOWN



## Check your insurance cover

Times like these are a reminder that we need to secure the financial security of our loved ones. Ensure you and your dependents have adequate health and term insurance



## Keep investing for your future

Don't redeem your investments in panic because of the market. Continue your SIPs, it will help you in creating bigger corpus when the markets rebound. In fact, top up your existing investment in equity using asset allocation strategy



## Ensure you are credit healthy

When cash flows & income takes a hit, we often need to rely on taking loans. Do check your credit score online to ensure it's in order. If your score is below 750, take steps to build it. A good credit score will get you the best offers on loans in times of need



## Go Digital for all banking needs

Social Distancing is key. Completely avoid visiting bank branches for now. Use online banking, cards, UPI or wallets for payments and managing investments. Avoid using cash, keep ATM visits minimum

# IMPACT OF COVID-19 ON BANKING SERVICES



While the current lockdown in the country has severely impacted many industries, most essential services are primarily functional, including banking.

Let's take a look at what all banking services have been impacted.

Services Highly Impacted	Partially Functional*	Fully Functional
Loan processing & disbursals	Cheques & Demand Draft	Online Banking
New Credit Card applications	Cash deposit & withdrawals at branches	Cash withdrawals at ATMs
Passbook Services	Delivery of cheque book / physical debit / credit cards	ECS
Opening New Bank Account	Foreign Currency Exchange	Mobile Banking
Non Essential Banking Services	FD/RD withdrawal / deposit	Utility Bill Payment
	KYC and Aadhaar Linking	UPI Payment
	Locker Facilities	POS Transactions

*\*Impacted due to limited staff & reduced working hours at branches*

# REVISED BANK TIMINGS DURING LOCKDOWN



Bank Name	Timings
HDFC Bank	10 am to 2 pm
IDFC FIRST Bank Ltd.	09:30 am to 04.30 pm
Kotak Mahindra Bank	10 am to 2 pm
HSBC Bank	10 am to 2 pm
DBS	10 am to 4 pm
Standard Chartered	9.00am to 6.00pm
Axis Bank	9 am to 4 pm
ICICI	10 am to 2 pm
Deutsche Bank	10 am to 4:30 pm
YES Bank	10 am to 2 pm
Bandhan Bank	No change
IndusInd Bank	10 am to 2 pm
SBI	10 am to 4 pm
PNB	10 am to 5 pm
Canara Bank	10 am to 3:30 pm
Union Bank of India	10 am to 4:30 pm
Indian Bank	10 am to 4 pm
Federal Bank	10 am to 2 pm (10:30 am to 2 pm for branches in Telangana State)
Bank of Baroda	10 am to 4 pm
Central Bank of India	9:45 am to 4:45 pm

# RBI's ANNOUNCEMENT ON MORATORIUM. WHAT DOES IT MEAN FOR YOU?

RBI announced multiple measures on March 27, 2020 to provide relief to all segments of borrowers impacted by the COVID-19 induced lockdown. These measures include loan moratorium and deferment of interest payments in case of working capital loans.



**Here we try and answer some of the questions borrowers may have regarding the moratorium and its implications**

## **What is a loan moratorium? Does it waive off my outstanding loans?**

Moratorium simply refers to a legal authorisation to existing borrowers to defer or postpone their loan repayments for a pre-determined period. It is not a loan waiver. You will have to repay the outstanding loan amount after the end of the moratorium period. According to the recent RBI announcement, all instalments falling due between March 1, 2020 to May 31, 2020 will be eligible for the moratorium of 3 months.

## **Do only bank loans qualify for the moratorium?**

RBI has allowed all banks, including regional, local area, co-operative, small finance banks; all non-banking financial services including micro finance institutions and housing finance companies and all India financial institutions; to offer 3 month extension on repayment of loans.

## **What types of loans are eligible for loan moratorium?**

The moratorium covers all term loans, i.e. any loans that come with a specific loan tenure. These include home loans, car loans, personal loans, gold loans, consumer durable loans, education loans and term loans offered to sole proprietorship businesses, partnerships, MSMEs, corporates as well as farmers.

## **Is the 3-month moratorium period applicable for Credit Cards too?**

Yes, the RBI has allowed lenders to defer the 'Billed Credit Card dues' falling between the period of 1st March 2020 to 31st May 2020. Remember that the payment will not be exempted but only be "deferred" by 3 months. Moreover, finance charges will be levied on the outstanding dues during this period.

## **Will I have to pay interest on the outstanding loan for three months?**

RBI guidelines on moratorium have clearly stated that all loans availing the moratorium will continue to accrue interest during the moratorium period. Those availing the moratorium have to repay the accrued interest on their loan or credit card after the end of the moratorium period.

## **Do my loan tenure remain the same if I avail the moratorium?**

Those availing the loan moratorium will have their residual loan tenure extended by 3 months after the moratorium period.

## Will the banks / institutions automatically stop debiting the EMI/interest?

RBI has asked individual banks and other lending institutions to frame Board-approved policies to implement the moratorium and communicate these to their borrowers. Hence, borrowers should keep a close tab on any loan-related communication from their lenders. Alternatively, they can also contact their lending institutions on whether they need to specifically request their lenders to stop the auto-debit of EMIs or interest.

Some of the banks have announced how the moratorium would be implemented. Others are expected to announce shortly.

NAME OF LENDER	DEFAULT OPTIONS	HOW TO STOP/PAY EMI
State Bank of India	Relief only if customer demands	Send email to ask for moratorium in case of loan EMI.
IDBI Bank	Automatic relief	Send email to <a href="mailto:moratorium@idbi.co.in">moratorium@idbi.co.in</a> to opt out of moratorium
Canara Bank	Relief only if customer demands	Reply to the SMS sent by bank as 'NO' to stop deduction on mobile no. 8422004008. Send email to <a href="mailto:retailbankingwing@canarabank.com">retailbankingwing@canarabank.com</a> in case you do not receive the SMS from bank.
IDFC FIRST Bank	Automatic relief for rural and agricultural customers. For other loan, relief only if customer demands	To apply for the moratorium, send sms to 8007010908 or email to <a href="mailto:help@idfcfirstbank.com">help@idfcfirstbank.com</a>
ICICI Bank	Automatic relief in case of 2 wheeler loans, business loans, farm loans and jewel loans. For other loans, relief only on customer demand.	Visit bank website for loans eligible and not eligible for moratorium by default. Send SMS or email to bank accordingly.
Central Bank of India	Automatic relief	Approach bank to continue paying
UCO Bank	Automatic relief	Approach bank to continue paying
Bank of Baroda	Relief only if customer demands	Send email or letter to ask for moratorium Bank is also in the process of sending SMS to borrowers for seeking permission

Federal Bank	Automatic relief in case of Business loans of up to Rs 5 crore, Agriculture, Micro Lending and Gold loan. Relief on business loans above Rs 5 crore & retail loans only if customer demands	Agriculture, Micro lending & Gold loan customers can opt out of moratorium by mailing at <a href="mailto:option@federalbank.co.in">option@federalbank.co.in</a> . Retail loan customers can opt for moratorium by mailing at <a href="mailto:option@federalbank.co.in">option@federalbank.co.in</a> .
HDFC Bank	Relief only if customer demands	To provide your consent for moratorium on loan EMIs call on 022-50042333 or 022-50042211 and follow the instructions or submit your request on the bank's website.
Kotak Mahindra Bank	Relief only if customer demands	Send email at <a href="mailto:pay.later@kotak.com">pay.later@kotak.com</a> to ask for moratorium
Bajaj Finserv	Relief only if customer demands	Send email at <a href="mailto:wecare@bajajfinserv.in">wecare@bajajfinserv.in</a> to ask for moratorium
PNB Housing	Relief only if customer demands	Avail moratorium through website link, short code SMS at 56161, email and missed call at 8743950000
Indiabulls Housing	Relief only if customer demands	Avail moratorium through website link or email at <a href="mailto:covid19emi@indiabulls.com">covid19emi@indiabulls.com</a>
Repc Home Finance	Automatic relief	Opt out of moratorium by visiting the website or through email
Punjab & Sind Bank	Automatic relief	Send 'NO' through SMS to 8652634668 to opt out of moratorium
HSBC Bank	Relief only if customer demands	Apply online through the link <a href="https://www.hsbc.co.in/help/coronavirus/">https://www.hsbc.co.in/help/coronavirus/</a>
Deutsche Bank	Automatic relief	To opt out of moratorium, send SMS <CONTINUE> to 561615
Standard Chartered Bank	Automatic relief in case of loans	To opt out of moratorium, send SMS <<OPTOUT>>space<Loan Account No> to 8693800500

Axis Bank	Automatic relief in case of gold loans, KCC loans, Farmer loans, Microfinance loans, Commodity loans, Tractor loans, Commercial Vehicle loans, Construction equipment loans, Business loans and Unsecured overdraft & term loans(Small Business Banking). For other loans relief only on customer demand	Visit bank website for loans eligible and not eligible for moratorium by default. Send SMS or email to bank accordingly.
Bank of India	Automatic relief	Approach branch to continue paying

### **Will the moratorium impact my credit score?**

As per the RBI guidelines, rescheduling of loan repayments and credit card dues, including their accrued interest, will not be treated as a default. Thus, these will not be reported to the credit bureaus. Similarly, the credit bureaus too have been instructed to ensure that the rescheduled repayments under the moratorium program do not impact the credit history of the beneficiaries.

### **Isn't there any relief for those availing working capital loans?**

Just like term loans, the RBI has announced relief measures for those availing working capital loans in the form of cash credit and overdraft facilities. Lending institutions have been allowed to defer the interest repayment of these facilities from March 1, 2020 to May 31, 2020. The accrued interest will have to be repaid immediately after the end of this period. However, this relief will be provided only to those borrowers who can satisfy their lenders that COVID-19 has adversely impacted their repayment capacity.

## What should a borrower do? Avail the moratorium or continue repaying as per their original repayment schedule?

Availing the loan moratorium will continue to accrue interest on your outstanding term loan during the moratorium period, which will increase your total interest cost. Therefore, continue to repay your credit card bills or outstanding loan as per your original loan repayment schedule if your cash flows permit to do so. Doing so will save you from incurring higher interest cost on your existing loans. Opt for the loan moratorium only if your present cash flows are severely impacted and you are finding it difficult to pay your loan EMIs and credit card dues.

Here is an example illustrating finance charges to be paid by you assuming you transacted on 1st March 2020 and did not do any fresh transaction or paid your bill till 31st May 2020.

Credit Card Dues As On 1st March 2020	Finance charges @40% p.a.	Total Payment Due After 3 Months
25,000	2,584	27,584
50,000	5,168	55,168
1,00,000	10,337	1,10,337



# COVID-19's IMPACT ON MARKETS. WHAT SHOULD YOU DO?

The COVID-19 related concerns have led to a deep correction in the equity markets. With key indices like NIFTY 50 and SENSEX 30 losing more than 30% since their January peaks, your equity fund portfolios are likely to be in deep red. However, do not worry, as corrections like these always open up fresh buying opportunities at attractive valuations.



**Remember the twin emotions of greed and fear can lead many of you to commit serious investment mistakes. Here is how you should make most from the current bearish market.**

## **Should I redeem my existing mutual fund investments to limit my losses?**

No, avoid redeeming your existing mutual funds because of panic selling in the equity markets. The decision to make redemptions should primarily be based on the maturity of your financial goals. Also avoid MF redemptions with the objective of reinvesting in them at lower levels. Predicting the market bottom is very difficult and nobody can rule out steep recovery either. Hence, do not unnecessarily convert your notional losses into real losses as that can severely impact your financial goals in case of a steep market recovery.

## **Should I stop my existing SIPs?**

Given that you have invested through your SIPs at much higher levels, continuing with your SIPs during this bearish market becomes all more important. This will allow you to buy more units at lower NAVs and thereby, reduce their average investment cost. It will help in creating a bigger corpus as and when the markets rebound and thereby, help reach one's financial goals sooner.

## **Is it the right time to invest lumpsum in equity mutual funds?**

Steep market correction will reduce the equity proportion of your portfolio with respect to fixed income instruments and other asset classes. Hence, rebalance your MF portfolio through your asset allocation strategy by redeeming some of your fixed income instruments for making lumpsum investments in equity funds. You can also make fresh incremental lumpsum investments in equity mutual funds in a staggered manner.

## **Are equity funds a perfect vehicle (in the current market condition) for generating quick short-term returns?**

Avoid lumpsum investment in equity mutual funds just to generate quick returns in the short term. A bear market can continue for a considerable period keeping your lumpsum investments in the red for a long time. Ideally, investors should stay invested for at least seven years to derive most from an entire economic cycle.

### **Which are the ideal MF categories to invest in the current market scenario?**

Multi-cap funds should be on the top of the list. These funds are free to change their exposure to different market capitalizations and segments according to changing market conditions. This makes them the ideal fund category to make the most out of changing valuations and various fundamental and technical factors. Those with lower risk appetite can opt for large cap funds. Investors can also invest a part of their portfolio in index funds as these will still benefit from steep market rebounds in case actively managed equity funds miss the bus due to their higher cash calls.

### **Any precautions to take while making lumpsum investments in equity funds?**

Avoid using your emergency fund or entire short-term surpluses in equity funds at one go. A financial exigency during the bearish market may force you to redeem your equity fund investments at a loss or take loans at a high interest. Instead, invest in a staggered manner to leave you with sufficient liquidity to exploit future market volatility.

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## STAY SAFE, STAY HEALTHY

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