

WORKING PAPER PRESENTATION

Payment Holidays in the COVID-19 Crisis: Examining Bank Assistance for Borrowers in Financial Hardship

Emma Leong, Research Assistant

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ABSTRACT

According to a recent OECD survey, payment deferrals or ‘holidays’ have emerged as the most widely-used financial consumer protection measure to alleviate the impact of the COVID-19 crisis. While there may be a convergence in the use of payment holidays, approaches towards assisting borrowers in financial hardship can differ between jurisdictions. This paper examines the use of payment holidays during the COVID-19 crisis by three economically advanced markets in the Asia-Pacific region: Australia, Hong Kong, and Singapore. It considers how payment holidays have been implemented, whether through legislation, self-regulation, or a variation of the mortgage contract. Pre-pandemic legislative frameworks and regulatory guidelines on assisting borrowers in financial distress in the three jurisdictions are also evaluated. The paper asks whether the use of payment holidays is consistent with these pre-existing approaches. Finally, the paper identifies benefits and risks of using payment holidays, and considers whether payment holidays should be made available as a consumer protection measure post-pandemic. The paper looks to contribute to academic discourse on consumer protection in the Asia-Pacific region.

ABOUT THE SPEAKER



Emma completed her LLB at the University of Bristol in 2015 and was admitted to the Singapore Bar in 2017, after which she practiced in a boutique law firm with a focus on general corporate work and corporate finance. Emma joined the Centre for Banking & Finance Law as a full-time researcher from 1 February 2019 to 31 July 2020, during which she undertook research on the development and regulation of data-driven financial services, specifically open banking, and its impact on financial inclusion. Emma returned to CBFL in January 2021 to research on the use of payment holidays as relief from the effects of the pandemic.

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