

April 8, 2020
Circular N° SBP-DR-0118-2020

General Manager

Subject: Prohibition to charge interests on interests

In regards to the global situation triggered by the COVID-19 disease, a pandemic declared by the World Health Organization (WHO), which has resulted in the deterioration of the people's economy, we kindly request banks to make sure of not charging interests on interests, delinquency rate, neither the capitalization of interests on loans that were subject to modification, according to the provisions of Rule 2-2020, amended by Rule 3-2020.

Similarly, pursuant to the provisions of Article 3 (4) of Rule 2-2020, the modified loans will be exempted from the application of charges and commissions by banks, except for the legal, notarial and registration fees paid to third parties.

In case of modified loans, we urge banks to manage appropriately the interest rates on these modified loans, intended not to undermine, at the extent possible, the financial situation of customers that have been affected by the suspension of work contracts, the reduction of business hours or unemployment.

We remind you that all of the measures requested and recommendations made by the Superintendency are intended mainly to have a direct effect on the customer's benefit during the emergency situation the country is experiencing.

We would greatly appreciate your providing the necessary instructions to your staff for compliance with these provisions.

Best regards,

Amauri A. Castillo
Superintendent

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