ENHANCED ENTERPRISE FINANCING SCHEME – SME WORKING CAPITAL LOAN (EFS-WCL)

Frequently Asked Questions

1. ***What is the objective of the Enhanced EFS-WCL? What are the enhancements?***
   The Enhanced EFS-WCL is available to SMEs across all industries to help them access working capital for their business needs.

   As announced in the Solidarity Budget on 6 Apr 2020, the Government will enhance the EFS-WCL further with 90% risk share. The enhancement will apply to new applications initiated from 8 April 2020 until 31 March 2021. For applications that are pending approval from PFIs, enterprises are advised to speak to their PFIs on their eligibility.

   Eligible enterprises under this scheme may apply for a deferral of principal repayment to help them reduce their monthly cash outflow, subject to PFIs' assessment.

2. ***Can enterprises apply for the Enhanced EFS-WCL multiple times with different PFIs?***
   Yes, enterprises can approach different PFIs to apply. However, the total aggregate amount borrowed under the scheme from different PFIs is capped at the maximum amount of S$1 million.

3. ***Can enterprises apply for the Enhanced EFS-WCL if they have previously applied for the current EFS-WCL?***
   Yes, eligible enterprises that have previously applied for the EFS - WCL can also apply for the Enhanced EFS-WCL for up to a total loan quantum of S$1 million. The approval is subject to assessment by PFIs.

4. ***How can enterprises enjoy a lower interest rate for Enhanced EFS-WCL approved by Banks between 2 March to 31 March 2020?***
   Interest rates are determined by PFIs in consideration of the risk profile of each loan application.

   PFIs have agreed to lower the interest rates on new loan applications submitted from 1 April 2020 onwards. For loans that have been disbursed to the borrowers, PFIs may offer the lower interest rate starting from 1 April 2020 for the remaining tenure of the loan.

   The borrower is encouraged to speak to his/her PFIs to lower the interest rate for the loan tenure.

5. ***Can enterprises apply for the Temporary Bridging Loan Programme (TBLP), the Enhanced EFS-WCL and the Enhanced Enterprise Financing Scheme Trade Loan (EFS-TL) at the same time?***
   Enterprises can apply for all 3 schemes if they meet the criteria for each scheme, subject to assessment by PFIs.

6. ***Can enterprises that have already applied for the Enhanced EFS-WCL request for deferral of principal repayment?***
Enterprises that have already obtained the Enhanced EFS-WCL may approach their PFIs to request for up to a 1 year deferral of principal repayment, subject to PFIs' assessment.

7. ***Since Enterprise Singapore provides 90% risk share on the loan, does it mean that the borrower/guarantors are only responsible for the remaining percentage of the loan?***
No. The borrower and guarantors are responsible to repay 100% of the loan amount. When defaults occur, PFIs are obligated to follow their standard commercial recovery procedure, including the realisation of security, before they can make a claim against Enterprise Singapore for the unrecovered amount in proportion to risk-share.

8. ***Why do banks require a 100% Personal Guarantee (PG) when the Government covers 90% of the loan amount?***
A PG is not only a means of security but signals a commitment by the guarantor(s) that they are committed to the loan obligation.

9. ***How does the proposed law under the "Covid-19 (Temporary Measures) Bill" allow me to defer my principal or interest payments as well?***
The Ministry of Law ("MinLaw") has introduced the COVID-19 (Temporary Measures) Bill which seeks to offer temporary relief to businesses and individuals who are unable to fulfil their contractual obligations because of COVID-19. It covers relevant contractual obligations for contracts that were entered into or renewed before 25 March 2020, and will be in place for a prescribed 6 months.

   SMEs seeking the protection of the proposed bill should note that while banks may not commence legal action for a default on a loan during the prescribed six-month period, they are still able to charge fees and interest for non-payment or late payment of loan obligations.

   SMEs facing cash flow difficulties should actively engage their lenders to understand the relief options available to them.