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The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

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RECTOR'S MESSAGE

Congratulations Faculty of Business and Management of Universiti Teknologi MARA Cawangan Kedah, Kampus Sungai Petani on the publication of the 6th Volume of FBM Insights!

I am very pleased to know that there are more than 40 authors and more emerging issues are being presented in this latest volume of FBM Insights. This portrays that UiTM Kedah Branch is actively involved in disseminating business related information and knowledge to the public.

I hope this bulletin can provide an opportunity for the Faculty of Business and Management staff to produce more academic materials and develop their skills in academic and creative writing. Furthermore, more initiatives should be launched to support this life-long process.

Again, well done to the Faculty of Business and Management and those who were involved directly and indirectly with the publishing of FBM Insights Vol.6. I wish FBM Insights all the best and continue to grow and move rapidly forward in the future.

Prof. Dr. Roshima Haji Said
Rector
Universiti Teknologi MARA (UiTM)
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السلام عليكم ورحمة الله وبركاته

Assalamualaikum warahmatullahi wabarakatuh

Welcome to the 6th Edition of FBM Insights 2022. This edition boasts 40 articles by the academics of Faculty of Business and Management UiTM Kedah Campus. The topics involved a broad range of business and management knowledge. Congratulations to all authors for your endless support and valuable contribution to the newsletter.

FBM Insights was mooted in 2020 and it came about with the intention to encourage and improve research writing activities among the lecturers of UiTM Kedah's Business and Management Faculty. As the editions progressed, the support from the academics has not faltered. I hope the support continues in editions to come.

I would like to congratulate the editors and the committee for the hard work and perseverance in managing the newsletter. All the best to everyone and thank you again.

Dr. Yanti Aspha Ameira Mustapha
FBM Insights Advisor

CLICK OF LOAN MORATORIUM IN MALAYSIA

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The COVID-19 pandemic has brought over severe health and economic crisis. According to the World Health Organisation (WHO), this illness will affect the lower respiratory tract that include windpipe and lungs, as well as the upper respiratory tract involving sinuses, nose, and throat. Fever, coughing, and shortness of breath are a few of the warning signs and symptoms of COVID-19. Infection can lead to pneumonia, severe acute respiratory syndrome, and, in the worst case, death. Lockdowns have been implemented in numerous nations, including Malaysia as the best alternative to stop the spread of this deathly virus. Both the financial condition of the businesses and the individual bank borrowers had been affected by this lockdown measure. Many Malaysians are losing their jobs, going on unpaid leave, or having their salaries deducted, and many small and medium enterprises are going out of business.

In easing the financial burden of the Malaysian, starting in April 2020, Bank Negara Malaysia has announced a six-month automatic moratorium on all bank loans to help borrowers who suffer temporary financial difficulties. Malaysia, according to Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz, is the only government that has automatically extended a loan moratorium to all debtors. Individual and business borrowers can benefit from the deferment package to postpone loan payments during the moratorium period. Except for credit card bills, the postponement includes conventional and Islamic financing repayment obligations such as housing loans and hire purchase loans. As such, no legal action will be taken against the borrowers and they are exempted from making monthly payments on hire purchase and home loans throughout the six months period beginning in April 2020. According to Mehta and Kaul (2020), moratoriums are not a new notion in the Indian banking sector, having been granted on multiple occasions previously. Debt or foreclosure moratoriums have also been implemented in nations such as the United State of America, Canada, Greece, Italy, the United Kingdom, Singapore, Thailand, Indonesia, and the Philippines (Bedi & Tan, 2020). Meanwhile, after the 2008 housing crisis, Japan offered a moratorium for SMEs, but the repercussions of the protracted moratorium period were mostly unfavourable, and the scheme giving the moratorium was widely regarded as a failure.

The idea of a moratorium continues to be unclear to many individuals. The loan moratorium just delays payments at which it does not waive the borrower's obligation to pay interest to the bank. The benefits of a moratorium are obtained when it allows borrowers to plan their repayment strategy without stress, and the moratorium period does not affect an individual’s ability to borrow, as it has no negative effects on the borrower’s credit score. Unfortunately, the moratorium will give some difficulties to the borrowers, as they will be charged accumulated interest on deferred payments, which includes any outstanding principal and interest. The implementation of loan moratorium automatically leads to a longer loan tenures. To be clear, this is only a delayed payment instalment by customers to banks without any charges.

In Malaysia, the moratorium is something new to all bank clients, and its widesprea application will limit the bank's ability to credit creation and affect the liquidity position of the ban for six months. Therefore, banks must consider the impact of NPLs on their capital capacity a liquidity in order to avoid long-term losses. (Yusof, 2020; Khair Anwar et al.,2020).

However, for the time being, this loan moratorium alleviates financial stress for individuals and MSMEs. Having a moratorium, allows individuals and MSMEs to take temporary relaxation and plan for better financing in the future while concentrating on the essentials. At the end of the day, it is up to MSMEs and individuals to make the most of this opportunity. Recently, the government instructed the banks to offer moratoriums for those in need under the National People's Well-Being and Economic Recovery Package (PEMULIH). This will undoubtedly have an impact on interest income for conventional banks as well as on the profitability of Islamic banks.

How do the banks cope with this modification?

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