

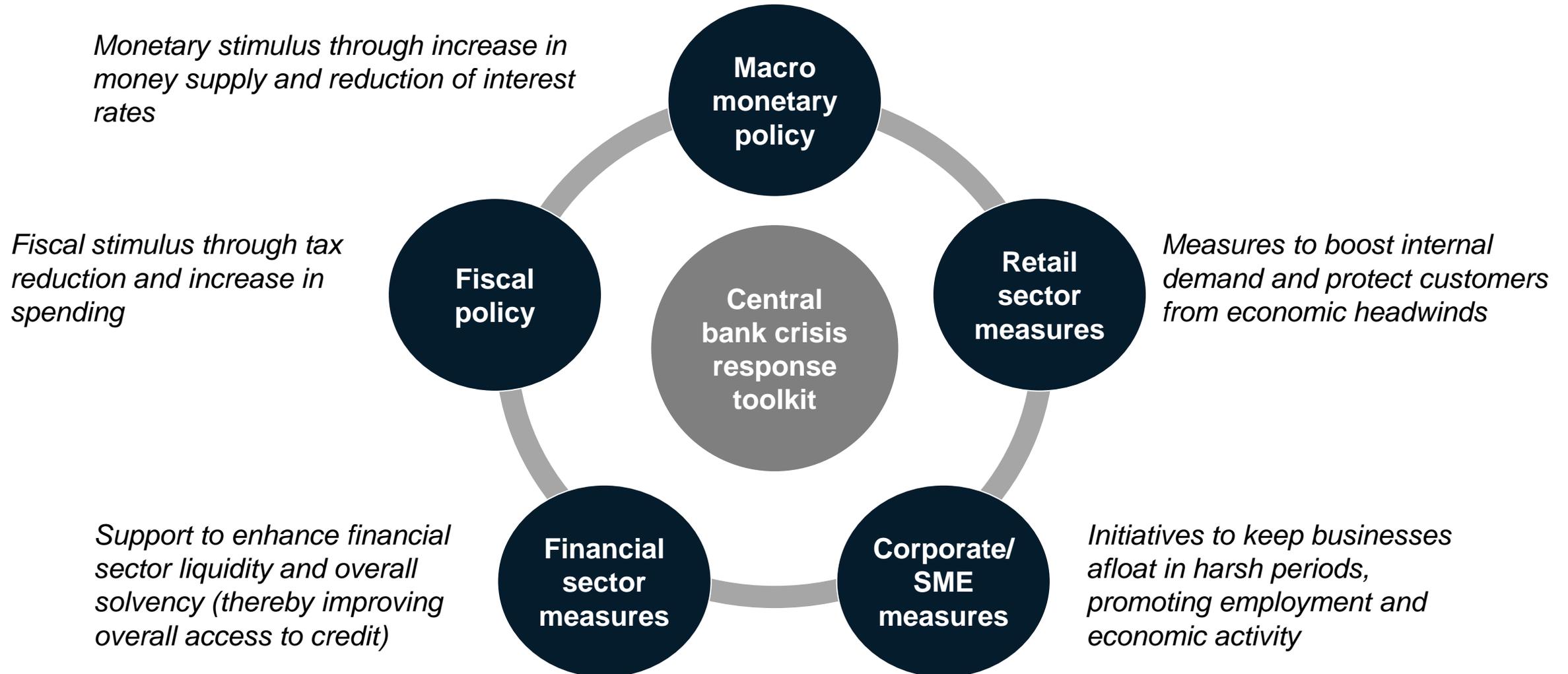
# Benchmark of Central Banks' measures to fend off impact from COVID-19

17<sup>th</sup> March 2020

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# To fend off crises, governments and central banks enacted measures across five dimensions



# Stimulus packages enacted by different countries (1/2)

	Country		
Dimension	US 	Germany 	UK 
<b>Macro monetary policy</b>	<ul style="list-style-type: none"> <li>• <b>Cut interest rates to near 0%</b></li> <li>• <b>Restarted QE</b> (\$500 bn treasuries and \$200 bn in mortgage backed securities)</li> <li>• Liaised with other central banks to <b>ensure dollars are available</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Monetary policy response</b> (e.g., additional 120 €bn of QE via ECB)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Lowered interest rates by 0.5%</b></li> </ul>
<b>Fiscal policy</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• Allowed companies to <b>defer tax payments</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Launched \$37 bn</b> in fiscal stimulus including <b>tax cut for retailers</b> and access to government benefits to self-employed and unemployed</li> </ul>
<b>Financial sector measures</b>	<ul style="list-style-type: none"> <li>• <b>Injected 1.5 \$tn</b> into market through <b>repo operations</b></li> <li>• <b>Reduced reserve requirement rates for banks</b> to increase liquidity</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Postponed stress tests to 2021</b> (temporary capital and operational relief provided by ECB Banking Supervision)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Lowered capital requirements for U.K. banks</b>, allowing them to use a reserve to increase banks' resistance to global financial shocks</li> </ul>
<b>Corporate / SME focused measures</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• Authorized state bank, KfW, to <b>lend out as much as \$610 billion to companies</b>, simplifying <b>application</b> procedures</li> <li>• Expanded <b>access to credit guarantees</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Cash grants to SMEs</b></li> </ul>
<b>Retail focused measures</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

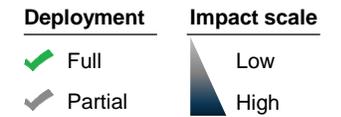
# Stimulus packages enacted by different countries (2/2)

	Country		
Dimension	Japan 	China 	Hong Kong 
<b>Macro monetary policy</b>	<ul style="list-style-type: none"> <li>• <b>Boosted purchases of ETFs beyond the planned 6 trillion yen</b> (\$57.4 billion) to limit economic and stock market turmoil</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Cut one-year mid-term lending facility rate</b> (government to banks) by <b>0.10%</b></li> <li>• <b>Cut its one-year and five-year prime rates</b> (bank to corps) by 0.10% and 0.05% respectively</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1200\$ subsidy to all adult permanent residents</b></li> <li>• <b>Paying one month's rent for people</b> living in public housing</li> </ul>
<b>Fiscal policy</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Cutting payroll, income, property and business taxes</b></li> <li>• Extra month of <b>payments to old-age or disability beneficiaries</b></li> </ul>
<b>Financial sector measures</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Injected \$250 billion</b> into market through <b>repo operations</b></li> <li>• <b>Lowered bank reserve requirements</b> freeing up about \$79 billion</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>Corporate / SME focused measures</b>	<ul style="list-style-type: none"> <li>• Deployed <b>two separate packages of small business loans</b>, \$4.6 billion and an additional \$15 billion</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Low-interest, government backed loans for businesses</b></li> </ul>
<b>Retail focused measures</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

# Likewise, the GCC and North African countries have also been quick to implement measures

	Country				
Dimension	UAE 	Qatar 	KSA 	Kuwait 	Egypt 
<b>Macro monetary policy</b>	<ul style="list-style-type: none"> <li>Cut interest rates by 0.5%</li> </ul>	<ul style="list-style-type: none"> <li>Cut interest rates by 0.5%</li> </ul>	<ul style="list-style-type: none"> <li>Lowered interest rates by 0.5%</li> </ul>	<ul style="list-style-type: none"> <li>Lowered interest rates by 0.25%</li> </ul>	<ul style="list-style-type: none"> <li>Lowered interest rates by 3%</li> </ul>
<b>Fiscal policy</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Instructed state funds to invest up to QAR 10bn in the local stock market</li> <li>Provided QAR 75bn to the private sector</li> <li>Exempted food &amp; commodities from custom taxes</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of KWD 10Mn fund to combat Coronavirus</li> </ul>	<ul style="list-style-type: none"> <li>N/A (EGP100Bn fund – operations funding more than fiscal stimulus)</li> <li>Postponed payments of property tax on factories or touristic properties for 3 months</li> <li>Lowered tax on dividend distribution by listed companies and stamp duty on stock market</li> </ul>
<b>Financial sector measures</b>	<ul style="list-style-type: none"> <li>Freed-up regulatory capital buffers to boost lending capacity – AED 50 billion</li> <li>Allowed banks to tap into 60% of their capital buffer</li> <li>Gave access to loans and advances to banks at zero cost against collateral – AED 50 billion</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Increased credit limit of local banks with foreign banks' to maintain imports of strategic goods and local investment</li> <li>Mandated client confidence measures: bank call centers open 24/7, ATM stocked 24/7, cash kept handy at branches, higher ceilings for withdrawals, wire fee waivers</li> </ul>
<b>Corporate / SME focused measures</b>	<ul style="list-style-type: none"> <li>Reduced capital requirements for SME exposures to 25%</li> <li>Reduced of fees incurred by merchants at POS</li> <li>Limited fees charged to SME customers</li> </ul>	<ul style="list-style-type: none"> <li>Created incentives to give borrowers a 6-month grace period</li> <li>Removed utility charges from affected sectors for 6 months</li> <li>Relieved 6-month rent for industrial facilities</li> </ul>	<ul style="list-style-type: none"> <li>Launched SAR 50bn package to help companies affected by closures in Mecca and Medina (6-month deferrals on bank payments)</li> <li>Eliminated fees related to Sarie Payments momentarily</li> <li>Covered costs related with increased PoS activity (minimize flow of cash)</li> </ul>	<ul style="list-style-type: none"> <li>Suspended fees on ATMs, PoS and other electronic channels for 3 months</li> </ul>	<ul style="list-style-type: none"> <li>Suspended fees on ATMs and PoS for 6 months</li> <li>Postponed loans payments for 6 months with no penalties charged</li> <li>Increased credit limits to finance companies' working capital/OpEx</li> <li>Banks to develop immediate support plans for most impacted companies</li> <li>Relaxed judicial action and black-listing against defaulting retail business clients</li> </ul>
<b>Retail focused measures</b>	<ul style="list-style-type: none"> <li>Increased LTV ratio by 5pp for 1<sup>st</sup> time home buyers</li> </ul>	<ul style="list-style-type: none"> <li>Created incentives to give borrowers a 6-month grace period</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Suspended fees on ATMs and other electronic channels for 3 months</li> </ul>	<ul style="list-style-type: none"> <li>Suspended fees on ATMs, PoS and other electronic channels for 6 months</li> <li>Postponed loans payments for 6 months with no penalties charged</li> </ul>

# There is still a vast menu of options available to consider in case of further deterioration



Dimension	Potential measures	Impact level	Deployment in 2020											
			USA	Germany	UK	Japan	China	South Korea	UAE	Saudi Arabia	Qatar	UAE	Saudi Arabia	
Macro monetary policy	Interest rate cuts	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Quantitative easing through purchase of treasuries	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Quantitative easing through purchase of corporate bonds	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Quantitative easing through purchase of ETFs / Private Assets	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Distribution of income to individual consumers	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
Fiscal policy	Provision of additional social benefits to critical groups	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Reduction of custom taxes	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Deferral of tax payments and reduction of social security contributions	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Reduction of business and consumer taxes (VAT, income tax, property tax, etc.)	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Public investment programs	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
Financial sector measures	Customer confidence enhancement measures	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Relaxation of credit requirements for banks	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Provision of special funding lines for banks	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Injection of dollar liquidity to minimize FX risk	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Government guarantees for interbank lending and funding issuance	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Non-performing asset transfer scheme to specialized funds	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Government capital injections in banks	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
Creation of "bad banks" to remove toxic asset	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	
Corporate and SME focused measures	Nationalisation of struggling privately owned banks	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Reduction of fees charged to companies (e.g., PoS)	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Facilitated access to credit guarantees	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Government backed credit lines for SME/Corporates	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Relaxation of provisioning requirements for rescheduling and default consequences	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Subsidized emergency loans funded by government	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
Retail focused measures	Debt moratoriums / grace periods	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Ease of digital fulfilment (e.g., waiver of physical signature)	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Reduction of fees charged in remote channels (e.g., ATM, PoS)	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Increase of LTV rates in real estate lending	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Increased coverage of retail deposit insurance schemes	High	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full

Source: ECB, FED, press search (March 16-17<sup>th</sup>), CBE