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DEPARTMENT OF EDUCATION

PRESS RELEASE

DepEd urges PLIs, GFIs to give flexible terms for loan payment of employees

October 15, 2020 -- The Department of Education (DepEd) is urging more partner Private Lending Institutions (PLIs) and Government Funding Institutions (GFIs) to provide a flexible and manageable loan payment scheme for its employees in accordance to the Bayanihan Act 2 (BA2), according to Undersecretary for Finance Annalyn M. Sevilla.

In addition to the loan moratorium provision of the BA2 where borrowers are granted a 60-days grace period for loans due on or before December 31, 2020, DepEd has coordinated with its partner PLIs and GFIs to grant a loan moratorium to its employees that will extend the deadline of the payments to an additional 60 days, as well as waiving the accrued interest.

"What is the best possible term for our employees? The Secretary has written to all of the GFIs and PLIs, strongly urging them to go beyond the 60-day grace period," said Usec. Sevilla in a Handang Isip, Handa Bukas press briefing on Monday.

DepEd is seeking loan moratorium agreement with PLIs and GFIs to help its employees financially recover from the impact of the COVID-19 pandemic.

Out of the 173 lending institutions offering services to DepEd personnel, 89 agreed to the negotiation of DepEd to not only adhere to BA2 but to also extend the payment period to another two months in the payroll and completely waive the accrued interest for the 60-day grace period on payment of loans. The guidelines and list of these institutions were issued through Memorandum OUF-2020-0552 (<https://www.deped.gov.ph/wp-content/uploads/2020/10/INTERNAL-GUIDELINES-Bayanihan-Act-2-FINAL-1.1.pdf>)

"We thank the 89 PLIs and GFIs na hindi magpapataw ng accrued interest. We would like for our media partners to know na karamihan po dito, maliban sa GSIS at MTMASI/MTLSAI, ay maliliit na PLIs pero they really understood the welfare of our teachers and employees," said Usec. Sevilla.

Meanwhile, 30 of these lending institutions, comprised mostly of banks, have agreed to adhere to the 60-day grace period set by the BA2 and also extend another 60 days to the payment deadline at the end of the term of the loan in the payroll. These institutions, though, are still requiring the accrued interest to be paid on or before December 31, 2020, or as agreed between the PLI and the borrower.

"Alam po natin na ang implementation ng loan moratorium ay meron din economic impact for both the borrowers and the lenders, and we do understand the 30 PLIs na hindi po nagbigay ng waiver because they also have their own borrowings and investments to fund, they have employees to compensate, and they also have other clientele aside from DepEd," explained Usec Sevilla.

Lastly, 50 of these lending institutions have not yet expressed their decision to waive accrued interest on the loan moratorium. Usec. Sevilla said that for these institutions, the basic guidelines of the BA2 will be applied.

The Automatic Payroll Deduction System (APDS) of DepEd that automatically deducts and remits the loan amortizations of the employees to the PLIs and GFIs will adapt the policies and adjustments of the BA2.

PRESS RELEASE

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