



## AMBD ARTICLE

### THE ROLES AND RESPONSIBILITIES OF AUTORITI MONETARI BRUNEI DARUSSALAM:

#### Supervision of Banks and Financial Institutions

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Autoriti Monetari Brunei Darussalam (AMBD) was established on 1 January 2011 as a statutory body as stipulated in the AMBD Order, 2010.

AMBD acts as a central bank of Brunei Darussalam with responsibilities including the conduct of monetary policy, the issuance of the Brunei currency, as well as regulating and supervising banks and other financial institutions.

In this article, we will be sharing about how AMBD supervises financial institutions.

#### What are financial institutions?

The financial institutions supervised and regulated by AMBD include:

- Banks;
- Finance companies;
- Takaful operators and insurance companies;
- Capital market intermediaries;
- Money changing businesses;
- Money lending;
- Remittance businesses;
- Pawnbrokers;
- Financial technology companies; and any other institutions offering financial products and services.

The Brunei Darussalam financial sector is a dual system consisting of both the conventional financial institutions and Islamic financial institutions.

#### Why do financial institutions need to be supervised?

Financial institutions provide services for your money. This includes keeping your money safe in the bank, providing loans to customers and businesses, sending your money to your relatives abroad, collecting premiums for insurance policies and Takaful contracts, or investing your money. If financial institutions are not licensed or well-supervised, they could carry out irresponsible practices which could lead to you losing your money or your rights would not be protected. So in short, AMBD puts in place requirements and supervises financial institutions to protect you and your money.

There have been examples of past financial crises where mishandling of financial services led to households and businesses suffering from losing their monies or financial protection and required government intervention (and more money) to resolve the matter. Therefore, AMBD aims to make sure that financial services are well-functioning so financial services can be provided during good times and bad times in an economy.

As financial institutions deal with the public's money, it is important for a country to make sure that financial institutions are operating in a fair manner with good governance as set by international standard-setting bodies. Financial services connect people and businesses globally and countries are recommended to introduce requirements that are internationally accepted. In this way, AMBD in consultation with the financial institutions, introduces requirements as recommended by the Islamic Financial Services Board, Basel Committee on Banking Supervision (BCBC), Insurance Association of Insurance Supervisors (IAIS), International Organisation of Securities Commission (IOSCO), International Accounting Standards Boards (IASB), and Financial Action Task Force (FATF) amongst others that are appropriate for Brunei Darussalam's market. A well-supervised and well-functioning financial sector increases the public's confidence towards financial institutions and can attract more investors to the country.

### **How does AMBD supervise financial institutions?**

There are many types of financial institutions in Brunei Darussalam which AMBD licenses and supervises. AMBD makes sure that the requirements put in place are followed by financial institutions. These requirements include how the financial institutions are operating, how much capital and funds to maintain, how they sell and market their product and services and so on. AMBD assesses the performance of financial institutions and their compliance to AMBD laws and requirements by reviewing documents and reports from financial institutions and carrying out regular on-site and off-site inspections. AMBD aims to intervene on a timely basis and provide financial institutions recommendations to address any problems that may affect their ability to service their customers.

AMBD is also the secretariat to the Syariah Finance Supervisory Board. This Board assesses the practices in Islamic financial products and services offered in the industry to ensure they are in accordance to Syariah principles.

### **How do I know which financial institutions are licensed by AMBD?**

The list of all AMBD licensees can be found on the website, along with their contact details! You can visit our website for more information.

Alternatively, we also have the AMBD Alert List to warn the public about entities, offering financial products and services, which are which are neither authorised nor approved under the relevant laws and regulations administered by AMBD, or whose activities raise suspicions of illegal activities.