



PRESS RELEASE

BDCB POLICY STATEMENT 1/2022

1. Brunei Darussalam Central Bank (BDCB) today published its first semi-annual policy statement for 2022.
2. In its Policy Statement 1/2022, BDCB noted that the International Monetary Fund (IMF) has revised down its 2022 global growth forecast from 4.4% to 3.6% due to spillover effects from Russia's invasion of Ukraine, such as supply shocks and higher inflation. Meanwhile, the domestic economy contracted by 1.6% in 2021. Despite the global inflation forecast which is expected to remain elevated, combined with disruptions on global supply chains which are likely to persist in the near-term, BDCB expects its impacts on Brunei Darussalam's overall inflation to be low given the tightening of Monetary Authority of Singapore's (MAS) monetary policy thrice so far in the first 7 months of 2022. BDCB's inflation forecast for 2022 is expected to be in the range of 2.0% to 3.0%.
3. BDCB highlighted a notable growth in the financial sector total assets of 7.9% year-on-year with total asset value of BND23.9 billion as of Q1 2022, of which BND13.9 billion (58.0%) was held by the Islamic finance sector. Deposit-taking institutions made up 92.0% of the total financial sector assets with an asset base of BND22.0 billion.
4. The banking industry continues to have a robust capital position with an aggregate Capital Adequacy Ratio of 20.9% as of Q1 2022. Nevertheless, in light of heightened uncertainties associated with the COVID-19 pandemic, as well as the still relatively low global interest/profit rates environment, profitability of the banking industry has also declined.
5. The temporary regulatory flexibility to banks and finance companies has ceased after 30 June 2022, with the COVID-19 restrictions being lifted gradually with businesses and individuals started to recover from the impact of the pandemic. Meanwhile, the waiver of fees and charges (excluding third party charges) for online local interbank fund transfers via the Real-Time Gross Settlement (RTGS) system and Automated Clearing House (ACH) has been extended until 31 December 2022.
6. To further ensure that critical infrastructure of the financial sector meets international standards, BDCB issued Guidelines on Technology Risk Management and Guidelines on IT Third Party Risk Management to all financial institutions, in line with the Financial Sector Blueprint's (2016-2025) strategic goal under Pillar III.
7. Furthermore, BDCB issued a Notice on Academic Qualification and Work Experience Requirement for Capital Markets Services Representative's Licence (CMSRL) to further improve the level of

professionalism within the financial sector, and Notice on Application Process and Requirements of Investment-Linked Insurance Business for Insurance Companies to enhance the governance of this business undertaking.

8. The full version of BDCB Policy Statement 1/2022 can be found on BDCB's website at www.bdcg.gov.bn. For further information and enquiries, members of the public may contact BDCB at 8318388, or email info@bdcg.gov.bn.

Brunei Darussalam Central Bank

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