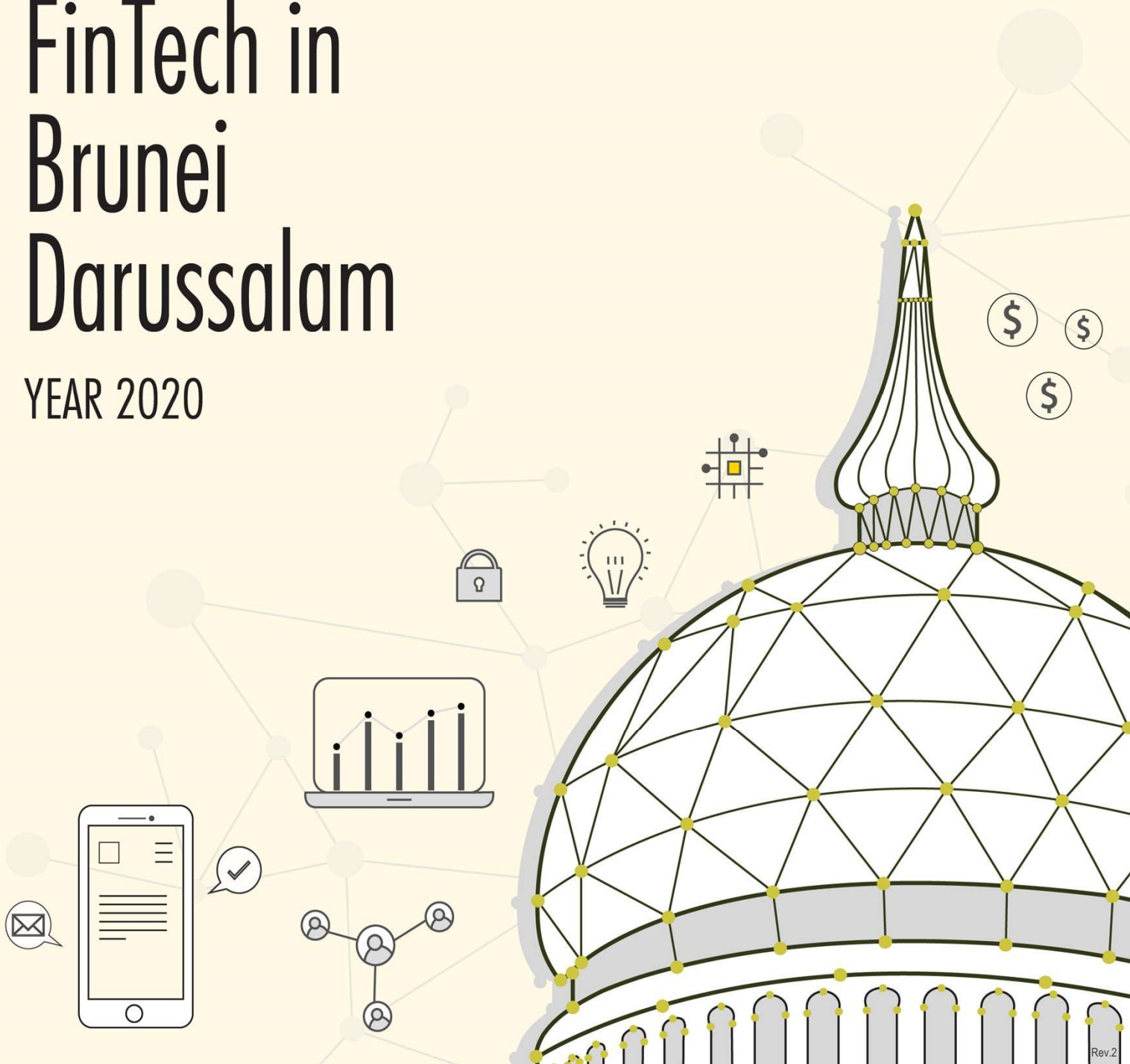




The State of FinTech in Brunei Darussalam

YEAR 2020



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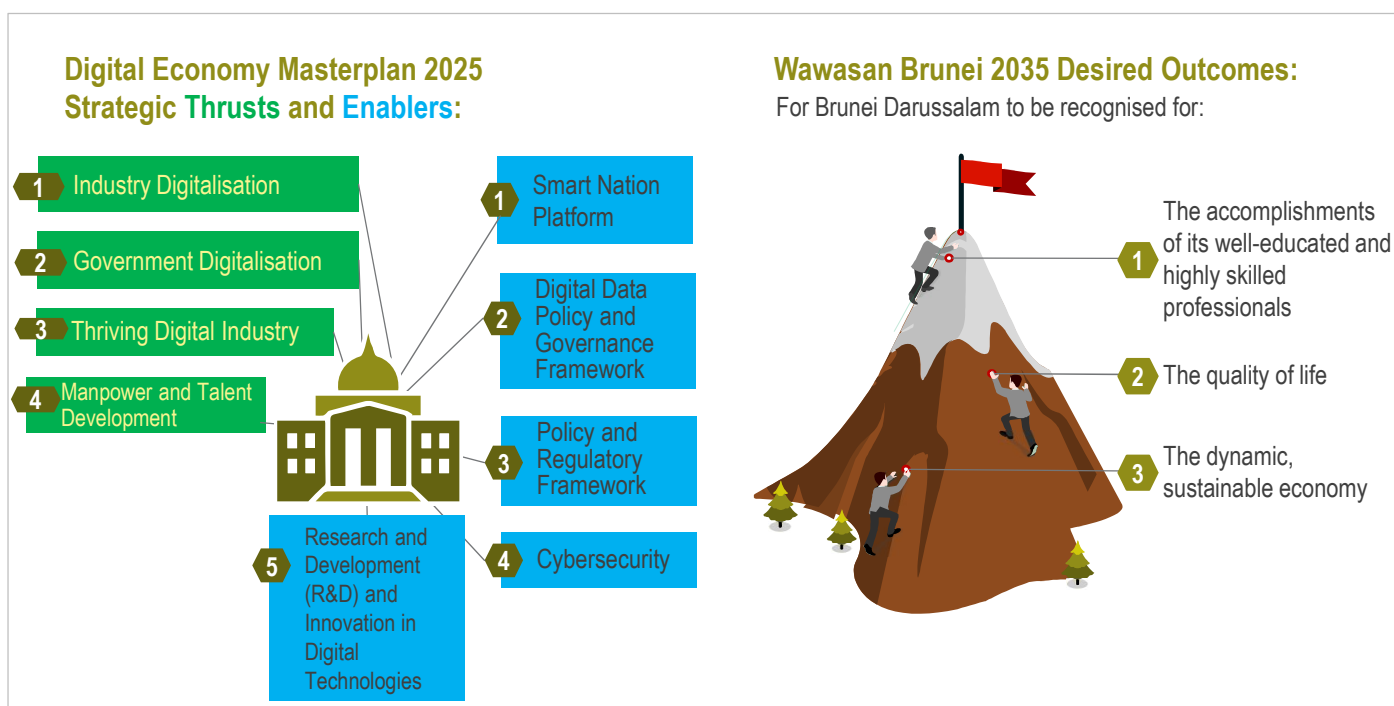
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Introduction

Brunei Darussalam, located on the South East Asian island of Borneo, is the smallest member nation of the ASEAN community in terms of population. Despite having a small land area and a very small population, Brunei Darussalam has the second highest per capita Gross Domestic Product (GDP) in the ASEAN region. While the oil and gas industry has accounted to more than half of the country's GDP, the government has been proactively diversifying its economy and ramping up investment into several key priority clusters. These include growing innovative technology, creative industries and business services. In particular, Brunei Darussalam has identified the financial services sector as a key contributor towards its long-term development plan.

Brunei Darussalam offers an attractive environment for businesses looking to expand into the ASEAN region. Investors may own 100% of a company established in the country and co-investment partnerships with entities such as the Strategic Development Capital Fund (SDC) and Government-Linked Companies (GLCs) under the Ministry of Finance and Economy are available. In addition, pro-business policies such as the Competition Order 2015 promote a competitive business environment. The government welcomes economic and technical co-operation, as well as initiatives designed to build capacity, all in support of its economic vision under Wawasan Brunei 2035.

Figure 1: Brunei Darussalam Digital Economy Masterplan 2025 and Wawasan Brunei 2035



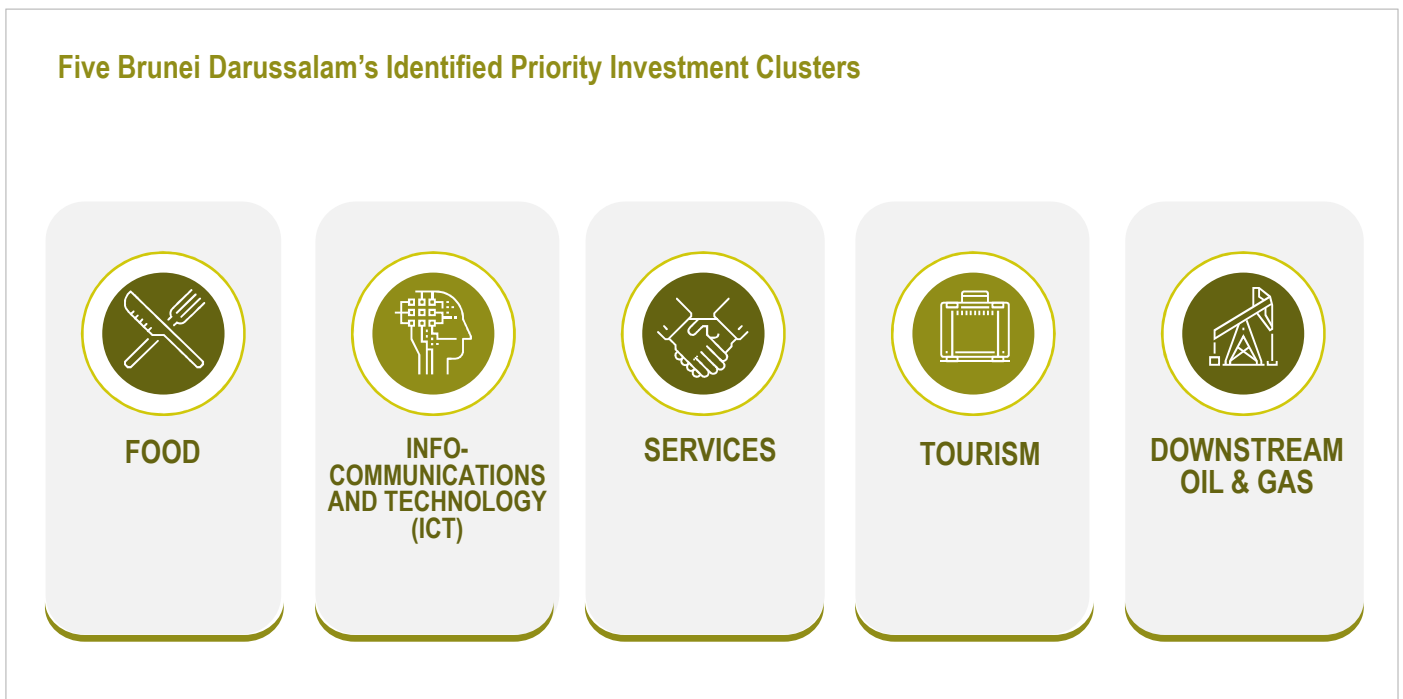
Sources: *Digital Economy Masterplan 2025*

Department of Economic Planning and Development, Ministry of Finance and Economy Brunei Darussalam 2019

Wawasan Brunei 2035 sets out clear targets on how Brunei Darussalam can diversify its economy and encourage innovation in key priority industry clusters, especially in the financial services sector. The government aims to position Brunei Darussalam as a nation with well-educated and skilled professionals, while ranking as one of the top 10 in the world for quality of life and possesses a dynamic, sustainable economy.

To contribute towards this vision and in order to cultivate a thriving local FinTech ecosystem, Brunei Darussalam's central bank, Autoriti Monetari Brunei Darussalam (AMBD), established its FinTech Office in 2017. In the same year, AMBD also released the Brunei Darussalam Financial Sector Blueprint 2016 – 2025 (FSBP), which provides a roadmap on how it intends to develop the financial sector in the next 10 years. The FSBP also sets out the strategic framework within which AMBD will be working with other ministries and stakeholders to reach the objectives of Wawasan Brunei 2035.

Figure 2: Brunei Darussalam Priority Investment Clusters



Source: investBN – Investing in Brunei Darussalam 2020

Why FinTech?

FinTech – digital and innovative financial technologies, products or services – have registered exponential growth globally and is now one of the fastest growing sectors of the economy. Over the last few years, the global FinTech sector has continued to grow at an accelerated pace. Global FinTech deals via global tech giants rose to USD3.5 billion invested across 46 deals in 2019.⁽¹⁾ With big developments ranging from the rise of open banking, increasing regulatory clarity and increasing maturity of Artificial Intelligence (AI) and Blockchain, the FinTech industry is predicted to further grow in the future.

Many countries have been making substantial efforts to build a robust FinTech environment and FinTech hubs have been established across the Americas, Europe and Asia. In the emerging economies, FinTech solutions provide an opportunity to increase financial inclusion while in developed economies the focus has mainly been on increasing efficiency, lowering costs, personalising customer services as well as enhancing customer experience.

FinTech solutions can be broadly classified into four categories: banking (e.g. digital personal finance, payments and lending), insurance (e.g. new customised products leveraging on data, digital distribution, automated servicing and claims management etc.), asset management (e.g. digital distribution, robo-advisory, AI powered portfolio management etc.) and other cross-industry applications (e.g. digital capital markets and brokerage, business to business FinTech and Regtech).

Growth and market success of any FinTech hub originates from having an integrated ecosystem. Such an ecosystem brings together the necessary critical mass of complementary organisations interacting in a business environment that allows members to scale without compromising agility, while simultaneously promoting technological innovation. Players in this ecosystem include start-ups, established financial institutions, technology companies, venture capital firms and business angels, research and educational institutions as well as government authorities.

Notes: (1) KPMG Pulse of FinTech H2 2019

An inclusive, cohesive, and collaborative ecosystem tends to have greater innovation, higher productivity, and quicker formation of new businesses. All parts of the ecosystem are interconnected. Competition and co-operation create a constantly evolving and thriving sector. Companies can tap into available resources, including information, knowledge, a workforce with sector-specific skills, shared infrastructure and access to other players in the value chain.

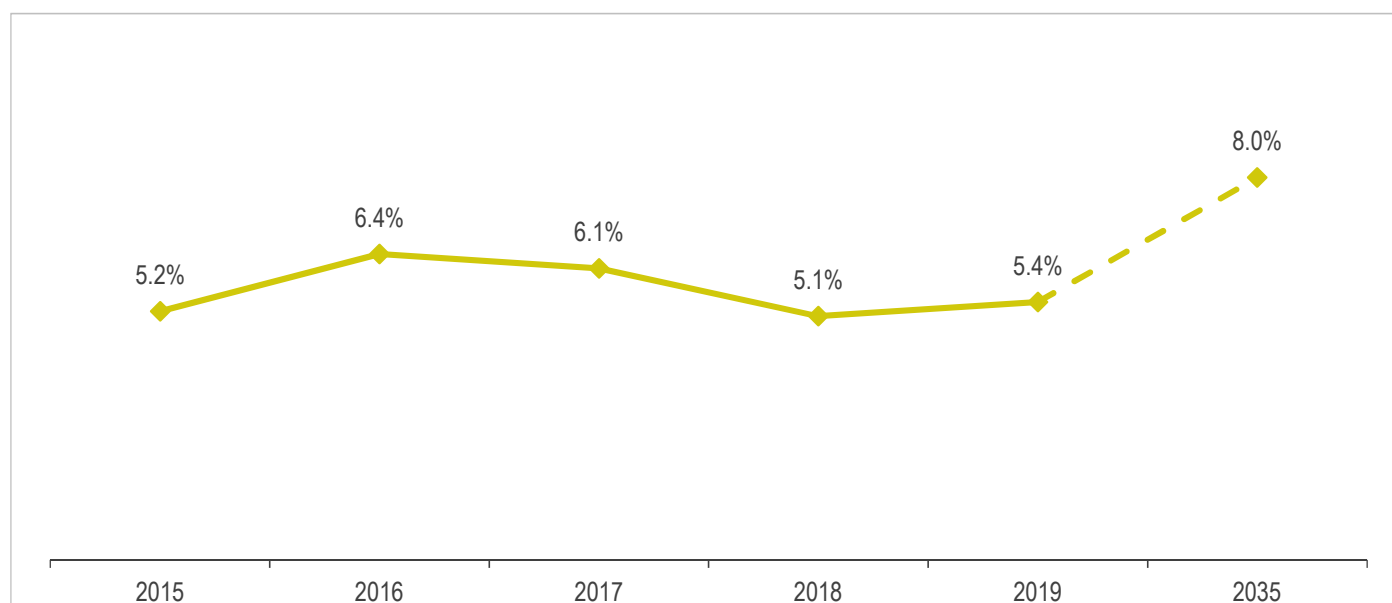
The ultimate aim of FinTech is to benefit society at large, improving financial management for individuals, businesses and institutions. It has the opportunity to bring more people into the financial ecosystem, create better and more seamless customer experiences, lower operating cost which in turn can be passed on to consumers and businesses.

Unlocking its Potential: Brunei Darussalam as a FinTech Hub

State of Financial Services and FinTech in Brunei Darussalam

Over the last several years, the contribution of the Financial Services sector to the national GDP has been rising steadily (Figure 3). The FSBP outlines AMBD's objective of increasing the Financial Services sector's contribution towards the GDP, with the aim of reaching 8% of GDP by 2035. FinTech has been identified to be a key driver in achieving this. In particular, the government aims to deepen international connectivity and develop a cashless society powered by electronic payments and advanced financial infrastructure.

Figure 3: Contribution of Financial Services to GDP in Brunei Darussalam (%; 2013 – 2035)



Source: Brunei Darussalam Statistical Yearbook 2019

To further strengthen the sector, AMBD has been enhancing the regulatory framework underpinning the Financial Services sector over the past few years. For instance, it revised regulations on Anti-Money Laundering and Counter-Terrorism Financing in 2011 and 2013, aligning itself with international standards in the area of anti-money laundering (AML) and counter-terrorism financing (CTF). These efforts paid off, as Brunei Darussalam is no longer subject to the Financial Actions Task Force (FATF) monitoring process under its ongoing global AML/CFT compliance process.

To stimulate developments in Brunei Darussalam's FinTech sector, AMBD launched the FinTech Regulatory Sandbox promoting responsible experimentation by FinTech start-ups in collaboration with AMBD as its regulator. The Sandbox also serves as a repository of information and acts as a gateway for the submission of queries and for obtaining feedback from parties in the ecosystem.

The promising future of Islamic Finance in Brunei Darussalam and beyond

Brunei Darussalam, located at the heart of South East Asia, is a stepping stone towards the larger Islamic populations in Indonesia and Malaysia. Brunei Darussalam is similar to these countries with Muslims comprising around 79% of its population.

It is one of the few countries following Syariah principles, which stipulate adherence to certain requirements in Islamic Finance such as the provisioning of Zakat, Syariah-compliant bonds (Sukuk), Islamic Banking and Islamic Insurance (Takaful).

As of November 2020, Brunei Darussalam has issued 11 issuances of short-term Sukuk Al-Ijarah securities ("Syariah-compliant" bonds) for the year amounting up to a total of USD279 million. Since making its first offering in April 2006, Brunei Darussalam issued over USD10.62 billion of short-term Sukuk in total.

In Brunei Darussalam, the share of banking and insurance that is Syariah-compliant has been growing at 8% annually. As a matter of fact, the share of Islamic banking assets in Brunei Darussalam at 40% is among the highest in the world.

Note: 1 BND = US\$ 0.747 as of 26th November 2020

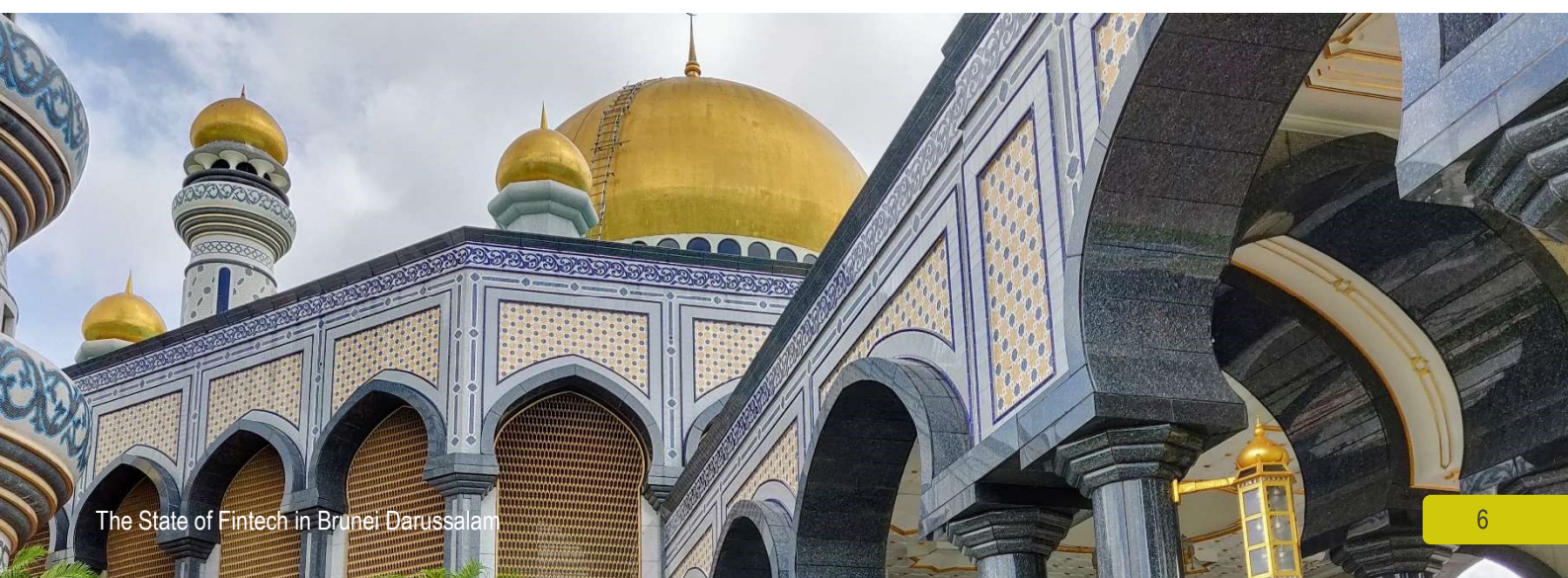
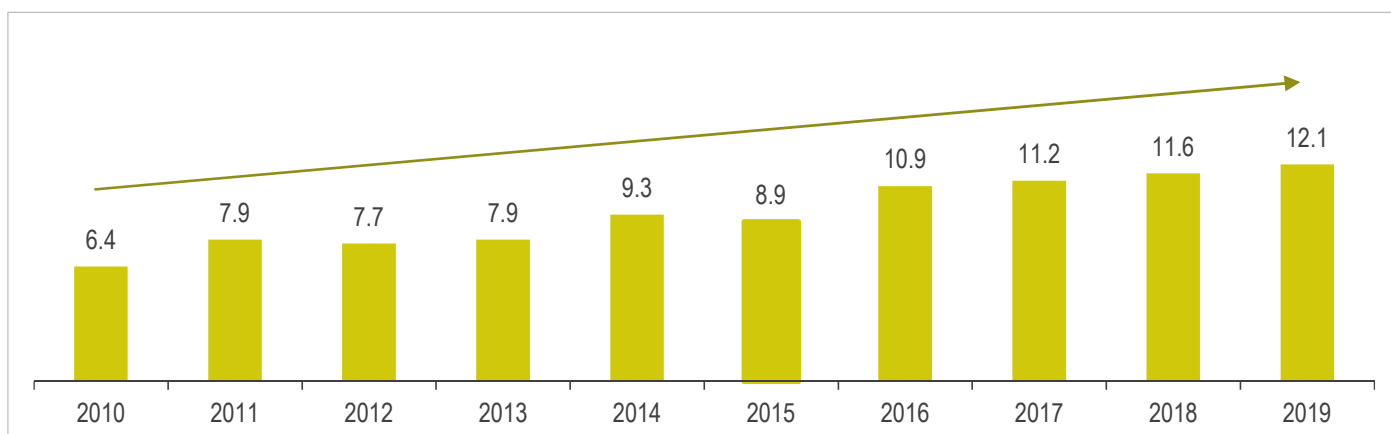




Figure 4: Islamic Banking Growth in Brunei Darussalam (BND billions)



Source: AMBD, 2020

Brunei Darussalam, today, is well-established as a centre for Halal certification for food products, which can be further expanded to incorporate financial services products. Leveraging on the strong political, social and economic foundation of adherence to Islamic teachings and principles, Brunei Darussalam continues to make strides in achieving its vision to become one of the leading international Islamic Finance hubs through initiatives such as enhancing Syariah governance, its supporting legal framework and education.

The opportunity for Islamic Finance products is not restricted to the immediate neighbouring region. The significant under-banked Muslim population in the world provides a great opportunity for Islamic Finance products. There are currently around 1.8 billion Muslims in the world, with Asia making up over 60% of the global Muslim population.⁽²⁾ The global Islamic Finance market has been estimated to be USD2.5 trillion in 2018⁽³⁾ and has been one of fastest growing sectors within Financial Services globally, growing at 10-12% annually in many Muslim countries.

The industry is projected to grow to USD3.4 trillion in assets by 2024.⁽⁴⁾ As shown in Figure 4, the growth of Islamic Banking assets for Brunei Darussalam has increased over the past years. According to the published ICD-Refinitiv Islamic Finance Development Report 2019, Brunei Darussalam maintained its ranking as one of the top 10 performing Islamic finance markets out of 131 countries.

- Notes: (2) Pew Research Center, 2019
(3) ICD-Refinitiv Islamic Finance Development Report, 2019
(4) ICD-Refinitiv Islamic Finance Development Report, 2019

State of FinTech in Brunei Darussalam

Brunei Darussalam has taken multiple steps to position itself as an attractive FinTech hub. Six key components typically determine the success of any FinTech ecosystem. The subsequent sections provide an assessment of the Brunei Darussalam ecosystem alongside each of these components. A non-exhaustive snapshot of the current ecosystem is provided in Figure 5 below.

Figure 5: Brunei Darussalam's FinTech Ecosystem (selected players)



Source: AMBD, 2020

1. Government



High ease of doing business, conducive tax rates and allowance of 100% foreign ownership for most businesses



Digital Economy Council (DEC) to drive Brunei Darussalam's digital agenda

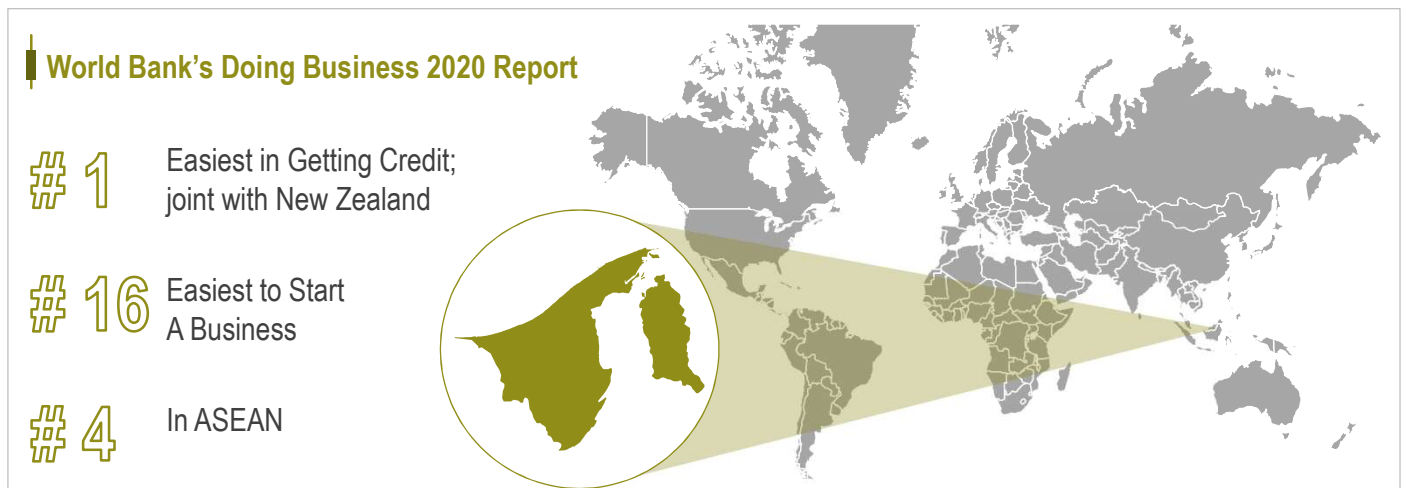


Enablers of the digital economy including national digital ID and data protection are in place

Brunei Darussalam's business environment has significantly improved

According to the 2020 World Bank Doing Business Report, Brunei Darussalam is ranked 4th in the ASEAN region and 1st in ease of getting credit. Since 2014, it has simplified preregistration and registration formalities (publication, notarisation, inspection, and other requirements) for businesses. The score was driven by improvements in getting credit and in streamlining processes for starting a business. For instance, AMBD's introduction of a credit scoring system that allows banks to evaluate lending more efficiently was recognised as being on par with New Zealand, which holds the number one position globally.

Figure 6: Doing Business in Brunei Darussalam (2020)



Source: World Bank 2020

In addition, there are several agencies that provide support to businesses, including FDI Action and Support Centre (FAST), within the Brunei Economic Development Board (BEDB), a Statutory Board under the Ministry of Finance and Economy (MOFE), which facilitates pre investment and post approved Foreign Direct Investment (FDI). FAST co-ordinates with relevant Government & private stakeholders to assist FDI with the successful development of their projects in Brunei Darussalam.

On the workforce front, Brunei Darussalam also improved its ranking by six places, attaining the 46th place out of 141 economies in the World Economic Forum's 2019 Global Competitiveness Report. The study took 12 pillars of competitiveness into consideration to determine a country's ranking⁽⁵⁾.

Note: (5) World Economic Forum, 2019

The tax environment in Brunei Darussalam is simple and highly attractive

There is no value-added tax (VAT) or equivalent consumption tax. Individuals do not pay income tax, capital gains tax or tax on profits arising from the sale of capital assets.

The country has reduced the corporate income tax rate, though it also abolished the partial exemption of income and introduced a flat rate. The corporate income tax rate, currently 18.5%, is levied on both resident and non-resident companies. Small companies with gross sales or turnover of BND1 million or less, are exempted from corporate tax. The first BND100,000 of new companies' chargeable income is fully exempted from tax in the first three consecutive years of assessment. Brunei Darussalam also provides up to 11 years of corporate tax exemption⁽⁶⁾.

Additionally, Brunei Darussalam also made the payment of contributions to the Employee Provident Fund and the Supplemental Pension Fund easier and cheaper.

100% foreign ownership for most businesses creates a conducive environment for foreign firms to set up operations in the country.

Government initiatives are driving FinTech and the digital economy further

AMBD's FinTech Unit is dedicated to the cause. AMBD's FinTech Unit is responsible for promoting the use of technology in the Financial Services sector of Brunei Darussalam. Following the introduction of the FSBP, one of AMBD's initiatives was setting up the FinTech Office, a virtual facilitation office run and operated by AMBD's FinTech Unit. It serves as a one-stop virtual facilitation office where interested parties may contact AMBD on any matters concerning FinTech-related matters.

The Digital Economy Council (DEC) has been established in March 2019. The council replaces the functions of the Brunei Darussalam National IT Council, and will guide policy formulation and coordinate efforts of government bodies towards Brunei Darussalam's drive to become a Smart Nation powered by a digital economy. The council is jointly led by the Minister of Finance and Economy II and Minister of Transport and Info-communications.

Some of the top priorities of the DEC are:

- A cashless society enabled by digital payments
- Digitalisation of government services
- Export-driven initiatives supported by growing talent

National Digital ID is an enabler for FinTech services such as E-KYC

Brunei Darussalam's e-Darussalam Account is a single nationwide authentication key that is linked to an individual's National Identity (ID) number. Citizens can use this to access online government services with Secure Single Sign on (SSO). This provides the fundamental prerequisite for a variety of FinTech services including Electronic Know-Your-Customer (E-KYC).

Data Accessibility to the Private Sector

Data accessibility allows individuals and corporates to access and transact digitally with the government in a convenient and secure manner. Agencies like the Authority for Info-communications Technology Industry (AITI) and Ministry of Transport and Infocommunications (MTIC) plays a central role in formulating policies to facilitate this.

Note: (6) The Business Times, 2018

2. Regulations



Progressive regulator open to collaboration and shaping FinTech regulation through the Regulatory Sandbox



First regulations on P2P lending / crowdfunding have been put in place with other critical regulations for key FinTech areas to follow

AMBD FinTech Regulatory Sandbox enables FinTechs to experiment and test their solutions

Recognising that risk and failures go hand-in-hand with innovation, the AMBD FinTech Regulatory Sandbox enables live testing to encourage FinTech experimentation in a safe and responsible manner. Companies who apply are evaluated on the basis of innovation geared towards the following areas:

1. Improving accessibility, efficiency, and security of Financial Services
2. Enhancing risk management
3. Leading to a better financial outcome for customers either directly or indirectly

Key FinTech Regulations

Notice on Peer to Peer (P2P) Financing Platform Operators: AMBD has put forward clear regulatory requirements for P2P lending providers to protect investors, ensure proper functioning of P2P platforms, promote fairness and transparency, manage any conflict of interest, and ensure fair treatment of users both in terms of users getting capital or providing capital via the platform. The objective of the notice is to facilitate the growth and development of the capital market sector in the country and to provide start-ups and small businesses with an alternative source of financing when raising capital to fund their venture.

Notice on Equity Based Crowdfunding Platform Operators: The notice outlines regulatory requirements for platform operators providing equity crowdfunding services. Eligible issuers on such platforms can raise up to BND500,000 within a 12-month period from both sophisticated investors as well as retail investors. The purpose of the notice is similar to the notice on P2P financing which is to facilitate alternative sources of financing for small businesses. This is in line with Brunei Darussalam Financial Sector Blueprint (2016-2025), and can contribute to economic growth towards realizing Wawasan Brunei 2035.

Regulator-led collaborative initiatives – MOUs as critical tool for regulator collaboration

Memorandum of Understanding with the Government of the Republic of Singapore in the form of a FinTech Co-operation Agreement with the Monetary Authority of Singapore (MAS) to facilitate the sharing of information on emerging FinTech trends and promote joint innovation projects between the two countries. In addition, the MOU provides support for FinTech companies to better understand the regulatory regime and opportunities in both countries. AMBD is also working on other MOUs moving forward.

3. Market Forces



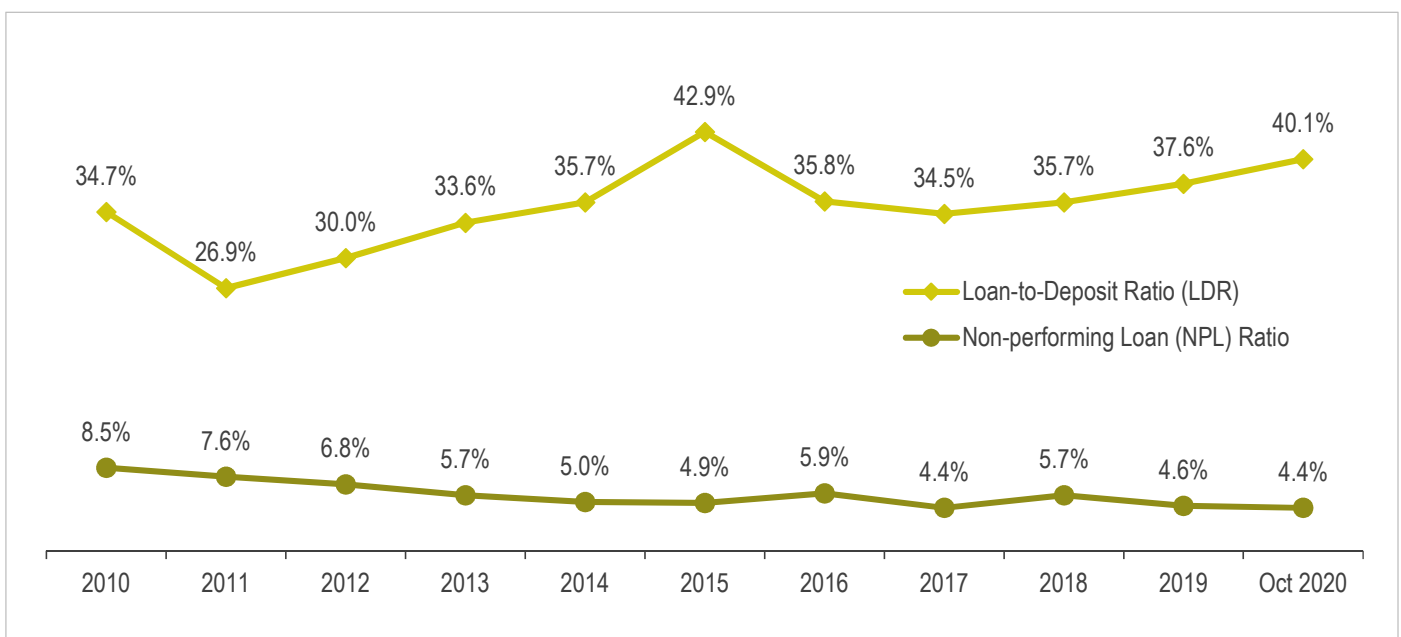
Brunei Darussalam's FinTech ecosystem is still in its early stages but is developing quickly, with latent demand for low-cost FinTech products, and increasing number of entrepreneurs and start-ups.

Pent up demand for FinTech solutions

High NPL ratio indicates demand for alternate lending sources

A high Non-Performing Loan (NPL) Ratio indicates possible demand from banks for stronger underwriting methodologies, and tighter credit procedures. In addition, a low Loan to Deposit Ratio (LDR) indicates demand from banks for FinTech services in customer acquisition and loan dispersion. The low level of loans granted indicates potential for unmet consumer demand, supporting a market for alternative lending sources.

Figure 7: Lending metrics (%; 2010-2020)



Source: AMBD, 2020

High foreign worker ratio creates demand for low-cost remittance solutions. High remittance fees⁽⁷⁾ are a large cost to consumers, indicating strong potential demand for digital cost-effective remittance solutions. The large presence of migrant workers in Brunei Darussalam, among the highest in South East Asia at approximately 100k foreign workers⁽⁸⁾ accounting to about 23% of the total population, provides a potential market opportunity.

High-cost interbank transfers create a need for alternatives. Interbank transfers (BND10-30 for Real Time Gross Settlement System (RTGS) and BND1.60-3 for Automated Clearing House (ACH)) are high compared to other countries in ASEAN and indicates an opportunity for cheaper alternatives.

Notes: (7) Based on Western Union as a global benchmark compared to other regional countries, other providers with lower fees may exist
(8) Statista, 2019

The market is responding to these demands through the growth of the FinTech community and active engagement with AMBD to test innovative FinTech solutions in the FinTech Regulatory Sandbox

Currently, digital payments start-up BruPay, digital remittance companies MoneyMatch, and AliPay merchant acquirer Beep Digital Solutions, are approved participants of the AMBD FinTech Regulatory Sandbox. Several other FinTech companies are working closely with AMBD and are undergoing the assessment and evaluation process towards obtaining the required approvals for participation in the market.

BruPay – E-Wallet Provider

BruPay, one of the members of AMBD's FinTech Regulatory Sandbox, started testing in 2018 and has targeted hundreds of merchants for integration and on boarding onto its platform. BruPay aims is to assist businesses with no card terminals and (micro) e-commerce businesses to accept digital payments.

Beep Digital Solutions – AliPay Merchant Acquiring Services

Beep is leveraging on its cloud-based FinTech platform to allow local merchants to accept AliPay payments from Chinese nationals in Brunei Darussalam including tourists and expatriates.

MoneyMatch – Digital cross border payments and remittance

MoneyMatch is able to compress the cost structure associated with overseas money transfers, and channel the cost-savings back to the customers. It provides fully digital services, E-KYC and a hybrid currency settlement and disbursement portal.

Jana Kapital – Syariah-based Peer-to-Peer (P2P) Crowdfunding platform

Jana Kapital is testing an online website Peer-to-Peer (P2P) Islamic Crowdfunding platform. The platform is a marketplace hosting on one hand, eligible start-ups and Micro, Small and Medium Enterprises (MSMEs) that requires financing to purchase assets, while on the other, a group of subscribers or investors, who are looking to invest their excess monies into real assets and economy sectors.

Corporates are revving up their innovation engines

BIBD Digital Platform and Progresif Pay

Bank Islam Brunei Darussalam (BIBD) has launched a digital platform, which has led to a 400% increase in online transactions from 2014 to 2017⁽⁹⁾. It released a mobile application with several digital capabilities like biometrics, international and instant local transfers, online payments, and QR codes for merchants' payments. The bank has also launched Progresif Pay, a mobile wallet in partnership with Progresif, a local telecommunications company.

Notes: (9) BIBD Annual Report 2017

4. Capital



There is a dual push from both government bodies as well as private investors to launch avenues of financing FinTech start-ups.

The sources of private capital are steadily increasing in the country, with a variety of companies investing in the start-up ecosystem, while the government is also lending its support.

Providing grants, financial support and capital to spur the FinTech and start-up scene

Darussalam Enterprise (DARe) is a one stop hub aimed at building dynamic and resilient organisations. It does so by facilitating a conducive ecosystem to enable growth of enterprises. It provides training and workspaces for businesses. DARe provides support in the form of rental subsidies, incubation and acceleration programs and works closely with local and regional collaborators to assist in fundraising.

DARe runs the “**Accelerate Bootcamp**”, its incubation programme. This 100-day program aims to equip Bruneian start-ups and Small and Medium-sized Enterprises (SMEs) with skillsets to establish scalable and sustainable businesses, with technology being one of the focus sectors. Through the program, ideas, products, and services that have strong potential to succeed are identified for education, mentorship, and provided with opportunities to access international markets, especially in South East Asia. The first cycle of the Accelerate Bootcamp saw 13 local start-ups collectively raise BND300,000 in investment, generate BND80,000 in revenue and employ 131 people. DARe also recently launched a co-matching funding program, providing eligible start-ups with 70% of their project costs for ideas that have the ability to scale and establish successful businesses.

The Crown Prince CIPTA Award. The Crown Prince Creative, Innovative Product and Technological Advancement (CIPTA) is a biennial competition focused on inspiring the public, especially the youths to develop products, processes or technologies for national and ASEAN adoption. Cash prizes to fund the ideas are available across multiple categories that vary every year. The Universiti Teknologi Brunei (UTB) is the pioneer and organiser of this competition.

Corporate funding programs are also available in Brunei Darussalam. **Shell LiveWIRE**, the flagship entrepreneurship development platform of Shell, supports small businesses and entrepreneurs with expansion and realisation of their ideas. Shell LiveWIRE Brunei has launched the Business Start-Up Awards funding scheme for Bruneians participating in the LiveWIRE Brunei Business Awards. The intent of this program is to further accelerate businesses and give participants a way to jumpstart their ideas by allowing them access to secure capital. The program provides more than USD200,000 in financing for start-ups annually.

To fill the market gap in SME financing, **Bank Usahawan** was recently established in Brunei Darussalam. It offers financial products that are tailored to entrepreneurs and businesses' needs and also offers financial products that are Syariah-compliant. Financing amounts are up to BND750,000 with a tenor ranging from 4 months to 5 years.

Overseas start-ups such as Singapore-based **Fundnel** has a presence in Brunei Darussalam. Fundnel is a private investment platform leveraging on data and technology to curate opportunities and connecting investors with start-ups. It ultimately seeks to provide access to exclusive investment opportunities in unlisted companies and funds on the buy side, enable companies to raise capital and give the ability for investors to monetise existing privately held shares on the sell side.

5. Talent



Strong pool of ICT and business graduates

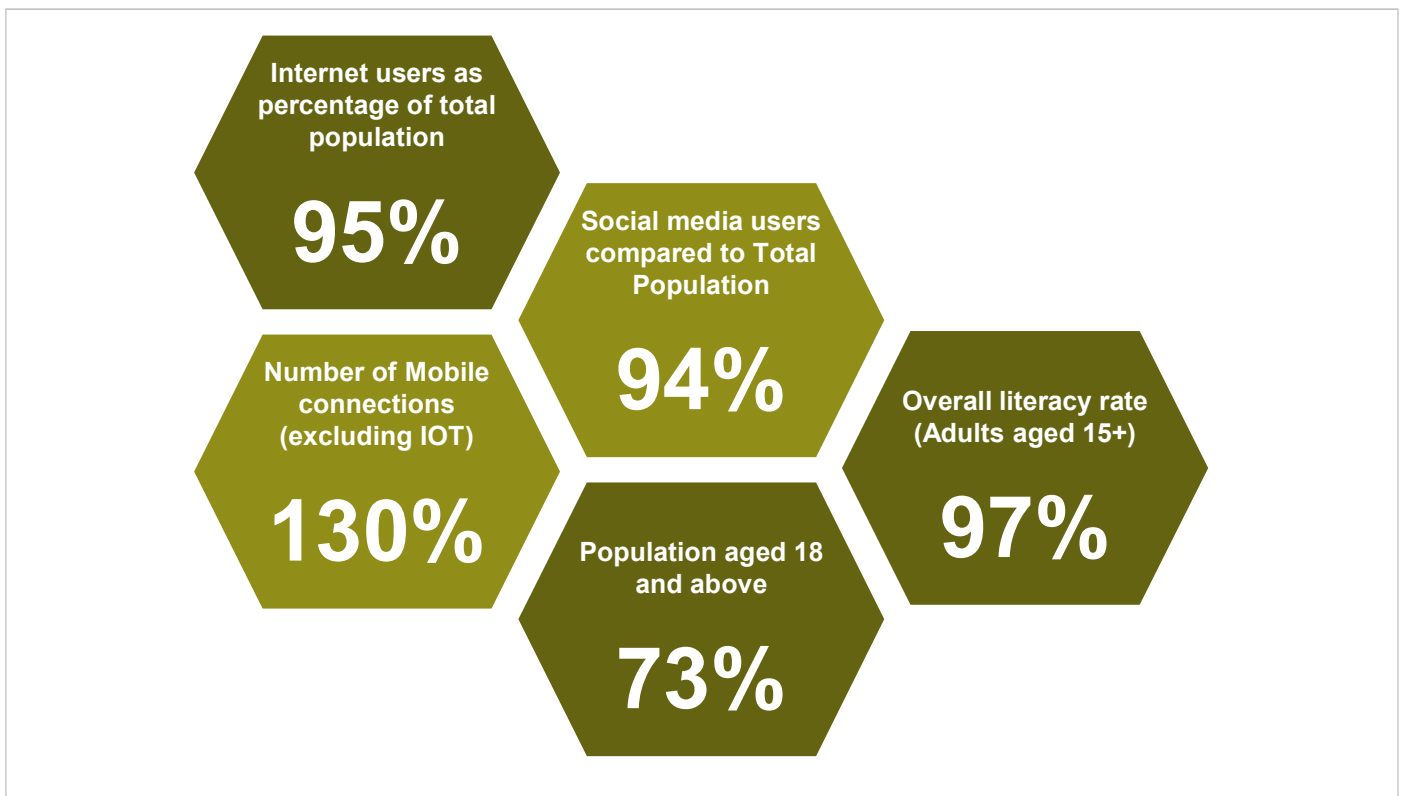


Avenues to foster a vibrant FinTech community at Universities are in place

A FinTech-ready population

Brunei Darussalam has a young and highly digitally-savvy population. As of 2020, social media penetration in the country stands at 94% - one of the highest in the world. Facebook and Instagram are particularly popular, with Brunei Darussalam's population ranking among the highest users globally. Subsequently, internet and mobile usage are also high, with 95% of the population having internet access.⁽¹⁰⁾

Figure 8: Brunei Darussalam – a FinTech ready population

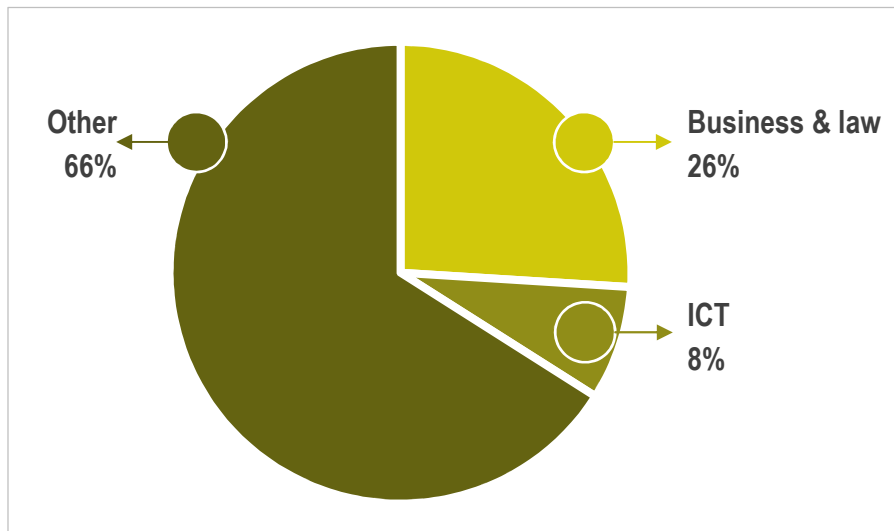


Source: Datareportal – Digital 2020: Brunei Darussalam

Universities in Brunei Darussalam including Universiti Teknologi Brunei (UTB), Universiti Brunei Darussalam (UBD) and Universiti Sultan Sharif Ali (UNISSA) currently offer dedicated programs to develop the fundamental skills around entrepreneurship and technology. These universities are increasingly offering more courses in Finance and Technology to equip students with the academic and foundational knowledge required to succeed in their ventures and to be attractive hires for emerging start-ups. This provides a solid talent pipeline that is attractive to the FinTech sector.

Notes: (10) Datareportal – Digital 2020: Brunei Darussalam

Figure 9: Share of Business & Law and ICT graduates (%; 2018)



Source: Brunei Darussalam Education Statistics 2018

Example: Courses offered at UBD and UTB relevant to building a FinTech ecosystem⁽¹¹⁾

- Bachelor in Computer Science
- Bachelor in Internet Computing
- Bachelor in Computer and Information Systems
- Bachelor in Digital Media
- Bachelor in Business Information Management
- Bachelor in Business Technology Management

Building and reinforcing a FinTech community

Multiple public and private efforts are being made to enhance the start-up scene in Brunei Darussalam. A growing appetite for entrepreneurship is fed by incubation programs such as **Startup Brunei**, an incubator spearheading the growth and establishment of accelerators across the country. It provides services such as relocation benefits for foreign start-ups as well as talent recruitment services for in-house ventures.

In 2017, the government launched **I-Usahawan**, a youth entrepreneurship program to support young Bruneian entrepreneurs to start, own and grow their own business and secure their first contract with the government, government-linked companies (GLCs) and statutory bodies. It is working to provide a diverse range of opportunities for aspiring entrepreneurs to help grow their business and penetrate international markets. I-Usahawan is open to indigenous (rakyat jati) business owners aged between 21 and 40, who are targeting government-linked companies in the oil and gas industry. This program could potentially be extended to government agencies and GLCs in non-oil and gas sectors, providing youth-owned businesses a chance to bid for those contracts.⁽¹²⁾

JobCentre Brunei (JCB) has officially begun its operations on 11th January 2017 and is open to all local jobseekers and companies. JCB strives to be a "One-Stop Career Center" where local jobseekers may utilise available services to help improve their employability and marketability in the job market and where private companies may use its facilities for their local recruitment process.

ASEAN FinTech Pitch Fest

AMBD, Brunei Association of Banks (BAB), DARE together with Monetary Authority of Singapore (MAS) organised the **ASEAN FinTech PitchFest** (Brunei Edition) on 27th August 2018 where WasapPay Enterprise, Jana Kapital, Chynge and BruPay presented their FinTech solutions. BruPay, an electronic payment wallet, won first place for Brunei Darussalam and displayed their product at the 2018 Singapore FinTech Festival.

Notes: (11) UBD and UTB websites, 2020
 (12) The Scoop, 2018

6. Infrastructure



Current telecommunications infrastructure is being upgraded



Real-time payments being enabled and awareness of digital payments is rising



One-stop physical avenues such as industry parks and innovation centre

Payment and digital Infrastructure to be future-ready

AMBD encourages the industry through the Brunei Association of Banks (BAB) to develop a shared 'Payment Hub' that will centralise digital transactions and facilitate instant payments.⁽¹³⁾ All Payment Service Providers (PSPs) can expect to be connected in real-time to support an open, competitive market. Common standards will enable services such as electronic wallets and instant account-to-account payments via the Payment Hub. Public awareness on digital payments is rising and fostered through educational programs. With more awareness programs, there is greater public acceptance and adoption of digital payment solutions. This will enhance the actual tangible benefits of digital payments in the context of financial inclusion and financial literacy.

Brunei Darussalam's fixed and mobile telecommunications infrastructure has been consolidated through the creation of a new entity called Unified National Networks (UNN) launched in September 2019. The aim is to improve cost and service quality, while encouraging healthy competition between telecommunication providers by shifting the focus of providers to compete on customer service and products offered.

Supporting platforms

DARe (iCentre) is a one-stop avenue for everything related to start-ups and entrepreneurship. DARe, within Anggerek Desa Technology Park, promotes an innovation culture by providing start-ups with a co-working space and offering incubation and acceleration programs. It also runs the Business Support Centre, which provides a single venue for businesses to obtain advice and information on business-related processes. DARe acts as a bridge between the start-up world, the government and relevant supporting ecosystem players. By being a dedicated space for education, DARe provides workshops and learning courses to employees of start-ups thus helping to build and enhance financial and technical skills required to scale their operations.

Universiti Brunei Darussalam Entrepreneurship Village is an initiative established under the National Entrepreneurship Agenda (NEA) of the Ministry of Education, and is located on the campus of Universiti Brunei Darussalam. Students, as well as the public, have access to a service desk, incubator and education centre.

Progresif Startup Lab was set up by telecommunications firm Progresif. Located at the company's headquarters in Gadong, the start-up lab is geared towards providing full access to support services such as workspaces, free phone lines, and administrative, marketing, and branding services. It also provides guidance for start-ups on creating marketable products and assists to pursue regional expansion for the products. Dart Logistics, Brunei Darussalam's first ride booking service was the first start-up to join the lab.⁽¹⁴⁾

In addition, Brunei Darussalam is home to **30 designated industry business parks** with two parks dedicated to the development of the technology and creative Industry. **Digital Junction** and **Anggerek Desa Technology Park**, taking up 15 and 16 hectares respectively, are home to some of the most high-tech industries in the country.

Notes: (13) Biz Brunei, 2019
(14) Biz Brunei, 2017

RECOMMENDATIONS FOR THE ROAD AHEAD

Brunei Darussalam will continue to embrace FinTech, and in doing so, the country will aim to foster an inclusive and attractive FinTech ecosystem. The road ahead will be paved through a variety of initiatives enabled through multi-collaborative government efforts enabled through AMBD:

1. Providing an attractive and favourable regulatory environment for FinTech

Making it as convenient as possible for FinTechs to operate from Brunei Darussalam while still ensuring the same level of regulatory safeguarding is key.

In the short term, AMBD will enhance the Sandbox application process with reduced application assessment time. This can be extended in the future to offer fast-track approval for well-understood areas e.g. micro-lending, crowdfunding or for already established FinTechs. AMBD will also work on providing certainty around key FinTech areas such as digital bank, E-KYC or virtual assets and beyond through appropriate regulatory frameworks.

2. Establishing a vibrant capital ecosystem through dedicated funds for FinTech

The availability of adequate capital to nurture and attract FinTechs via incubators, accelerators and venture capital firms (VCs) is very important and can help boost the growth of the ecosystem.

Several initiatives under consideration by AMBD include direct investments into VCs, co-matching grants that match investors' money in a pre-determined ratio, subsidies to incubators and accelerators and pilot funding to corporates for FinTech prototypes. These will require cross-governmental collaboration.

3. Building a strong talent pool to create and nurture FinTech talent

Talent is the centerpiece of any company or business ecosystem. Universities play a critical role in developing and nurturing that talent.

A first step is to work with universities and corporates to increase awareness of FinTech trends and opportunities and provide internship funding to graduates interested to work in FinTech companies. Furthermore, FinTech programs will need to be developed and integrated into university curriculums. In the future, the talent and skills yielded can further enhanced through open innovation platforms, hackathons, and meet-ups with operating companies and experts. Foreign talent needs to be attracted through entrepreneur and specialist talent visas.

4. Connecting Brunei Darussalam to global FinTech markets

Brunei Darussalam's FinTech ecosystem will be connected to the global FinTech world. A first step is to join the Global Financial Innovation Network (GFIN) to exchange information and consequently establish the Brunei Darussalam FinTech Association. The FinTech Association acts as a networking platform to centralise all FinTech-related activities within Brunei Darussalam and to forge Memorandums of Understanding (MOUs) with other FinTech hubs.

5. Establishing Brunei Darussalam's 1st and Asia's most attractive Islamic FinTech Hub

To foster a culture of innovation and drive Islamic FinTech growth through a centralised platform for all Islamic FinTech-related activities, establishment of a FinTech Hub is being considered by AMBD.

The FinTech Hub will bring key ecosystem stakeholders including corporates, FinTechs, accelerators, incubators, VCs, investors, government agencies and service providers together under one roof. A vibrant co-working space to foster continuous knowledge sharing, community building efforts, a one-stop service desk to facilitate seamless business services like company registry or tax, direct access to the AMBD FinTech Regulatory Sandbox.

The FinTech Hub can complement the innovation spaces available today for the start-up community. These spaces of entrepreneurship and innovation are key in taking FinTech development forward, and for Brunei Darussalam to ascent towards becoming the future centre of Islamic FinTech in South East Asia.

