



PRESS RELEASE

BDCB POLICY STATEMENT 1/2023

1. Brunei Darussalam Central Bank (BDCB) today published its first semi-annual policy statement for 2023.
2. In its Policy Statement 1/2023, BDCB noted that the International Monetary Fund (IMF) projected global growth for 2023 to be slower at 2.8% compared to 3.4% in 2022, before rising to 3.0% in 2024. Meanwhile, the domestic economy contracted by 1.6% in 2022, largely driven by a contraction in the Oil and Gas sector. Looking ahead, the domestic economy is expected to improve in 2023, mainly contributed by ongoing foreign direct investments projects. However, downside risks remain with expectations of slower global demand, lower crude oil and Liquefied Natural Gas production levels, and uncertainty in the crude oil market.
3. As central banks globally are still attempting to tame inflation, the Monetary Authority of Singapore, in its April 2023 Monetary Policy Statement, has decided to maintain its latest policy stance as the effects of its monetary policy tightening are still working through the economy and is expected to continue to lower inflation further. Taking this and available Consumer Price Index data into **consideration, BDCB's inflation forecast for Brunei Darussalam for 2023 is expected to be within the range of 1.0% to 2.0%.**
4. BDCB noted that there was a slight decline in financial sector total assets of 0.3% year-on-year with total asset value of BND23.9 billion as of Q1 2023, of which BND14.1 billion (59.1%) was held by the Islamic finance sector. Deposit-taking institutions made up 91.9% of the total financial sector assets with an asset base of BND21.9 billion. The banking industry continues to remain resilient with an aggregate Capital Adequacy Ratio of 21.3% as of Q1 2023. Additionally, in line with the increasing **interest/profit rate environment, an upward trend was recorded in the banking sector's profitability.**
5. In the area of capital markets, BDCB issued enhancements to its Notice on Licensing Examination and Guideline on Conducting the Regulated Activity of Giving or Offering Investment Advice to provide clarity on requirements relating to the conduct of Islamic investment business activities. Furthermore, BDCB also introduced provisions requiring oversight of virtual assets through amendments to the Notice on Requirements for Payment Systems and issuance of new Guidelines on Offering and Trading of Security Tokens in fulfilling **the Financial Action Task Force's (FATF) Recommendation 15 as determined by the Asia/Pacific Group (APG) Mutual Evaluation.**
6. The full version of BDCB Policy Statement 1/2023 **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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