



# Smart Money Habits



# Contents

## 3 BDCB in Brief

BDCB's Role	3
Misconceptions about BDCB	4
The Brunei Currency: Notes and Coins	5-6

## 7 Be Financially Smart

Financial Planning	7
Lifestyle and Life Stages	7
Budgeting	8
Saving	9-10

## 11 Wealth Protection

Emergency Fund	11
Takaful and Insurance	12

## 13 Debt Management

Loans/Financings	13
Total Debt Service Ratio (TDSR)	14
Credit Report	15
Credit Scoring	15

## 16 Investments

When should you start investing?	16
Investor's Rights	17

## 18 Money Remittance and Money Changer

What is money remittance?	18
What is money-changing?	19

## 20 Let's Go Digital!

Digital Payments	20
Cyber Security	21
Financial Technology (FinTech)	21
Guide for FinTech Sandbox Consumers	22

## 23 Islamic Finance

What is Islamic Finance?	23
What are the differences between Islamic Finance and Conventional Finance?	24

## 25 Financial Consumer Issues

How to Lodge a Complaint Against Licensed Financial Institutions	25-26
Unclaimed Money	27
Financial Scams	28-29

The information presented in this Booklet is provided for education and informational purposes only. The information contained in this Booklet is not intended to be and does not constitute financial advice, investment advice or any other advice. The information in this Booklet is general in nature and does not address the circumstances of any particular individual or entity. You should not make any decision, financial, investment or otherwise, based on any of the information presented in this Booklet without undertaking your own independent due diligence as well as if necessary, consultation with a licensed financial planner.

By using the information, you agree that Brunei Darussalam Central Bank shall not be responsible for any direct, indirect, special, incidental or consequential damages or any other damages whatsoever and howsoever caused, arising out of or in connection with the use of the information or in reliance on the information available and you are fully responsible for any consequences resulting from the use of the information.

Brunei Darussalam Central Bank does not guarantee the quality, accuracy, and completeness of the information. While efforts are made to verify the information provided, the information may contain typographical or other errors and should not be assumed to be error-free.

All rights reserved. No part of this publication may be reproduced in any material form or by any means, electronic or mechanical, including photocopying, recording or in any information storage or retrieval system without prior permission from Brunei Darussalam Central Bank, except for permitted fair dealing under the Copyright Order © Copyright 2022.



BDCB

## BDCB's Role

Brunei Darussalam Central Bank (BDCB) was established as a statutory body on 1 January 2011 under the BDCB Order, 2010. BDCB's primary functions include issuing the Brunei currency, conducting the country's monetary policy, and regulating and supervising banks and financial institutions.

*For more information on BDCB's Legislations and Regulations, you may visit BDCB's website.*

Through these primary functions, BDCB aims to:

- Achieve and maintain domestic price stability.
- Ensure the stability of the domestic financial system through financial regulations and prudential standards.
- Assist in the establishment and functioning of efficient payment systems and subsequently, to oversee them.
- Foster and develop a sound financial services sector.

# Misconceptions about BDCB

“BDCB did not approve my loan/financing.”



BDCB

BDCB does not approve or reject loan/financing applications. BDCB only collects data and issues regulations.

BDCB’s Credit Bureau holds a database of information on loans/financings and other credit information, such as post-paid phone plans. This information is accessible by the banks/finance companies. The banks/finance companies will use this information, such as whether you have paid your previous loans/financings and how timely you have been making the payments, to decide whether or not to approve your loan/financing application.

Read ✓

**Note:**

- If you were informed by your bank that your loan/financing is either pending approval from BDCB or rejected by BDCB, you may call the bank’s Complaint Handling Officer to discuss the matter further.
- If your complaint is not handled accordingly, you may lodge a complaint to BDCB.

“BDCB blacklisted me!”



BDCB

BDCB does not maintain the list of blacklisted individuals. The list is compiled and maintained by the Brunei Association of Banks (BAB).

Read ✓

“There is no basis for BDCB to include an individual or entity in the BDCB Alert List.”



BDCB

BDCB has created the BDCB Alert List to warn the public about entities that are suspicious, or not licensed or regulated by BDCB.

Read ✓

Entities offering regulated financial services (such as dealing with currency options, money changing, money lending, money remittance, and providing financial investments) must be **licensed** by BDCB. This is to safeguard Brunei Darussalam’s financial system and protect financial consumers.

“BDCB blocked my bank account!”



BDCB

BDCB does not block accounts. This is subject to your respective bank’s due diligence and internal procedures.

Read ✓

**Note:**

- If you were informed by your bank that BDCB has blocked your account, you may call the bank’s Complaint Handling Officer to discuss the matter further.
- If your complaint is not handled accordingly, you may lodge a complaint to BDCB.

# The Brunei Currency: Notes and Coins

## “Who has the sole right to issue currency notes and coins in Brunei Darussalam?”

Only BDCB has the sole right to issue Brunei Darussalam notes and coins. Also, only notes and coins issued by the BDCB are considered as legal tender in Brunei Darussalam. This is as stipulated in Section 13 (1) of the Currency Order, 2004.

## “What other roles does BDCB carry out apart from issuing currency notes and coins?”

BDCB also mints coins in-house since 2001. In addition, BDCB creates, designs and sells commemorative notes and coins. BDCB also manages the BDCB Currency Gallery and Gift Shop in the BCMB Building, Ministry of Finance and Economy Complex. The Gallery exhibits the history and development of the Brunei currency over the years.

## “What happens when a person mutilates, destroys or defaces Brunei Darussalam currency notes and coins on purpose?”

According to Section 14 (1) of the Currency Order, 2004, if a person is found guilty of mutilating, destroying or defacing Brunei Darussalam currency notes and coins, he or she is liable on conviction to a fine not exceeding B\$2000.

## “What will happen if someone is found guilty to be using or circulating counterfeit currency notes and coins?”

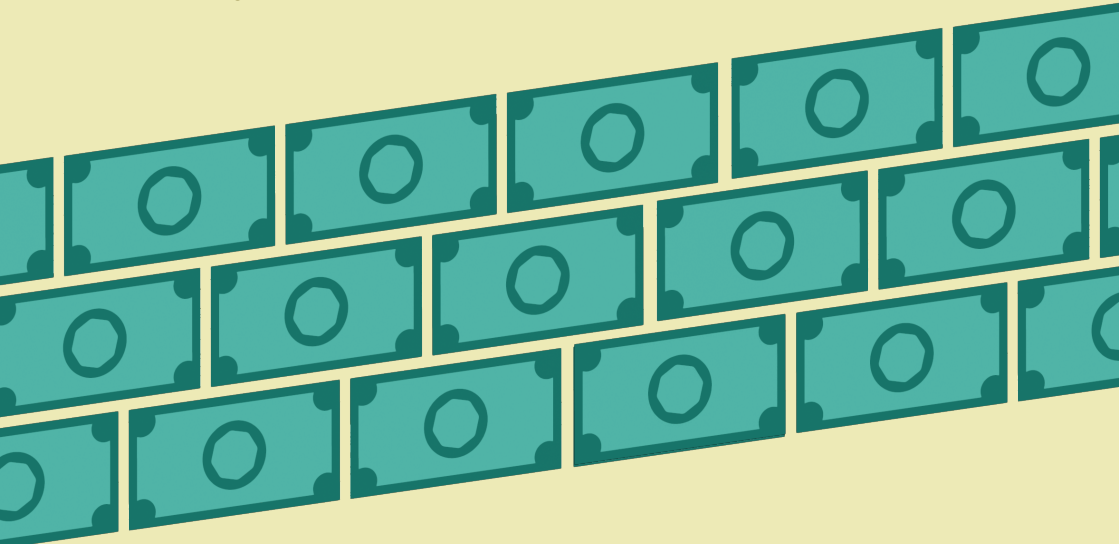
A person who is found guilty of using or circulating counterfeit currency notes and coins in Brunei Darussalam will be liable on conviction to a fine, imprisonment for a term not exceeding 15 years, or both.

## “Is the public allowed to use photographs of Brunei Darussalam currency notes and coins in advertisements?”

The use of any photograph of, or any drawing or design resembling, in any size, scale or colour, any currency note or coin or part thereof, in any advertisement or to import, manufacture, sell, circulate or distribute any merchandise or produce containing any design or part thereof, used in or on, any currency note or coin is allowed with permission from BDCB.

Any person who wishes to use photographs of Brunei Darussalam's currency notes and coins in advertisements, etc must write in to BDCB to seek approval.

If any person is found guilty of doing the above without permission from BDCB, he or she is liable on conviction to a fine, imprisonment for a term not exceeding 15 years, or both.



### “Why do we have polymer, i.e. plastic, notes?”

Generally, polymer, or plastic notes are more durable and cleaner compared to paper notes. It has several security features that make it even harder to counterfeit. The window, particularly on the polymer notes, adds to the note’s security.

### “What is the difference between circulating notes and coins, and commemorative notes and coins?”

Circulating notes and coins are those which are mass-produced and are used every day for buying and selling.

Commemorative notes and coins, on the other hand, are issued to commemorate key events, or royal occasions that take place in a country.

#### Fun fact for commemorative notes:

Amongst the notes which have been issued include the BND25 note to commemorate the Silver Jubilee Celebration for His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam’s Accession to the Throne; BND20 note to commemorate 40 years of the Currency Interchangeability Agreement (CIA) between Brunei Darussalam and Singapore; BND50 note to commemorate the Golden Jubilee Celebration for His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam’s Accession to the Throne; and BND50 note to commemorate 50 years of the Currency Interchangeability Agreement (CIA) between Brunei Darussalam and Singapore.

#### Fun fact for commemorative coins:

These coins are usually made from precious metal such as gold or silver, and is produced at high quality and therefore, is very valuable. These coins appear more detailed, have a sharper image, are more polished, and have a finer, smoother surface than coins minted at normal standard.

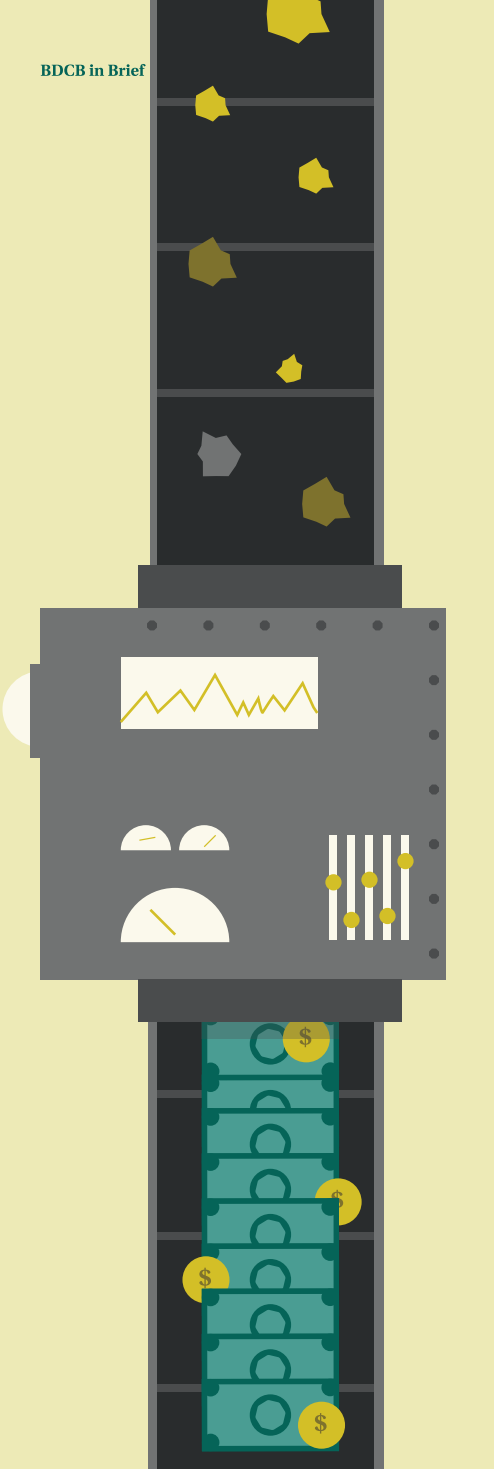
### “Where can the public learn more about the history of Brunei Darussalam currency notes and coins?”

The public, especially numismatists, are welcomed to visit the BDCB Currency Gallery located at:

**BCMB Building,  
Ministry of Finance and Economy Complex,  
Commonwealth Drive,  
Bandar Seri Begawan, BB3910,  
Brunei Darussalam.**

Admission to the gallery is free.

There is also a Currency Gift Shop where the public can purchase commemorative notes and coins issued by BDCB.



# Financial Planning

*"Financial planning is the process of meeting your life goals through the proper management of your finances"* - Certified Financial Planner Board of Standards, Inc.

## Financial planning involves:

- Optimising your cash.
- Protecting your wealth.
- Growing your finances.
- Meeting your needs.
- Reaching your goals.

## Financial planning DOES NOT include:

- A drastic lifestyle change where you cannot enjoy your life.
- Being confined to a highly strict budget where you can only spend on bare essentials.
- Not allowing yourself to dine out so that you can maximise your savings.

# Lifestyle and Life Stages

## What are your financial goals?

List a minimum of 3 of your financial goals below, including how much you think it will cost and when you aim to achieve your goal by. From there, you can calculate how much you need to save monthly to achieve your goal.

Financial Goals	Term
1 _____	S/M/L
2 _____	S/M/L
3 _____	S/M/L
4 _____	S/M/L
5 _____	S/M/L

### Note

S - Short - 1 to 3 years

M - Medium - 4 to 5 years

L - Long - More than 5 years

Financial planning depends on how you live your life (lifestyle) and where you are in life (life stage).

## Pre-Working



## Working Life



## Pre-Retirement



## Retirement



# Budgeting

Budgeting is important as it ensures that you do not spend more than what you have or earn.

To start budgeting, you must understand your 'needs' and 'wants'. Having 'wants' is not a problem – however, before you start trying to fulfill your 'wants', you must ensure that your 'needs' are met first.

At the same time, it is also important that you set aside some of your income to save for your future. It is all about balance – balancing your 'needs' and 'wants', as well as balancing your today and your tomorrow.

## If you ever want to boost your finances, remember:

### REI

**R**educe your expenses: is there an item that you can temporarily do without in your budget?

**E**arn higher returns: is there a savings or investment product that offers a higher interest or profit rate?

**I**ncrease your income: is there an opportunity for you to earn some side income?



#### Budgeting Tip:

Compare prices at different stores to find the best deal for your money!

#### Did you know?

BDCB has a coin deposit machine that allows you to deposit your coins into your bank account without additional charges. The BDCB Coin Deposit Machine (CDM) is located at:

**Lobby Area, Ground Floor,  
Ministry of Finance and Economy Building,  
Commonwealth Drive,  
Bandar Seri Begawan, BB3910,  
Brunei Darussalam.**

You are required to bring the following documents when using the BDCB CDM:

- Identity card or passport.
- Passbook or account number verification card.

**Note:**

The amount will be directly deposited into your bank account within seven (7) working days.

*\*Terms and conditions apply.*





# Saving

## Always save with a purpose

Only then can you figure out how much to save monthly to reach your target!

Ensure your financial goals are *Specific, Measurable, Achievable, Realistic and Time-Bound (SMART)*.

### Here are some examples of financial goals:

An emergency fund, performing religious obligations (e.g Hajj), your first home, children's education, travel & retirement.

### Did you know?

A study\* found that only 30% of Bruneians actively save money in the bank. Let's improve this statistic and build a stronger savings culture in Brunei Darussalam!

Saving for a comfortable retirement is important - the earlier you start, the better!

*\*Source: BDCB-CSPS National Financial Literacy Survey 2018.*



## Example on how to save for retirement

**1 How much do I need for my monthly spending once I have already retired?**

B\$1,000 a month.

**2 When do I plan to retire?**

60 years old.

**3 How long do I expect my retirement fund to sustain myself? (i.e. what is my life expectancy?)**

I am relatively healthy and expect to live to at least 80 years old. My retirement fund should therefore sustain me for 20 years after I retire (80-60=20 years).

**4 Therefore, how much should my retirement fund be?**

$20 \text{ years} \times 12 \text{ months} \times \text{B}\$1,000 = \text{B}\$240,000$

**5 How old am I now? How many years do I have left to work?**

I am now 25 years old. I will work another 35 years.

**6 How much do I have to save monthly to achieve my retirement fund?**

$\text{B}\$240,000 \div 35 \text{ years} \div 12 \text{ months} = \text{B}\$517/\text{monthly}$

*\*\*Estimated figure using simple calculation, not taking into account: inflation, salary increments, etc.*

## How can I start saving?

### Practice active saving

Make sure you actively save!  
Meaning: put aside some of your income first before spending.

### Utilise technology

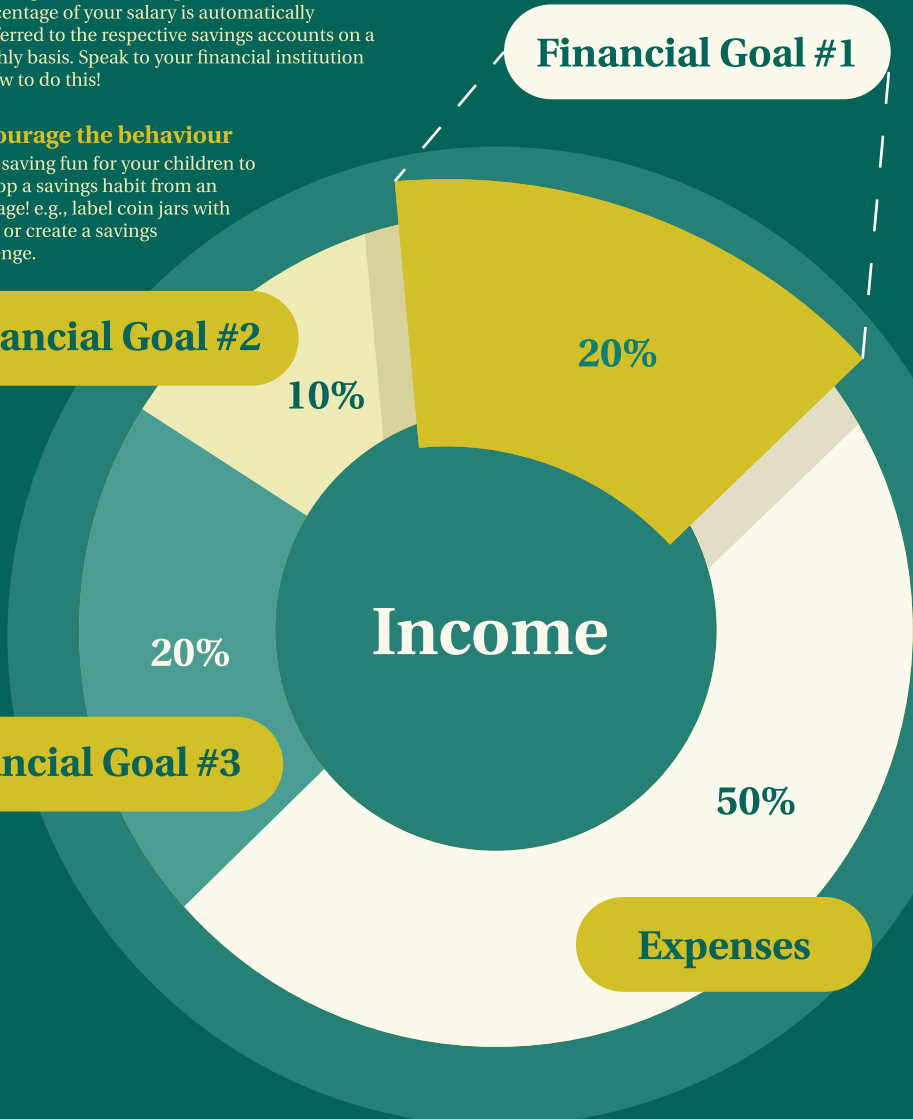
Create multiple savings accounts for different financial goals. Then, set up an instruction so that a percentage of your salary is automatically transferred to the respective savings accounts on a monthly basis. Speak to your financial institution on how to do this!

### Encourage the behaviour

Make saving fun for your children to develop a savings habit from an early age! e.g., label coin jars with goals; or create a savings challenge.

### Shop & compare

Shop and compare savings products offered by different banks or insurance companies/takaful operators, to make sure you find one that is most suited to your financial goal.



# Emergency Funds

Imagine you have been saving money for several months for a holiday. You have saved B\$400, just about enough for a plane ticket.

Unfortunately, you get into a car accident on your way to the travel agent, causing damages that cost B\$450. Imagine that you do not have motor insurance or any other form of protection to help cover those costs. This means that you would need to utilise your savings intended for the trip.

## Just like how a house needs a roof for protection, your wealth needs to be protected too!

Life can be tricky where unfortunate events are bound to happen. This in turn can cause everything you have built to crumble.

So, what is the “roof” for your finances? Examples include an emergency fund, takaful or insurance and a will.

How much should I save for my emergency fund? Without an emergency fund, if someone lost their income, what would they do?

How would they meet their needs? How would they feed their children, buy their groceries, and pay their existing loans/financings?

Is it fair to leave their loved ones without any protection? Is it fair to turn to other people or the authorities for help? We should be responsible and independent with our finances and find ways to protect ourselves and our loved ones.

## A rule of thumb is to have an emergency fund to cover at least 3-6 months of your expenses.

In other words, if anything happens, you can sustain yourself for at least 3-6 months. This number is the minimum recommendation to cater for your emergencies.

You can, of course, save more than that!



Calculate how much your emergency fund should be:

Your monthly expenses = B\$ \_\_\_\_\_  
Emergency fund = B\$ \_\_\_\_\_ x \_\_\_\_\_ months = B\$ \_\_\_\_\_

e.g. Monthly expenses = B\$900.

**Save for 3 months**

B\$900 x 3 months  
B\$2,700

**Save for 6 months**

B\$900 x 6 months  
B\$5,400

From this table, it is recommended to have an emergency fund ranging from B\$2,700 to B\$5,400.

# Takaful and Insurance

## Did you know?

Takaful and Insurance is part of the Risk Management mechanism in the Hierarchy of Financial Planning.

Here are some things to consider when purchasing Takaful/Insurance:

### 1. Understand your needs

Do you have a family who will need the financial support once you are no longer around? Financially, how much is required to protect your family?

Takaful/Insurance is about managing your everyday risks. They provide you with the benefits when things go wrong such as if your car is involved in a car accident, your luggage is lost when travelling abroad, you fall seriously ill, or you have been robbed.

## Did you know?

### Difference between Takaful and Insurance

#### Takaful

You are sharing risk with your fellow participants for a Takaful contribution.

#### Insurance

You transfer the risk to the insurance company by paying a premium.

## Why is Takaful/Insurance important?

- Protection from unforeseen circumstances.
- Peace of mind.
- Managing risks.
- Alternative platform to secure financial goals.

### There are two types of Takaful/Insurance:

#### General Takaful/Insurance

Covers property such as your car, house, business, employees, money, etc.

#### Family Takaful/Life Insurance

Covers you, your loved ones, your loan/financing, etc.

When you take a loan/financing such as personal, car or house loan/financing, you can take Family Takaful/Life Insurance product to cover you, your loved ones, your loan/financing, etc.

So, if you pass away, the burden of paying the loan/financing is not passed on to your family members. This will be settled by the takaful operator/insurance company.

The takaful operator/insurance company will also cover leftover payments for a government house (i.e. *perumahan*) or if you are a guarantor for a loan/financing.

## 2. Approach a takaful operator/insurance company or an agent

### Operator/Company

- Fast and easy way to get takaful/insurance.

### Agent

- Represents up to 3 insurers — can compare coverage and prices.
- Can provide some financial advice.

*Note: Make sure you only deal with takaful or insurance agents who are registered with BDCB!*

## 3. Disclose important information

Declare and disclose all necessary information (especially health issues). Ensure all information are accurate. The takaful operator/insurance company may refuse your claim if misinformation is detected.

## 4. Read the terms and conditions

### Coverage

Make sure you are covered from risks the way you intend it to, e.g., check if you want your car windshield to be covered.

### Exclusions

Check the circumstances where your policy does not apply or cover, e.g., missing a flight due to arriving late at the airport is a common exclusion, for which your ticket cannot be refunded.

### Claims

Every policy may have a different timeframe to file a claim, e.g., you need to submit an accident notification form to your motor insurer within seven (7) days after the date of the accident. Otherwise, your claim may not be entertained.

## 5. Keep your policy documents safe!

The documents contain vital information about your takaful/insurance policy! Keep it in a safe place. These documents will be needed in case any issues arise in the future.

## 6. Understand how to make a claim

## STANDARD CLAIM PROCEDURE

This is the standard procedure for most takaful/insurance products in general.

**Step 1:** Make a police report for incidents involving road accidents that has caused death/s or injuries, involves government properties, or if something has been stolen.

**Step 2:** Notify your insurer immediately.

**Step 3:** Compile all the relevant documentations, e.g., your policy document, receipts for stolen or damaged items.

**Step 4:** Complete and submit a claim form provided by your insurer together with relevant supporting documents.

## Loans/Financings

Here are some things to consider before getting a loan/financing:

- **Understand your needs**

What do you need the loan/financing for? Is it for a need or a want? Is there a financial product or service out there that will best suit your needs? How much do you need to borrow?

Remember! The amount you borrow should be based on how much you actually need, as opposed to the maximum amount your bank can offer you.

- **Shop around**

Make sure you check the rates offered by different banks. Does Bank A offer a better rate than Bank B? Are there more benefits to Bank C's package? Find the best deal for you!

**Did you know?**

In 2020, BDCB started publishing the retail lending rates offered by the banking sector. The public may refer to this list to compare the rates offered by different banks in Brunei Darussalam. The list is updated on a quarterly basis and is available on the BDCB website.

- **Read and understand the terms and conditions of your credit facility**

You must always read the fine print - and never sign an agreement blindly! It is important for you to understand your responsibilities and understand all fees you may be charged.

- **Do not be afraid to ask questions**

If you do not understand an aspect of the loan/financing, you have the right to ask the sales agent to explain it clearly to you until you do. Remember, never get yourself into something that you do not fully understand! Ask your bank to disclose and be transparent about any hidden fees.

- **Be a responsible and creditworthy consumer**

Always pay your loans/financings on time and in full.

- **Consequences of not paying your loans/financings on time, nor in full, may include:**

- Being charged a late payment fee which will be included in your billing statement. You will be charged this fee for every month your payment is late.
- Increased balance due to the effect of compounding interest. There have been cases of individuals "forgetting" about their credit card bills and then incurring charges resulting in the balance shooting up to tens of thousands of dollars.
- Record of bad payment history in your credit report.
- Future loan/financing applications being jeopardised, e.g., you may be charged at a higher interest rate for a loan/financing, and bargaining for better rates will be extremely difficult because you have an episode of non-payment.

- **Keep your documents safe!**

Again, your documents contain vital information on your credit facility. Make sure they are kept in a safe place, in case they are needed in the future.

- **Only borrow from licensed financial institutions**

There are many dangers associated with borrowing from unlicensed moneylenders (e.g., loan shark, Ah Longs). Common practices of unlicensed moneylenders include charging an extremely high interest rate, holding your ATM card indefinitely, as well as using aggressive tactics to recover the debt.



## Total Debt Service Ratio (TDSR)

### 2015

- One important regulation that was issued in **2015** by BDCB is the **Total Debt Service Ratio (TDSR)**.
- The TDSR limits your monthly loan/financing repayment to 60% of net monthly income. This regulation aims to encourage better personal financial management and ensure individuals are not over-indebted.

*\*Applicable for net monthly income between B\$1,750.00 to B\$9,999.99 only. Other income segments are subject to the financial institution's internal assessment.*

### 2017

Effective **10 August 2017**, the TDSR for new purchases or construction of properties such as houses may be increased to a maximum of 70%.

### 2017

Effective **9 November 2017**, banks including Perbadanan TAIB are allowed to grant a maximum of 70% TDSR for mortgage equity credit/financing and fully-secured credit/financing facilities subject to meeting prescribed conditions.

At the same time, on the banks' side, the TDSR will ensure that banks make the necessary assessments and lend/finance responsibly. Although the TDSR caps your monthly loan/financing repayments at 60%, some financial planning practices recommend for this percentage to be prudent at 35%.

**BDCB DOES NOT** approve nor reject any loan/financing applications. All loan/financing applications are decided by the banks themselves.

You are encouraged to manage your finances wisely and look beyond having to resort to loans/financings should you require to purchase anything. Be disciplined and responsible, and try to save first before looking into loans/financings. Living a debt-free life should be a financial goal for everyone!

*For more information on BDCB's Legislations and Regulations, you may visit BDCB's website.*

# Credit Report

When you apply for a loan/financing from a bank, the bank will assess your creditworthiness based on the information that is detailed in your credit report, including how prompt you are in making your credit repayments and what your current credit exposure is.

Other than your credit report, the bank will also consider other factors that may help them ascertain your financial capacity, such as your salary and collateral, before deciding whether they should approve or reject your loan/financing application.

# Credit Scoring

A Credit Score is a numerical expression representing the odds or probability that a borrower will become a "bad payer" at a particular point in time. This score will help the banks and finance companies assess the borrower's credit risk.

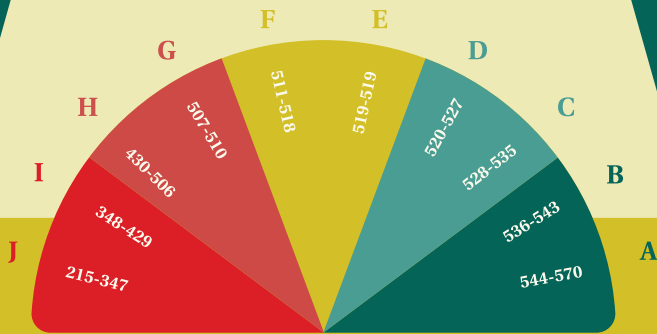
The calculation of the Credit Score is based on the Probability of Default model, which is primarily derived from an analysis of the borrower's previous credit performance.

A high score indicates that the borrower has a low credit risk, i.e., always making prompt payments and have never missed a payment. On the other hand, someone with a low credit score is considered a high-risk borrower, having a greater risk of missing payments or defaulting. The Bureau Credit Score ranges between 215 and 570.

The Credit Bureau collects both banking and non-banking information from banks, finance companies, government agencies (electrical department and housing development department) and telecommunication companies. This information is then compiled and consolidated in the credit report.

It is your responsibility to check your credit report to ensure all the information reported is correct and updated.

**Remember: Regardless of who or what the loan/financing is for, if it is taken out under your name, you will be liable towards the loan/financing, and it will be listed in your credit report.**



215

The higher the score, the better

570

Keep your credit card balances low

Pay all your dues on time, every time

Open new credit only when you need it

# When should you start investing?

You need to learn how to **SAVE** and **PROTECT** your money before you can start investing. Once you are well disciplined in saving your money and have takaful/insurance to cover yourself and your loved ones, then a portion of the savings could be used for investment to generate more income.

**You should only invest your excess cash because investments are uncertain.**

- You should only start investing AFTER you have PROTECTED your wealth.
- Make investments with licensed financial institutions only.
- Understand the risks of any licensed financial products or services that you invest in.
- Remember: higher returns = higher risk!
- Approach a licensed financial planner who is qualified/certified to provide investment advice.

## Did you know?

There are plenty of Syariah-compliant shares and funds offered by local licensed intermediaries. You may speak with licensed financial advisors to know more about them.

## Where should you go if you want to invest?

The best way to begin your journey is by searching for licensed financial institutions which offer investment products and services. The list of licensed financial institutions is available on the BDCB website.

## What types of investments can you invest your money into?

- You can invest in various financial instruments, such as shares, bonds, mutual funds or investment-linked insurance policies, subject to your risk appetite.

*For more information on the features of shares, bonds, mutual funds or investment-linked insurance policies, please visit the BDCB website.*

- Always ask for documents regarding the investment, such as a prospectus or a product highlight sheet which you can use to decide to invest or not.

## Potential Return

## Risks

## Shares

- Buying shares means providing capital to a company, whether for a start-up or for a business to expand further.
- You would then become a shareholder or part-owner of a company.
- You can typically expect returns either from dividend payments or capital gains from changes in the share price.
- Dividends are paid from the company's profits, while share price fluctuates based on the demand and supply of the shares.

## Mutual funds

- A mutual fund is where your money is pooled together with other investors and is invested into a broad range of securities (such as shares, bonds, etc.).
- It is now widely known as the Collective Investment Scheme (CIS).
- The fund is managed by a professional investment manager/fund manager.
- Mutual funds can offer diversification and access to a broad range of assets or markets with a relatively small amount of money.
- In Brunei Darussalam, all funds offered to retail investors are registered or licensed as a CIS.

## Bonds

- Buying bonds means you are lending money to a company that issues the bond.
- You, as a bondholder, usually receive regular interest payments, known as coupons.
- At maturity or the end of the loan/financing period, the amount you originally lent will be returned.

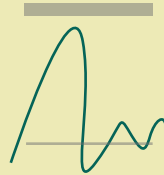


# Investor's Rights

## General Investor

You have the right to:

- Be dealt with fairly and in good faith by a licensed dealer/advisor/planner.
- Concise information (material facts, risks, and costs).
- Advice that is consistent with the investor's experience risk profile and needs.
- Be informed on any potential conflict of interest.
- Freely decide on selecting or changing a dealer/advisor/planner.
- Clear, accurate and timely account statements, including detailed information about transactions.
- Make a complaint to the licensed holder and the Authority (i.e. BDCB).



# What is money remittance?

Remittance refers to money that is transferred to persons in another country.

## Who uses remittance?

Remittance is usually used by foreign workers for sending money to their families in their home country. Locals also use remittances to make payments for purchases made from another country.

## Where can you use remittance services?

Other than banks, there are licensed remittance businesses too. You can identify them by looking at the remittance business license certificate at their respective business premises or checking the BDCB website for the list of remittance companies licensed by BDCB.

## How much is the cost of remittance?

Licensed remittance businesses offer different service charges and foreign exchange ("FX") rates depending on the money sent and the intended destination.

### 1. Service Charge

The fee of transferring the money to the intended destination.

### 2. FX Rate

The rate of exchange from Brunei Dollars (BND) to the foreign currency of the intended destination.

## Tips

- Only deal with licensed remittance businesses.
- Shop around to get the best deal by comparing service charges and FX rates.
- To save time, you may call the licensed remittance businesses first.
- Always check and ensure the recipient's details are correct to ensure the money reaches the intended recipient.
- Keep your receipt for reference.
- Do not transfer money on behalf of a stranger, as you may become a victim of a 'money mule' syndicate!



# What is money-changing?

Money-changing refers to the buying and selling of foreign currency. We exchange foreign currency before we travel for holiday or work or reside in another country.

## Where can you exchange money?

Other than banks, there are licensed money-changing businesses too. To ensure the legitimacy of a money-changing business, you may ask to see their money-changing license certificate at their respective business premises. You may refer to the BDCB website for the full list of money-changing businesses licensed by BDCB.

## What are 'Sell' and 'Buy' rates?

The rates displayed by licensed money-changing businesses are rates in which they sell or buy foreign currency.

As a consumer, when you exchange foreign currency, you should refer to the money changer's 'Sell' rate.

Vice versa, when you exchange to local currency, you refer to the money changer's 'Buy' rate.

### Tips

- Only deal with licensed money-changing businesses.
- Shop around to get the best deal by comparing buying and selling rates.
- To save time, you may call the licensed money-changing businesses ahead of time.
- Ensure you have received the correct amount before leaving the counter.
- Keep your receipt for reference.

# Let's Go Digital!

## Digital Payments

### What are the advantages of digital payments?

Digital payments have several advantages compared to payments made in cash.

#### Cash

- Difficult to keep a record of transactions.
- Prone to theft, loss and mishandling.
- No value-added incentives provided.

### What are digital payments?

Digital payments are payments made without the use of physical cash. There are several digital payment methods available, including using credit and debit cards, online fund transfers, and Quick Response (QR) Code payments.

### What should I be aware of when using digital payments?

- Regularly check your statements.
- Only use products and services from approved/regulated entities.
- Sign up for One-Time Password (OTP) features.
- Don't use public Wi-Fi when carrying out transactions.
- Confirm the authenticity of the QR code with the merchant.
- Make sure you understand the terms and conditions.
- Secure your device with features such as passwords and biometrics.

### Digital Payments

- Easy to keep track of transactions for better financial planning.
- Built-in mechanisms to prevent theft and mishandling of funds. e.g., transactions can be cancelled.
- Better security with Two-Factor Authentication (2FA).
- Value-added incentives available e.g., rewards points.
- Easier to pay for e-commerce activities.

# Cyber Security

**Make sure you secure your devices by following these simple tips:**

- Ensure all software in your devices are up-to-date.
- Use security software such as firewall, anti-virus and anti-spyware to protect your device.

- Uninstall unnecessary software or applications on your devices.
- Disable features that are unnecessary/when not in use.
- Enable PIN, password or Biometric to unlock your device.
- Enable Two-Factor Authentication (2FA) on accounts that are linked with the device.
- Enable other security features such as Find Your Phone and Remote Wipe.
- Do not connect to untrusted wireless connections such as public Wi-Fi.



## Financial Technology (FinTech)

### What is FinTech?

Financial technology (FinTech) refers to the use of advanced technology in delivering financial services. An example is the payment app you use on a mobile wallet instead of using physical cash to pay for your cup of coffee.

### What are the different types of FinTech?

**FinTech solutions can be broadly classified into four categories:**

- Banking, e.g., digital personal finance, payments and lending.
- Insurance, e.g., new customised product leveraging on data, digital distribution, automated servicing and claims management.
- Asset management, e.g., digital distribution, robo-advisory, artificial intelligence (AI) portfolio management.
- Other cross-industry applications, e.g., digital capital markets and brokerage.

### How does BDCB promote new FinTech activities?

BDCB introduced the FinTech Regulatory Sandbox in 2017 to aid the development of FinTech in Brunei Darussalam.

The Sandbox is a safe space for businesses to test their FinTech product and service in a flexible regulatory environment, for a limited period of time and within agreed parameters. Companies in the Sandbox will have time to understand existing regulations and any expected requirements from BDCB.

**As a customer, it is important to understand the risks involved when dealing with a FinTech company. Although a company under the FinTech Regulatory Sandbox operates within a relaxed regulatory environment, they are still required to do the following:**

- Clearly inform you that its business activity is operating in the FinTech Regulatory Sandbox.
- Disclose and provide transparency on the features of the product or service.
- Disclose potential risks associated with the offered product or service.
- Receive your acknowledgement that you have read and understand these potential risks.

# Guide for FinTech Sandbox Consumers

As a financial consumer, you should consider the following before you purchase or engage in the services of a company in the FinTech Regulatory Sandbox.

## Check the Sandbox company's safeguards

As shared previously, a FinTech company can experiment with its FinTech products and services in a relaxed regulatory environment, for a limited period of time and within set boundaries.

This would also mean that FinTech Sandbox companies need to ensure that there are safeguards in place in the event of failure during the experimentation period to minimise any impact on the financial system.

On this note, financial consumers are reminded to be well-informed and understand these safeguards before engaging in the service of a FinTech Sandbox company.

## Verify whether it is an approved FinTech Sandbox company

Ensure the company is indeed under the BDCB FinTech Sandbox. The list of the FinTech Sandbox companies can be found on the BDCB website.

## Check the period of experimentation

If the experimentation period of the FinTech Sandbox company is over, the company should stop offering their financial products and services.

Should the FinTech Sandbox company choose not to re-apply for a licence to continue its business, it must inform you in advance and exit according to the agreement you have entered with them.

## Understand the products or services

Before committing to subscribe to the product or service, please ensure that you know the following:

- Key features of the product or service.
- Benefits of subscribing to the product or service.
- Fees and charges that are imposed.

## Understand the potential risks

You must understand the potential risks of engaging in the services of a FinTech Sandbox company.

## Ask, ask and always ask

As a financial consumer, you reserve the right to ask questions to the company. By asking, you will also know whether the products or services are suitable for your needs.

# What is Islamic Finance?

Islamic finance is a financial system that is in accordance with Syariah principles. So, what are the key principles in Islamic Finance?

## Principle #1

### Subject matter must be Syariah-compliant

- Trades and activities involving prohibited items under Syariah, such as alcohol and pork, are not allowed.
- Other items may not be permitted because of perceived or actual harm they can cause to individuals and/or society (e.g., gambling, tobacco, etc.)

## Principle #2

### The transaction must be free from Riba (Interest)

The Al-Quran stated:

*“Allah Subhanahu Wa Ta’ala had permitted the sale and prohibited Riba” (Surah Al-Baqarah:275)*

- A loan with Riba or interest involves the exchange of two items identical in quality and nature but with a potential unequal value or quantity. For example, B\$10 now for B\$15 in the future.
- A sale, on the contrary, is an exchange of two items that are different in quality and nature. For example, money for food.

## Principle #3

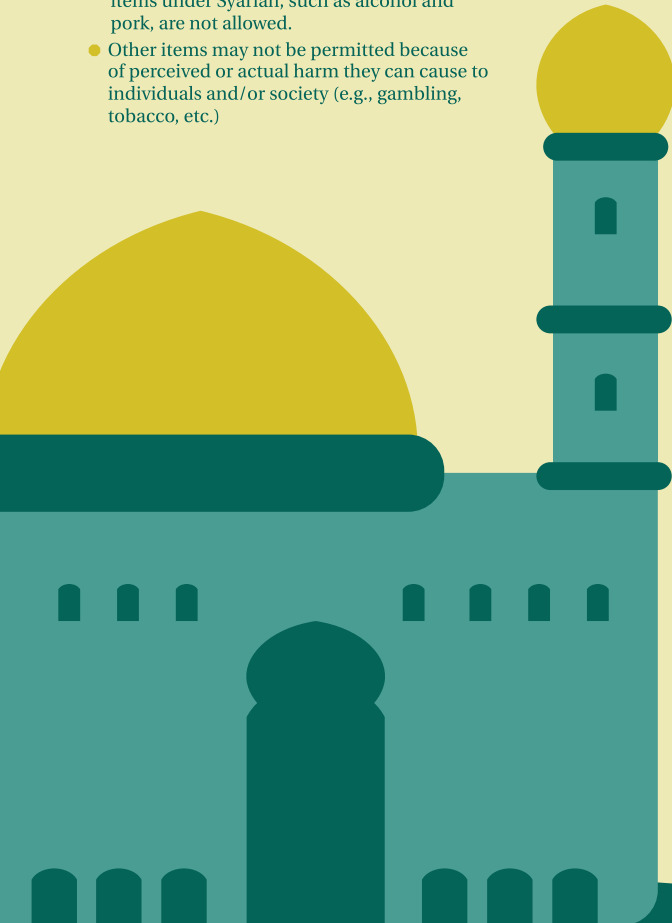
### Trade or transaction must be free from contractual uncertainty and ambiguity

- Terms and conditions between the contracting parties must be clear and transparent to avoid disputes between the parties.

## Principle #4

### The transaction is based on a real service or asset

- Any return to any party can be justified only by that party taking some risk associated with a real service or asset.



# What are the differences between Islamic Finance and Conventional Finance?

## Islamic Finance



Depositor

Bank

Client

### Islamic Banking

1. In an Islamic bank, a depositor keeps his/her money in the bank.
2. The bank will use it to invest and finance their client using Islamic finance contracts.
3. The client will then pay the principal plus profit to the bank.
4. The bank earns profit and depositor earns a dividend.



Client

Takaful operator

### Takaful

1. Takaful is based on 'risk-sharing' concept.
2. Takaful is an Islamic concept where a participant pays a contribution to a takaful operator based on donation (tabarru').
3. The contribution fund will be used to compensate the participants in case of unfortunate events.

### Islamic Capital Markets

An exchange network where medium to long term securities are issued to raise funds for the financing of productive activities according to Syariah principles.



## Conventional Finance



Depositor

Bank

Client

### Conventional Banking

1. In a conventional bank, a depositor keeps his/her money in the bank.
2. The bank will use it to provide loans to their clients.
3. The client will then pay the loan amount along with the interest charged.
4. The depositor earns interest and the bank earns gains from spread interest.



Client

Insurance company

### Insurance

1. Insurance is based on risk-transfer concept.
2. In insurance, a client pays a premium to the insurance company.
3. The company will use the money to pay insurance coverage in case of unfortunate events.

### Capital Markets

A capital market represents a meeting place for capital providers and capital seekers who buy and sell securities as a mean for mobilisation of funds from those having surpluses to those in need of financing.





# How to Lodge a Complaint Against Licensed Financial Institutions

Do you have an issue with your bank account, takaful plans/insurance policies or investments products?

1

## Talk to your respective financial institution

- All financial institutions have a Complaint Handling Function or Officer(s).
- Visit the BDCB website to get the latest contact details of financial institutions' complaint handling function or officer.
- Explain the nature of your complaint in detail to the complaint handling function or officer.
- Give them time to resolve the issue.



2

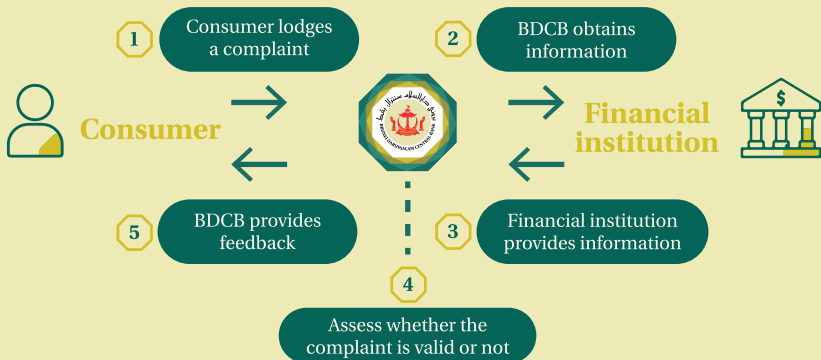
## Lodge a formal complaint

- If you are not satisfied with the financial institutions' final response, you may lodge a formal complaint to the Financial Consumer Issues (FCI), BDCB.
- You are required to complete the Financial Consumer Complaints Form (FCI-01). The form is available on the BDCB website.



## BDCB COMPLAINT HANDLING PROCESS FLOW

What is the complaint handling procedure?



## You may lodge your complaint to:

### Financial Consumer Issues

#### Address

Brunei Darussalam Central Bank,  
Level 7, Ministry of Finance and  
Economy Building  
Commonwealth Drive, BB3910  
Brunei Darussalam

#### Email

fci@bdcdb.gov.bn

#### Tel. No.

2380007  
8380007

#### What are the types of issues that will not be covered?

- A complaint that has yet to be reviewed by financial institutions.
- A dispute which has been referred to Brunei Darussalam Arbitration Centre (BDAC).
- If legal proceedings have been initiated.
- A complaint by an agent of a financial institution.
- Matters of criminal nature, such as those involving elements of fraud or cheating.

#### What happens if a resolution cannot be reached?

If a resolution cannot be reached, BDCB may refer the case to Brunei Darussalam Arbitration Centre (BDAC) for mediation.

However, if the dispute is still not settled, financial consumers may take the matter to court.

#### Depending on the amount claimed, consumers may approach any of the following:



#### Courts

Small Claim Tribunal  
Magistrate Court  
Intermediate Court  
High Court



#### Claim

Up to B\$10,000  
Up to B\$50,000  
Up to B\$300,000  
B\$50,000 and above

# Unclaimed Money

## What is unclaimed money?

“Unclaimed money” is money in a bank account amounting to above B\$100, which have had no activity (deposit or withdrawal) for the past six (6) years. Before the money becomes “unclaimed money”, banks will notify the account holder(s) and make efforts to ensure that the money is paid to the respective owner(s).

## What will happen to my money if it becomes unclaimed money?

When a bank’s attempt to reach the account holder(s) is unsuccessful, the unclaimed money will be transferred to BDCB.

## How to claim unclaimed money?

Banks are required to publish the list of accounts with unclaimed money which exceeds B\$1,000 in the local papers at least twice a year. At the same time, BDCB also maintains a full list of unclaimed money, including those from previous years, on BDCB’s website.

Should your name be listed in the List of Unclaimed Money, you may claim the money from BDCB by submitting an application to BDCB.

The process for application, including relevant documents needed can be found on the BDCB website.

## How do I make sure my money does not become unclaimed money?

- Keep track of all your bank accounts.
- Keep account(s) active.
- Regularly update your bank details.
- If needed, close your dormant account(s).

# Financial Scams

We must always be careful with what we do with our money. Unfortunately, as scams have rapidly evolved over time, many people have fallen prey to them. Here are some common examples of financial scams to look out for:

- Investment Scams
- Phishing Scams
- SMS Lottery Scams
- Job Scams
- Love Scams
- Inheritance Scams

BDCB, as well as other relevant agencies, have received reports on financial scams from people of various backgrounds, income range, and education level. So, how do you protect yourself from these financial scams?

## 1. Recognise the signs of financial scams!

- Financial scams often offer high returns, with little to no risk within a short period of time.
- They often disguise themselves as Multi-Level Marketing (MLM), but without any clear product being offered. Instead, they focus on the recruitment of members, where their membership fees are used to create income or returns for earlier members.
- Financial scams may ask you to come up with several payments to claim your rewards. For example, in the case of investment scams, victims are told to pay a processing fee before they can obtain their money in lump sum.

## 2. Make sure you only deal with LICENSED financial institutions!

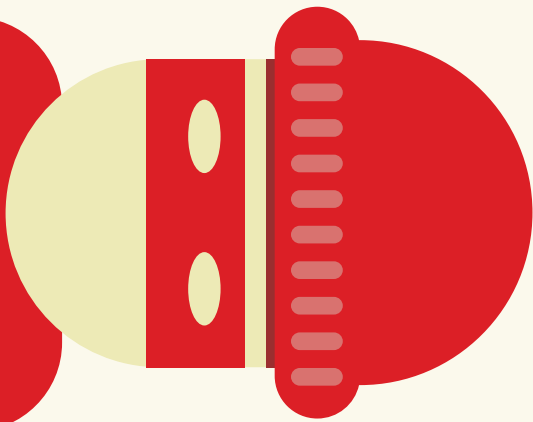
- Check BDCB's website for the list of licensed financial institutions.
- You are also advised to check BDCB's website for the Alert List.
- Download BDCB's app, where you can check whether an entity is licensed or not.

## 3. Check whether the entity is listed under the BDCB Alert List.

You can find the list of companies and websites which are neither authorised nor approved under the relevant laws and regulations administered by BDCB or whose activities raise a suspicion of illegal activity on BDCB's website.

This list is without prejudice to any further assessment by BDCB regarding the activities of the companies concerned. This list will be updated from time-to-time.





**4. NEVER reveal your bank details to any unauthorised or unknown persons!**

Some scammers may impersonate bank officers or staff and will ask for your bank details. Make sure you do not reveal your bank details to people you do not know.

**Were you offered money in exchange for using your bank account? You could be supporting criminals.**

Protect yourself against criminals luring you to provide your personal banking information and use of your bank account in exchange for money. You might be complicit in criminal activity just by allowing another person to operate your bank account. You could be helping gambling operators, scammers, human or drug traffickers move profits generated from committing a crime.

Similarly, be wary of offers of reward in exchange for transferring money on behalf of other people.

You would then be liable for the offence of money laundering by indirectly facilitating the transfer of proceeds of crime. The offence of money laundering under Section 3, Criminal Asset Recovery Order (CARO) 2012 carries a penalty of a fine not exceeding B\$500,000, imprisonment for a term not exceeding ten (10) years, or both.

**Participating in criminal activity could result in difficulties in obtaining banking facilities in the future.**

**5. Responsible use of bank accounts**

Business owners should avoid using personal savings accounts to conduct business transactions. Separating your savings from business profits and expenditures is good practice for account holders. This will allow you to keep better track of your savings. There is an added benefit in maintaining accurate records for your business without the difficulty of separating personal transactions from business transactions.

Shop around for the best MSME account provided by licensed banks in the country. Some banks may even offer additional services or facilities to support your growing business such as MSME bank account and loan/financing facility.



# Smart Money Habits

This booklet is brought to you by the Brunei Darussalam Central Bank (BDCB).

Consumer confidence and trust in a well-functioning market for financial services are essential to promote financial stability, growth, efficiency and innovation over the long term.

In line with this, BDCB continues to promote financial literacy and financial inclusion in Brunei Darussalam.

---

## Contact Us

**Brunei Darussalam Central Bank**  
Level 14, Ministry of Finance and  
Economy Building  
Commonwealth Drive, BB3910  
Brunei Darussalam

**info@bdcb.gov.bn**  
**+673 8318388**