



I HAVE MONEY... NOW WHAT?

***How To Be
“Financially Smart”***

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Objectives of This Booklet

The objective of this booklet is to provide useful tips that will guide the everyday financial consumer (a.k.a. you!) before making any financial transactions or decisions.

The booklet also provides information that you may take into consideration in your own personal financial management.

At the end of the day, you make your own financial choices, so take charge and be in control - "Be Financially Smart!"

What Is 'Financial Planning' Anyway?



Financial planning involves:

- ✓ **optimizing** your cash.
- ✓ **protecting** your wealth.
- ✓ **growing** your finances.
- ✓ **meeting** your needs.
- ✓ **reaching** your goals.

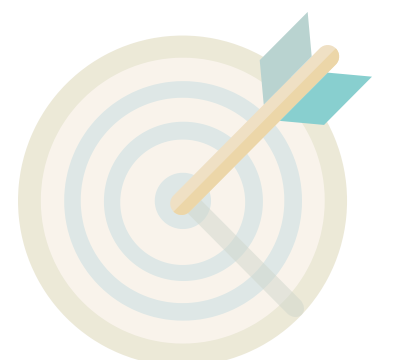


Financial planning DOES NOT involve:

- ✗ a drastic lifestyle change where you cannot enjoy your lives.
- ✗ being confined to a highly strict budget that spends only on the bare essentials.
- ✗ having to eat bread and drink water every single day of your life, so that you can maximize your savings.

How Can Financial Planning Help You?

1. Helps you achieve your goals



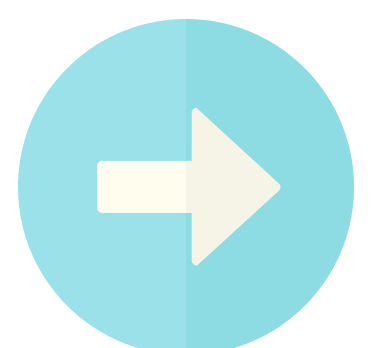
Everyone has goals that they want to achieve. Unfortunately, not all goals come for free. You want to buy a house? Houses can cost hundreds of thousands of dollars. You want to travel and see the world? That needs money as well. With financial planning, you can learn to gather the necessary amount needed to achieve those goals and make your dreams a reality.



2. Provides direction and helps ensure you are on track

Always refer back to your plan to make sure you are doing the right things that bring you closer to your goals. If you find that you are off-track, you can make the necessary changes to put you back onto the right direction.

3. Creates a future you can look forward to



Imagine yourself lying on the beach, enjoying your retirement comfortably. Or finally stepping foot into a house you can call your own. Yes, these things can become a reality, with financial planning.

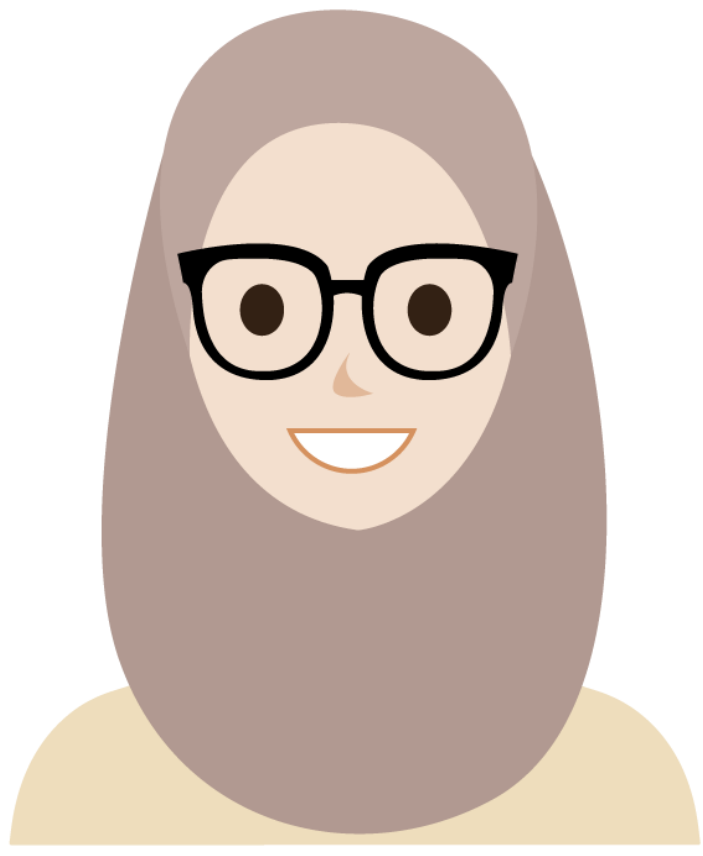


4. Peace of mind

You can sleep soundly knowing that you have a plan that will help you set aside money for your bills, food on the table, as well as for your future, such as your children's education.

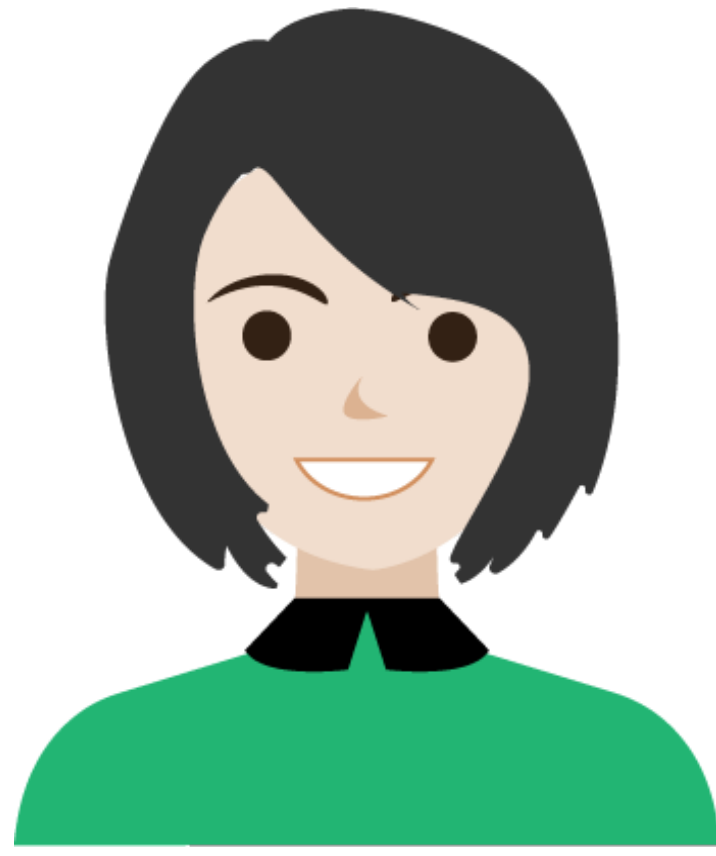
Lifestyles and Life Stages

Financial planning depends on how you live your life (lifestyle), as well as where you are in life (life stage). Meet Siti, Nurul, and Amal:



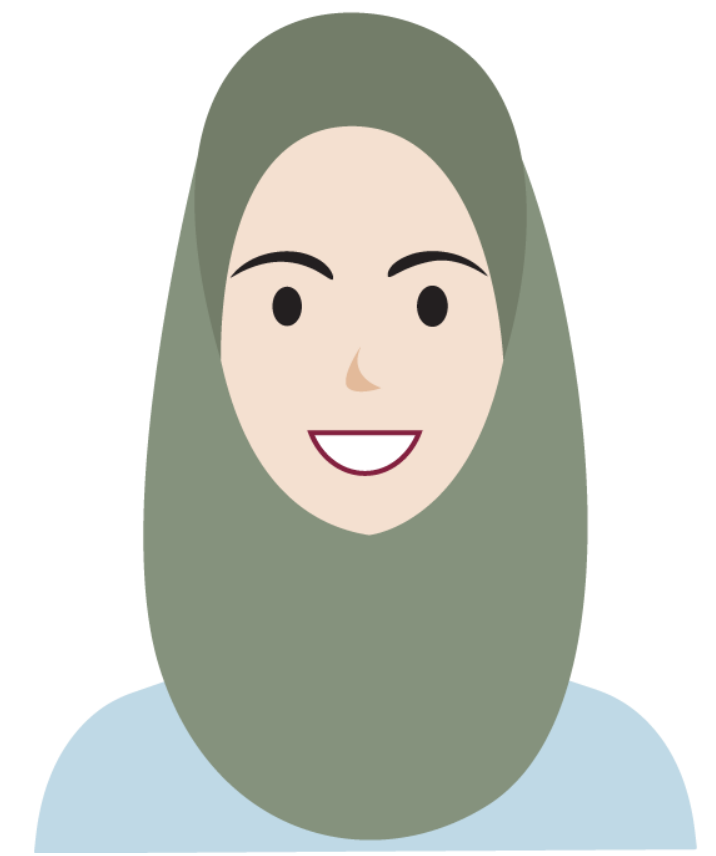
Siti

- Age: 25
- Just started working
- Engaged, getting married next year
- Financial goals:
 - Wedding
 - Honeymoon



Nurul

- Age: 25
- Just started working
- Single, enjoys travelling
- Financial goals:
 - To travel the whole of Southeast Asia before 30



Amal

- Age: 52
- Retiring in 8 years
- Has 3 children
- Financial goals:
 - A comfortable retirement
 - Children's education

We can see that they live very different lives and, as such, have different priorities and financial goals.

Your priorities will determine how you will manage your money – for goals that are short-term and coming up soon, you will need to set aside a higher amount; for goals that are a long way away, you can set aside a smaller amount as you have more time to accumulate the money.

Should you save for retirement when you are 25, like Siti, or 52, like Amal? The earlier you start, the better!

What are your financial goals?

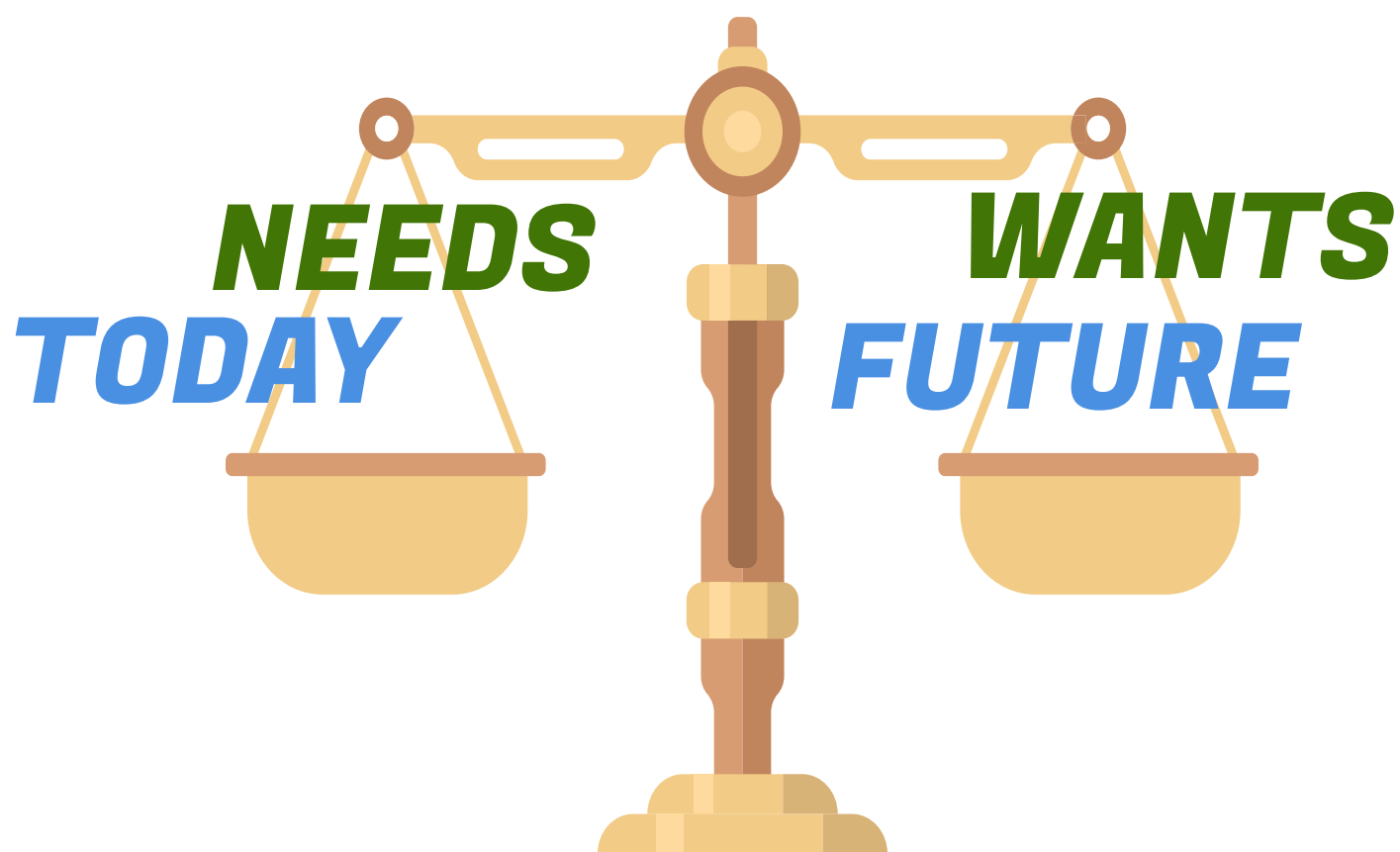
List your top three financial goals below, including how much you think it will cost and when you aim to achieve your goal. From there, you can calculate how much you need to save monthly in order to achieve your goal.

Goal	Amount	Short-, medium-, long-term?	Monthly saving
e.g. Deposit for a house	\$10,000	Medium: in 5 years	$\$10,000 \div 5 \text{ years} \div 12 \text{ months} = \167.00 a month
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____

Budgeting

Budgeting goal

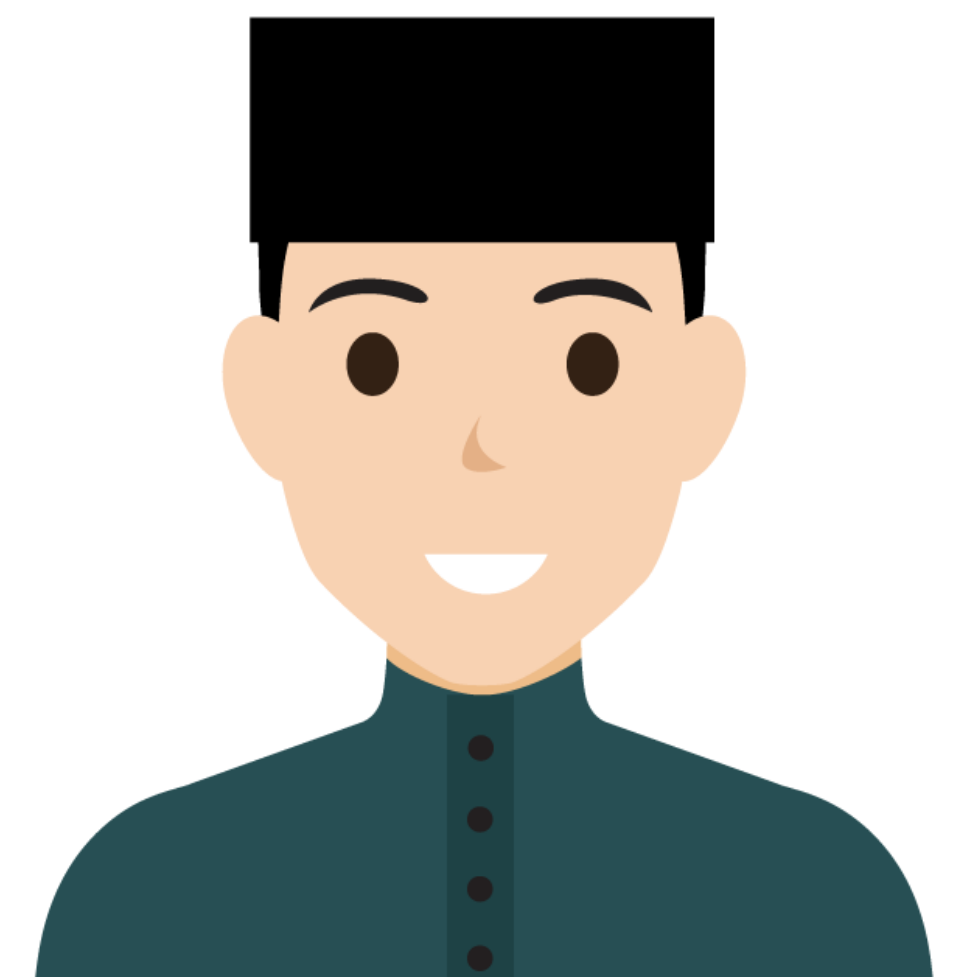
- ✓ to make sure that you do not spend more than what you have or earn.



To start budgeting, you must understand your needs and wants.

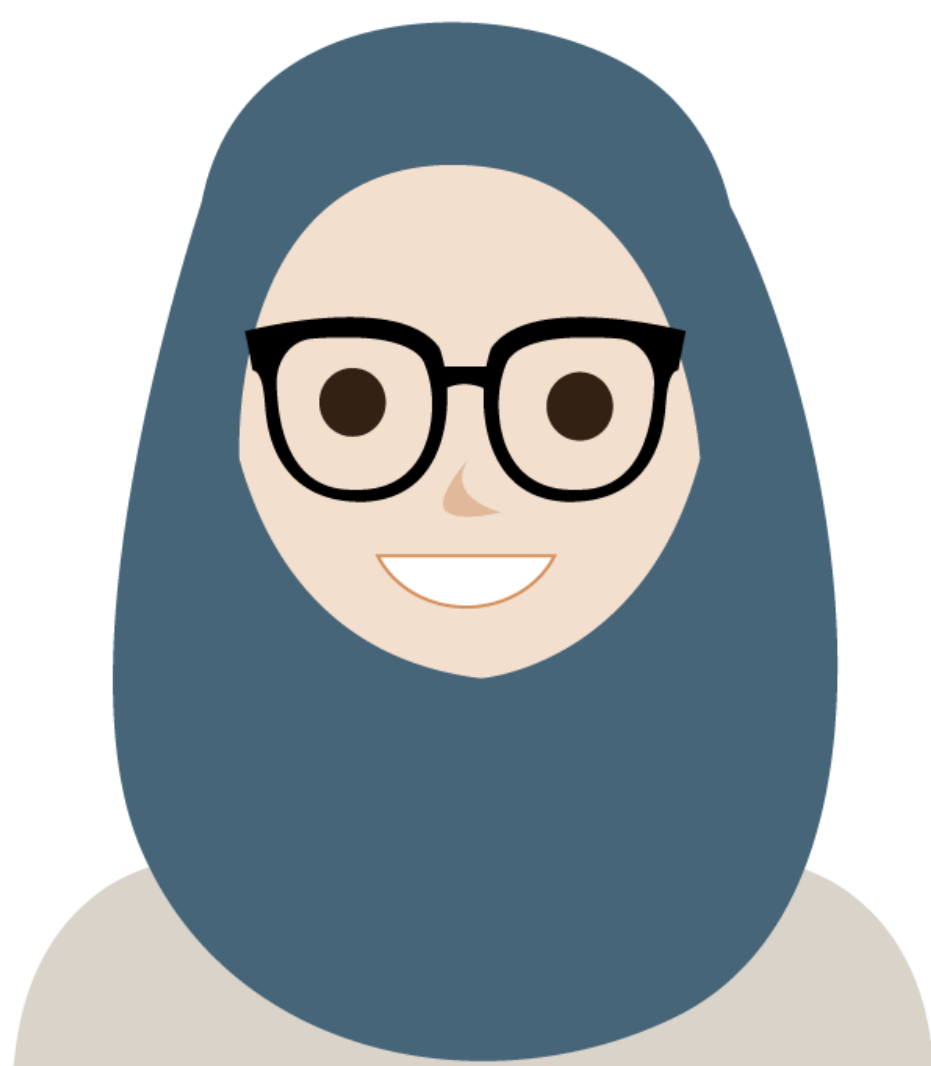
Having 'wants' is not a problem – however, before you begin thinking about your wants, you must make sure that your everyday needs and essentials are met first.

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



At the same time, it is also important that you set aside some of your salary 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 find yourself strapped for cash, remember
REI

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

Earn higher returns: is there a savings account that is offering a higher interest rate?

Increase your income: is there an opportunity for you to earn some side income?

Budgeting

Make your own budget!



Below is an example of a budget. Follow the template to create your own!



Income:		Example: \$1,000	Your Income: _____
Expenses:	Recommended %	Example	Your Budget
Savings	10%	\$100	
Give to parents		\$50	
Charity		\$50	
Clothing	5%	\$50	
Housing	30%	\$200	
Food	15 - 20%	\$150	
Loans	35%	\$200	
Other:			
Total Expenses:		\$800	
Net Surplus/ Deficit		\$1,000 - \$800 = \$200	Your Net: _____

Saving

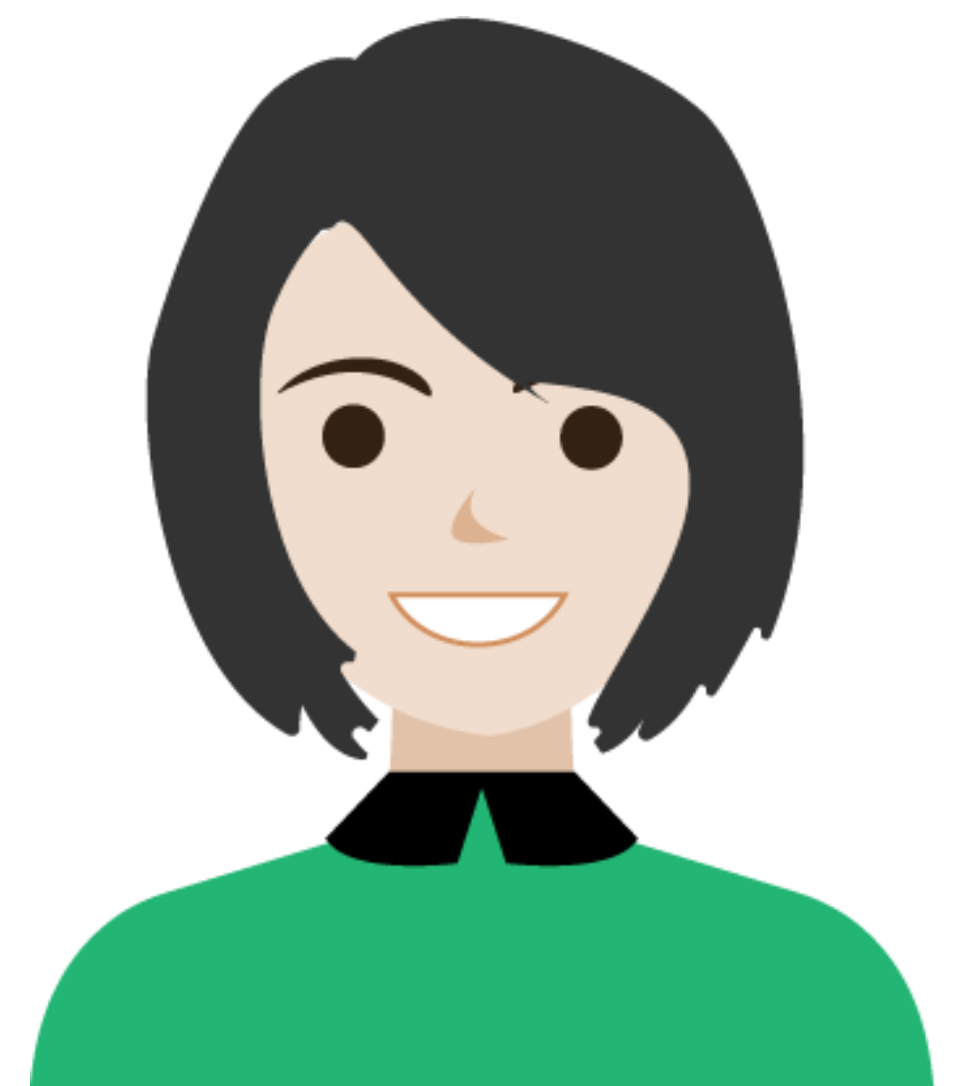
Always save with a purpose!



Only then can you figure out how much to save monthly to reach your target! Here are some examples of financial goals you can think about.

1. An emergency fund
2. Performing religious obligations, e.g. hajj
3. Your first home
4. Children's education
5. Travel
6. Retirement

Did you know? A study* found that 49% of Bruneians do not actively save. Let's improve this statistic and build a stronger savings culture in Brunei Darussalam!



How much do I need to save for retirement? **

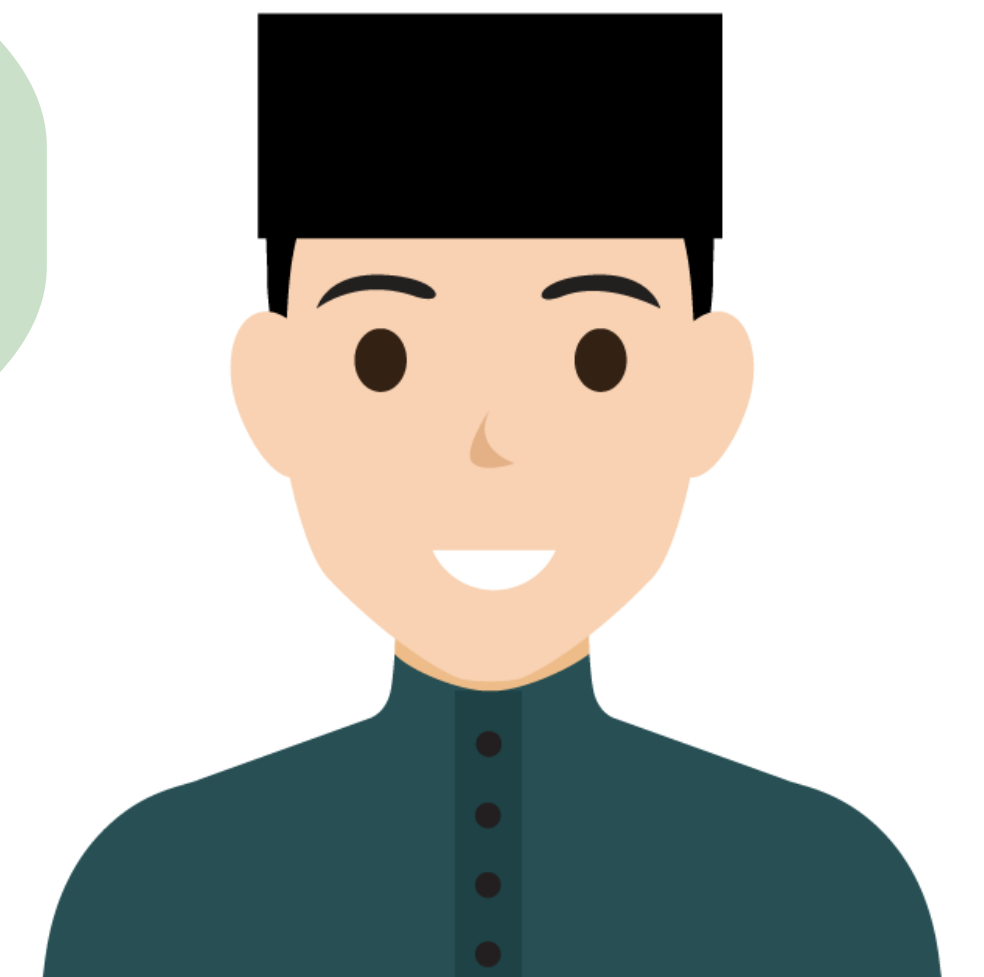
1. When I have already retired, how much do I want to spend monthly?
e.g. \$1,000 a month.
2. When do I plan to retire?
e.g. 60 years old.
3. How long do I expect my retirement fund to sustain myself? (i.e. what is my life expectancy?)
e.g. I am relatively healthy and expect to live to at least 80 years 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?
e.g. 20 years x 12 months x \$1,000 = \$240,000.
5. How old am I now? How many years do I have left to work?
e.g. 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?
e.g. $\$240,000 \div 35 \text{ years} \div 12 \text{ months} = \$571/\text{monthly}$

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

Questions to ask yourself:

Saving

Did you know? AMBD has a coin deposit machine that allows you to deposit your coins into your bank account without any additional charges.



How can I start saving?

1. **Save first, not last!**

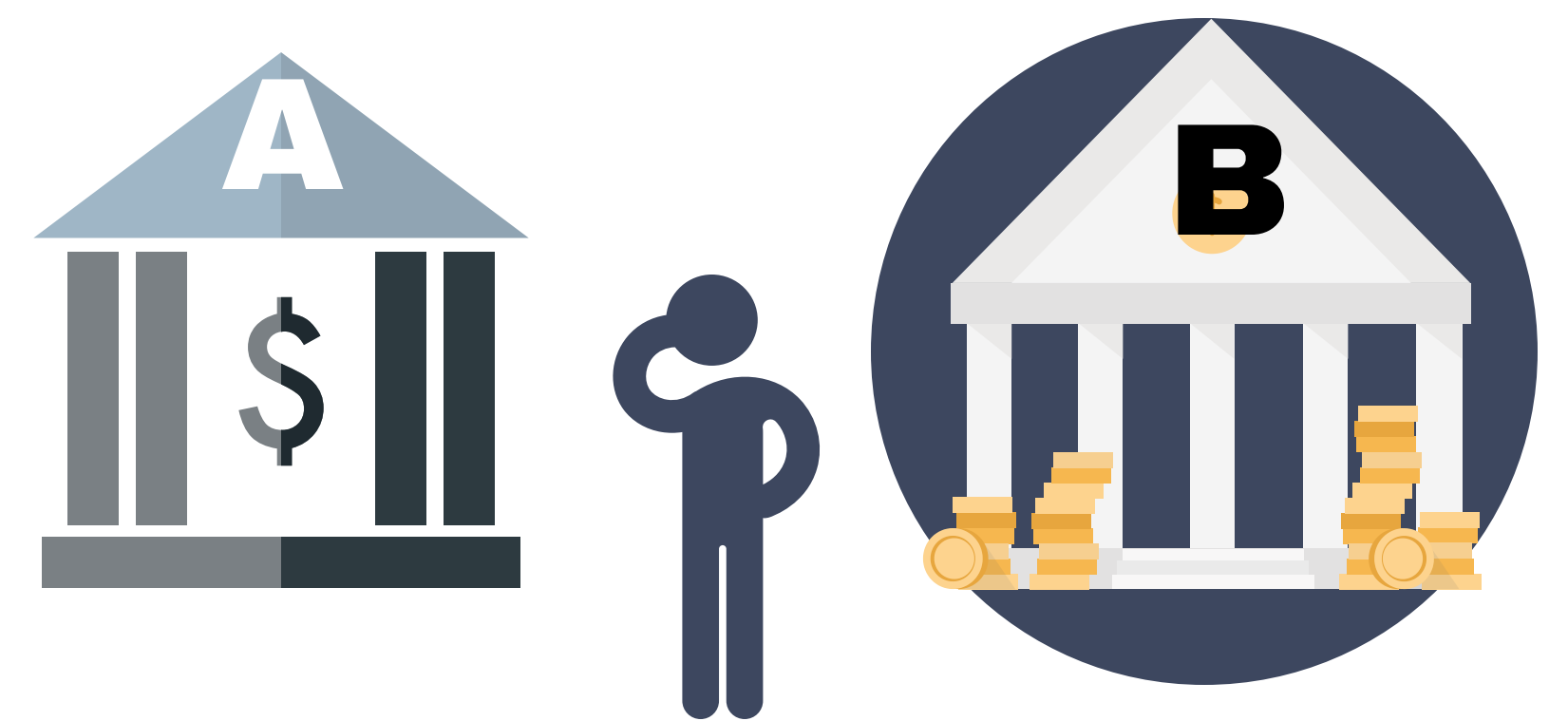
Make sure you actively save! Meaning: put aside some of your income first, before spending it all.



2. **Utilize technology!**

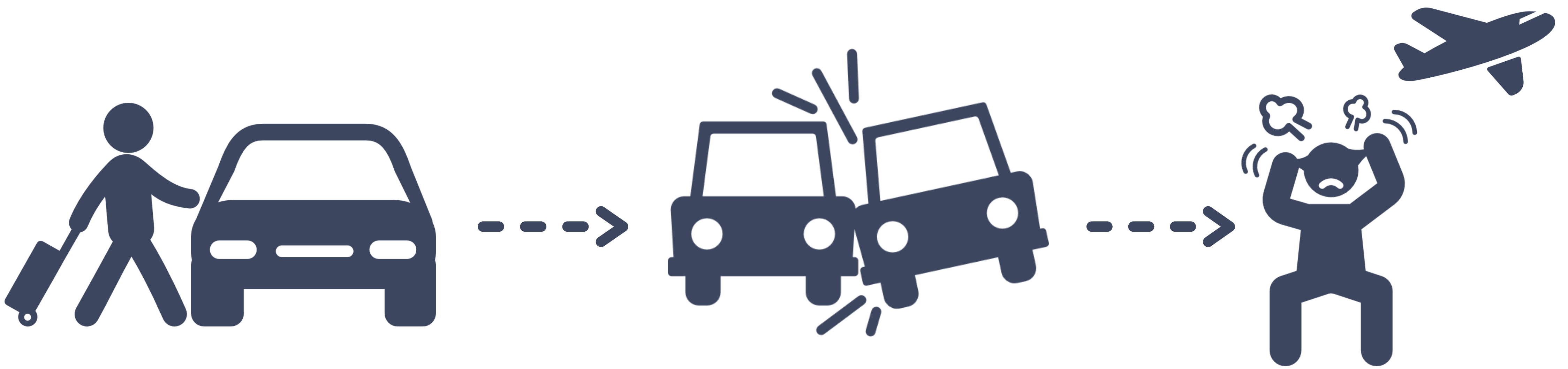
Create multiple savings account, each for different financial goals. Then, set up an instruction so that a percentage of your salary is automatically transferred to the respective savings accounts on a monthly basis.

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



4. **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.

Protect Your Wealth



Imagine you have been saving money for several months for a holiday to Thailand. You have saved just about enough for a plane ticket - \$400. Unfortunately, on your way to the travel agent, you get into a car accident, causing damages that cost \$450. Imagine that you do not have motor insurance or any other form of protection to help cover those costs - and you have to dip into the savings meant for your dream trip.

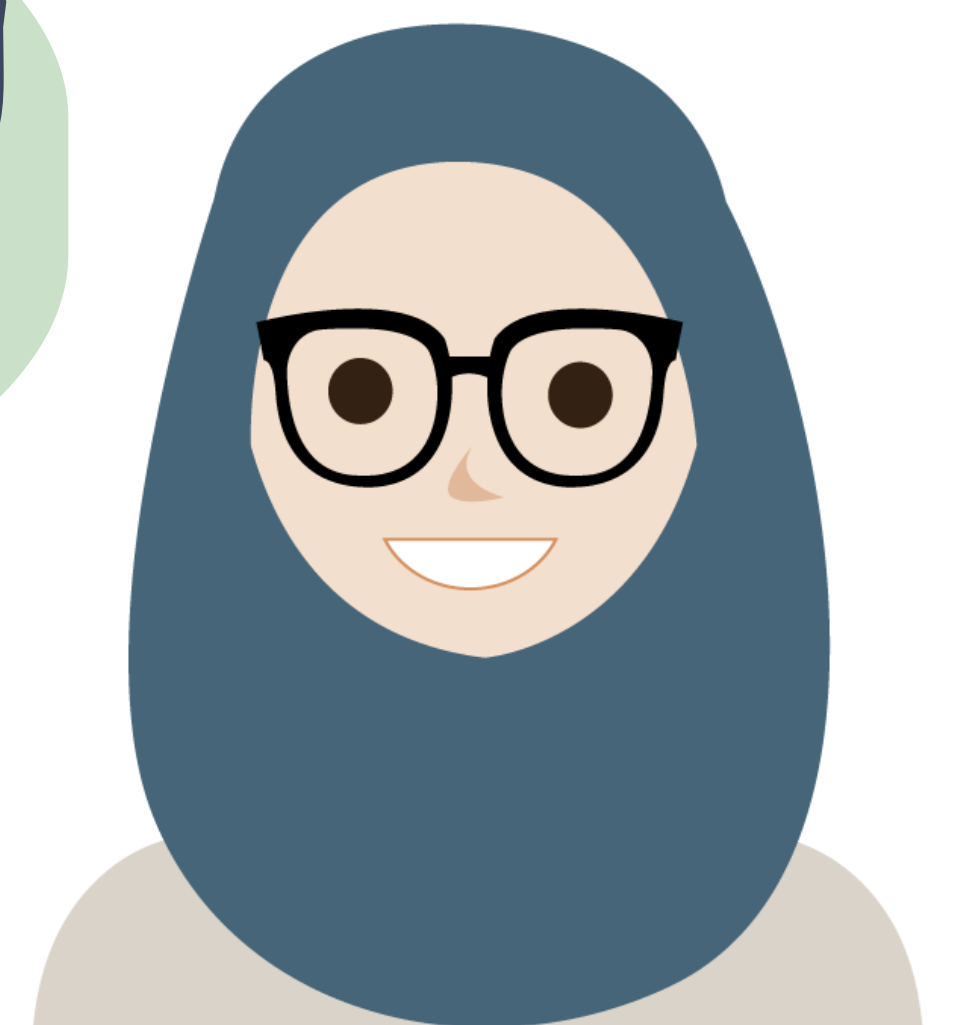
Just like a house needs a roof in order to be protected, so does your wealth.



Life is a tricky thing - unfortunate things can happen, which can cause everything that you have built to crumble.

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

Did you know? The AMBD-CSPS Financial Literacy Survey found that 60% of Bruneians cannot cover their expenses for more than two months if they lost their income.



Protect Your Wealth

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?

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 our own selves and our loved ones.



A rule of thumb is to have an emergency fund that is 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. You can of course save more than that!

e.g. Monthly expenses = \$900. Therefore, emergency fund = \$900 x 6 months = \$5,400

Calculate how much your emergency fund should be:

Your monthly expenses = \$_____

Emergency fund = \$_____ x _____ months = _____

Takaful and Insurance

Here are some things to consider when purchasing takaful or insurance

1. Understand your needs.

Do you have a family? Who will need the most financial support once you are no longer around? How much is needed to protect your family financially?

Takaful/insurance is about managing your everyday risks. They provide you 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 have been robbed.

Takaful VS Insurance

In takaful, you are sharing risk with your fellow participants for a takaful contribution.

In insurance, you transfer the risk to the insurance company by paying a premium.

There are two types of takaful/insurance:

1. General takaful/insurance – covers property such as your car, house, business, employees, money, etc.
2. Family takaful/ Life insurance – covers you, your loved ones, etc.



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 become personal adviser.

Make sure you only deal with takaful or insurance agents who are licensed by AMBD!



3. Disclose important information.

- ✓ declare and disclose all important information (especially health issues).
- ✓ ensure all information are accurate. The company may refuse your claim if misinformation is detected.

Takaful and Insurance

4. Read the terms and conditions.

✓ Coverage

Make sure you are covered from risks the way you intend to, e.g., check if you want your car windscreen 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 you cannot refund your ticket.

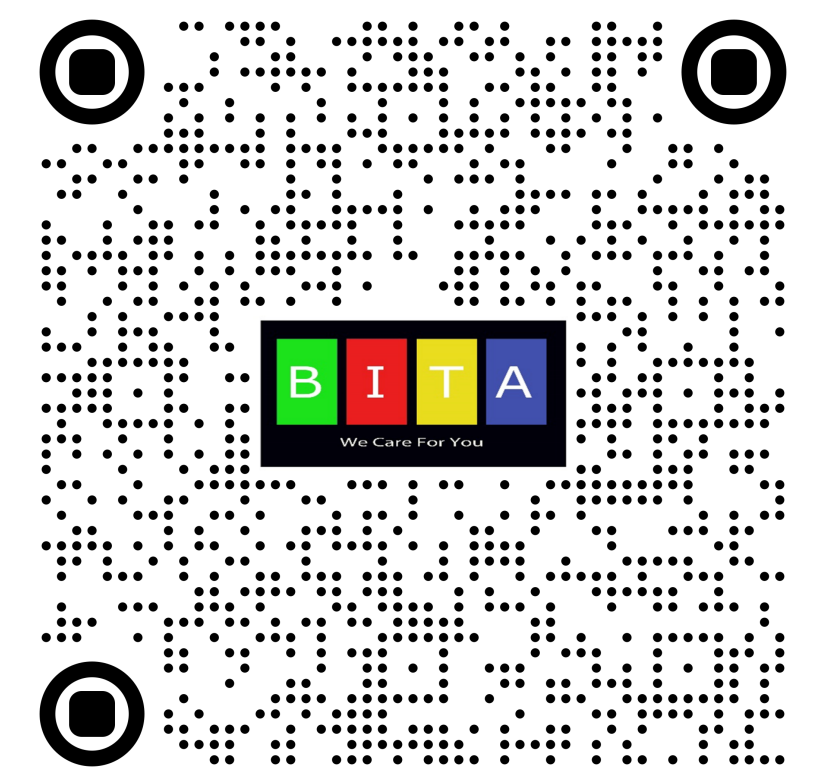
✓ Claims

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 7 days after the date of the accident. Otherwise, your claim may not be entertained.

5. Keep your documents safe!

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

You may also scan this QR Code for more information on MCG.



6. Understand how to make a claim.

STANDARD CLAIM PROCEDURE

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

MOTOR CLAIMS GUIDELINES PROCEDURE (MCG)

This procedure is applicable for most motor accidents*.

Step 1: Make a police report for incidents involving road accidents, accidental death/injury, or if something has been stolen.

Step 2: Notify your insurer immediately.

Step 3: Find all the documentation, 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.

Step 1: Exchange particulars of involved parties: Name, Smartcard Details, Tel. No., Address and Insurer.

Step 2: Take note of the vehicle numbers and take photos of the accident scene.

Step 3: Call your insurer's hotline for a tow truck or for further advice on the accident.

Step 4: Report and take your accident vehicle (whether damaged or not) to the Accident Reporting Centre (ARC) within 24 hours or by the next working day.

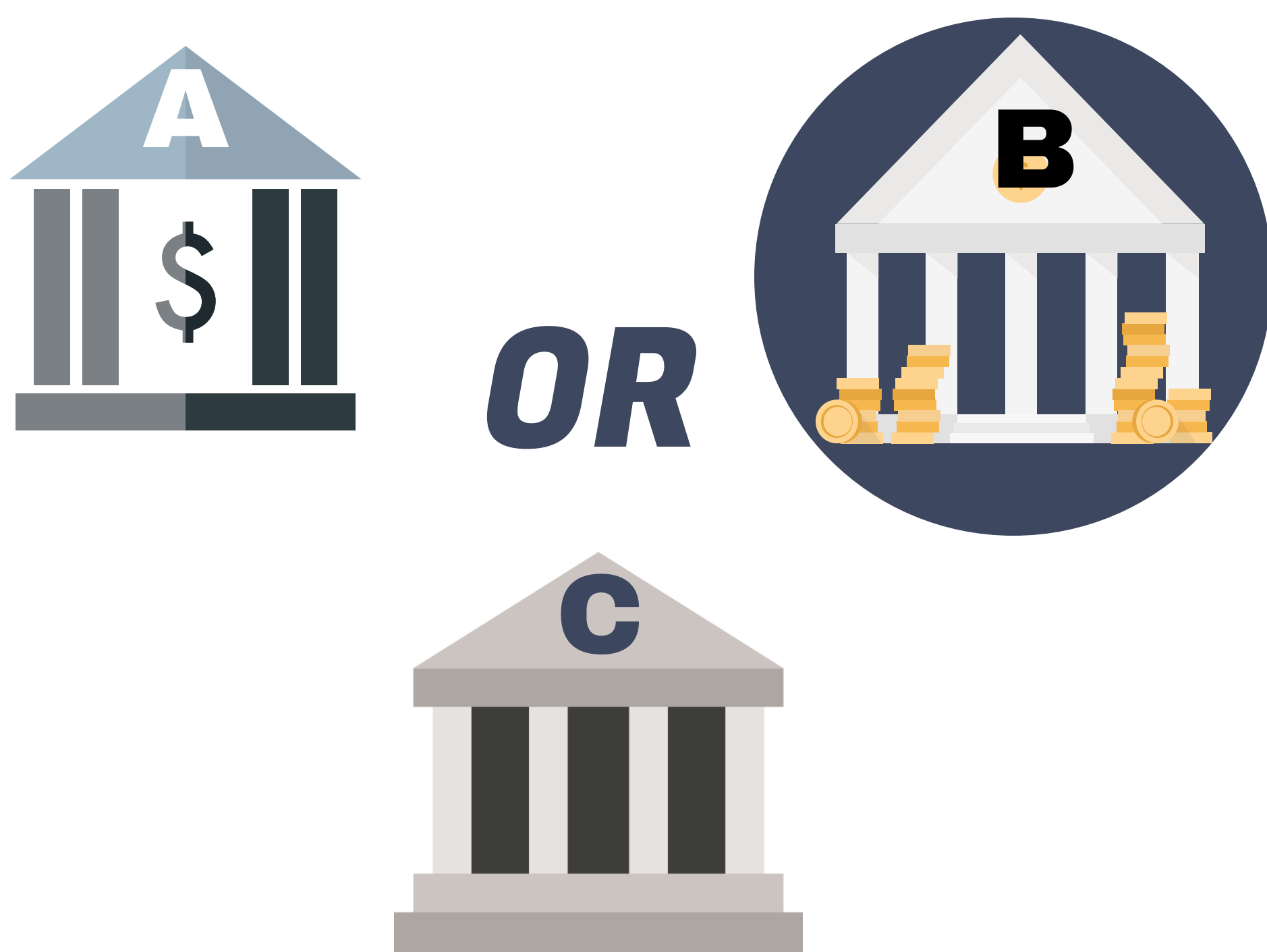
*MCG shall not apply to accidents giving rise to injury or death, those involving Brunei Government property, or any vehicle licensed or insured for the carriage of passengers for hire or reward (e.g. taxis or buses).

Loans

Here are some things to consider when getting a loan

1. Understand your needs.

What do you need the loan 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? Although you may be offered to do so, you do not need to borrow to the maximum amount.

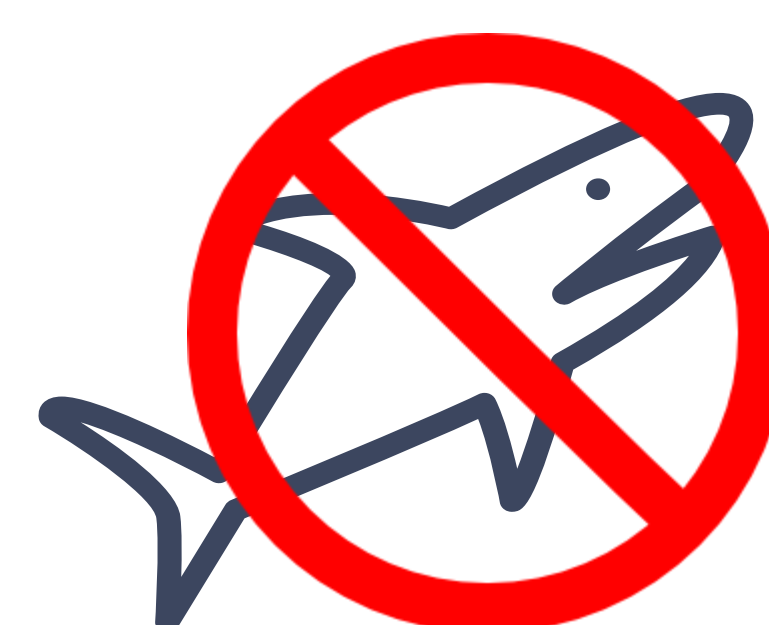


2. Shop around.

Make sure you shop at different banks to see what they can offer. 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!

3. Borrow only from licensed financial institutions.

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



4. Read and understand the terms and conditions of your credit facility.

It is especially important for you to 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.

Loans



5. Do not be afraid to ask questions.

If you do not understand an aspect of the loan, 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 or be transparent about any hidden fees.

6. Be a responsible and creditworthy consumer.

Always pay your loans on time, and in full.

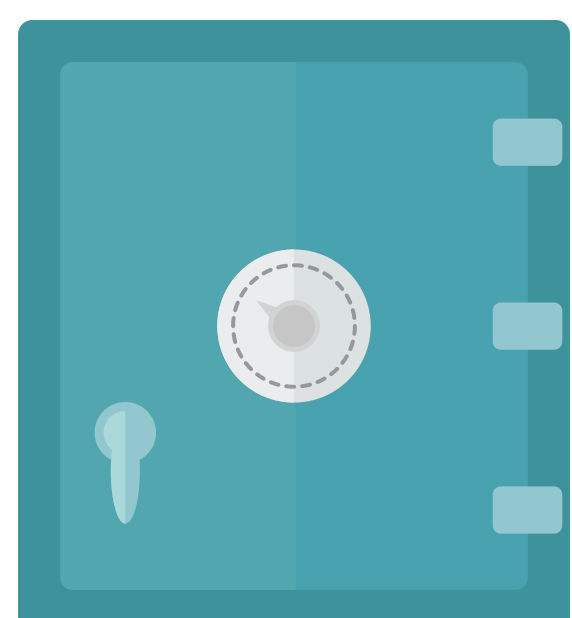


Consequences of not paying your loans on time, nor in full may include:

- You are charged a late payment fee - this will be included in your billing statement. You will be charged this fee for every month your payment is late.
- Your balance will increase 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.
- Your payment history is reflected in your credit report (more on this later).
- It may jeopardize your future loan applications, e.g., you may be charged at a higher interest rates for a loan, and bargaining for better rates will be extremely difficult because you have an episode of non-payment.



7. 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.

AMBD's Role

AMBD is the regulator and supervisor of financial institutions in Brunei Darussalam. AMBD also issues Notices and Guidelines from time to time to ensure financial soundness and stability.



One important regulation that was issued in 2015 is on the Total Debt Service Ratio (TDSR).

The TDSR limits your monthly loan repayment to 60% of net monthly income (applicable for net monthly income between BND1,750.00 to BND9,999.99 only. Other income segments are subject to the financial institution's assessment). The objectives of this regulation are to encourage better personal financial management, and ensure individuals are not over-indebted.

Effective 10 August 2017, TDSR may be increased from 60% to a maximum of 70% for new purchases or construction of properties such as houses. Effective 9 November 2017, banks including Perbadanan TAIB are allowed to exceed the maximum 60% TDSR for Mortgage Equity Credit/Financing and Fully-Secured Credit/Financing facilities subject to meeting prescribed conditions.

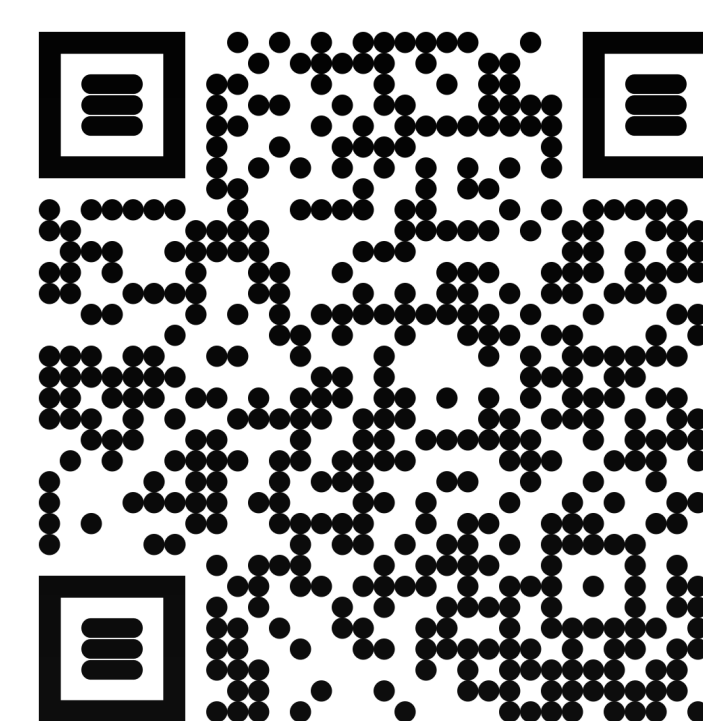
At the same time, on the banks' side, the TDSR will ensure that banks make the necessary assessments and lend responsibly. Although the TDSR caps your monthly loan repayments at 60%, some financial planning practices recommend for this percentage to be prudent at 35%.

AMBD and Credit Bureau do NOT approve or reject any loan applications. All loan applications are decided by the banks themselves.

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

For more information on AMBD's Legislations and Regulations, you may visit AMBD's website at <http://www.ambd.gov.bn/Pages/Legislation-And-Regulations>

You may also scan this QR Code for quick access!



**AMBD's Legislations
and Regulations**

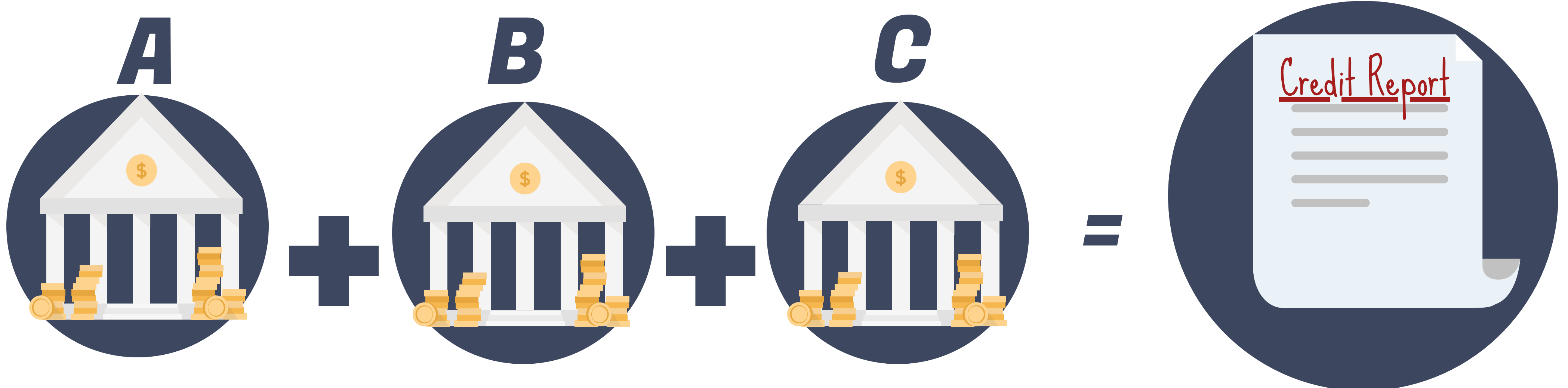
The Credit Bureau

When a bank receives your loan application, the bank will view your credit report to assess your credit standing, including how prompt you are in making your credit repayments, and what your current financial commitments are.

بیرو کریڈیٹ
Biro Kredit

From there, the bank will make their credit assessment on you and decide whether to approve or reject your loan application.

A credit report contains all your credit information as reported by all your banks. The information collected at the Credit Bureau is then consolidated into a credit report. It is your responsibility to check your own credit report to ensure all the information reported on you is correct and updated.

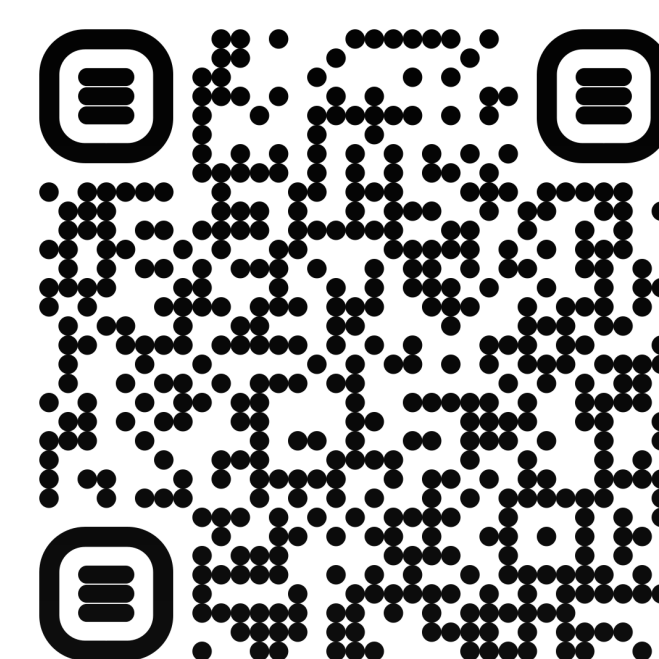


Remember: regardless of who or what the loan is for, if it is taken out under your name, it will be listed in your credit report.



For more information on Credit Bureau, you may visit AMBD's website at <http://www.ambd.gov.bn/SitePages/Credit%20Bureau.aspx>

You may also scan this QR Code for quick access!



Credit Bureau

Investment

When should you start to invest?

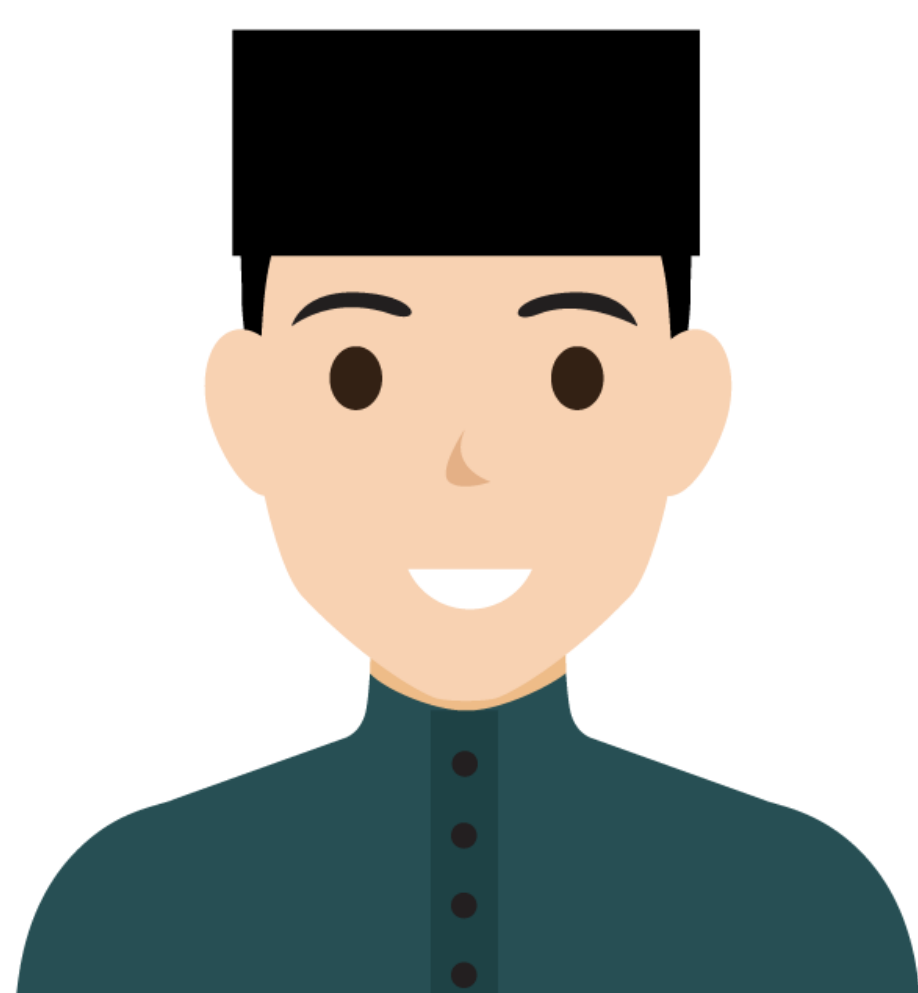
You need to learn how to SAVE and PROTECT your money before you can start investing.

Once you are well disciplined in saving your money and have 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 surplus cash, because investments are uncertain in nature.



- ✓ You should only invest surplus cash, AFTER you have PROTECTED your wealth.
- ✓ Make investments with licensed financial institutions only.
- ✓ Understand risks of any licensed financial products or service that you invest in.
- ✓ Remember: higher returns = higher risk!
- ✓ Approach a licensed Financial Planner for advice.



Did you know? There are plenty of syariah compliant shares and funds offered locally and abroad. For more details, talk to your licensed financial advisors to know more about them.

Where to invest?

Search for licensed financial institutions - this is the best and only way to begin your investment journey.

Via licensed entities, you could invest in various types of financial instruments, such as shares and mutual funds.



Investment

What to invest in?

Shares

- Shares mean providing capital to a company, whether it is for a start-up or for a business to expand further.



- You become a shareholder or owner of a company.



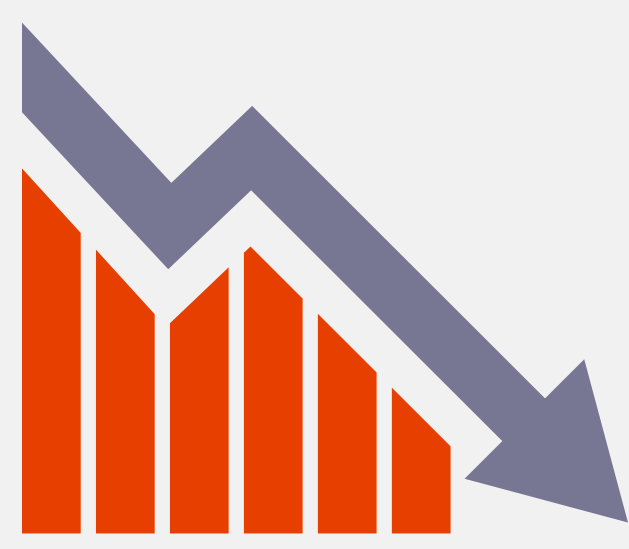
- You can typically expect returns either from dividend payments or capital gains from the share price.



- Dividends are paid from the company's profits while share price fluctuates based on the demand and supply of the shares.



OR



- In Brunei Darussalam, dealers who are offering services to buy and sell shares of selected jurisdiction to the public are regulated by AMBD.

VS.

Mutual funds

- A mutual fund is where your money is pooled together with many other investors and is invested into a broad range of securities (such as shares, bonds, etc.).



- The fund is managed by a professional investment manager/fund manager.

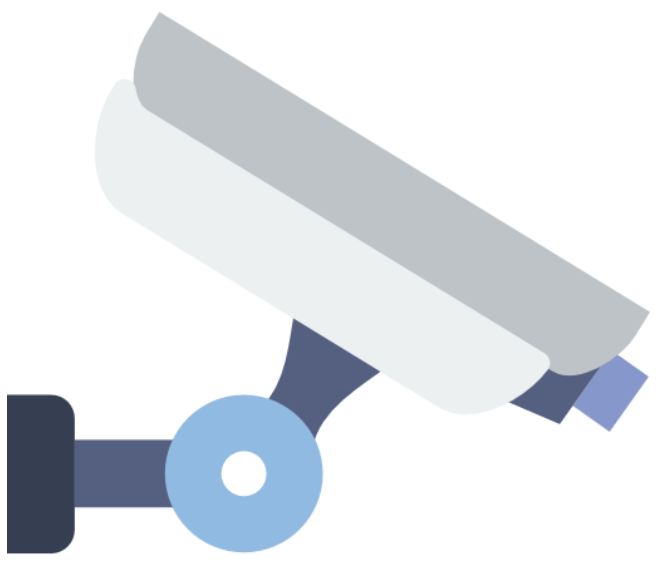


- Mutual funds can offer diversification and access to a broad range of assets or markets with a relatively small amount of money.



- In Brunei Darussalam, all funds offered to retail investors are registered or licensed as a Collective Investment Scheme. Additionally, dealers who are offering funds to the public are regulated by AMBD.

Financial Scams



We must always be careful with what we do with our money. Unfortunately, there are many financial scams, and it is even more unfortunate that many people fall for these scams.

Regardless of what their background is - both well-off, and not-so-well-off; educated and not-so-educated - AMBD, as well as other authorities, have received reports of financial scams. So, how do you protect yourself from these financial scams?

Recognize the signs of financial scams!

1. Financial scams often offer high returns, with little to no risk within a short period of time.



2. They often disguise themselves as Multi Level Marketing, but without any clear product offering. Instead, they focus on recruitment of members, where their membership fees are used to create income or returns for early members.

3. Financial scams may ask for you to come up with several payments to claim your rewards, as in the case of SMS scams, or emergency fees to help a loved one, in the case of a love scam.



Examples of financial scams include: get-rich-quick schemes; pyramid schemes; internet love scams; phishing; credit card scams; job scams; SMS lucky draw; etc.

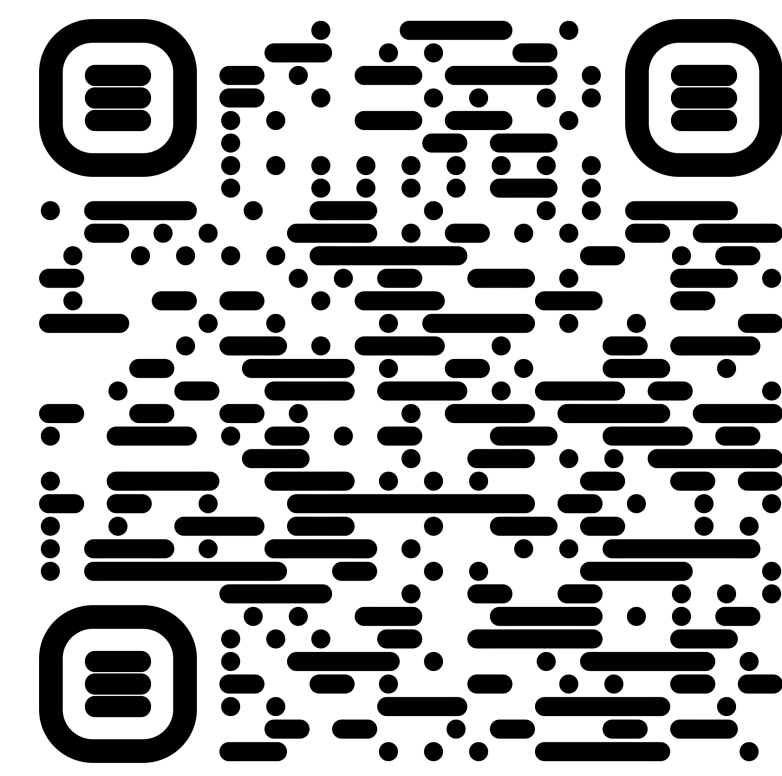
Financial Scams

Make sure you only deal with LICENSED financial institutions!

1. Check AMBD's website to find the list of licensed financial institutions.



You may also scan this QR Code for quick access!



List of licensed financial institutions

You may also scan this QR Code for quick access!

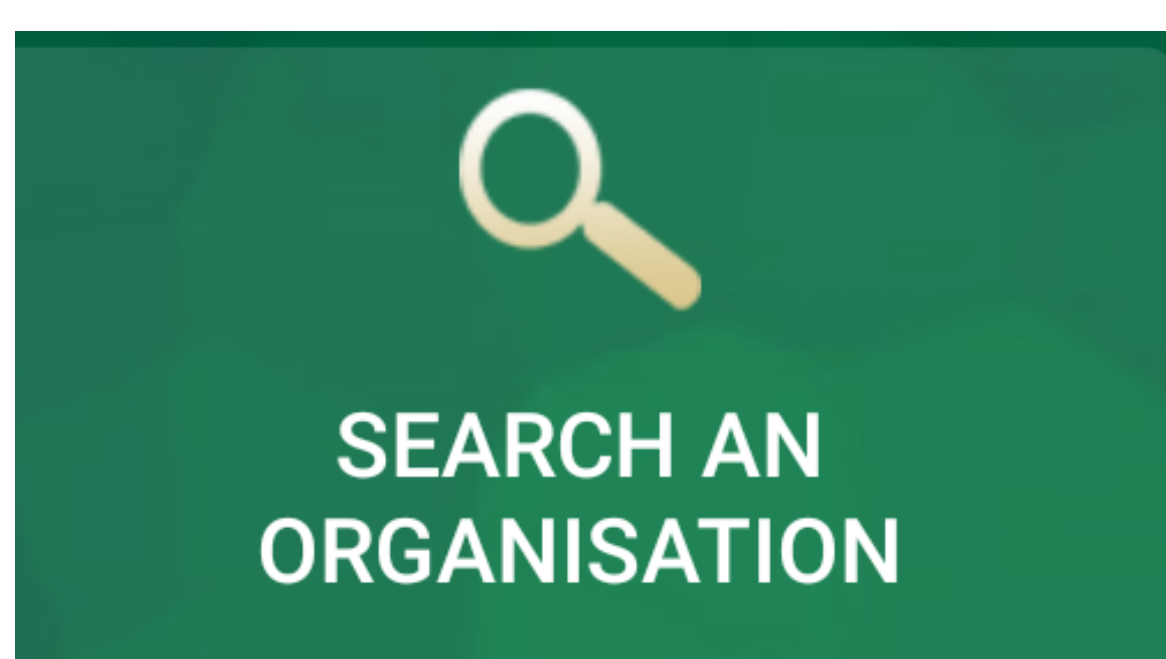


AMBD's Alert List

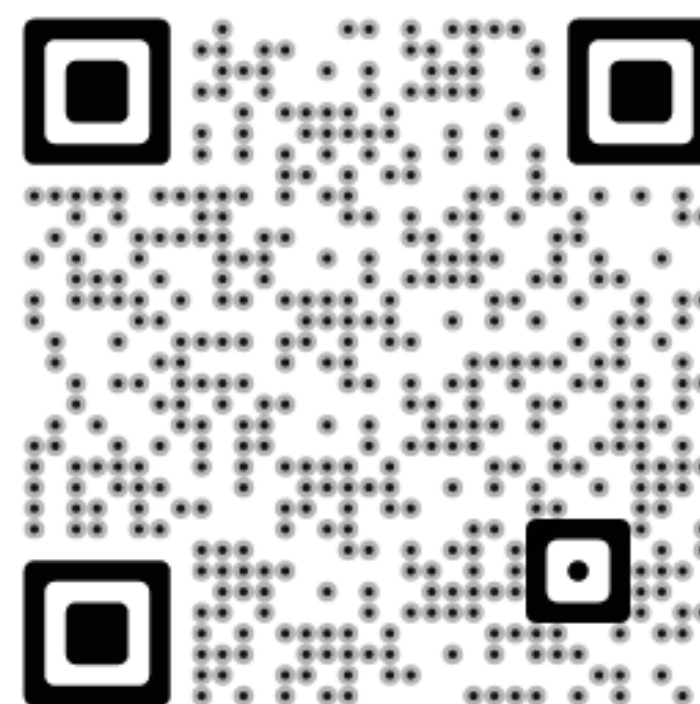
2. Check AMBD's website for the Alert List – this is a list of companies and websites which are neither authorised nor approved under the relevant laws and regulations administered by AMBD or whose activities raise a suspicion of illegal activity.



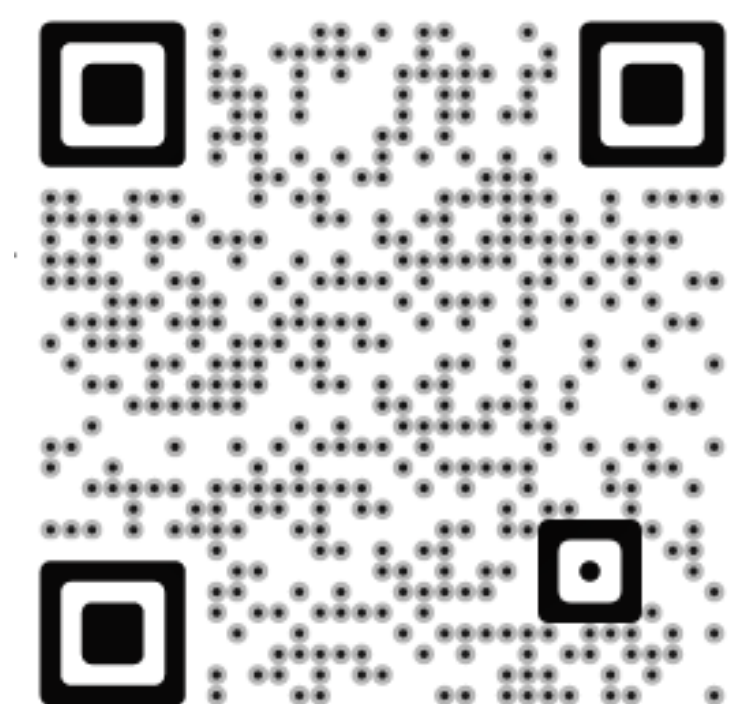
3. Download AMBD's app where you can search for entities to check whether they are licensed or not.



You may also scan this QR Code to download the AMBD App!



iOS



Android



NEVER reveal your bank details to any unauthorized 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.

Who We Are: Financial Consumer Issues

This booklet is brought to you by the Financial Consumer Issues, under Autoriti Monetari Brunei Darussalam (AMBD).

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, AMBD established the Financial Consumer Issues with functions to implement necessary initiatives to strengthen and enhance market conduct, transparency and disclosure; to promote financial literacy and financial inclusion; and to handle public complaints against licensed financial institutions.

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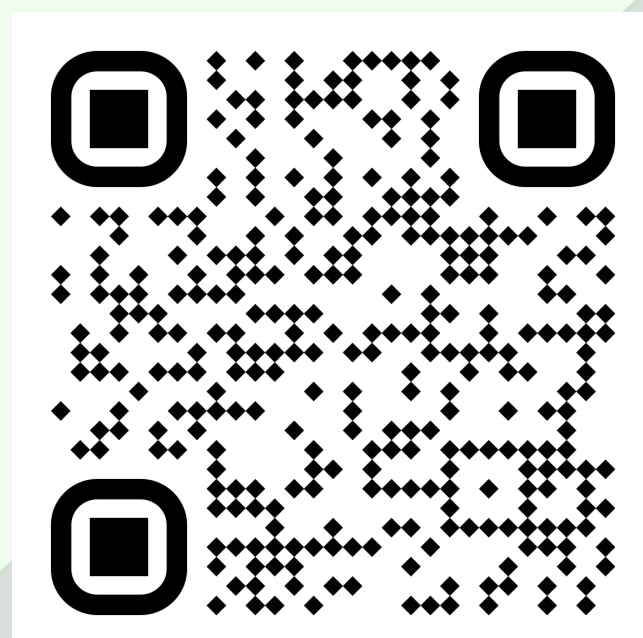
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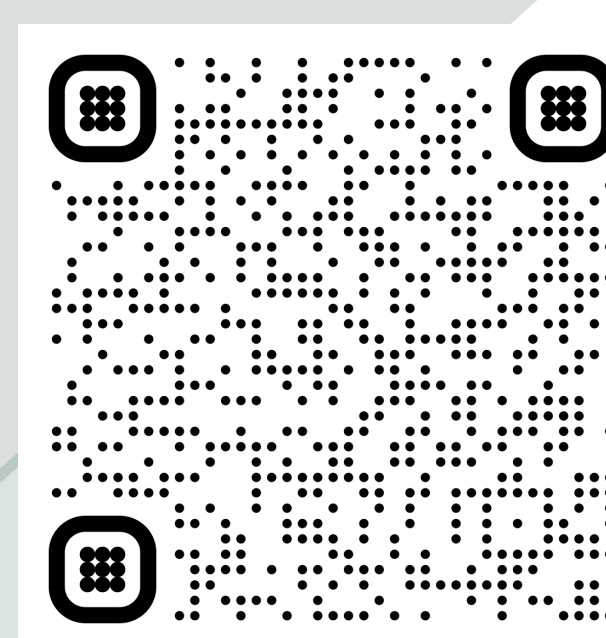
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