



## GOOD CREDIT #101: CULTIVATING A HEALTHY CREDIT LIFESTYLE

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The concept of cultivating a healthy credit lifestyle is a fundamental aspect for a stable financial well-being. Credit plays an instrumental role in everyone's life where it provides a convenient and flexible financial tool to assist your daily financial life.

Credit refers to borrowing, your ability to borrow and the amount you borrow. When it comes to loans (such as your credit cards, car loans and home loans), as a borrower, your credit is basically your reputation. It notifies lenders the likeliness of you repaying your loans back, and this can assist them in assessing whether or not your loan application and the credit terms you will be receiving can be approved.

Your credit consists of information about your borrowing history. Therefore, maintaining your credit health would mean that you have to make a consistent effort to make debt payment regularly to avoid yourself from being stuck in a debt trap. Therefore, individuals are encouraged to be mindful that in the event that your financial well-being begins to lose its momentum, you are advised to seek further assistance and financial guidance from a professional financial planner through your respective bankers or lenders. To instill or cultivate a healthy credit lifestyle, it has to start from the individual themselves.

In conjunction with National Savings Day, themed "Financially Literate Generation" on 28<sup>th</sup> of May 2016, AMBD, in collaboration with Ministry of Education and Employees Trust Fund (TAP) has been organizing several activities throughout the month that are mostly focused towards familiarizing the younger generation on the importance of money and savings. This includes promoting a healthy credit lifestyle. Let us remind ourselves to pay heed to our financial responsibilities: to repay credit on time; to be a prudent and sensible spender; to weave a financial safety net; and to check your credit report regularly. Here are 3 basic tips on how maintain a healthy credit lifestyle:

**First- Be a prudent and sensible spender.** Sticking to your credit limit will be worthwhile in the long run; do not exceed your set budget plans and only take up loans that you are confident and capable of repaying the financial institutions back. Most importantly, it is crucial for individuals to avoid the temptations of buying on impulse – learn how to identify your true "needs" and "wants" and not to spend beyond means.

**Second- Start weaving your financial safety net.** Upon applying for a credit facility, individuals are encouraged to save up and weave a financial safety net to cover unexpected expenses and payments that could potentially delay credit payments. Late payments will jeopardize your credibility or credit-worthiness. Here, creditworthiness refers to your history of trustworthiness, a moral character, and expectations of a continued performance that demonstrates your ability to pay. With an unsatisfactory creditworthiness, banks or lenders will be less inclined to approve your future loans.

**Third- Check your credit report regularly.** By checking your credit report, you can have an overview of all your credit repayment commitments. Apart from this, checking your credit report enables you to verify that the credit information reported is correct and up-to-date. Checking your credit report regularly will also help you examine and assess your credit payments. It inspires you to build a good credit standing and reputation. Proper assessment of your credit report can help you monitor and plan your monthly expenses efficiently.

The Credit Bureau is a unit under the Regulatory and Supervision Department AMBD, and has been operational since 10th September 2012. The main function of the Credit Bureau is to collect, compile, consolidate and disseminate factual information in relation to the creditworthiness, or the ability to meet debt obligations of individuals or commercial entities. The Credit offers its Self-Inquiry and Dispute Resolution (SIDR) service since September 2014. This SIDR service provides both the general public and business entities an opportunity to verify information inside their credit report; and make corrections in the event that there is a discrepancy inside his/her credit report.

The **general public and business entities** can pull their Self-Inquiry Report (SIR) at the Credit Bureau Customer Service Office, Unit 1, Ground Floor, Dar Takaful IBB Utama, Bandar Seri Begawan. For **business entities**, you can also pull your business's SIR at Darussalam Enterprise (DARe)'s Business Support Centre, Level 1, Design & Technology Building, Simpang 32-37, Kampong Anggerek Desa, Bandar Seri Begawan.

For more information, please contact the Credit Bureau AMBD at [birokredit@ambd.gov.bn](mailto:birokredit@ambd.gov.bn).