

Brunei Darussalam as an Inclusive Nation: A Value Proposition for Islamic Finance Hub

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Hajah Noorrafidah binti Sulaiman

Deputy Managing Director (Monetary Operations / Development and International)

Autoriti Monetari Brunei Darussalam



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In 2019, the global Islamic Finance industry continued to grow despite uncertainties felt across the major Islamic financial markets

Global Islamic Finance Landscape in 2019

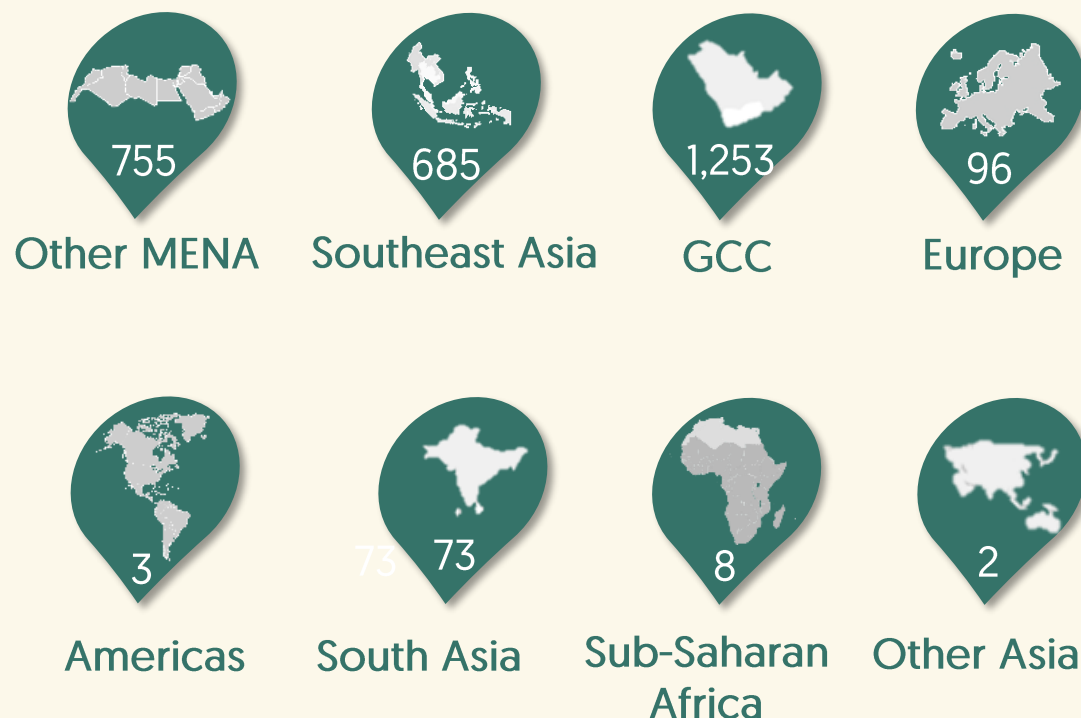


USD2.88 Trillion Total Islamic Finance Assets

14% Annual Growth of Islamic Finance Assets

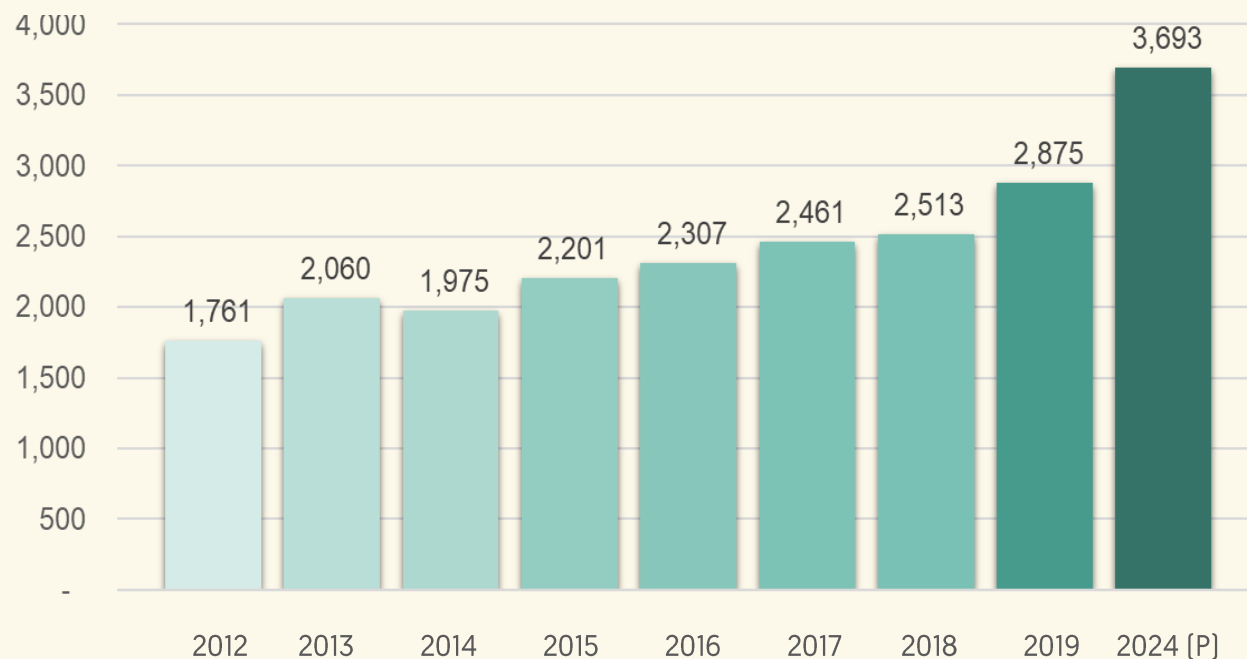
1,526 Total Islamic Financial Institutions

Islamic Finance Assets by Region 2019 (USD Billion)

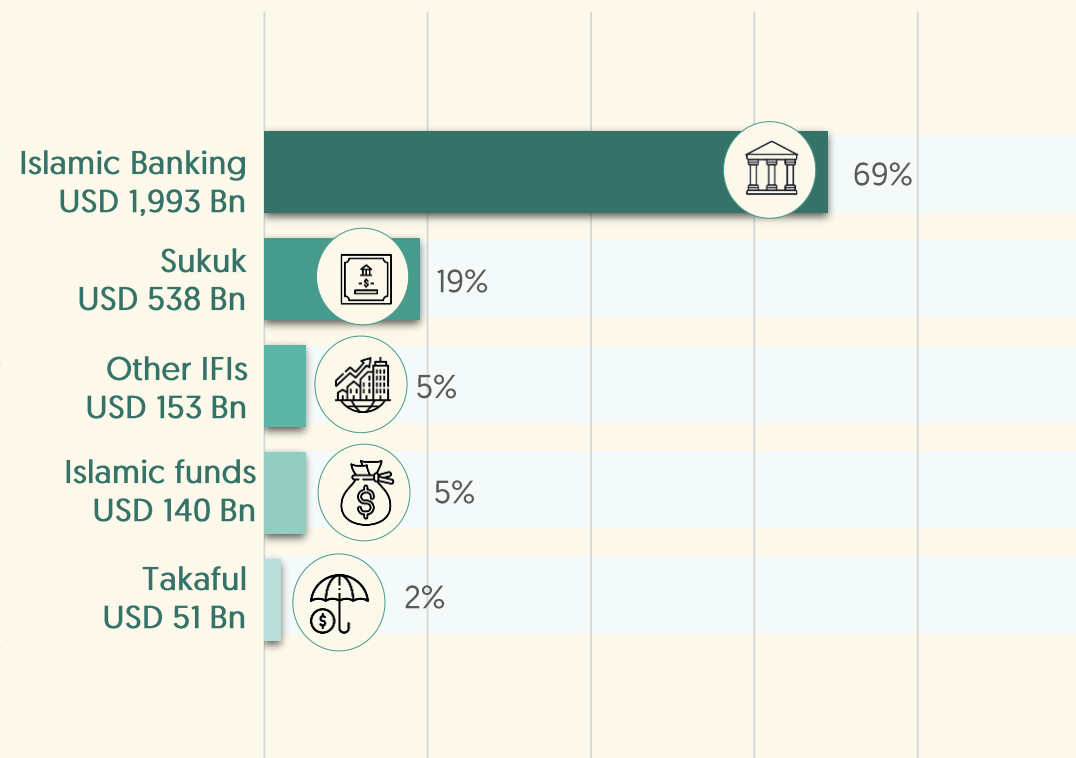


Islamic capital markets, Islamic funds and banking were the main drivers of Islamic assets growth in 2019, with projections for 2024 estimated at USD3.7 Billion

Islamic Finance Assets Growth 2012-2019 (USD Billion)



Global Islamic Finance Asset Distribution 2019



Out of 135 countries, Brunei Darussalam is ranked 11th in Islamic finance development

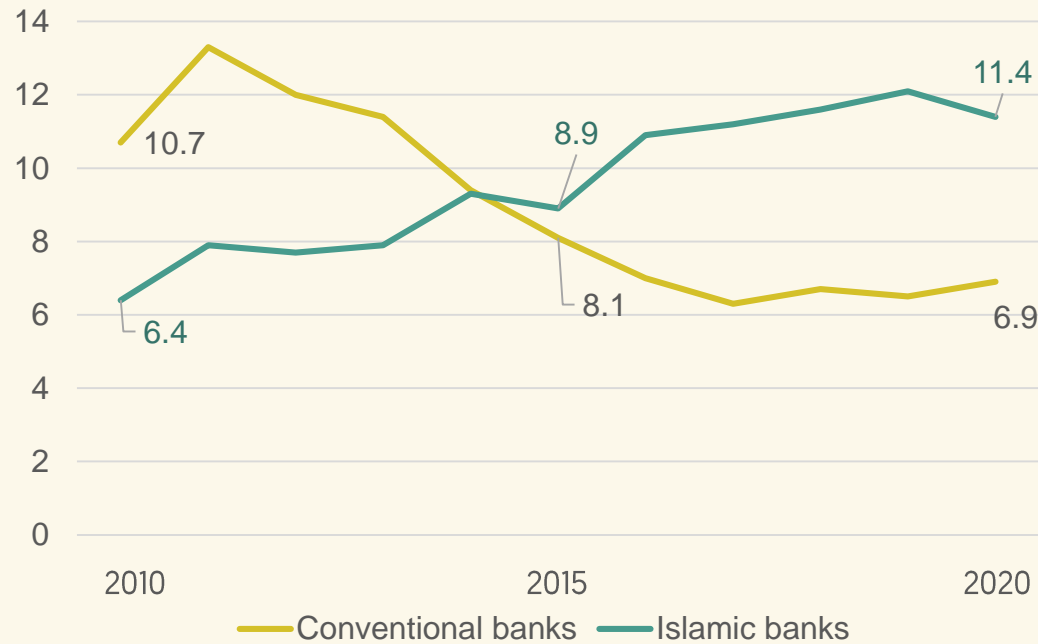
TOP IFDI MARKETS AND GLOBAL AVERAGE IFDI VALUES FOR 2020

Country	Ranking	Indicator Value					
		IFDI 2020	Quantitative Development	Knowledge	Governance	Awareness	CSR
Malaysia	1	111	94	185	86	149	41
Indonesia	2	72	27	181	67	60	23
Bahrain	3	67	38	68	88	103	38
United Arab Emirates	4	66	31	67	79	91	60
Saudi Arabia	5	64	59	52	41	50	119
Jordan	6	53	14	75	51	29	99
Pakistan	7	51	18	80	74	53	31
Oman	8	45	14	46	66	73	25
Kuwait	9	43	48	13	63	48	42
Qatar	10	38	28	19	63	52	29
Brunei	11	36	13	44	51	61	9
Maldives	12	34	22	21	70	22	34
Nigeria	13	32	5	26	60	17	51
Sri Lanka	14	30	11	36	42	11	48
Syria	15	28	31	15	45	14	36
Global Average		11	6	11	14	17	7

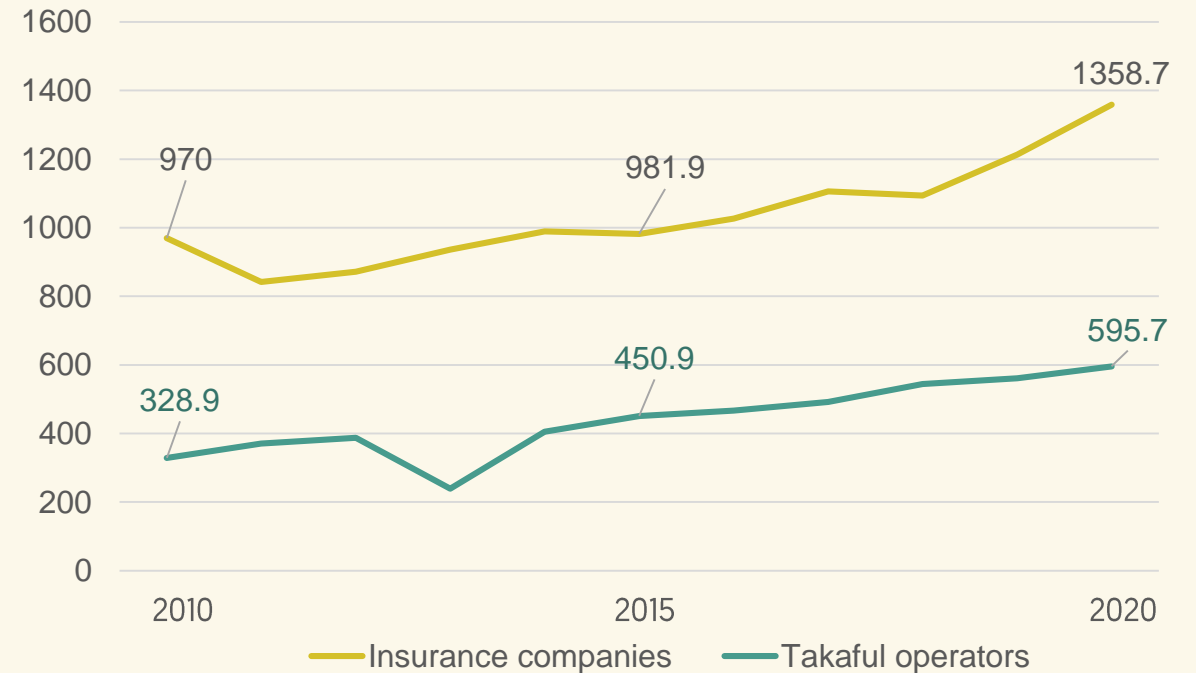


Islamic finance sector in Brunei Darussalam has also experienced growth in market share of the total financial sector in terms of assets

Total Assets of Conventional Banks and Islamic Banks (BND Billion)



Total Assets of Insurance Companies and Takaful Operators (BND Million)



Source: Brunei Darussalam Islamic Finance Website (BDIF)



Inauguration of the first Islamic bank in the country

Titah of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam

“ Maka pada hari ini, pada 20 haribulan Rejab, 1413 bersamaan 13 haribulan Januari, 1993 muncullah dengan megahnya sebuah bank Islam di Negara Brunei Darussalam, iaitu sesudah hampir dua tahun selepas kita menyambut kelahiran Tabung Amanah Islam Brunei (TAIB).

Dengan ini kita telah menjadi keluarga kepada negara-negara yang ada mempunyai institusi kewangan Islamnya yang akan bermuamalah atau berurusan secara yang dihalalkan oleh Allah.

”



Other financial highlights of Brunei Darussalam's Islamic financial landscape



Top 5 highest Islamic banking asset share to total banking assets in 2019

1 Full-fledged Islamic bank and 1 Islamic Trust Fund



1st rank in countries with highest takaful assets to GDP in 2019

4 Takaful Operators



30% ↑ in number [2020]

8 Islamic Funds

61.6% av. growth y-o-y in Investor participation where 20% of investments volume are in Islamic funds (2020)



3 Islamic capital market services firms



7 outstanding sukuk at BND 225 m [Q1 2021]



3 sukuk issued valued at BND 115 m [Q1 2021]

Fastest growing market in Sukuk assets in 2019



Charting the road for Islamic Finance Development in Brunei Darussalam



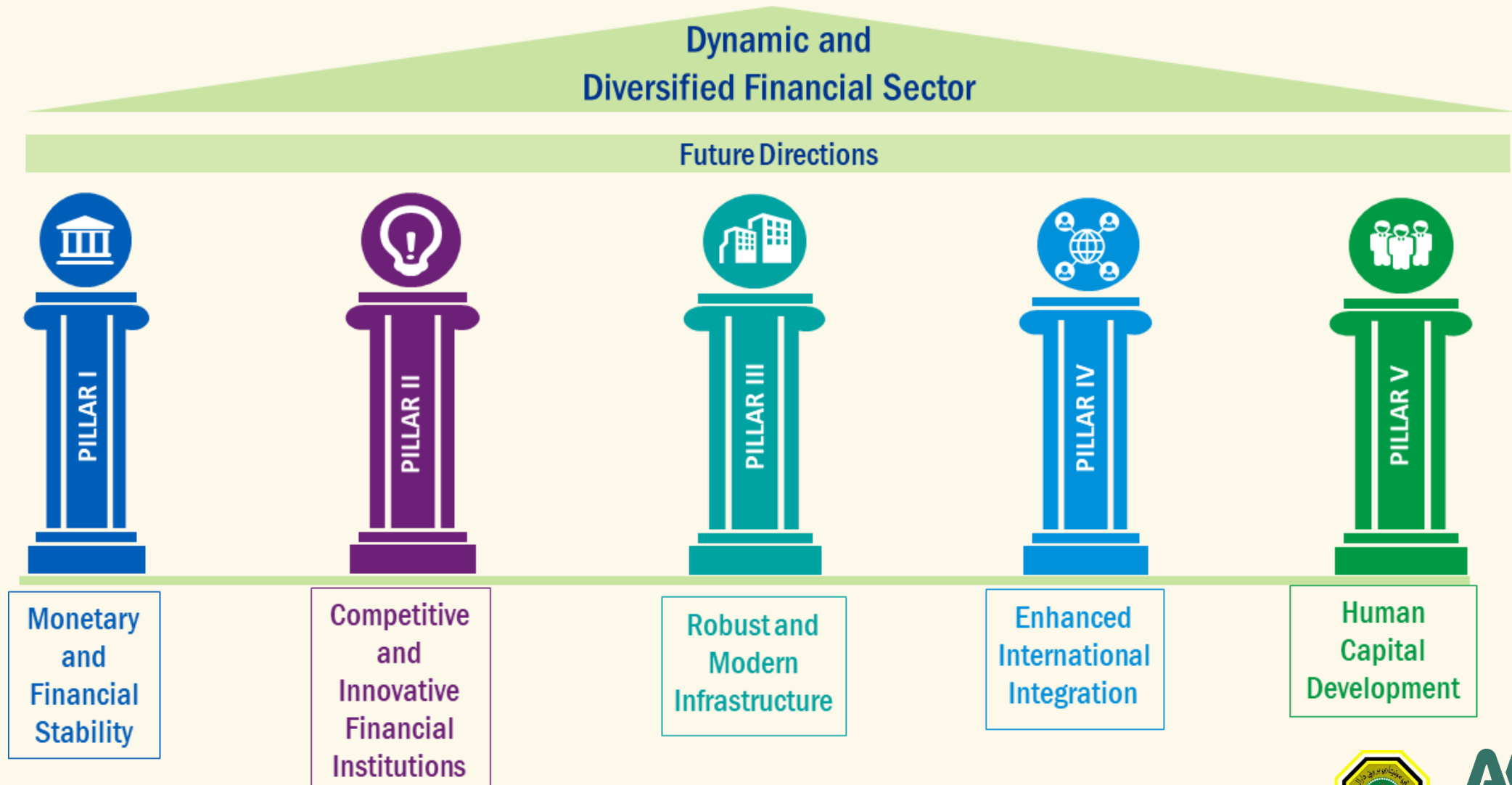
Islamic Finance: Financial Markets



Key focus of financial sector development for this decade is the strengthening of Brunei Darussalam as an international Islamic financial hub. Brunei Darussalam has affirmed the growing prominence of a more diverse foreign presence and the higher level of foreign participation in the domestic Islamic financial markets, particularly in the sukuk and takaful market. Initiatives will be put in place to further accelerate the internationalisation of Islamic finance moving forward, thereby establishing a more significant role for the financial system in the intermediation of international financial flows. This will involve the introduction of more innovative Syariah compliant financial products and services that will meet the more diverse global demands for Syariah-compliant financial solutions.



Pillars of the Financial Sector Blueprint



AMBD milestones in supporting financial sector development on Islamic finance



Corporate Governance Framework for Islamic banks and takaful operators (2017)



Online platform for Brunei Darussalam Islamic Finance (BDIF) (2017)



ASEAN+3 Bond Market Guide for Brunei Darussalam (2017)



Guidelines on application for Islamic investment business and its operation (2017)



Introduction of Syariah Governance Framework (2018)



Digital Payment Roadmap 2019 - 2025



Leadership in Islamic Finance and Economy (LIFE) Programme (2019)



Surplus Distribution Framework for Takaful (2020)



The State of FinTech in Brunei Darussalam (2020)



Issuance of AMBD Islamic Bills Programme (2020)



Development initiatives to grow the Islamic capital markets in Brunei Darussalam



Islamic Equity

One publicly tradable company issuing shares via OTC

Establishment of Brunei securities exchange*

Potentially support the halal economy

Corporate awareness on listing



Sukuk

Corporate sukuk – standardised sukuk legal documentation template*

Retail sukuk*

Public and corporate awareness on sukuk

Registration of Syariah advisor*

Issuance of Syariah standards for all Syariah compliant products*



Islamic Funds

Islamic fund management – enhancement of legal framework*

Wider offering of Islamic funds

Public awareness on fund investments

*Future development plans

Source: Autoriti Monetari Brunei Darussalam



Strengths and Opportunities : Brunei Darussalam

Conducive business environment

- Political stability
- Robust legal and regulatory framework
- Stable macroeconomic landscape
- Attractive tax rates
- 64th rank in Ease of Doing Business Index 2020 out of 188 countries

Reputation

- Strong practice of Islamic cultures – Malay Islamic Monarchy
- Ranked 11th in Islamic Finance Development Report 2020
- 46th rank in Environmental Performance Index 2020 out of 180 countries (7th in Environmental Health)
- Effective COVID-19 response
- 56th rank in Global Competitiveness Index 2019 out of 141 countries

Infrastructure

- Digital Economy Masterplan 2025
- Strategic Plan for Ministry of Transport and Infocommunications 2025
- Brunei Darussalam National Climate Change Policy 2020

Financial sector development

- 5.6% contribution to GDP [2020]
- Brunei Darussalam Financial Sector Blueprint 2016-2025
- 65% of financial sector in Brunei is dominated by Islamic finance in 2019
- Top 5 in highest Islamic banking asset share to total banking assets in 2019
- 1st rank in countries with highest takaful assets to GDP in 2019
- Fastest growing market in Sukuk Assets in 2019

Human capital development

- High literacy rate of 97%
- 2nd rank in Knowledge and Awareness Sub-Indicators in 2019
- 47th rank in Human Development Index 2019 out of 188 countries (includes knowledge, quality of life and standards of living)



Value Proposition for Brunei Darussalam: We're open for business!



Exploring Islamic finance initiatives for end to end halal economy aligning with Maqasid al-Syariah



Innovation centre focusing on creating Islamic financial products and FinTech



Green/sustainable investment solutions



Complementing regional financial centres by providing Syariah-compliant solutions



Thank You

Reach us

Email: findev@ambd.gov.bn

Website: www.ambd.gov.bn

Instagram: [@authoriti_monetari](https://www.instagram.com/authoriti_monetari)



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