



Press Release

AMENDMENTS TO NOTICE ON TOTAL DEBT SERVICE RATIO

1. Autoriti Monetari Brunei Darussalam (AMBD) has made amendments to the Total Debt Service Ratio (TDSR) regulation on Thursday, 20 Safar 1439 corresponding to 9 November 2017. These amendments are part of AMBD's latest efforts in spurring economic growth, which has been gathering pace, as indicated by the recent economic expansion of 0.7 per cent year-on-year in the second quarter of 2017 (Q2 2017) and a forecasted growth of 0.7 per cent in 2018. It will give banks the opportunity to use their excess liquidity more effectively which can consequently boost the banking industry's contribution to Gross Domestic Product (GDP).
2. AMBD also continues to develop Brunei Darussalam's financial infrastructure and ecosystem through improved legislative and regulatory framework. The World Bank's Doing Business Report 2018 highlights significant improvements for getting credit in Brunei Darussalam, ranking Brunei Darussalam number 2, as more credit information is easily accessible for borrowers and lenders. In reviewing the amendments, AMBD's ongoing supervisory assessment of the banking sector also remarked the continuing resilience of the banking sector in the country.
3. Against these positive developments, AMBD has therefore given banks the flexibility to exceed the maximum 60% TDSR policy for certain credit facilities. This includes Mortgage Equity Credit facilities subject to certain conditions such as the property charged must be income-generating and not the sole property of the borrower. The same TDSR flexibility is also given for fully secured credit facilities that are secured by cash or fixed deposits. In addition, the TDSR policy for individuals with net monthly income of BND10,000 and above will now be subject to the banks and finance companies' internal credit policy. AMBD has also relaxed the limit on banks' personal loan portfolio, which gives banks more flexibility to extend credit facilities to the household sector.
4. AMBD, as the regulator and supervisor of the financial sector, continues to monitor the effectiveness of its regulations to ensure that they are in line with the current economic and market environment. Prior to this, AMBD has made a number of amendments to the TDSR framework to reflect the changing domestic economic and market environment. In its first amendment to the TDSR framework in October 2015, AMBD increased the flexibility of the TDSR policy, particularly for business owners, to include variable income such as rental and other business income as part of their Gross Monthly Income, subject to certain conditions. Apart from that, credit cards secured by fixed deposits were also excluded from the TDSR computation. More recently, in August 2017, AMBD also fine-tuned the TDSR policy by allowing banks and

Perbadanan TAIB to increase the TDSR limit from 60% to a maximum of 70% for credit facilities to finance the purchase or construction of properties such as houses.

5. Whilst allowing certain flexibilities in the TDSR policy, the consumers must be empowered with the necessary financial knowledge and skills in order to practice prudent financial management. As such, AMBD has been active in raising financial literacy and financial awareness by continuously conducting roadshows to ministries and schools, through the AMBD website and social media platforms, in order to bring the message of financial literacy to the general public at large.
6. Since the introduction of the TDSR policy in June 2015, AMBD has observed notable developments in borrowers' TDSR levels with less borrowers having TDSR of exceeding 60 percent. In September 2017, 26 per cent of borrowers were recorded to have TDSR above 60 percent compared to 36 per cent in June 2015. This shows an improvement in the financial management of borrowers in the country. The TDSR policy is expected to continue to foster a healthy and financially-sustainable society, which supports the aspiration of the Government of His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah ibni Al-Marhum Sultan Haji Omar 'Ali Saifuddin Sa'adul Khairi Waddien, Sultan and Yang Di-Pertuan of Brunei Darussalam towards Vision 2035.
7. For more information or enquiries, members of the public can visit AMBD's website at www.ambd.gov.bn for a list of Frequently Asked Questions (FAQs); or download AMBD App from the App Store or Google Playstore.

Autoriti Monetari Brunei Darussalam

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