



PRESS RELEASE
AMENDMENTS TO NOTICE NO.1/2013 ON THE REGULATION
OF INTEREST/PROFIT RATES AND DEPOSIT RATES

1. Autoriti Monetari Brunei Darussalam (AMBD), on Friday, 15th Sya’ban 2017 corresponding to 12th May 2017, issued amendments to the Notice on Regulation of Interest/Profit rates to all banks and Perbadanan Tabung Amanah Islam Brunei (TAIB).
2. The amendments allow banks to price their lending/financing rates based on their internal risk appetites and the borrower’s credit worthiness. Additionally, a number of deposit rates have been deregulated to allow banks to price their deposit rates according to their funding needs.
3. The amendments will also empower customers to compare lending/ financing and deposit rates across different banks, thus enhancing competition. This is in line with Pillar 2 of the Brunei Darussalam Financial Sector Blueprint (2016-2025) - *towards a more competitive and innovative financial institutions and services*.
4. In addition, the amendments will enhance efficiency in financial intermediation that can further support the growth of the financial sector in the long term and in so doing increases the sector’s contribution to the country’s Gross Domestic Product (GDP).
5. The amendments together with other enhancements to Brunei Darussalam’s financial infrastructures such as the establishment of the Credit Bureau in 2012, and the Collateral Registry System in December 2016, have helped financial institutions to make more informed decisions in assessing the borrowers’ credit worthiness. AMBD’s enhancement is set to continue with plans to expand the Credit Bureau’s services to include credit scoring and rating services.
6. In summary, the maximum lending/financing rates and minimum deposit rates which have been deregulated, with effect from 12th May 2017, are as follows: -

(a) Consumer and Corporate Loans/Financing –

- i) Credit facilities fully secured by:

	Type of Security	EIR/APR per annum prior to 12 May 2017	From 12 May 2017
a	Credit facilities against fixed deposits under lien to the bank (excluding credit cards)	5.00%	Deregulated
b	Non-property credit facilities against property charged (mortgage)	5.25%	Deregulated

c	Corporate credit facilities against the joint and several guarantee of directors (corporate guarantee)	6.00%	Deregulated
d	Credit facilities against direct debit to salary/pension assigned to the bank (excluding overdrafts)	7.50%	Maintained

ii) Credit facilities to the following sectors:

	Sectors	EIR/APR per annum prior to 12 May 2017	From 12 May 2017
a	Oil & gas-related small & medium enterprises	5.50%	Deregulated
b	Credit facilities for national infrastructure projects	5.50%	Deregulated
c	Small & medium enterprises	8.00%	Deregulated

**EIR/APR : Effective Interest Rates/Annualised Profit Rates*

(b) Minimum Deposit Rates for Brunei Dollar Deposits -

Deposit Type	Minimum Rate per annum prior to 12 May 2017	From 12 May 2017
Savings deposits	0.15%	Maintained
Term deposits:-		
a) 1 month	0.20%	Deregulated
b) 3 months	0.30%	
c) 6 months	0.45%	
d) 12 months	0.75%	

7. Under this notice, the Effective Interest Rates (EIR)/ Annualised Profit Rates (APR) charged by the banks to customers shall not be excessive and shall reflect a reasonable risk premium over their cost of funds. All banks are also required to publish the EIR/APR and deposit rates applicable on a quarterly basis on the banks' websites and at their respective branches.
8. To ensure a healthy competitive market, AMBD will closely monitor the rates offered in the market and reserves the right to intervene from time to time.
9. Members of the public are also advised to be financially smart by reviewing the lending/ financing and deposit rates offered before acquiring a financing facility or making a deposit respectively.
10. For more information or enquiries, members of the public can visit AMBD's website at www.ambd.gov.bn; download AMBD App from the App Store or Google Playstore; or follow AMBD on Instagram at @autoriti_monetari.

Autoriti Monetari Brunei Darussalam

Date : 21 Sya'ban 1438/ 18 May 2017

Ref : AMBD/COMMS/3