PROTECTING WHAT YOU'VE BUILT: TAKAFUL AND INSURANCE FOR MICRO-, SMALL- AND MEDIUM-SIZED ENTERPRISES (MSMEs)

In conjunction with National Financial Literacy Day (NFLD) 2026, Brunei Darussalam Central Bank (BDCB) would like to take this opportunity to encourage MSMEs to consider an important part of building financial resilience — being prepared for the unexpected. Unexpected events can disrupt business operations and result in significant financial losses. Takaful and insurance can help MSMEs manage these risks, protect their businesses and recover from unforeseen events.

Why Protection Matters for MSMEs

Let's start with the basics: what is the difference between takaful and insurance? Both serve a similar purpose — to provide financial protection against certain risks, subject to the respective terms and conditions — but they work differently. Takaful is based on risk-sharing and mutual cooperation, where the business, as participants, contribute to a shared fund which is then used to provide compensation when a covered event happens. On the other hand, insurance provides financial protection by transferring certain risks from the business to an insurance company. The business pays premiums for coverage, and if a covered event occurs, the insurance company may pay a claim.

Whether you run a micro business or a growing company, every MSME faces risks that could disrupt its operations, such as fire, burglary, or the loss of a key person. For smaller businesses, the impact of such events can be more significant, as limited resources and inadequate contingency plans may make recovery difficult, especially when cash flow is already under pressure.

While not every incident can be prevented, having appropriate takaful or insurance coverage can help reduce the financial impact of unexpected events and support business recovery. It should not be viewed simply as an additional cost, but as a practical risk-management tool that can help protect business operations, support sustainable growth and build long-term resilience.

Choosing the right coverage matters because every MSME faces different risks depending on its size, operations, and industry. Assess your business needs, risk exposure, budget, and values when deciding on the type and level of protection you need.

In Brunei Darussalam, MSMEs can consider several types of insurance and takaful products to help protect their businesses. These include business property, commercial vehicle, cyber and liability insurance/takaful, as well as workmen's compensation. MSMEs may also consider business financing protection, group health insurance/takaful and key person coverage or term insurance/takaful, depending on their business needs and risks.

Every business faces uncertainty but taking proactive steps to manage risks can make a significant difference. By understanding the role of takaful and insurance and considering the protection that best suits their business needs, MSMEs can strengthen their financial resilience, safeguard their livelihoods, and continue operating with greater confidence when unexpected challenges arise.

National Financial Literacy Day (NFLD) is an annual financial literacy event led by Brunei Darussalam Central Bank (BDCB) and supported by the National Financial Literacy Council (NFLC). Among the objectives of this event are to:

1. Enhance the level of financial literacy in Brunei Darussalam;
2. Promote smart money management; and
3. Increase awareness of financial products and services available in Brunei Darussalam.

Together, we can create a financially literate and resilient society.