

6. What's the true cost of the loan/financing?

Always look beyond the monthly repayment:

-  Are there application fees?
-  Is there a penalty for early/late repayment?
-  What's the total interest for the loan/financing?

Tip!

Transparency is key. Make sure you know the full breakdown.



7. Do you have a backup plan?

Life happens. Ask yourself:



“What if I lose my job or get sick?”

“Do I have enough savings, insurance or support systems in place?”



A strong backup plan makes you a safer borrower and gives you peace of mind.



Smart borrowing starts with self-awareness.

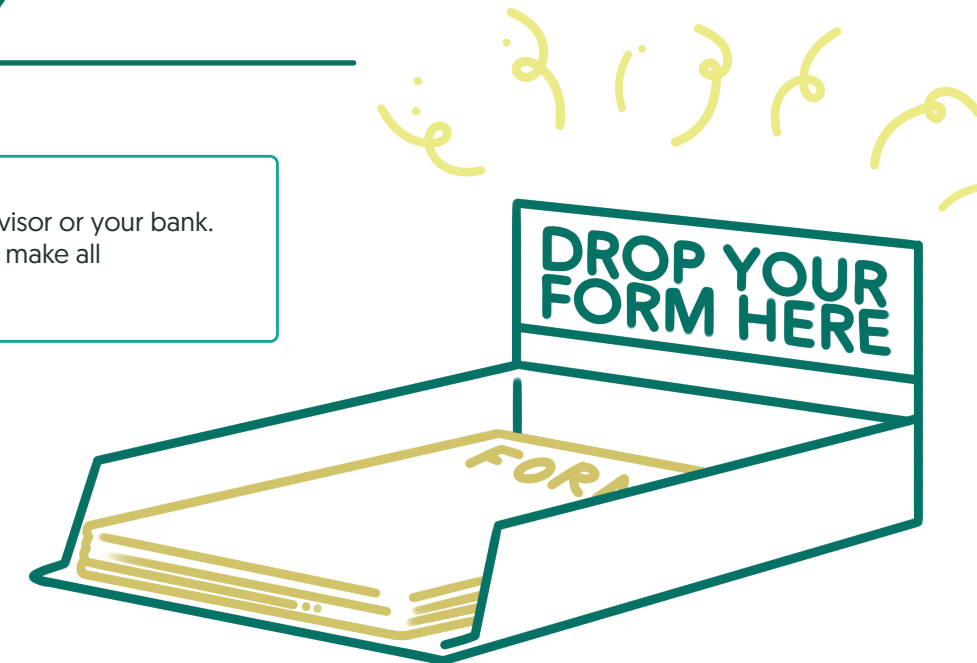
Understanding how loans/financing work and how they fit into your life is the first step toward making confident, informed decisions.

Ask questions, compare options, and never feel pressured into signing anything you don't fully understand.

Still Unsure?

Talk to a trusted financial advisor or your bank. Getting the right advice can make all the difference!

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Thinking of applying for a loan/financing? Let's understand some basics!

A guide to asking the right questions before borrowing.



Applying for a loan/financing requires a lot of research – not just on loan/financing details, but on your financial situation too.

Loans/financing can help you achieve major life goals, from furthering studies to owning a home. Making the right choice starts with being realistic about your finances, your goals, and your future.

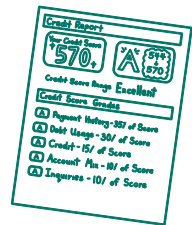
This guide walks you through essential questions to ask yourself before making any commitments.

1. What does the application process look like?

Every lender has their own steps, but most will ask for:



1 Proof of income and employment



2 Credit history



3 Personal identification



4 Purpose of the loan

Tip!

Be ready to provide documents and talk about **your financial habits** honestly. The more prepared you are, the smoother the process will be.



2. What does your budget look like?

Before applying, take a hard look at your income, expenses, and savings. Ask yourself:



1 Can I comfortably handle a new monthly payment?



2 Do I have a sufficient emergency fund?



3 What am I willing to cut or adjust to make this work?



A budget isn't just paperwork—it's **your reality check**.

3. What does your lender look like?



Not all lenders are equal. Compare:

- Interest rates
- Repayment terms and if there are any flexibilities
- Fees and penalties, including any hidden fees
- Customer service reviews

Choose a lender who is **transparent** and **aligns with your values**—not just the lowest rate!

4. How much should you borrow and for how long?

Just because you qualify for a large amount doesn't mean you should take it. Be clear about:

- What you need
- How long you want to repay the loan/financing

Quick Tip!

Shorter loan/financing terms

Higher monthly payments, less interest paid

Longer loan/financing terms

Lower monthly payments, high interest over time



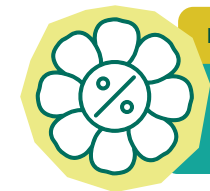
5. Do you understand the different loan/financing terms?

Knowing the basic terms will help you avoid costly surprises:



Principal

The amount you borrow



Interest/Profit Rate

The cost of borrowing, shown as a percentage



Term

The length of time to repay the loan/financing