



## NOTICE ON MARKET CONDUCT

### NOTICE NO. FCI/N2/2021/1

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#### 1. INTRODUCTION

- 1.1 This Notice is issued pursuant to Section 54 of the Autoriti Monetari Brunei Darussalam Order, 2010 and applies to all banks and financial institutions in Brunei Darussalam.
- 1.2 The purpose of this Notice is part of AMBD's continuous effort to strengthen financial customer protection by promoting better understanding of the products and services offered by banks and financial institutions among customers. This will help customers make informed financial decisions and in turn, increase their trust and confidence in dealing with banks and financial institutions.
- 1.3 This Notice shall be read in conjunction with the following:
  - 1.3.1 Notice to Financial Institution on Syariah Governance Framework [Notice No. IFAU/N/1/2018];
  - 1.3.2 Guidelines to Islamic banks, banks, finance companies, takaful operators, insurance companies on Product Transparency and Disclosure [Guidelines No. FCI/G1/2019/1, Guidelines No. FCI/G2/2019/1, Guidelines No. FCI/G3/2019/1, Guidelines No. FCI/G4/2019/1, Guidelines No. FCI/G52019/1, respectively];
  - 1.3.3 Guidelines on Fit and Proper Criteria for Financial Institutions' Frontline Staff Guidelines [No. FCI/G1/2018/1]; and



1.3.4 any other notices, directives, circulars and other guidelines, which Autoriti Monetari Brunei Darussalam (“the Authority”) may issue from time to time.

1.4 The requirements of this Notice are supplementary to the requirements:-

- 1.4.1 Banking Order, 2006;
- 1.4.2 Finance Companies Act Cap.89
- 1.4.3 Insurance Order, 2006;
- 1.4.4 Insurance Regulations, 2006;
- 1.4.5 Islamic Banking Order, 2008;
- 1.4.6 Money Changing and Remittance Business Act Cap.174;
- 1.4.7 Securities Markets Order, 2013;
- 1.4.8 Securities Markets Regulations, 2015;
- 1.4.9 Takaful Order, 2008; and
- 1.4.10 Takaful Regulations, 2006.

1.5 This Notice supersedes Notice No. FCIU/N2/2017/1.

1.6 This Notice shall have effect from 1 July 2021.

## 2. **DEFINITIONS**

2.1 For the purposes of this Notice –

“bank(s)” has the same meaning as Section 2 of the Autoriti Monetari Brunei Darussalam order, 2010.

“customer” means prospective and existing customer of a bank and financial institution, including borrowers, depositors, insurance policy holders, and takaful participants.



“digital financial products and services” means financial products and services offered by banks and financial institutions via digital platforms through electronic channels and devices including Internet and mobile devices, self-service and point-of-sale terminals.

“financial institution(s)” has the same meaning as Section 2 of the Autoriti Monetari Brunei Darussalam Order, 2010.

“group” refers to the bank or financial institution Head Office or parent bank or financial institution, subsidiaries<sup>1</sup>, affiliates<sup>2</sup> and any entity (including their subsidiaries, affiliates and special purpose entities<sup>3</sup>) that the bank or financial institution exerts control over or that exerts control over the bank or financial institution.

“outsourcing” means an arrangement whereby a bank and financial institution engages in a third party (the service provider) to provide a bank and financial institution with a service that may already or may conceivably be performed by the bank and financial institution itself which includes the following characteristics:

- a) the bank or financial institution is dependent on the service on an ongoing basis but excludes services that involve the provision of a finished product;
- b) the service is integral to the provision of a financial service by the bank or financial institution and/or the service is provided to the market by the service provider in the name of the bank and financial institution; and
- c) it is prohibitive to change the service provider as substitutes are lacking in the market or may only be replaced at significant cost to the bank or financial institution.

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<sup>1</sup> As defined in Notice for Complaints Handling Function Within Financial Institutions (Notice No. FCI/N1/2020/1)

<sup>2</sup> As above.

<sup>3</sup> As above.



“personal data” refers to personally identifiable information (PII) data that could potentially be used to identify (e.g. full name, identity card number), locate (e.g. home address, location services history) or contact (e.g. phone, e-mail) an individual.

“service provider” means any party which provides a service to the bank or financial institution, including a member of the group to which the bank or financial institution belongs.

### **3. DISCLOSURE AND TRANSPARENCY**

- 3.1 Banks and financial institutions shall take affirmative action to ensure that their customers have a reasonable and holistic understanding of products and services available. In this context, full disclosure and utmost transparency are the critical elements that empower the customer to make informed financial decisions. This is made possible by providing the customer with ready access to information that is free-of-charge and that accurately represents the nature and structure of the product or service, its terms and conditions, as well as its fundamental benefits and risks.
- 3.2 Banks and financial institutions shall have complete and concise terms and conditions, that include all chargeable interest/profit, fees, charges and penalties. Depending on the nature of the businesses, these terms and conditions may be supplemented with an additional document, such as a product disclosure sheet, that summarises the important points of the terms and conditions in layman language and that provides an illustration of how interest/profit, fees, charges and penalties work and how they may affect customers’ financial position, in order to better facilitate customer’s understanding. Documents that allow customers to monitor their financial obligations, such as a schedule of payment, shall be provided to customers upon entering a contract, or at the earliest opportunity, where applicable.



- 3.3 The terms and conditions, either in soft or hard copy form, shall be provided to the customer at the point of entering a contract. Banks and financial institutions shall provide customers reasonable time to review the terms and conditions prior to signing contracts or executing transactions.
- 3.4 Any material change to the terms and conditions and its implications to the customer shall be communicated to customers. Communication includes a public notice, letters, phone calls, text messages or any other electronic mode of communication including email. Banks and financial institutions shall provide a reasonable period to customers to decide whether they wish to proceed with or terminate their subscription to the product or service.
- 3.5 Banks and financial institutions or their representatives are required to disclose information on their products and services, in particular on any interest/profit, fees and charges and to make this information available at all relevant platforms and avenues, including at all premises, and on their website, if available. Such disclosures shall be timely, clear, concise, accurate, relevant, consistent and comparable. Disclosure shall occur both before and during the sale or subscription of a product.
- 3.6 Banks and financial institutions shall ensure customers are made aware of the accountability and liability of involved parties in the case of errors, such as unauthorised or fraudulent transactions, for products or services offered by a service provider under an outsourcing arrangement with the bank or financial institution.
- 3.7 Banks and financial institutions are required to ensure that front line staff or representatives who interact directly with customers are properly and sufficiently trained, in particular in disclosing information in a transparent manner and in a language accessible to all. Front line staff or representatives are to be equipped with an appropriate level of knowledge of the characteristics of the financial products and services offered by the bank and



financial institution, including any Syariah-compliant characteristics, if applicable. Further, front line staff or representatives shall be qualified to a fit and proper standard.

3.8 In the case of digital financial products and services, banks and financial institutions shall consider how terms and conditions, as well as information on their products and services, are accessed and displayed and to ensure that they are easily navigated, taking into account factors such as different screen sizes, different user interfaces, scroll down time, etc., recognising that not all customers may be digitally literate.

3.9 Advertisements and promotional materials of the financial products offered by the banks and financial institutions shall not make false, misleading, or deceptive statements that may materially and/or adversely affect the decision of the customer to avail of a service or acquire a product. Banks and financial institutions shall ensure that advertisements and promotional materials are legible and understandable by the general public. It shall disclose clear, accurate, updated and relevant information about the financial product or service.

#### **4. FAIR TREATMENT TO FINANCIAL CUSTOMERS**

4.1 Banks and financial institutions shall ensure that customers are treated fairly, honestly and professionally.

4.2 Banks and financial institutions shall ensure they have necessary resources, internal controls and procedures in place for safeguarding the best interest of their customers. These include general rules, such as those addressing conflict of interests, unethical staff behavior, and unacceptable selling practices. Banks and financial institutions shall monitor the enforcement of such policies.



- 4.3 In ensuring the affordability and suitability of a product or service:
- 4.3.1 Banks and financial institutions are required to gather, record and file sufficient information about the customer to enable the banks and financial institutions to offer a suitable product or service to the customer.
  - 4.3.2 Where applicable, an assessment on the financial capacity, situation, requirements and risk profile of the customer shall be made before offering a product, service or advice.
- 4.4 Banks and financial institutions are required to deal in good faith and shall not make statements that are untrue, or omit vital information which may lead to a statement becoming false or misleading. Banks and financial institutions shall also present a balanced view when selling a product or service.
- 4.5 Banks and financial institutions shall take appropriate actions to address identified deficiencies in controls or provision for financial products or services. Remedial actions include:
- i. To moderate, withdraw, and/or refund prohibited fees and charges;
  - ii. To rectify and resolve potential violations, and to compensate customers for any direct losses, due to unethical and/or fraudulent practices; and
  - iii. To rectify or withdraw misleading advertisements.

## **5. PROTECTION OF CUSTOMER DATA AND INFORMATION**

- 5.1 Banks and financial institutions shall have a written privacy policy and controls in place to handle, protect and safeguard customers' personal data and information. Such policies and controls shall be adjusted or updated as



appropriate to reflect any relevant changes in technology or updates in relevant legislations, industry standards and practices, or any risks associated.

- 5.2 Banks and financial institutions shall have in place measures to inform customers clearly and effectively of its written privacy policy, including what data will be collected and how it will be used and stored, prior to its collection and use.
- 5.3 Upon the request of the banks and financial institution for personal data, customers shall be given the option to consent (either expressly or tacitly) or refuse to consent, and shall be informed of the implication where consent is refused. Where possible, banks and financial institutions shall limit the amount of personal data collected to only what is necessary for its intended purpose and may only be retained for the duration of its intended usage or where legally required to do so.
- 5.4 Banks and financial institutions shall notify customers in writing of any change in the privacy policy and clarify the implications of such changes, including if such changes will require additional consent from customers.

**MANAGING DIRECTOR  
AUTORITI MONETARI BRUNEI DARUSSALAM**

Issue Date: 19 Rejab 1442/ 3 March 2021