



**GUIDELINES TO FINANCE COMPANIES  
GUIDELINES ON PRODUCT TRANSPARENCY AND DISCLOSURE  
GUIDELINES NO. FCI/G3/2019/1**

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**1. INTRODUCTION**

- 1.1 These Guidelines are issued pursuant to section 32 of AMBD Order, 2010 and applies to all finance companies in Brunei Darussalam.
- 1.2 These Guidelines establish a consistent and comprehensive product disclosure regime aimed at improving information disclosure to retail consumers on products and services offered by finance company. The objectives of the Guidelines are to:
- Ensure that finance companies establish and implement policies and procedures that promote the fair treatment of customers as an integral part of their business culture;
  - Promote customer’s awareness and understanding of financial products and services offered by finance company;
  - Facilitate consistency of disclosure of essential information on financial products and services to enable comparison;
  - Avoid selling malpractices of financial products and services and ensure that financial products and services sold are appropriate to the needs and resources of the customer; and
  - Promote informed decision making by customers.
- 1.3 These Guidelines takes effect from 1<sup>st</sup> January 2020.

**2. DEFINITIONS**

For the purposes of these Guidelines –

“Authority” means Autoriti Monetari Brunei Darussalam (AMBD).

“Customers” means prospective and existing retail customers of the finance company, including borrowers and depositors.

### 3. RECOMMENDED DISCLOSURE REQUIREMENTS

- 3.1 These Guidelines specify recommended minimum product disclosure requirements. However, finance companies are encouraged to adopt higher disclosure standards if possible.
- 3.2 Finance companies should disclose accurate and relevant product information necessary to enable the customers to make informed decisions with regard to financial products and services, including but not limited to product features, benefits and risks, fees and charges, contractual rights and obligations. Product information can be disclosed to customers in writing, verbally, or via the finance companies' website or other electronic means.
- 3.3 Finance companies should promote products and services in a manner that is clear, fair and not misleading.
- 3.4 Finance companies should provide timely, clear and adequate pre-contractual and contractual information to customers. Product disclosure should be adopted at each of the three stages of the contractual process: the pre-contractual stage, at the point of entering into a contract and during the term of the contract. Information that should be disclosed to the customers includes but is not limited to:

<b>Pre-contractual stage (Information Gathering Stage)</b>	<b>Point of entering into a contract</b>	<b>During the term of the contract (Continuous disclosure)</b>
<ul style="list-style-type: none"> <li>• Key features of the financial product or service;</li> <li>• Any significant risks associated with the financial product;</li> <li>• Benefits to which the customer will or may become entitled, the circumstances in which and times at which those benefits will or may be provided;</li> <li>• Fees and charges that may be imposed; and</li> <li>• Salient terms and conditions (including how existing financial obligations will be</li> </ul>	<ul style="list-style-type: none"> <li>• Key contractual terms and conditions;</li> <li>• Rights and obligations of the customer and the finance companies;</li> <li>• Fees and charges that will or may be payable by the customer after the contract begins to run and the times at which those amounts will or may be payable;</li> <li>• Liability for loss, if applicable; and</li> <li>• Contact details of the finance companies and channels for feedback / enquiry.</li> </ul>	<ul style="list-style-type: none"> <li>• Any changes, including but not limited to the terms and conditions, features of financial products and the customer's rights and obligations;</li> <li>• Periodic Statements (if relevant). For periodic statements which are issued only upon request, the finance companies should ensure that the customer has timely access to the information through other channels without undue cost; and</li> <li>• Any fee and the basis of the charges levied on</li> </ul>

affected by new obligations)		the customer for requesting information from the finance companies.
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- 3.5 During the term of contract, individual notifications to customers (whether by written notice or via electronic means) is likely to be more effective in achieving the objective of timely disclosure. However, where this is not appropriate on grounds of disproportionate costs or other reasons, finance companies may adopt the most cost-effective alternative including (but not limited to) one or more of the following means of notification:
- press advertisement;
  - statements sent to customer;
  - prominent display of notices in its business premises; and/or
  - notices posted on its website.
- 3.6 In disclosing information via the alternative modes in paragraph 3.5 above, particularly for information which has a significant impact on the decision making of the customer, finance companies at the minimum should ensure that the means of notification allows the information to reach customers in a timely and effective manner.
- 3.7 Whilst excessive information can be counter-productive and confusing to customers, additional relevant information may nevertheless be included for clarity.
- 3.8 Information on products and services should be presented in a clear and reasonably understandable format. This calls for the use of short and direct sentences, boldface, key words, tables, diagrams and bullet lists, where appropriate, to improve the clarity of the material. Font size of less than 8 point should be avoided.
- 3.9 Contracts, agreements and policy documents should be presented to the customers in plain language on the effective date of implementation and thereafter. Plain language refers to clear presentation of information in a manner that is easy for readers to understand. It is a language that avoids inflated vocabulary and convoluted sentence structure. The use of legal and technical jargon should be avoided, whenever possible. Where the use of legal and technical terminology cannot be avoided, the meaning of these terminologies should be explained or printed in a glossary for reference.
- 3.10 For more complex financial products and services, information should be simplified and explained to the customers in a manner which promotes product understanding by using appropriate examples, if necessary.
- 3.11 Where precise quantitative information cannot be quoted and an estimated figure is provided at the pre-contractual stage, it should be brought to the customers' attention that these figures are only estimates and more accurate information will be provided, as and when available.

- 3.12 In ensuring accuracy in disclosure, the benefits of financial products and services should not be exaggerated. Disclosure of product risks should have equal prominence with information on product benefits. In particular, information on investment related products should be disclosed in an objective and unbiased manner. Prospective financial information should only be included if there is reasonable basis for its inclusion and that the information is relevant for customers to make an informed decision of the product.
- 3.13 Finance companies should avoid using hypothetical circumstances or unrealistic assumptions to project future returns which are likely to be misleading. Projected future returns should be accompanied by a prominent statement indicating that the information is predictive in nature and may be affected by the underlying assumptions. Where an opinion is expressed, there should be a reasonable basis for expressing such opinion and it should be unambiguously stated that it is a statement of opinion.
- 3.14 For investment related products that merely adopt investment strategies aimed at returning the customers' capital but is not guaranteed should not be represented as a capital protected or capital guaranteed product or any other name that connotes a similar meaning.
- 3.15 For financial products where the funds are invested in Shariah-approved investment instruments, the Finance company should refrain from using any term for such products or funds that could give rise to the perception that it is an Islamic or Shariah-compliant product. This includes the use of terms such as "Islamic", "Shariah", "Shariah-approved" and "Shariah-compliant", or Arabic terms or references in the descriptions or names of products or funds of financial products.
- 3.16 Disclosure should be made in a consistent manner to facilitate comparison between similar products and services offered by a finance company. A product disclosure sheet should be provided to the customer to facilitate comparison with similar products offered by other finance companies, i.e. product characteristics, risks and benefits, costs and returns.
- 3.17 Finance companies should ensure that the principles of transparency and disclosure applied to internet financing activities are equivalent to those applied to financing activities through traditional means.

#### **4. PRODUCT DISCLOSURE SHEET**

- 4.1 Finance companies should provide a product disclosure sheet (refer to **Appendix 1**) containing key information for customers to make informed decisions and to facilitate comparison between products.
- 4.2 The disclosure sheet should contain the minimum information required to be disclosed to customers and may be enhanced to improved customer information. The finance company should also ensure that the product disclosure sheet is explained to the customers in their preferred language.

- 4.3 The product disclosure sheet should be provided before the customers purchase a product, and at the point of entering into a contract. At the product renewal stage, the customer should also be given a copy of the product disclosure sheet, if there are any material changes in the information. Information contained in the disclosure sheet should be customized to the customer's needs.
- 4.4 In the event that it is not practical to provide the product disclosure sheet at the pre-contractual stage, particularly for direct marketing and telemarketing, a copy of the product disclosure sheet should be sent to the customer together with the policy document / agreement once customers enter into a contract.
- 4.5 The Authority reserves the right to require the finance companies to make appropriate amendments if any of the information contained in the product disclosure sheet is found to be inaccurate or misleading.
- 4.6 Any reference to the product disclosure sheet should be construed as a reference to the current version of the template of the product disclosure sheet which is displayed at the Authority's website [www.ambd.gov.bn](http://www.ambd.gov.bn).

**ACTING MANAGING DIRECTOR**  
**AUTORITI MONETARI BRUNEI DARUSSALAM**  
*Issue Date: 5 September 2019*

**FOR HIRE PURCHASE**

<p><b>PRODUCT DISCLOSURE SHEET</b></p> <p><b>(Read this Product Disclosure Sheet before you decide to take up the <i>Product</i>. Be sure to also read the general terms and conditions. Seek clarification from us if you do not understand any part of this document or general terms).</b></p>	<p><i>Name of Finance company:</i>  <i>Name of Product:</i>  <i>Date:</i></p> <p>The information provided in this product disclosure sheet is valid as at dd/mm/yy or until dd/mm/yy.</p>
<p><b>1. What is this product about?</b></p>	
<p><i>Types of financing purchase:</i></p> <ul style="list-style-type: none"> <li>– <i>New/used motor vehicle.</i></li> <li>– <i>Consumer product.</i></li> <li>– <i>Motorcycle.</i></li> <li>– <i>Boat.</i></li> </ul>	
<p><b>2. What do I get from this product?</b></p>	
<ul style="list-style-type: none"> <li>– <i>Total amount finance.</i></li> <li>– <i>Tenure (repayment period).</i></li> <li>– <i>Term charges (interest/profit; fixed or variable percentage rate per annum; annual percentage rate per annum etc).</i></li> <li>– <i>Effective Interest rate<sup>1</sup>.</i></li> </ul> <p><i>Any other important information – including whether or not an inspection of the goods financed is necessary before it is approved.</i></p>	
<p><b>3. What is the Syariah concept applicable?<sup>2</sup></b></p>	
<ul style="list-style-type: none"> <li>– <i>Briefly describe the applicable Shariah concept and the relevant mechanism.</i></li> </ul>	
<p><b>4. What are my obligations?</b></p>	
<ul style="list-style-type: none"> <li>– <i>Monthly installment amount.</i></li> <li>– <i>Total amount payable.</i></li> <li>– <i>Total interest cost at the end of tenure and etc.</i></li> <li>– <i>Any other important information.</i></li> </ul> <p><i>As hirer, you have the obligation to pay the installments on time, inform the finance company of any changes in your address etc.</i></p>	

<sup>1</sup> The manner of computing the Effective Interest rate is in accordance to AMBD’s Notice available on AMBD’s website.

<sup>2</sup> For Shariah products only.

<b>5. What are the fees and charges that I have to pay?</b>
<ul style="list-style-type: none"> <li>– Stamp duty, if any.</li> <li>– Processing fees / Administrative charges, if any.</li> <li>– Any other important fees, if any.</li> </ul>
<b>6. What if I fail to fulfill my obligations?</b>
<ul style="list-style-type: none"> <li>– Consequences of failing to meet your obligation.</li> <li>– Late payment charges / overdue charges.</li> <li>– To indicate implication of overdue for certain period (if relevant) e.g. deduction from other account maintained, if any to set off outstanding and legal action taken and etc.</li> <li>– Repossession of the vehicle.</li> <li>– Any other important information.</li> </ul>
<b>7. Do I need insurance / takaful coverage?</b>
<ul style="list-style-type: none"> <li>– Indicate if it is mandatory.</li> </ul>
<b>8. What documents do I need to submit to apply for this product?</b>
<ul style="list-style-type: none"> <li>– To indicate the documents.</li> </ul>
<b>9. How and when does repossession of the goods take place?</b>
<ul style="list-style-type: none"> <li>– Indicate when.</li> <li>– Procedures involved.</li> <li>– Action carried out by reposessor.</li> <li>– Options available after repossession.</li> </ul>
<b>10. What happen if I fail to meet the requirement after repossession?</b>
<ul style="list-style-type: none"> <li>– To indicate further the procedure.</li> </ul>
<b>11. What if I fully settle the loan before its maturity?</b>
<ul style="list-style-type: none"> <li>– Early termination fee<sup>3</sup>.</li> </ul>
<b>12. What do I need to do if there are changes to my contact details?</b>
<ul style="list-style-type: none"> <li>– It is important that you inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner.</li> </ul>
<b>13. Where can I get assistance and redress?</b>
<ul style="list-style-type: none"> <li>– If you have difficulties, you must contact us the earliest possible. You may contact us at:</li> </ul> <p><b>Name of Finance company:</b>  <b>Address:</b>  <b>Tel:</b></p>

<sup>3</sup> Please refer to AMBD's Notices and Guidelines available on AMBD's website for the list of regulated service fees/charges levied to all unsecured personal credit/financing facilities and hire purchase facilities.

**Fax:**

**E-mail:**

- *If your query or complaint is not satisfactorily resolved by us, you may contact Financial Consumer Issues, Autoriti Monetari Brunei Darussalam via email at [fci@ambd.gov.bn](mailto:fci@ambd.gov.bn). or walk-in to their address as follow:*

**Level 7, Financial Consumer Issues**

**Autoriti Monetari Brunei Darussalam**

**Ministry of Finance and Economy Building**

**Commonwealth Drive**

**Bandar Seri Begawan.**

**Tel: 2380007**

**14. Where can I get further information?**

- *Indicate any other sources available.*

**15. Other similar facilities/products available.**

- *Indicate any other similar types of product available.*

**IMPORTANT NOTE:**

**LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU FAIL TO PAY YOUR INSTALMENTS IN THE MANNER STIPULATED IN THE CONTRACT BETWEEN YOURSELF AND THE FINANCE COMPANY.**

*The terms and conditions indicated in this Product Disclosure Sheet are indicative and not binding on the finance companies. The final terms and conditions are as stipulated the Letter of Offer and/or Facility Agreement after the finance company's assessment and financing approval.*

*I / We hereby confirm having explained the Product Disclosure Sheet (PDS) to Customer in their preferred language English/Malay/Other (delete as applicable)*

*Name:*

*IC No.:*

*Date:*

*I / We hereby confirm having received and understand the explanation given in my preferred language English/Malay/Other (delete as applicable)*

*Name:*

*IC No.:*

*Date:*