



AMENDMENT
NOTICE TO BANKS
EFFECTIVE DATE 12 MAY 2017

NOTICE NO. 1/2013 – AMENDMENT NO.1
REGULATION OF INTEREST RATES

1. This Notice is issued pursuant to section 47(1) and section 66 of the Banking Order, 2006 and applies to all banks in Brunei Darussalam.
2. This Notice shall take effect on 6th March 2013 (effective date).
3. For the purposes of this Notice -

“Default Record” means a record of default of more than 90 days over a duration of 12 months immediately preceding the date of application for the credit facility;

“Effective Interest Rate” means the interest rate calculated in accordance with Notice No.3/2009 on Credit (Financing) Facilities issued pursuant to section 66 of the Banking Order, 2006 dated 8th June 2009;

4. All banks shall comply with the following:-

4.1. Credit Facilities

The maximum Effective Interest Rates (EIR) for credit facilities stipulated below shall be the following:-



4.1.1. Fully secured by:

	Type of Security	EIR per annum
a	Deleted	Deleted
b	Deleted	Deleted
c	Deleted	Deleted
d	Credit facilities against direct debit to salary/pension assigned to the bank (excluding overdrafts)	7.50%

[Amendment No.1 dated 12 May 2017]

4.1.2. Deleted;

[Amendment No.1 dated 12 May 2017]

4.1.3. The above rates may not apply to credit facilities granted to borrowers who have a Default Record;

4.1.4. Deleted;

[Amendment No.1 dated 12 May 2017]

4.1.5. All lending rates shall be quoted at a rate of interest to yield the maximum Effective Interest Rates specified above regardless of the method of computation used;

4.1.6. The banks shall provide a product disclosure sheet that contains key information on the credit facilities, including principal amount, interest rates, tenor, repayment terms, method of interest computation, monthly installment schedules and charges/fees payable, to facilitate comparisons and informed decisions by borrowers;

4.1.7. Deleted;

[Amendment No.1 dated 12 May 2017]



- 4.1.8. All relevant contracts signed on or after the effective date of this Notice shall be made to comply with this Notice;

[Amendment No.1 dated 12 May 2017]

- 4.1.9. The Effective Interest Rates charged by banks to customers shall not be excessive and shall reflect a reasonable risk premium over their cost of funds; and

[Amendment No.1 dated 12 May 2017]

- 4.1.10. To ensure a healthy competitive market, the Authority will closely monitor the rates offered in the market and reserves the right to declare that a bank's Effective Interest Rate is excessive.

[Amendment No.1 dated 12 May 2017]

4.2. Deposit Rates on Brunei Dollar Deposits

- 4.2.1. All banks shall offer a basic savings account which shall earn interest irrespective of account balance;

- 4.2.2. The minimum savings deposit rate shall not be lower than 0.15% per annum and shall apply to all (existing and new) savings deposits; and

- 4.2.3. Deleted.

[Amendment No.1 dated 12 May 2017]



5. All banks shall comply with the following disclosure requirements, in a format as determined by the Authority: -
 - 5.1. All banks are required to provide maximum publicity, on a quarterly basis, to the EIRs and deposit rates applicable and such publicity shall be made in particular through the banks' websites and banks' branches; and
 - 5.2. All banks are required to submit to the Authority, on a monthly basis, the various EIRs charged and the deposit rates offered to customers.

[Amendment No.1 dated 12 May 2017]

**MANAGING DIRECTOR
AUTORITI MONETARI BRUNEI DARUSSALAM**

Date: 15 Sya'ban 1438 / 12 May 2017