



**NOTICE NO. BS/N-4/2015/33**  
**CONSOLIDATION LOAN SCHEME**

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**1. INTRODUCTION**

- 1.1 Autoriti Monetari Brunei Darussalam (AMBD) in its endeavor to assist the public, in particular those with significantly low take-home pay, in better debt management and to curb excessive borrowing whilst maintaining overall banks' credit quality in Brunei Darussalam, expects all banks to encourage the consolidation of existing credit facilities. This aims to reduce the monthly repayment instalment amount with adjustments in payment tenure.
- 1.2 This Notice is issued pursuant to section 66 of the Banking Order, 2006 and shall apply to all banks in Brunei Darussalam.
- 1.3 This Notice shall take effect on 8<sup>th</sup> June 2015.
- 1.4 This Notice shall only apply to credit facilities granted to natural persons.

**2. DEFINITIONS**

- 2.1 For the purposes of this Notice –

**“Consolidation Loan”** means a fixed term credit facility to consolidate all or several existing credit facilities, except home mortgage loan, granted by the Licensees and TAIB which effectively provides the customer with a reduced monthly debt obligation;

**“Credit Facility(ies)”** means secured and unsecured financial facility(ies) provided to a customer by a Licensee in the form of loan(s)/financing, advance(s), hire-purchase, credit cards or any other form or manner of credit;

**“Customer”** means a borrower of a bank;

**“Licensees”** means all institutions licensed by AMBD under the Banking Order 2006, Islamic Banking Order 2008 and Finance Companies Act, Cap 89;

**“TAIB”** means Perbadanan Tabung Amanah Islam Brunei established under the Perbadanan Tabung Amanah Islam Brunei Act, Cap 163.



### **3. CONSOLIDATION LOAN SCHEME**

- 3.1 Banks may offer Consolidation Loan upon application of the customer, strictly on the following conditions:-
- 3.1.1 The individual customer has a current total monthly debt obligations which exceeds a Total Debt Service Ratio<sup>1</sup> of 60%;
  - 3.1.2 The applicable Credit Facilities to be consolidated are those granted to the customer before 8<sup>th</sup> June 2015;
  - 3.1.3 Except for Home Mortgage Loan, all Credit Facilities granted under the name of the customer may be consolidated; and
  - 3.1.4 In providing the Consolidation Loan, banks are not allowed to offer any forms of cash in addition to the customer's aggregate outstanding balance that are being consolidated.
- 3.2 The effective interest rate applicable for such Consolidation Loan Scheme against direct debit to salary/pension assigned to the bank shall not exceed the interest rate as stipulated in Notice No. 1/2013<sup>2</sup>. Notwithstanding, banks are encouraged to offer a competitive interest rate to ease the debt burden of the customer in the long run.
- 3.3 In assessing an application for a Consolidation Loan, banks shall conform to AMBD's Notice No. BS/N-1/2015/30 on Total Debt Service Ratio (TDSR).
- 3.4 Such Consolidation Loan Scheme shall be categorized as Personal Credit Portfolio<sup>3</sup> of the bank.

**MANAGING DIRECTOR**

**AUTORITI MONETARI BRUNEI DARUSSALAM**

Date: 10 Sya'ban 1436 / 28 May 2015

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<sup>1</sup> Total Debt Service Ratio shall be calculated in accordance to Notice No. BS/N-1/2015/30

<sup>2</sup> Notice No.1/2013 – Regulation of Interest Rates

<sup>3</sup> Personal Credit Portfolio as defined in Notice No. BS/N-2/2015/31 - Unsecured Personal Credit Facility