



اءوتوري تي مونيتاري بروني دارالسلام
AUTORITI MONETARI BRUNEI DARUSSALAM

Status of Financial Inclusion in Brunei Darussalam

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Disclaimer: The views expressed here are solely those of the individual and do not in any way represent the views of AMBD



Introduction to Brunei Darussalam

- Small, export-orientated country;
- Population of approximately 420,000 people;
- In 2015, GDP per capita was BND 43,000 (approximately USD 32,000).

	2013	2014	2015
GDP (BND million)			
Current	22,638.8	21,694.7	17,776.9
Constant	19,150.9	18,701.1	18,598.1
Inflation	0.4	-0.2	-0.4
Exports (BND million)	14,309.0	13,431.6	8,714.8
Imports (BND million)	4,520.6	4,520.6	4,447.5
Population	406,200	411,900	429,646

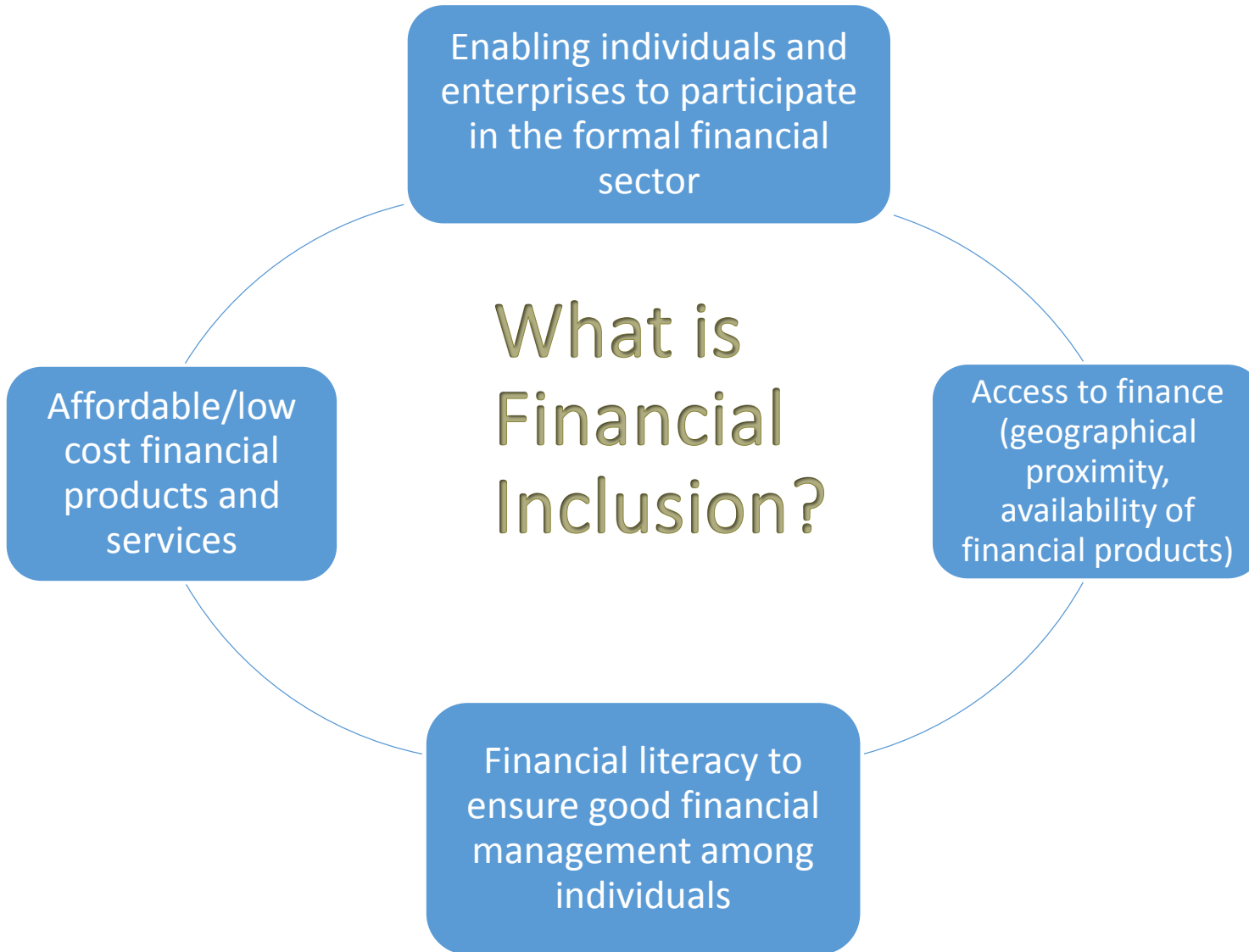
Source: JPKE (2015)



Overview of Brunei Darussalam's Financial Sector

- Dual financial system comprising of conventional and Islamic;
- Banking sector constitutes 82% of total assets;

Total Assets of the Major Classes of Financial Institutions in Brunei Darussalam			
Financial Institutions Regulated by AMBD	2015		
	No of Financial Institutions	Amount B\$ billion	Share of Total Assets %
Deposit Taking Institutions	12	19.3	92.7
Banks including Perbadanan TAIB	7	17.0	81.6
Conventional	6	8.1	38.9
Islamic	2	8.9	42.7
Finance Companies	3	2.2	10.4
Offshore Banks	2	0.2	0.7
Other Licensed Financial Institutions	13	1.5	7.3
Insurance Companies & Takaful	13	1.5	7.0
Conventional	9	1.0	4.6
Takaful	4	0.5	2.4
Total Assets	25	20.8	100.0





Access to Finance: Key Statistics

- In 2015, there were 390,305 depositors recorded in the banking industry, representing 95% of the population.
- Geographically, most bank branches and ATMs are heavily based in Brunei/Muara district;
 - Brunei/Muara district is the most populated in the country where central government is located.

Banking: Distribution of Branches and ATMs by District		
District	No of Branches	No of ATMs
Brunei/ Muara	40	188
Kuala Belait	11	47
Tutong	5	13
Temburong	2	3
Total	58	251



Access to Finance: Key Statistics

	Commercial Bank Branches per 100,000 adults	No of ATMs per 100,000 adults
Brunei Darussalam	20	80
Indonesia	11	50
Lao PDR	3	17
Malaysia	11	52
Myanmar	3	2
Philippines	9	24
Thailand	13	112
Singapore	9	60
Viet Nam	4	24

Source: World Bank (2014)

- In comparison to regional counterparts, the number of commercial bank branches per 100,000 adults is relatively high in Brunei;
- Likewise, the number of ATMs per 100,000 adults stands at 80 in Brunei which is one of the highest in the region.

Access to finance (geographical proximity) is not a significant problem in Brunei compared to other countries in the region.



Access to Finance: Key Statistics

In 2015:

- 22% of the population were reported to have life insurance;
- 76% of the working population had accounts in TAP/SCP (retirement) fund;
- A total of 182,480 individuals were reported in the Credit Bureau system. This suggests:
 - 66% of the working age population had loan facilities;
 - 39% of the working age population had credit card facilities;



Challenges for Brunei Darussalam

Based on a nation wide study on Financial Literacy (sample of 1,521 households):

- 49% of households do not have active savings;
- 34% of households do not have a household budget;
- 24% of households had to borrow to fund daily expenditures;

These statistics highlight poor financial management behaviour amongst households in Brunei Darussalam



Challenges for Brunei Darussalam

Causes of poor financial behaviours among individuals in Brunei Darussalam:

- The local population are generously provided with welfare benefits by the Government which reduces their incentive to obtain insurance/takaful products;
- Lack of awareness and understanding on financial products and services.



Initiatives to improve financial inclusion

Financial literacy is an integral part of financial inclusion.

Some of AMBD's recent initiatives to promote financial literacy include:

- National Savings Day every 28th May to emphasize the importance of savings and sound financial management behaviors to the public;
- Global Money Week in March 2016 to increase financial awareness among students and children;
- Collaborated with CSPS to undertake National Financial Literacy Survey and Strategy in 2015 to assess the level of financial literacy in the country;
- Continuous talks on financial management to the public.



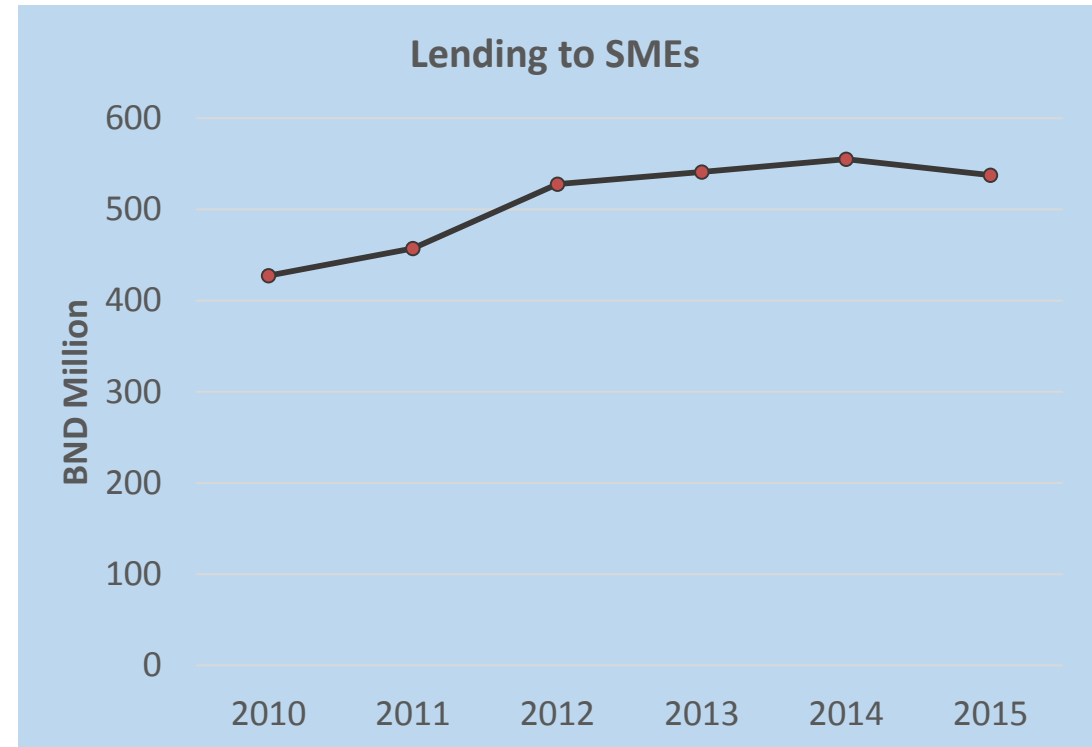
Access to Finance for SMEs



Access to Finance for SMEs: Key Statistics

SME lending is on a rising trend in Brunei. In 2015:

- 9,952 SME accounts were recorded in the banking sector;
- 10,071 commercial entities were reported in the Credit Bureau system.



Despite this, access to finance is still a common problem among SMEs in the country. Lending to SMEs only account for 9% of total loans.



AMBD's initiatives to increase access to finance for SMEs

1. Establishment of the Credit Information Bureau to help banks make more informed credit decisions;
2. Modernisation of the national payment and settlement systems such as the launch of Brunei's Real-Time Gross Settlements System (RTGS) and Automated Clearing House (ACH) ensures a smooth payment systems for transfer of funds;
3. The implementation of a collateral registry is underway which can provide a secured lending infrastructure framework for SMEs.



Role of Financial Institutions to improve access to finance for SMEs

- Financial institutions such as banks and insurance companies, as financial intermediaries, have taken various initiatives to improve access to finance for SMEs.
- Some of the initiatives undertaken by banks include:
 - Financial education and awareness programs (e.g. roadshows)
 - Developing financing that is tailored for SMEs (e.g. Enterprise Facilitation Programme; Baiduri SME Programme)
- Currently, there are also insurance products being offered to business companies to insure their assets (e.g. properties).



Way Forward?



- Literature has shown that people have self-control problems when making consumption and saving decisions (Manaresi, 2010), (Barr. M.S and Dokko, J.K, 2008);
 - Mechanisms to assist individuals to manage their finances more efficiently e.g. pay check cycles to smooth consumption patterns among households
- Facilitate processes to encourage use of financial products and services e.g. standardize product disclosures, standardized user-friendly forms;
- Developing general education especially on numeracy skills for children is an integral part of improving financial literacy;
- Continuous rigorous research to support policies.



THANK YOU