



AMENDMENT

NOTICE TO ISLAMIC BANKS

EFFECTIVE DATE 12 MAY 2017

NOTICE NO. 1/2013 – AMENDMENT NO.1

REGULATION OF PROFIT RATES

1. This Notice is issued pursuant to section 47(1) and section 66 of the Islamic Banking Order, 2008 and applies to all Islamic banks in Brunei Darussalam.
2. This Notice shall take effect on 6th March 2013 (effective date).
3. For the purposes of this Notice -

“Annualised Profit Rate” means the profit rate calculated in accordance with Notice No.1/2009 on Financing Facilities issued pursuant to section 66 of the Islamic Banking Order, 2008 dated 8th June 2009;

“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 financing facility;

4. All Islamic banks shall comply with the following:-

4.1. Financing Facilities

The maximum Annualised Profit Rates for financing facilities stipulated below shall be the following:-



4.1.1. Fully secured by:

	Type of Security	APR per annum
a	Deleted	Deleted
b	Deleted	Deleted
c	Deleted	Deleted
d	Financing facilities against direct debit to salary/pension assigned to the Islamic 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 financing 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 profit rate to yield the maximum Annualised Profit Rate specified above regardless of the method of computation used;

4.1.6. The Islamic banks shall provide a product disclosure sheet that contains key information on the financing facilities, including principal amount, profit rates, tenor, repayment terms, method of profit 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 Annualised Profit Rates charged by Islamic 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 an Islamic bank's Annualised Profit Rate is excessive.

[Amendment No.1 dated 12 May 2017]

4.2. Deposit Rates on Brunei Dollar Deposits

- 4.2.1. All Islamic banks shall offer a basic savings account which shall earn profit 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 Islamic banks shall comply with the following disclosure requirements, in a format as determined by the Authority: -
 - 5.1. All Islamic banks are required to provide maximum publicity, on a quarterly basis, to the APRs and deposit rates applicable and such publicity shall be made in particular through the Islamic banks' websites and Islamic banks' branches; and
 - 5.2. All Islamic banks are required to submit to the Authority, on a monthly basis, the various APRs 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