



**GUIDELINES TO ISLAMIC BANKS  
GUIDELINES ON PRODUCT TRANSPARENCY AND DISCLOSURE  
GUIDELINES NO. FCI/G1/2019/1**

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**1. INTRODUCTION**

- 1.1 These Guidelines are issued pursuant to section 127 of Islamic Banking Order, 2008 and applies to all Islamic banks 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 Islamic banks. The objectives of these Guidelines are to:
- Ensure that all Islamic banks 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 products and services offered by Islamic banks;
  - Facilitate consistency of disclosure of essential information on products and services offered by Islamic Banks to enable comparison;
  - Avoid selling malpractices of products and services offered by Islamic Banks and ensure that such products and services sold are appropriate to the needs and resources of the customer; and
  - Promote informed decision making by customers.
- 1.3 Islamic Banks that offer takaful products under the BancaTakaful Arrangement (Notice No. BU/N-5/2017/56) should refer to the Guidelines to Takaful Operators on Product Transparency and Disclosure (FCI/G4/2019/1).
- 1.4 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 customer of the Islamic banks, including borrowers and depositors.

### **3. RECOMMENDED DISCLOSURE REQUIREMENTS**

- 3.1 These Guidelines specify recommended minimum product disclosure requirements. However, Islamic banks are encouraged to adopt higher disclosure standards if possible.
- 3.2 Islamic banks should disclose accurate and relevant product information necessary to enable the customers to make informed decisions with regard to Islamic banking 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 Islamic banks’ website or other electronic means.
- 3.3 Islamic banks should promote products and services in a manner that is clear, fair and not misleading.
- 3.4 Islamic banks 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 Islamic banking product or service;</li> <li>• Any significant risks associated with the Islamic banking 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> </ul>	<ul style="list-style-type: none"> <li>• Key contractual terms and conditions;</li> <li>• Rights and obligations of the customer and the Islamic banks;</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 Islamic banks and</li> </ul>	<ul style="list-style-type: none"> <li>• Any changes, including but not limited to the terms and conditions, features of Islamic banking products and the customer’s rights and obligations;</li> <li>• Periodic Statements (if relevant). For periodic statements which are issued only upon request, the Islamic banks should ensure that the customer has timely access to the information through other channels without undue cost; and</li> </ul>

<ul style="list-style-type: none"> <li>• Salient terms and conditions (including how existing financial obligations will be affected by new obligations)</li> </ul>	<p>channels for feedback / enquiry.</p>	<ul style="list-style-type: none"> <li>• Any fee and the basis of the charges levied on the customer for requesting information from the Islamic banks.</li> </ul>
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3.5 During the term of the 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, Islamic banks 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, Islamic banks 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 Islamic banking 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 Islamic banking 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 Islamic banks 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 Disclosure should be made in a consistent manner to facilitate comparison between similar products and services offered by an Islamic bank. A product disclosure sheet should be provided to the customer to facilitate comparison with similar products offered by other Islamic banks, i.e. product characteristics, risks and benefits, costs and returns.
- 3.16 Islamic banks should ensure that the principles of transparency and disclosure applied to internet Islamic banking activities are equivalent to those applied to Islamic banking activities through traditional means.

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

- 4.1 Islamic banks 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 contains the minimum information required to be disclosed to the customers and may be enhanced to improved customer information. The Islamic bank should 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 Islamic banks 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*

**(a) FOR FINANCING PRODUCT**

<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><b>Name of Islamic Bank:</b>  <b>Name of Product:</b>  <b>Date:</b></p> <p>The information provided in this product disclosure sheet is valid as at dd/mm/yy or until dd/mm/yy.</p>
<b>1. What is this product about?</b>	
<ul style="list-style-type: none"> <li>– <i>Types of financing (e.g housing, personal and etc).</i></li> </ul>	
<b>2. What is the Syariah concept applicable?</b>	
<ul style="list-style-type: none"> <li>– <i>Briefly describe the applicable Shariah concept and the relevant mechanism.</i></li> </ul>	
<b>3. What do I get from this product?</b>	
<ul style="list-style-type: none"> <li>– <i>Total amount financed.</i></li> <li>– <i>Tenure.</i></li> <li>– <i>Effective profit rate<sup>1</sup> and etc.</i></li> <li>– <i>Any other important information.</i></li> </ul>	
<b>4. What are my obligations?<sup>2</sup></b>	
<ul style="list-style-type: none"> <li>– <i>Monthly installment amount.</i></li> <li>– <i>Total repayment amount at the end of tenure (in the event that this can be calculated, as some types of facilities for example revolving facilities or overdrafts may have tiered interest rates, depending on utilization).</i></li> <li>– <i>Total profit cost at the end of tenure and etc.</i></li> <li>– <i>If for joint financing, to indicate obligation of main borrower and joint borrower.</i></li> <li>– <i>Any other important information.</i></li> </ul>	
<b>5. Does my monthly repayment vary throughout my financing tenure?</b>	
<ul style="list-style-type: none"> <li>– <i>Yes or No.</i></li> <li>– <i>To explain why.</i></li> </ul>	
<b>6. What are the fees and charges that I have to pay?</b>	
<ul style="list-style-type: none"> <li>– <i>Stamp duty, if any.</i></li> <li>– <i>Disbursement fees.</i></li> <li>– <i>Processing fees / Administrative charges, if any.</i></li> <li>– <i>Any other important fees, if any.</i></li> </ul>	

<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> If for joint financing, to indicate obligation of main borrower and joint borrower.

<b>7. What if I fail to fulfill my obligations?</b>
<ul style="list-style-type: none"> <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>– Impact to next of kin, if any.</li> <li>– Any other important information.</li> </ul>
<b>8. What if I fully settle the financing before its maturity?</b>
<ul style="list-style-type: none"> <li>– Lock in period.</li> <li>– Early termination fee<sup>3</sup>.</li> <li>– Method of calculating financing balance upon early settlement and etc.</li> <li>– Any other important information.</li> </ul>
<b>9. Do I need a guarantor or collateral?</b>
<ul style="list-style-type: none"> <li>– To indicate if a guarantor or collateral is required.</li> <li>– To highlight the criteria of a guarantor or collateral, if any.</li> <li>– Any other important information.</li> </ul>
<b>10. What are the key terms and conditions that I should know?</b>
<ul style="list-style-type: none"> <li>– To highlight the key terms and conditions.</li> </ul>
<b>11. What are the documents that I need to submit to apply for this product?</b>
<ul style="list-style-type: none"> <li>– To indicate the documents.</li> </ul>
<b>12. Do I need Takaful Coverage?</b>
<ul style="list-style-type: none"> <li>– To indicate if MRTA<sup>4</sup> is required.</li> <li>– To highlight the details of MRTA.</li> </ul>
<b>13. What are the major risks, if any?</b>
<ul style="list-style-type: none"> <li>– Indicate risk, if any.</li> </ul>
<b>14. 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>15. 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 Islamic Bank:</b></p> <p><b>Address:</b></p>

<sup>3</sup> There are certain service fees and charges levied to all unsecured personal credit/financing facilities and all hire purchase facilities that are regulated, as per AMBD's Notice available on AMBD's website.

<sup>4</sup> MRTA = Mortgage Reducing Term Assurance = this is an insurance policy that provides financial protection for property financing customers and their families.

**Tel:**  
**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**

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

- *Indicate any other sources available to find information of the types of financing requested.*

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

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

**IMPORTANT NOTE / WARNING:**

**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 BANK.**

*The terms and conditions indicated in this Product Disclosure Sheet are indicative and not binding on the Islamic banks. The final terms and conditions are as stipulated the Letter of Offer and/or Facility Agreement after the Islamic bank'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:*



**(b) FOR CREDIT CARD**

<b>PRODUCT DISCLOSURE SHEET</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>Name of Islamic Bank:</b> <b>Name of Product:</b> <b>Date:</b>  The information provided in this product disclosure sheet is valid as at dd/mm/yy or until dd/mm/yy.
<b>1. What is this product about?</b>	
<ul style="list-style-type: none"><li>– <i>Types of credit card.</i></li><li>– <i>Purpose.</i></li></ul>	
<b>2. What are my obligations?</b>	
<ul style="list-style-type: none"><li>– <i>Indicate minimum monthly payment<sup>5</sup>, if any.</i></li></ul>	
<b>3. What are the key terms of this product?</b>	
<ul style="list-style-type: none"><li>– <i>Highlight the key terms of the product e.g. rate of profit/administration fee applicable.<sup>6</sup></i></li></ul>	
<b>4. What are the fees and charges that I have to pay?</b>	
<ul style="list-style-type: none"><li>– <i>Annual fee.</i></li><li>– <i>Domestic ATM withdrawal fee.</i></li><li>– <i>Overseas transaction conversion fee.</i></li><li>– <i>Card replacement fee.</i></li><li>– <i>Sales draft retrieval fee.</i></li><li>– <i>Additional statement request fee.</i></li><li>– <i>Cash Advance fee.</i></li><li>– <i>Others.</i></li></ul>	
<b>5. What if I fail to fulfill my obligations?</b>	
<ul style="list-style-type: none"><li>– <i>Profit fee for any outstanding.</i></li><li>– <i>Late penalty fees and charges.</i></li><li>– <i>Your liability for unauthorised transactions.</i></li></ul>	
<b>6. What are the major risks?</b>	
<ul style="list-style-type: none"><li>– <i>If card being stolen or lost. To notify the bank immediately.</i></li><li>– <i>If unauthorized transaction, to indicate what the customer should do.</i></li></ul>	

<sup>5</sup> Minimum monthly payment shall not be less than 8% of the outstanding balance on the monthly statement, as per AMBD's Notices and Guidelines available on AMBD's website.

<sup>6</sup> This is in accordance to AMBD's Notices and Guidelines available on AMBD's website on Credit Cards whereby rate of interest applicable on credit cards shall not exceed 1.5% per annum on the total outstanding amount.

- *If the customer has difficulty in repayment, to advise to approach Islamic bank to discuss repayment alternatives.*
- *If a merchant imposes a surcharge on payment, to indicate what the customer should do.*

**7. What are the documents that I need to submit to apply for this product?**

- *To indicate the documents.*

**8. What do I need to do if there are changes to my contact details?**

- *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.*

**9. Where can I get assistance and redress?**

- *If you have difficulties, you must contact us the earliest possible. You may contact us at:*

***Name of Islamic Bank:***

***Address:***

***Tel:***

***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:*

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***Ministry of Finance and Economy Building***

***Commonwealth Drive***

***Bandar Seri Begawan.***

***Tel: 2380007***

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

- *Indicate any other sources available to find information of the types of card requested.*

**11. Other similar product available.**

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

**IMPORTANT NOTE:**

**LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR OUTSTANDING BALANCE.**

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<i>I / We hereby confirm having explained the Product Disclosure Sheet (PDS) to Customer in their preferred language English/Malay/Other (delete as applicable)</i>	<i>I / We hereby confirm having received and understand the explanation given in my preferred language English/Malay/Other (delete as applicable)</i>
<i>Name:</i>	<i>Name:</i>
<i>IC No.:</i>	<i>IC No.:</i>
<i>Date:</i>	<i>Date:</i>

(c) FOR DEBIT CARD

<b>PRODUCT DISCLOSURE SHEET</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>Name of Islamic Bank:</b> <b>Name of Product:</b> <b>Date:</b>  The information provided in this product disclosure sheet is valid as at dd/mm/yy or until dd/mm/yy.
<b>1. What is this product about?</b>	
<ul style="list-style-type: none"><li>– <i>Types of card.</i></li><li>– <i>Purpose.</i></li></ul>	
<b>2. What are the fees and charges that I have to pay?</b>	
<ul style="list-style-type: none"><li>– <i>Annual fee.</i></li><li>– <i>Domestic ATM withdrawal fee.</i></li><li>– <i>Overseas transaction conversion fee.</i></li><li>– <i>Card replacement fee.</i></li><li>– <i>Others.</i></li></ul>	
<b>3. What if I fail to fulfill my obligations?</b>	
<ul style="list-style-type: none"><li>– <i>Your liability for unauthorised transactions.</i></li></ul>	
<b>4. What are the major risks?</b>	
<ul style="list-style-type: none"><li>– <i>If card being stolen or lost. To notify the bank immediately.</i></li><li>– <i>If unauthorised transaction, to indicate what the customer should do.</i></li><li>– <i>If a merchant imposes a surcharge on payment, to indicate what the customer should do.</i></li></ul>	
<b>5. What are the documents that I need to submit to apply for this product?</b>	
<ul style="list-style-type: none"><li>– <i>To indicate the documents.</i></li></ul>	
<b>6. What do I need to do if there are changes to my contact details?</b>	
<ul style="list-style-type: none"><li>– <i>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.</i></li></ul>	
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<ul style="list-style-type: none"><li>– <i>If you have difficulties, you must contact us the earliest possible. You may contact us at:</i></li></ul> <p><b>Name of Islamic bank:</b> <b>Address:</b> <b>Tel:</b></p>	

**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:*

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**Ministry of Finance and Economy Building**

**Commonwealth Drive**

**Bandar Seri Begawan.**

**Tel: 2380007**

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

- *Indicate any other sources available to find information of the types of card requested.*

**9. Other similar product available.**

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

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<i>I / We hereby confirm having explained the Product Disclosure Sheet (PDS) to Customer in their preferred language English/Malay/Other (delete as applicable)</i>	<i>I / We hereby confirm having received and understand the explanation given in my preferred language English/Malay/Other (delete as applicable)</i>
<i>Name:</i>	<i>Name:</i>
<i>IC No.:</i>	<i>IC No.:</i>
<i>Date:</i>	<i>Date:</i>