

LEGAL  
ALERT

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## The Emergence of FinTech in Brunei Darussalam

FinTech, being a portmanteau of the words, “finance” and “technology”, has been deemed to bring new opportunities to the local market and create new business models, processes or products that have the potential to restructure the financial service industry at a local and global scale.

While it is recognized that FinTech’s evolution has given rise to more sophisticated financial service offerings, several ambiguities relating to legal parameters and compliance still pose some problems.

Autoriti Monetari Brunei Darussalam (AMBD) of the Ministry of Finance recognises FinTech’s potential to reshape the landscape of the financial services industry in Brunei Darussalam. AMBD has specifically taken a Muzakarah approach to their regulation of FinTech in Brunei Darussalam. The Muzakarah approach necessitates the engagement of all relevant stakeholders, the study of international best practices, as well as the formulation of regulatory frameworks and mechanisms that are holistic and appropriate to the country.

### Setting up of FinTech office

One of AMBD’s initiatives is the setting up of the FinTech office – a virtual facilitation office which:

- a. serves as the first point of contact for any party wishing to engage AMBD on any FinTech-related issue;
- b. serves as a repository of information on FinTech administration; and
- c. serves as a gateway for the submission of feedback and queries from interested parties.

### Adoption of a FinTech Regulatory Sandbox

AMBD has also taken measures to adopt a FinTech Regulatory Sandbox (“Sandbox”).

The objective of the Sandbox is to encourage the safe and responsible use of FinTech. The Sandbox contains all necessary safeguards to contain and minimise FinTech experimentation and consequences.

The Government of Brunei Darussalam has issued a Guideline on the use of the Sandbox. This Guideline applies to companies that intend to deploy FinTech solutions to the financial market. In order to use the Sandbox however, the companies must first register their interest with AMBD.

The process of Sandbox application and use is summarised as follows:

- a. interested parties (e.g. companies that intend to deploy FinTech solutions) must submit their applications to use the Sandbox to AMBD;
- b. once successful, companies may test their FinTech solutions via the Sandbox under regulatory support from AMBD;

Controls are put in place for the duration of the Sandbox testrun. These controls ensure that the risks that may arise from the FinTech solutions are contained and minimized. Upon successful completion of the test, the companies will exit the sandbox and will need to comply with the relevant laws and regulations to continue their operations.

If you have any questions or require any additional information, you may contact [Mohamad Rozaiman Abdul Rahman](#) or the ZICO Law partner you usually deal with.

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