

Digital financial solutions for an inclusive, sustainable delivery

The role of digital financial solutions in ensuring inclusive and sustainable delivery, both in Brunei and in the ASEAN region, were among the issues highlighted at the virtual ASEAN Business Advisory Council Business and Investment Roundtable 2021 yesterday.

The half-day virtual session, participated by local and global key industry players representing the public, private sectors and non-governmental organisations, saw panel discussions focussing on FinTech, ESG investing and digital financial literacy.

The event also saw a keynote address from Minister at the Prime Minister's Office and Minister of Finance and Economy II Dato Seri Setia Dr Awang Haji Mohd Amin Liew bin Abdullah.

Bank Islam Brunei Darussalam (BIBD) Managing Director and Chief Executive Officer Mubashar Khokhar, in his special remarks, touched on the nature of Islamic finance and the role that BIBD plays in promoting inclusivity and sustainability through fintech and financial literacy.

He said, "The Maqasid Shariah speaks to the preservation and promotion of faith, life, the mind, progeny and of wealth has always been in our DNA as an Islamic bank and forms the basis of the framework for which we would move into the future, to attain not just the national goals of Brunei Vision 2035, but a wider effort to achieve the United Nations Sustainable Development Goals (UNSDG)."

He added that with digital emerging as the catalyst of sustainable transformations, BIBD's digital banking ecosystem gives a platform for fintech innovation while also promoting greater financial literacy.

The bank launched the Go Cashless Go Digital campaign to encourage cashless and digital payments to stay safe during the pandemic, while also providing a virtual marketplace to empower and develop micro enterprises with digital skills through its latest corporate social responsibility (CSR) initiative, Community for Brunei.

Meanwhile, BIBD Deputy Managing Director 1 Hajah Noraini binti Haji Sulaiman as a member of the panel discussion titled 'The Role of Financial Literacy in ASEAN's Economic Prosperity', said, "Islamic finance views financial literacy as a core component in the well-being of not only individuals but the society as a whole. From an Islamic standpoint, financial literacy is a critical skill needed to fulfil one's religious responsibilities."

She said academics have pointed out four main points on why Islamic financial literacy is crucial which includes the community being able to select and use financial products and services that suit their needs; able to carry out financial planning that is more Syariah-based (aligned to Islamic ethics); be able to avoid investing in financial instruments that are ambiguous; and have an understanding of the benefits and risks of financial products and services.

"Increased literacy in Islamic finance leads to economic stability due to usury and speculative activities being prohibited," said Hajah Noraini.

She added, "Financial literacy leads to financial awareness and the increased demand for financial products that are linked to the real economy, as Islamic funds are used to drive the growth of real economic activities.

"Having an increased literacy in Islamic finance encourages the

use of Islamic financial products, which in turn promotes welfare and achievement of the Maqasid Shariah – which aims to preserve the well-being of the individual and society.

"Islam encourages the accumulation of wealth but within the ethical framework set in Maqasid Shariah.

"This is why financial institutions play a vital role in educating individuals, establishing justice and promoting welfare that are in line with Maqasid Shariah.

"In Brunei, financial literacy and the importance of savings are emphasised across all levels of society – thanks to the Brunei Government and the regulator, Brunei Darussalam Central Bank (BDCB).

"At the national level, various initiatives have been carried out, including the introduction of the Credit Bureau (which determines the borrower's credit worthiness) and introduction of the total debt service ratio (TDSR) in 2017.

"Brunei has also established the Centre for Islamic Banking, Finance and Management (CIBFM) in 2010, now known as Brunei Institute of Leadership and Islamic Finance (BILIF), to provide an avenue for continuous learning among professionals and the public.

"More importantly, Brunei has made Islamic financial literacy as part of its national policy which is included in the Brunei Darussalam Financial Sector Blueprint 2016-2025," said Hajah Noraini.

She added that there is also active involvement by both Islamic and conventional financial institutions in promoting financial literacy among all levels of society in the country.

BIBD is co-lead Partner for the ASEAN Business and Investment Summit which will be held later in the year.