



PRESS RELEASE

SECURED TRANSACTIONS & COLLATERAL REGISTRY WORKSHOP
Thursday, 8 Jamadilakhir 1437 corresponding to 17 March 2016

1. Autoriti Monetari Brunei Darussalam (AMBD) recently conducted a workshop on Secured Transactions & Collateral Registry for the key stakeholders of the secured transactions reform. The key stakeholders include several government ministries/ agencies, banks and finance companies as well as the local private law firms. The workshop was held at the Theatre Hall of Ministry of Finance Building, Bandar Seri Begawan.
2. The objective of the workshop was to brief the key stakeholders on the real benefits of secured transactions reforms from a practical perspective; enable them to understand the intention behind the Secured Transactions Order 2016; and to give the key stakeholders an overview of what the new Order is about.
3. The first half of the workshop was led by a guest speaker, Mr. Christopher Wohlert, the Business Leader for the Commercial Distribution Finance platform in Asia for GE Capital, discussing on the 'Benefits and Elements of Secured Transactions' and 'Case Study: Industry Perspectives and Product Example'. For the second half of the workshop, AMBD gave a presentation on the general structure and main concepts of the Secured Transaction Order 2016.
4. In the workshop, Mr. Wohlert highlighted the common challenges faced by small and medium enterprises (SMEs) due to inadequate secured lending infrastructure such as an impaired access to finance; as well as costly and cumbersome process to leverage moveable collaterals, which has hindered SMEs from achieving their potential growth. Mr. Wohlert also raised the potential benefits of secured transactions reform, in which through development of a functioning law and collateral registry governing secured transactions – it provides greater access to and lower cost of credit for SMEs; and diversification of financial services sector as non-banks financial institutions expand into secured lending to SMEs.
5. In addition, Mr. Wohlert noted that maximising access to credit for SMEs depends upon the confidence of secured creditors in the value of the collateral and the ability to perfect and enforce quickly and efficiently. Here, he highlighted three key issues prior to the development of a secured transactions framework: transparency, efficiency and enforceability. Consequently, he emphasised that for an efficient secured transactions framework to materialise, it will require: effective laws, collateral routines, collateral registry and an efficient judicial system for recovery.

6. In the AMBD briefing on “Secured Transactions Order, 2016”, it was highlighted that the main reforms brought about by the Order include the widening of the concept of security interests in moveable property to include functional equivalents and the establishment of an online electronic register of security interests called the register of personal property security. There are two approaches in classifying security: the formal and functional approach. The formal approach classifies only the transactions coming within the recognised forms of security i.e. mortgage, pledge, lien and charge as being a security interest, while the functional approach considers that functional equivalents are also security interests, e.g. hire purchase.

7. The workshop is one in a series of workshops which AMBD will conduct to familiarise stakeholders, including the local SMEs, on Secured Transactions and Collateral Registry, including the Secured Transactions Order 2016. The implementation of the Collateral Registry system, promulgation of the Secured Transactions Order 2016 and socialization activities are part of a series of reform measures undertaken under the Brunei Darussalam’s Ease of Doing Business Initiatives.

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