

CONSOLIDATION FINANCING SCHEME FAQs

1) *What is this product about?*

Consolidation Financing Scheme is an unsecured term financing facility that provides customers with the opportunity to consolidate all or several existing financing facilities into a single monthly payment. The aim of this product is to reduce financial burden for higher disposable income through adjustments in payment tenure, with no cash in hand allowed.

2) *What is the Shariah concept and structure for this product?*

Consolidation Financing Scheme is based on the concept of Tawarruq. Tawarruq, also known as Reverse Murabaha, refers to the process of purchasing a commodity for a deferred price determined through Musawama (bargaining) or Murabaha (mark-up sale), and selling it to a third party for a spot price so as to obtain cash.

3) *What commodities are being traded by the Bank?*

The commodities traded for this concept will be:

1. Crude Palm Oil
2. Polyethylene (PE)

4) *What are the conditions to apply for this product?*

- Existing Total Debt Service Ratio must exceed 60% in order to be eligible to apply.
- Only financing facilities that were granted before 8th June 2015 are allowed to be consolidated.
- Only financing facilities under the name of the Applicant are allowed to be consolidated.

5) *Which financing facilities are allowed to be consolidated under this scheme?*

All financing facilities except for Home/Mortgage financing can be consolidated, such as:

- i. Unsecured Personal Financing
- ii. Home Improvement Financing
- iii. Education Financing
- iv. Hire Purchase including Car Financing and Consumer Goods Financing
- v. Credit Cards

**Guaranteed facilities cannot be consolidated by the Guarantor.*

6) *How much do I entitle?*

- A maximum Total Debt Service Ratio (TDSR) of not exceeding 60% for those with net monthly income of BND 1,750.00 and above.
- For those with a net monthly income of below BND 1,750.00 shall be subject to Bank's policy.

7) *Which financing obligations are included in the TDSR computation?*

The TDSR includes all financing obligations such as:

- Home/Mortgage Financing
- Personal Financing
- Overdraft/ Naqd Financing
- Home Improvement Financing
- Education Financing
- Hire Purchase facilities
- Credit Card facilities (8% of card limit)

8) *Must all existing financing obligations be consolidated?*

No, Customers may decide to consolidate either all or some of their existing obligations, depending on their entitlement to improve their disposable income.

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9) *Can Government Loans be consolidated?*

Yes, existing Government Loans such as Car Loans are allowed to be consolidated. However, existing Government Home Loans cannot be consolidated.

10) *Can the outstanding balances of Credit Cards be consolidated?*

Yes, the outstanding balances of Credit Cards can be consolidated.

11) *Must the Credit Cards be closed upon consolidation?*

BIBD Credit Cards are not to be closed upon consolidation. The credit limit can be maintained, reduced or increased, and an 8% of the credit limit shall be included in the overall TDSR computation.

12) *What is the maximum payment period?*

The maximum payment period shall be dependent upon:

- Total existing financing obligations
- Overall TDSR and net income
- Customer's age and years of service
- Customer's income (AOS or AOP)
- Customer's employment i.e. employer type

13) *What is the profit rate?*

The financing is provided at a profit rate of 7.5% APR.

14) *How do I apply?*

Customers must submit to any BIBD financing branch a completed Consumer Financing Form and a supplementary Consolidation Financing Scheme Form, attached with the required documents.

15) *What documents do I need to submit?*

The documents required for a Consolidation Financing Scheme application are as follows:

- Original copy of Identification Card
- Original copy of Latest Salary Slip
- Confirmation of Salary/ Pension/ Service Contract (where applicable)
- Statement of Savings with other Financial Institutions (where applicable)
- Certificate of Balance from Financing Institutions, including Finance Companies (where applicable)

16) *What are the fees and charges I have to pay?*

Customers will be subject to the Bank's fees and charges as per prevailing Schedule of Tariffs.

17) *What security/collateral do customers have to provide?*

Customers must assign their monthly salary or monthly pension to BIBD as security/collateral.

18) *When do I start paying the monthly payments?*

You will only start paying your monthly payments one month after your financing is disbursed. E.g. if your financing is disbursed in September, your monthly payment will commence in October.

19) *Do I need to disclose any other information?*

For better credit assessment, it would be helpful to disclose to our Personal Bankers any information regarding existing financing obligations with BIBD and with other financial institutions.

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20) Will there be any charges upon the cancellation of my financing application?

There will be a fee of BND 150.00 charged for cancellation of applications after approval has been granted. This fee will not be charged if you wish to cancel your financing application from the time of application until before it has been approved.

Cancellation of your financing application is not allowed once the financing amount has been disbursed into your designated account. The financing amount will then have to be settled.

21) Will I still be charged the processing fee if I cancel my financing application?

The processing fee will not be charged if you decide to cancel your financing application at any point in time.

22) Can I settle my financing ahead of schedule?

An early settlement fee, subject to the Bank's fees and charges as per prevailing Schedule of Tariffs, will be charged and deducted from the Ibra' (Rebate) for any financing amount settled earlier than maturity date due to but not limited to the following situations:

- i) early settlement or early redemption including those arising from prepayments;
- ii) due to financing structuring exercise;
- iii) in the case of default;
- iv) in the event of termination or cancellation of financing before maturity date.