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**THE ASSOCIATION OF BANKS IN CAMBODIA**

# ABC NEWSLETTER

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## ACTIVITIES/EVENTS

### ABC Forum To Promote Digital Adoption in Banking Sector

The Association of Banks in Cambodia (ABC), presided over by Chairman, Dr. IN Channy, organized a Forum on Cambodia Digital Economy and Society Policy Framework 2021-2035 in hybrid at Olympia City Hotel on January 20, 2022. More than 100 attendees joined the Forum, which participated by Council Members and CEOs of Member Bank.

The Forum, inaugurated by H.E Dr. KONG Marry, Undersecretary of State at the Ministry of Economy and Finance and Chairman of Techo Startup Centre. Another guest of honor was Dr. TAING Nguonly, Executive Director of Techo Startup Centre.

ABC Chairman highlighted the outstanding achievements made by ABC members in terms of promoting the digital agenda in the past year. He also expressed that the Digital Forum served as a platform for members to exchange notes and share experiences on the best practices in the adoption and implementation of the digital economy and the transformation to a cashless society.

Delivering his keynote address, Undersecretary of State, H.E KONG Marry, explained that Cambodia Digital Economy and Society Policy Framework refers to the digital transformation of the country in every socio-economic sector through the utilization of the advancement in Information and Communications Technology (ICT). The digital technology will help boost the economic growth towards a society founded on the adoption of an even more digital services, leading to better inclusion, trust and safety while upholding our national identity and culture.

“The role of digital technology in banking, finance, business and other sectors is very important for the country,” H.E KONG Marry stressed. In addition, the Cambodia Digital Economy and Society Policy Framework 2021-2035 underscored the importance of Digital adoption for Cambodia. “Banks, Microfinance Institutions, Payment Service Institutions are key drivers in promoting the development and the adoption of Fin-Tech, Digital Payment space and e-KYC in Cambodia,” H.E KONG Marry said.





## ACTIVITIES/EVENTS

### ABC's Financial Inclusion Initiatives Through Media Engagement & Training



The Association of Banks in Cambodia (ABC), together with the Cambodia Microfinance Association and the Club of Cambodian Journalists jointly organized training for media practitioners on the foundation of the Banking and Financial Sector in Cambodia.

The training was presided over by Mr. KITH Sovannarith, 1st Deputy Director-General of Banking Supervision at the National Bank of Cambodia. He was accompanied by Mr. BUN Yin, Vice-Chairman of the Association of Banks in Cambodia (ABC), Mr. KEA Borann, Chairman of Cambodia Microfinance Association (CMA), and Mr. PEN Bonna, President of the Club of Cambodian Journalists.

The 5-day training, held between January 19 and 28, 2022, was designed to impart edge and share information on the banking and finance sector to journalists. The course included a field visit to Kampot and Takeo province, as well as a competition. The field visit was aimed at creating awareness of the living conditions of rural folks and how services provided by Banking and Financial institutions help improve the lives of local communities.

ABC Vice-Chairman Mr. BUN Yin said it was the first time the associations initiated a project and training course for journalists, along with the support of the National Bank of Cambodia. Mr. BUN Yin emphasized that journalists will gain extra knowledge related to banking and finance once they complete the course. In addition, it will also strengthen their capacity and quality of news coverage related to the banking and financial sector in the future.

NBC's 1st Deputy Director-General of Banking Supervision, Mr. KITH Sovannarith, expressed his appreciation to the Association of Banks in Cambodia, Cambodia Microfinance Association and the Club of Cambodian Journalists for initiating the project. He said that through this training, journalists would be better equipped to disseminate financial information to people on a wider scale through their news coverage.

### Government Allocates Additional Funds to Support SMEs in the Prioritized Sectors



The Association of Banks in Cambodia (ABC), the Cambodia Microfinance Association (CMA) together with the SME Bank of Cambodia urged the Financial Institutions to further participate in the government's SME Co-Financial Scheme Phase (SCFS) II. Special focus is given to the prioritized sector after the Cambodian government decided to allocate another \$50 million to the SME Bank in early 2022.

Speaking at the virtual meeting to discuss the performance of SCFS-II on February 22, 2022, Mr. LIM Aun, Chief Executive Officer of SME Bank, acknowledged and appreciated the Participating Financial Institutions (PFIs) for actively contributing and supporting the government's SCFS.

He said around 28 PFIs have participated in the SCFS with a total amount of more than \$200 million funded in the scheme. "The move has shown the commitment and support to the government's initiative as well as the willingness to support SMEs during the Covid-19 pandemic," Mr. LIM Aun said, adding, "The contribution of the PFIs is crucial to support our local SMEs, so we are looking forward to PFIs' continued participation in this scheme, especially for the prioritized sectors of SMEs."

In coherence with the economic recovery strategy framework in the context of living with Covid-19 in a new normal 2021-2023, the Ministry of Economy and Finance (MEF), through SME Bank of Cambodia, allocated an additional fund of \$50 million to SCFS-II to continue supporting SMEs by providing them with convenient access to affordable financing. The total scheme limit has now increased to \$240 million (\$120 million from SME Bank and \$120 million from Participating Financial Institutions (PFIs)).

Mrs. PHAL Chalm Theany, Secretary-General of the Association of Banks in Cambodia, congratulated SME Bank, which has an additional fund of \$50 million to SCFS-II from the government. She said the additional funds would support SMEs by giving access to affordable and reasonable loans, which will help to also boost economic diversification.

"An additional \$ 50 million from SME Bank, along with \$ 50 million co-funding from PFIs, will enable SME bank to provide loans to small and medium enterprises in high financial need in order to sustain and rehabilitate their businesses affected by the Covid-19 crisis. "We would also like to thank all the PFIs for their active participation in the SCFS-I and II. We would like to encourage all banking and financial institutions to participate further in promoting the future government projects," Mrs. Theany added.



## **Government Allocates Additional Funds to (CONT'D)**

Mr. SOK Voeun, Chairman of Cambodia Microfinance Association, said that CMA strongly supports the SCFS, and CMA's members are also interested in the project, especially SCFS Phase II. "We also called on the CMA's members who are already part of the SCFS and those who will be joining the scheme to focus on the prioritized sectors designed by the government in the SME Co-Financing Scheme phase I and II." SOK Voeun added. As of 31 January 2022, about 1,054 SMEs have received funds from SME Bank, with a total of \$130 million out of previous \$140 million limit.

## **Cambodia Launches Banking and Financial Institutions' Code of Conduct**



The Financial Sector in Cambodia has launched its sector-wide self-regulation initiative dubbed, "Banking and Financial Institutions' Code of Conduct (BFIs' Code)" on March 04 2022, with participation from the National Bank of Cambodia, hundreds of industry experts, media, and stakeholders.

The BFIs' Code is which set up the regulatory standard and minimum principles for Banking and Financial Institutions to provide financial services with transparency, responsibility, professional ethics, fair and free competition—aiming for the banking system to grow strongly and inclusively, and for economics to grow sustainably.

The BFIs' Code was initiated by the Association of Banks in Cambodia (ABC), the Cambodia Microfinance Association (CMA), and the Cambodian Association of Finance & Technology (CAFT).

The BFIs' Code aims to (1) promote effective, reliable, accountable, and responsible banking and financial practices by setting business operation standards for the Banking and Financial Institutions to follow and execute. (2) increase transparency so that consumers can have a better understanding of what they can reasonably expect from the services provided. (3) build a fair and professional relationship between consumers and Banking and Financial Institutions based on the principles of equity and equality. (4) foster confidence in the banking and financial system; and (5) encourage a corporate culture of fair dealing and competition.

Dr. IN Channy, Chairman of the Association of Banks in Cambodia, said BFIs' Code has created a common, transparent, and ethical standard in the industry and is beyond the existing requirements laws, and regulations.

He added the BFIs' Code is in response to the Financial Sector Development Strategy 2016-2025 and the National Financial Inclusion Strategy 2019-2025 and contributes to promoting and enhancing client protection while uplifting the best practice across the financial sector. It also promotes sustainable economic growth and prevents over-indebtedness as well as protects vulnerable customers.

The BFIs' Code is applicable to all Banking and Financial Institutions licensed by the National Bank of Cambodia. "The BFIs' Code will contribute to the National Bank of Cambodia, in achieving a stable, efficient, and diversified financial system and market diversification as well as promoting Financial Inclusion in Cambodia," Dr. Channy added.

Mr. SOK Voeun, Chairman of Cambodia Microfinance Association said, "In addition to the ethical and professional standard of practices, the BFIs' Code focuses on responsible lending through the Lending Guidelines and Client Protection Pathway (CP Pathway)."

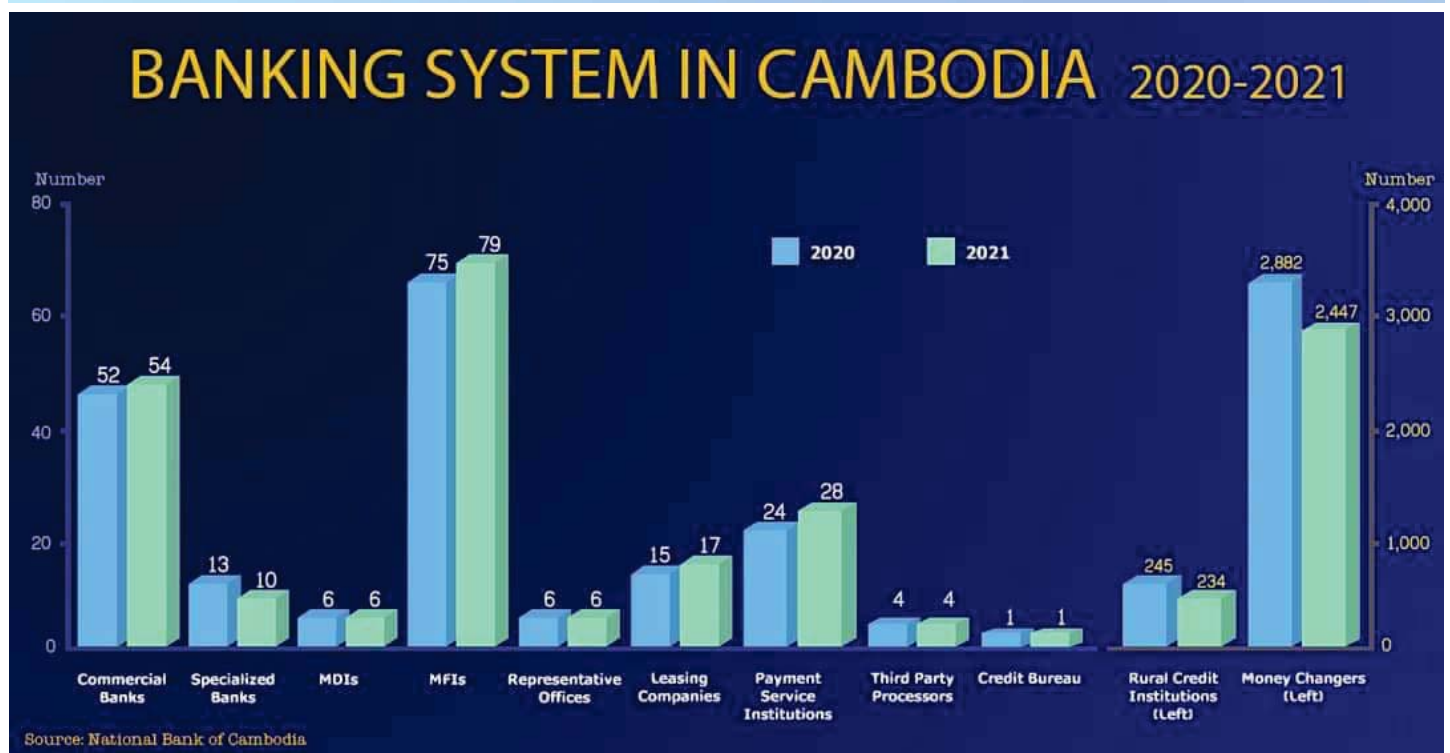
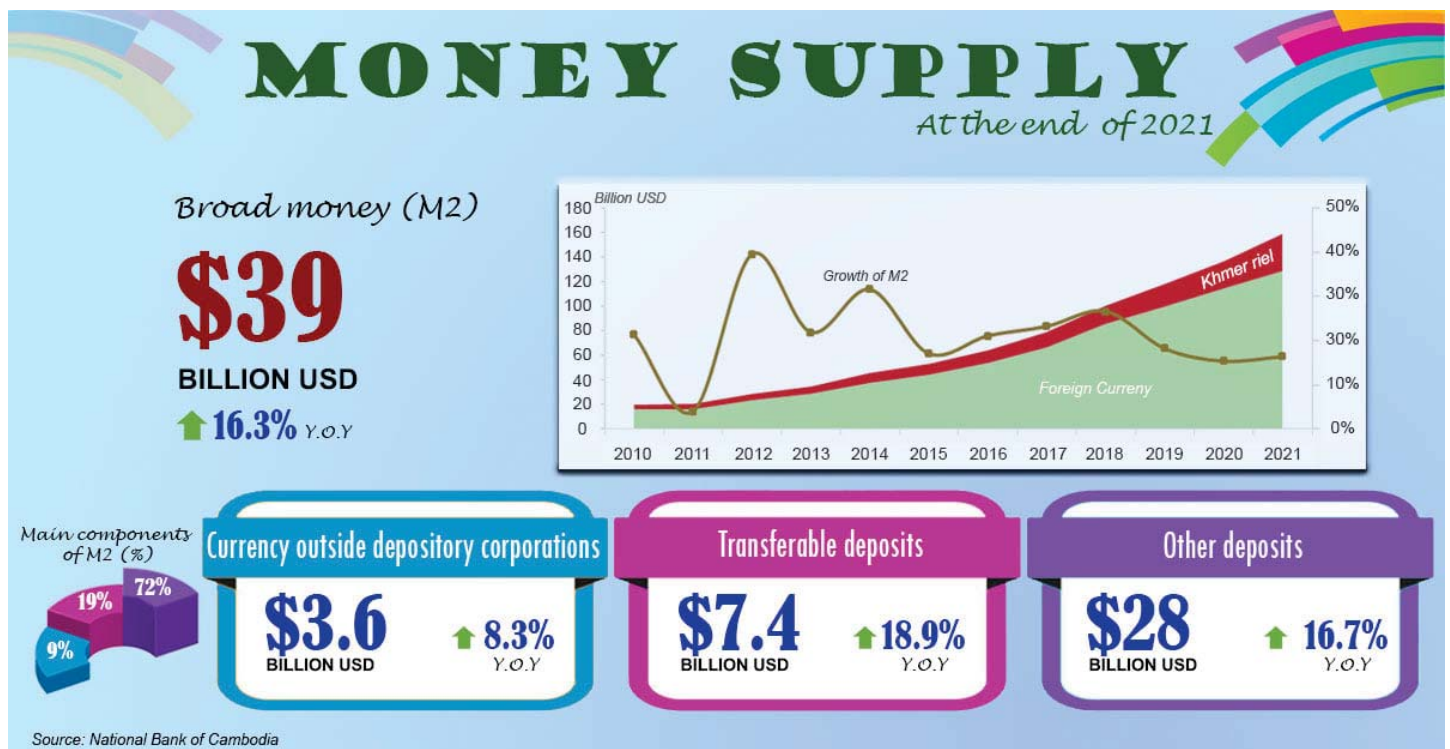
Mr. Remi PELL, Chairman of Cambodian Association of Finance & Technology, said BFIs' Code will be the first for Cambodia; however, he believed it would not be the last in its form. Mr. Remi pointed out the BFIs' Code sets out an inclusive ethical framework, but it is not perfect and shall be revised based on market benchmarks and global best practices in the coming years. "Today's signing and eventual implementation of the BFIs' Code is clear evidence that we are working hard to not only sustain but to grow the trust of the consumers that we serve," Mr. Remi added.

H.E. RATH Sovannorak, Assistant Governor and Director General of Banking Supervision of the National Bank of Cambodia (NBC), has congratulated and supported the launching of the BFIs' Code, which is the crucial document to deliver the responsible banking products and services, ethics, and efficient for Cambodians. H.E. Sovannorak has also called on the Banking and Financial Institutions to set their internal rules and regulations in line with this sector-wide Code of Conduct issued by the associations since the BFIs' Code is the minimum requirement, which the Banking and Financial Institutions can implement to provide the banking services to Cambodians.



## HIGHLIGHT REGULATORY UPDATE OF BANKING AND FINANCE

The money supply (MS) reached \$39 billion last year, a year-on-year increase of 16.3 percent, according to a report from the National Bank of Cambodia. The main components of MS are currency outside depository corporations, transferable deposits and other deposits. The currency outside depository corporations was valued at \$3.6 billion, a year-on-year increase of 8.3 percent while transferable deposits rose by 18.9 percent year-on-year to \$7.4 billion, read the report. Other deposits, the NBC noted, reached \$28 billion, a 16.7 percent increase compared to a year before.



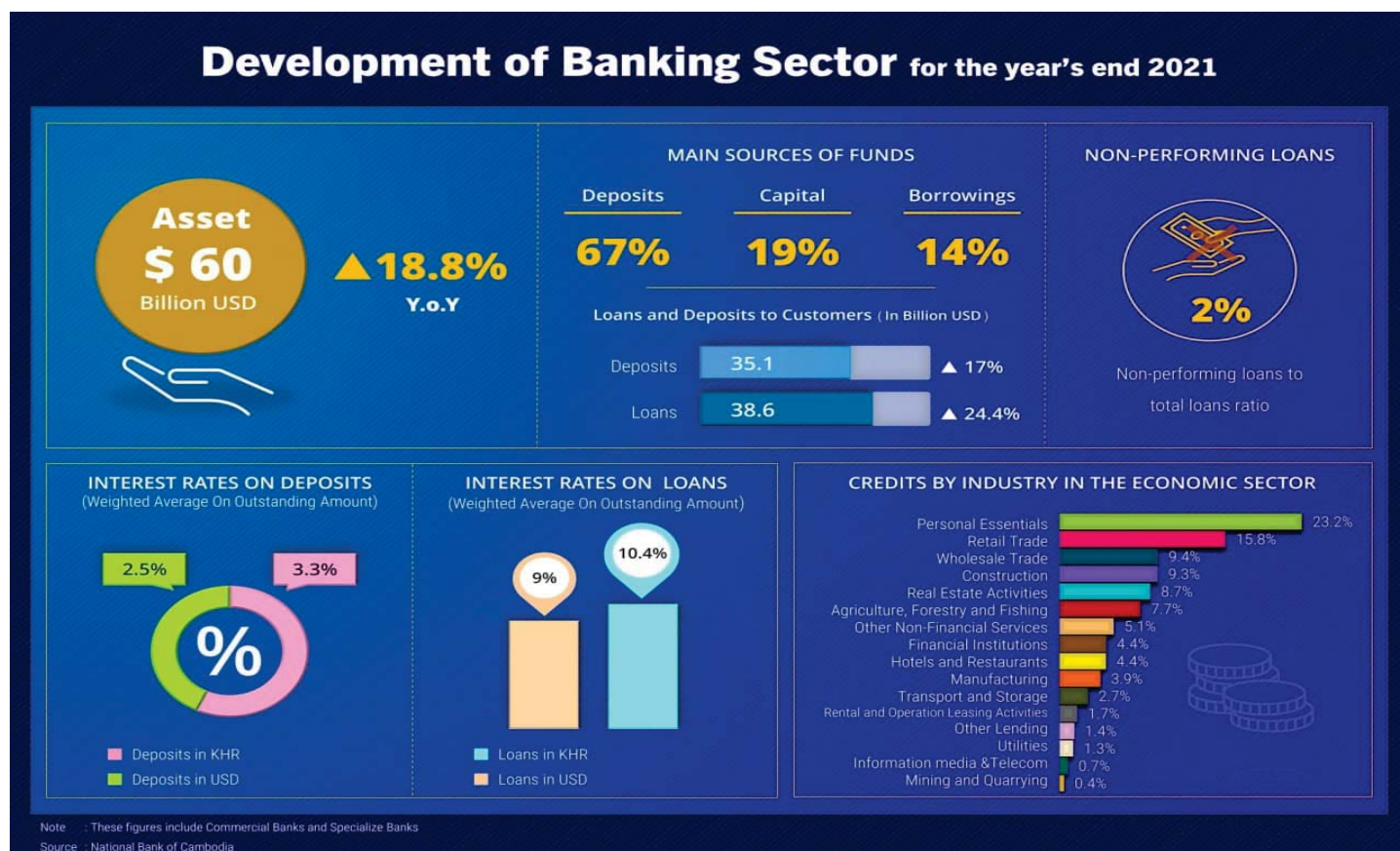


## HIGHLIGHT REGULATORY UPDATE OF BANKING AND FINANCE

### Development of Banking Sector

These key measures show that the Cambodian banking and financial system is solid and resilient:

1. Assets of Banking and Financial Institutions grew by 18.8% (by end of 2020 to the end of 2021).
2. Credit volumes continued to grow owing to the growing demand for investment and expenditures in sectors that supported economic activities, while non-performing loans remained low.
3. Average interest rates on both deposits and credit continued to fall, positively benefiting customers in accessing affordable capital.





## HIGHLIGHT OF BANKING AND FINANCE NEWS

### CBRE forecasts Smart Cities,

#### Blockchain Financing and ESG focus



Cambodia will see a focus on cleaner production, smart cities, new forms of financing and a move to more affordable properties this year, according to real estate

company CBRE Cambodia. In its 'Fearless Forecast 2022: Foundations of a Tiger' it came up with ten predictions for the year ahead. [\(Read More\)](#)

### Bakong system blazes digital-money trail



Cambodia, along with China and South Korea, has among the 10 most mature retail central bank digital currencies (CBDC). The Kingdom's Bakong system presents

a real-world example of private distributed ledger technology (DLT) deployment in payment infrastructure, ASEAN Plus Three reported on January 19. [\(Read More\)](#)

### ACLEDA set to expand cross-border services to Vietnam, Lao PDR



Local publicly listed ACLEDA Bank Plc plans to expand cross-border payment services to two more ASEAN countries – Laos and Vietnam – following apparent

success in Thailand. ACLEDA president and group managing director In Channy told media recently that the bank aims to deliver the plan in the near future, along with other initiatives such as expanding its digital infrastructure to be more comprehensive and flexible, and meet the needs of the masses at all levels. [\(Read More\)](#)

### E-payments in Cambodia valued at \$200B annually



E-payments in Cambodia are continuing a strong upward trend with data from the National Bank of Cambodia revealing there were 698.8 million

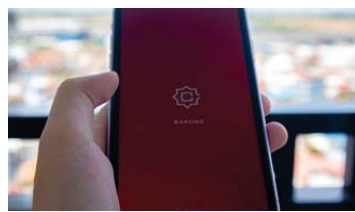
transactions, valued at \$199.76 billion in 2021 as more companies utilize e-payment technology. [\(Read More\)](#)

### Digital transformation is driving economic change



The government is promoting the digital economy as a new source of economic growth through increased productivity and economic efficiency. With the key role of digital technology in the banking and finance sector, the Association of Banks in Cambodia (ABC) organised its first 2022 Digital Forum on Cambodia Digital Economy and Society Policy Framework 2021-2035 and Electronic Know Your Customer (eKYC) at Olympia City Hotel on January 20. [\(Read More\)](#)

### Bakong blockchain developer working with ADB on ASEAN+3 project



The Asian Development Bank (ADB) has brought in the developer of the National Bank of Cambodia's blockchain technology as part of a project to improve the efficiency and security of Asia-Pacific

cross-border securities transactions. [\(Read More\)](#)

### Three key areas of economic development for Cambodia: World Bank



Urgent action is needed to support Cambodia's economic recovery from COVID-19 according to the World Bank – stating an ambitious reform is needed – one that focuses on improving capabilities, strengthening regulations, and investing in

infrastructure. [\(Read More\)](#)

### Thai central bank to hike inflation forecast over 2%



The Bank of Thailand (BOT) is expected to raise its 2022 inflation forecast from 1.7 per cent to between two and three per cent, a senior official said. Sakkapop Panyanukul, the BOT's director of Economics and Policy, said the raise

was due to drastic changes in the economic situation. He cited the 20 per cent increase in global oil prices plus the rising cost of pork. [\(Read More\)](#)

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## ABOUT ABC

The Association of Banks in Cambodia was formed in 1994 and is recognized by the Royal Government as the official organization to represent the country's private banking sector. Our purpose is to promote constructive dialogue amongst member banks, and to serve as an industry voice to the public and the Government. Our membership consists of local and foreign owned banks and branches. Membership in the Association is required under Chapter XXII of the Law on Banking and Financial Institutions, which states that all banks operating in Cambodia must belong "to a single professional association, whose Articles of Association shall have been endorsed by the supervisory authority."

The Association meets at least once a month and more often if required by urgent matters. The Association also has regular working committees that focus on specific issues. Since 1998, the Association has been an active member of the ASEAN Bankers Association and participates in all of its meetings and functions.

## ABC COMMITTEES AND WORKING GROUP

1. Annual Events Committee
2. Compliance Committee
3. Constitutional Committee
4. Education Committee
5. Financial Inclusion
6. Payments Committee
  - a. FinTech Working Group
  - b. QR Taskforce
7. PSWG-E
8. Risk Committee
9. Sustainable Finance Committee

## ABC'S MEMBERS

1. Commercial Banks: 56 Banks
2. Specialized Banks: 10 Banks
3. Representative Office: 6 Banks
4. The Associations: 2

## COMMENTS AND SUGGESTIONS

The Association of Banks in Cambodia welcomes the articles from members. We also welcome any questions or suggestions concerning the articles or regulatory update in the Newsletter. For further inquiries, please feel free to contact:

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