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សហគម្មនធនាគារកម្ពុជា
THE ASSOCIATION OF BANKS IN CAMBODIA

BANKING AND FINANCE NEWSLETTER IN MARCH-APRIL 2022



P. 2-5 Activities/Events

P. 6 Regulatory Update

P. 7 Highlight of Banking and Finance News

P. 8 Upcoming Events



ACTIVITIES/EVENTS

Launch of Access to Finance Program for Small and Medium Enterprises and Women Entrepreneurs

On April 1, 2022, the Cambodian Young Entrepreneurs Association (YEAC), the Association of Banks in Cambodia (ABC), and the Cambodian Microfinance Association (CMA) jointly launched the 'Access to Finance Program' (AFP).

The program aims to improve access to finance for small and medium enterprises, women entrepreneurs who would be eligible for financing from participating financial institutions (PFIs) as well as capacity building. This includes cash management training and working capital, especially understanding the financial statements of small and medium enterprises. In addition, entrepreneurs participating in this program will also receive technical assistance in preparing financial statements and developing the financial system.

The program was presided over by H.E Dr. CHEA Serey, Assistant Governor and Director-General of the National Bank of Cambodia, and accompanied by YEAC's Executive Vice President, ABC Chairman, CMA Chairman, PACT Cambodia's Country Director.

About 80 representatives from banking and financial institutions, women entrepreneurs, and business owners attended the event at Olympia City Hotel while 150 participants joined virtually. The implementation of the program is in response to the joint commitment by YEAC, ABC, and CMA following a Memorandum of Agreement in September 2021.

ABC Chairman Raymond SIA said the Association of Banks in Cambodia is delighted to support the Young Entrepreneurs Association of Cambodia to launch the Access to Finance Programme (AFP), following the spirit of collaboration as set forth in the Memorandum of Agreement (MoA) signed on September 16, 2021. "The ABC hopes that such sharing will help solve pending items and create a better acquaintance between business partners, not limited to Micro-Small-Medium enterprises (MSMEs), Women-owned businesses & Young Entrepreneurs," he added.

H.E Dr. CHEA Serey, Assistant Governor and Director-General of the National Bank of Cambodia praised the efforts of the Cambodian Young Entrepreneurs Association, ABC, and CMA for organizing the program. She said the program will definitely contribute significantly to improving the financial environment of micro, small and medium enterprises, which are the backbone of the national economy.

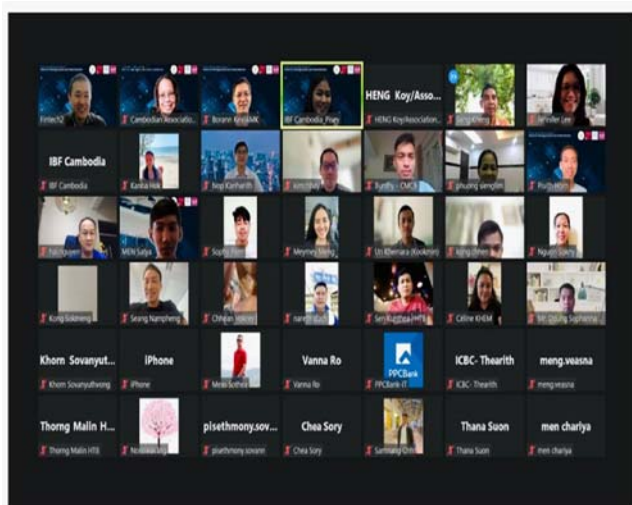
"I encouraged the BFIs to pay close attention in financing to the SMEs by considering the repayment ability rather than collateral and using the CBC's data to do an assessment and make an analysis of the quality of consumers." Dr. H.E Serey added.





ACTIVITIES/EVENTS

Second Fin-Tech Take-Up Workshop Series



On Saturday, April 2 2022, the Association of Banks in Cambodia (ABC) in collaboration with the Institute of Banking and Finance (IBF) successfully held the second series of “FinTech Take-Up Workshop”, focusing on “FinTech for Financial Inclusion and Poverty Reduction”.

The purpose of the workshop was to raise public awareness about the importance of FinTech in the banking sector, enhance the take-up of FinTech, as well as address financial inclusion in Cambodia. The workshop was conducted via Zoom with more than 70 representatives of the financial institutions attending the webinar.

Mr. KEA Borann, CEO of AMK, who was the guest speaker in the second series of the webinar, highlighted how crucial financial inclusion is as a key enabler in reducing extreme poverty and boosting shared prosperity. However, he said, while the implementation of FinTech can contribute to financial inclusion, there are pros and cons to it.

“FinTech certainly improves people’s access to finance and is affordable and convenient to users, but it also poses risks in terms of cyber-security, overpricing, over-lending, and frauds. Therefore, without proper regulation and implementation of customer protection laws, the public can end up being financially excluded instead,” he said.

Trade promotion, deepening ASEAN financial integration, and promoting sustainable finance are priorities set for ASEAN financial cooperation



On the afternoon of Thursday, April 7, 2022, Mr. Raymond SIA, Chairman of the Association of Banks in Cambodia (ABC) and CEOs of Banks and Financial Institutions in Cambodia and across the ASEAN region attended the ASEAN Central Bank Governors Meeting and Financial Institutions CEOs Dialogue.

The event was also linked to the 26th ASEAN Finance Ministers’ Meeting (AFMM), the 18th ASEAN Central Bank Governors’ Meeting (ACGM), and the 8th ASEAN Finance Ministers’ and Central Bank Governors’ Meeting (AMGM).

Mr. Raymond SIA welcomed all Chairs & Delegates from all National Bankers Associations and ASEAN Member States (AMS). He highlighted that our countries and our people are deeply connected and that the event will deepen the connection. All AMS have shown tremendous

economic growth over the last decade and all ASEAN people enjoy a better standard of living than ever before. The journey will continue with the strengthening of cooperation on the ASEAN level, in particular through technology & innovation for a more resilient economy & society.

The Meeting and the Dialogue provided an important platform for all parties to contribute and raise important topics towards the reinforcement of ASEAN banking sector & financial cooperation. In line with this perspective, the ASEAN Bankers Association presented discussion notes on last year’s updates on 1) the ASEAN Banking Interoperable Data Framework and 2) the ASEAN Interoperable QR Code Initiatives. And last but not the least, ABC presented their topic on Enhancing Financial Connectivity across the ASEAN Region.



ACTIVITIES/EVENTS

Trade promotion, deepening ASEAN financial integration, ...(CONT'D)

This year's Dialogue focused on remittances as part of financial inclusiveness. Cross-border transactions are at the core of the agenda to support various sectors of the economy especially in tourism industry, as well as financial liquidity in the ASEAN system is to be enhanced. ABC topic presentation was followed by a Q&A Session from various participants including Delegates from the Central Banks from Malaysia, the Philippines, Myanmar, Singapore. The proposal is compelling and we shall leverage on our existing concepts.

Such collaboration between AMS will further enhance digital connectivity landscape across ASEAN, which in turn will improve the livelihood of our people. This betterment is possible thanks to the numerous banking services made available through mobile applications, thus, making the productivity of the overall eco-system increase in an unprecedented pace.

ABC Chairman attends the Showcase Event on the topic "Sustainable Finance: Mobilising Financial Resources for Post COVID-19 Economic Recovery"



On the morning of Thursday, April 7, 2022, Mr. Raymond SIA, Chairman of the Association of Banks in Cambodia (ABC), representatives of ABC Council Members and Heads of the ABC Secretariat, attended the Showcase Event on the topic **"Sustainable Finance: Mobilising Financial Resources for Post COVID-19 Economic Recovery"**.

The event was linked to the 26th ASEAN Finance Ministers' Meeting (AFMM), the 18th ASEAN Central Bank Governors' Meeting (ACGM), and the 8th ASEAN Finance Ministers' and Central Bank Governors' Meeting (AFMGM).

The event was chaired by H.E. Dr. AUN Pornmoniroth, Deputy Prime Minister and Minister of Economy and Finance, with the participation of Finance Ministers of the ASEAN Member States and senior leaders

from International Financial Institutions, Asian Development Bank (ADB), International Monetary Fund (IMF), World Bank (WB) and Asian Infrastructure Investment Bank (AIIB). The pillars for the after-COVID are Recovery, Resiliency & Togetherness. The Showcase Event plays a significant role in promoting the dialogue and exchange of ideas between the experts from all stakeholders to contribute to the better development of the ASEAN region.

Inputs were exchanged on the challenges to be addressed and the tools we could think of to support green recovery. Amongst others, the efficiency of tax administration mainly to sponsor healthcare was tabled, as well as green finance vehicles. Emphasis was on Togetherness & sharing prosperity across the ASEAN region, which shall constitute the common purposes and key ingredients to the success of the recovery. Such achievement necessitates that we all work harder & smarter with technology leverage towards digitalisation healthiness.

A "project cycle" was brought up including planning on macro-economic level with a framework that is flexible and practical for commitment. A support from the governments is important to make the programme fair & progressive that promotes enterprise efforts and economic activities, as well as to strike a balance between different revenue streams.



ACTIVITIES/EVENTS

SME Bank introduces Tourism Recovery Co-Financing Scheme (TRCS) Feature to Financial Institutions

On the morning of Wednesday, April 20, 2022—Mr. Raymond SIA, Chairman of The Association of Banks in Cambodia (ABC), presided over the presentation of the Tourism Recovery Co-Financing Scheme (TRCS) feature. It was organized by SME Bank of Cambodia Plc. In his welcoming remarks, SME Bank's Chief Executive Officer, Mr. LIM Aun shared that the newly introduced Tourism Recovery Co-Financing Scheme (TRCS) is a financing program initiated by the Royal Government of Cambodia.

"It is aimed at restoring the tourism sector, which is one of the key actions of Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023," he said.

Mr. Aun pointed out that the scheme cannot be rolled out successfully without the collaboration of banking and financial institutions. "So, we hope to gain continuous support from you, just as we did for SME Co-Financing Scheme I & II. Meanwhile, SME Bank as a representative of the MEF will support in every capacity to create a conducive environment for implementing the scheme effectively," he added.

In his key remarks, Mr. Raymond said small and medium enterprises (SMEs) are at the core of all businesses in Cambodia, representing more than 80% of all activities nationwide. Additionally, in the Cambodian economic landscape, tourism is one of the largest industries that is a constituent of SMEs.

In 2019, tourism in Cambodia constituted more than 30% of the Gross Domestic Product (GDP), around \$8.7 billion, according to a report from World Bank. In 2020, that revenue decreased by more than 80%. Mr. Raymond said tourism boosts the economy, creates jobs, develops infrastructures, and enhances cultural exchanges between foreigners and local people.

"We fully support the Royal Government of Cambodia's strategic framework for economic recovery in a New Normal 2021-2023. "As the Chairman of the Association of Banks in Cambodia and on behalf of the banking sector, our member institutions endorse the national recovery plan, encompassing not only SMEs but the expansion of this new initiative, which is the Tourism Recovery Co-Financing Scheme," he announced.

The TRCS feature is similar to SME Co-Financing Scheme Phase I and II but targets tourism-related businesses, impacted by the pandemic, to restart their business activities. The fund will be used to finance renovation or improvement on businesses to facilitate re-operations, expansions or for new start-ups.





HIGHLIGHT REGULATORY UPDATE OF BANKING AND FINANCE

15,000 Riel Commemorative Banknote Wins the Best New Asia-Pacific Banknote Award 2019



15,000 Riel Commemorative Banknote Received by the Royal Government of Cambodia National Bank of Cambodia to Celebrate the 15th Anniversary of the Enthronement of His Majesty King Norodom Sihamoni Best New Asia-Pacific Wallet of the Year 2019 The decision to award this 15,000 Riel commemorative banknote was made by the National Bank of Cambodia in its advanced and secure securities production techniques to prevent fraud.

After the opening of the country and the facilitation of travel conditions to Cambodia on Wednesday, April 5, 2022, Antonio Cesario Riccio, Vice President of the Swiss company. Visited Cambodia and presented the 2019 Asia-Pacific New Bankruptcy Award to the National Bank of Cambodia on behalf of Reconnaissance International. Reconnaissance International is a leading international organization in the UK based securities industry based in the United Kingdom. **Source:NBC**

Foreign Direct Investment in Cambodia in 2021

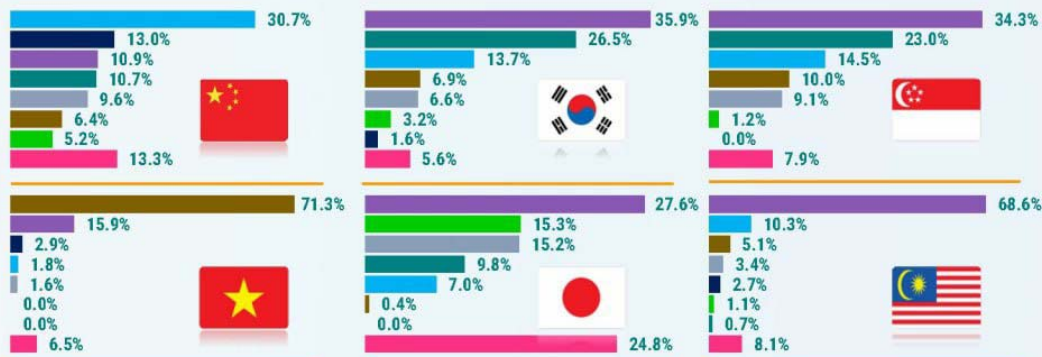
Foreign direct investment in Cambodia as of the end of 2021 remained robust with a growth rate of 11.2% over the previous year. The increase was contributed by the investment from China, South Korea, Vietnam, Singapore, Japan, and Malaysia into the finance, manufacturing, real estate, hotel and restaurant, agriculture, and construction sectors. **Source: NBC**

FOREIGN DIRECT INVESTMENT IN CAMBODIA For the year's end 2021

TOTAL FDI

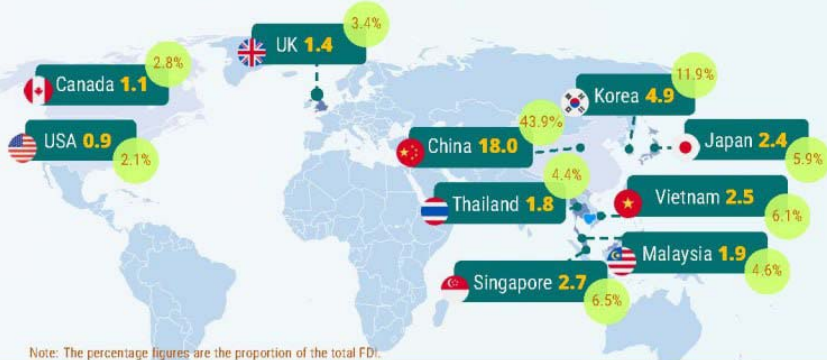


FDI CLASSIFIED BY SECTORS FROM RESPECTIVE COUNTRIES



■ Manufacturing ■ Electricity ■ Financial ■ Real Estate ■ Hotel and Restaurant ■ Agriculture ■ Construction ■ Others Note: The percentage figures are the proportion of investment by countries and by sectors.

TOP INVESTMENT COUNTRIES (In Billion USD)



Note: The percentage figures are the proportion of the total FDI.

SHARE OF FDI BY SECTORS



Sources: The Council for the Development of Cambodia and National Bank of Cambodia

Note: China's figures included Taiwan, Hong Kong and Macao.



HIGHLIGHT OF BANKING AND FINANCE NEWS

The changing tide of debt-based financing in Cambodia



Cambodia's official foreign debt levels are expected to rise to 36.2 percent of GDP in 2022 – up from 34 percent in 2021 – keeping the Kingdom comfortably below the threshold of a 'moderate' risk rating of 40 percent, according to the IMF outlook for Q1 2022. [\(Read More\)](#).

AMRO projects 2022 ASEAN+3 GDP growth at 4.7%



The ASEAN+3 Macroeconomic Research Office (AMRO) in its Regional Economic Outlook (AREO) 2022, predicted an economic growth of 4.7 percent for ASEAN+3 this

year and 4.6 percent in 2023. According to the report, the growth for ASEAN is expected to be at 5.1 and 5.2 percent, respectively. [\(Read More\)](#).

Cambodia growth projection at 4.5% in 2022: World Bank



A stronger domestic recovery supported by the rollback of mobility restrictions will help Cambodia register a 4.5 percent economic growth in 2022, the

World Bank said in its Macro Poverty Outlook (MPO) for East Asia and the Pacific. [\(Read More\)](#).

GDT: File e-commerce VAT returns on E-Filing



The General Department of Taxation (GDT) has instructed all business owners to submit their monthly e-commerce value-added tax (VAT) declarations for the April

tax period onwards online through its E-Filing System, using the recently-introduced "alternative tax calculation method". [\(Read More\)](#).

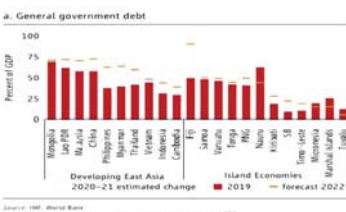
Three priorities set for ASEAN financial cooperation



ASEAN financial cooperation has drawn up three priorities, namely recovery, resilience, and togetherness. The priorities were underlined in a press release on the 26th ASEAN Finance Ministers' Meeting, the 8th Joint Meeting of

the ASEAN Finance Ministers and Central Bank Governors, and side meetings. The meetings on April 7 to April 8 were co-chaired by Dr Aun Pornmoniroth, Deputy Prime Minister and Minister of Economy and Finance, and Chea Chanto, Governor of the National Bank of Cambodia (NBC). [\(Read More\)](#).

Cambodia at 'low risk of debt distress', says ADB



Kingdom has the lowest Debt-to-GDP ratio of all developing countries in Asia, which is expected to peak at 38.1 percent by 2028 and settle at around 37 percent of GDP by 2030 – three

points below the moderate risk threshold. [\(Read More\)](#).

70 percent of Cambodians have access to financial services



About 70 percent of Cambodians have access to financial services, with more than 8.6 million e-wallet account holders at the end 2021, according to the National Bank of Cambodia (NBC). "Cambodians have access to official financial

services when people receive one of our four financial services, including credit, deposits, money transfers and digital payments," said Chea Serey, Assistant Governor and Director General of Central Banking, NBC. [\(Read More\)](#).

UNDP launches SDG Impact Standards in Cambodia



The pandemic has put achieving the United Nation's ambitious 2030 Sustainable Development Goals (SDGs) in doubt, but the UNDP is hoping its recently released SDG Impact Standards will help steer

the world's business and investment community toward a more sustainable path. [\(Read More\)](#).



UPCOMING EVENTS

ផលិតកម្មដ៏អន្លឺស្ទើរពី
ពាន់រង្វាន់ ចំណេះដឹងហិរញ្ញវត្ថុ ប្រចាំឆ្នាំ២០២២
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រៀបចំដោយ សហការរៀបចំដោយ



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INSTITUTE OF BANKING & FINANCE

MAY 2022 SHORT COURSES

FACE TO FACE AND ONLINE TRAINING

NO	COURSE TITLE	CORE AREA	TRAINER	DATE	CHANNEL	FEES
1	Detection and Prevention of Credit Fraud	Credit	Benny Bastian	01 May 2022	Face to Face	SH : 120 USD DF/SDF: 130 USD Others: 150 USD
2	Managing Regulatory Compliance Risk	Compliance	Chea Soline	05 May 2022	Face to Face	SH : 100 USD DF/SDF: 110 USD Others: 130 USD
3	First Time Manager	Soft Skill	Evan Ngow	21/22 May 2022	Online	SH : 180 USD DF/SDF: 200 USD Others: 240 USD
4	Financial Analysis and Interpretation for SME Lending	Credit	Pen Vanndarong	28-29 May 2022	Face to Face	SH : 200 USD DF/SDF: 220 USD Others: 260 USD
5	Build Profitable Relationship with Bank Customers	Customer Service	Lee Wengkai	30 May 2022	Online	SH : 90 USD DF/SDF: 100 USD Others: 120 USD

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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: 57 Banks
2. Specialized Banks: 9 Banks
3. Representative Office: 6 Banks
4. Representative of MDI: 1
5. 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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