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**សហគម្មនធនាគារកម្ពុជា**  
**THE ASSOCIATION OF BANKS IN CAMBODIA**

## BANKING AND FINANCE NEWSLETTER IN MAY-JUNE 2022



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## ACTIVITIES/EVENTS

### Cyber Crime: Banks and Authorities



On May 6, 2022, The Risk Committee of the Association of Banks in Cambodia held a discussion session with Cambodia's anti-cybercrime department of the General Commissariat of National Police at the Ministry of Interior to understand how the anti-cybercrime affects the Banking Sector and future cooperation.

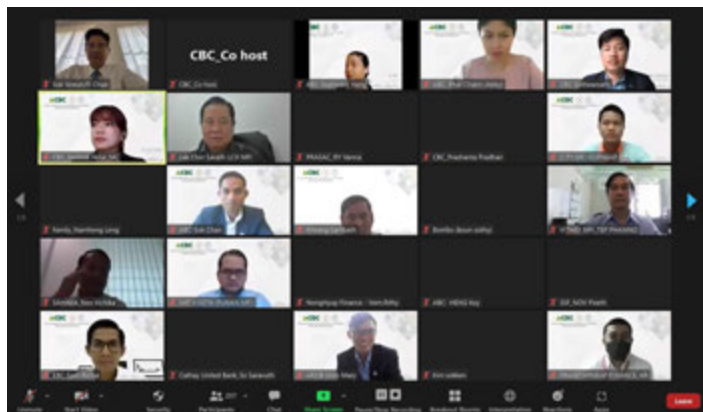
The ABC's Risk Committee was led by Torsten Kleine Buening, who is the Chairman of the Risk Committee, accompanied by the Vice-Chair and ABC's Secretariat while Cambodia's anti-cyber-crime department was led by Pol. Lt. Col. Bunrummanith CHHAY.

The ABC's Risk Committee welcomed Pol. Lt. Col. Bunrummanith CHHAY to the ABC and was updated on the latest risk and threat scenario trends and discussed the need for close cooperation and how the digital agenda creates new challenges.

Bunrummanith started his presentation by explaining the principle of anti-cyber crime in four steps. First, preventing the crime—is to educate and empower the public to stay safe from cybercrime, second, quick response to immediate threats—enhancing the government's capacity and capability to combat cybercrime, third is to enhance the basic legislation by strengthening legislation and the criminal justice framework, and fourth to cooperate internationally by stepping up the partnerships and international engagement as well as on the law mechanisms.

According to Bunrummanith, Cybercrime or High-tech crime refers to attacking digital platforms through a device connected via a network; while cyber-enabled crime is like traditional crime, in which criminals use technology as a method to commit a crime. He said that cybercrime includes hacking, distributed denial-of-service (DDoS) attacks, BOTNET (Robot Network), Malware, Ransomware, and unauthorized computer access; while, cyber-enabled crime includes phishing, credit card frauds, business email compromise, child sex online trafficking, roman Scam, and Internet Scam.

### A Refresher on the LGs Workshop to FI's Members



On May 13, 2022, Credit Bureau Cambodia (CBC), Association of Banks in Cambodia (ABC), and Cambodia Microfinance Association (CMA) jointly organized a virtual workshop on the Progress of the Implementation of the Lending Guidelines (LGs).

Around 200 people from ABC and CMA members attended the workshop. The main aim of the workshop was to provide a refresher on the LGs Framework as well as to conduct an interactive discussion with members to help deepen their understanding of LGs rules, purpose, and LGs Dashboard.

The workshop took off with the welcome remarks by Mr. Oeur Sothearoath, CEO of CBC followed by Chairman of the Financial Inclusion Committee of the ABC and CEO of LOLC (Cambodia) Plc Mr. SOK Voeun's opening remarks.

A presentacon by Mr. Prashanta PRADHAN, Head of Research and Development at CBC provided an overview of the rules and logic of the secons in the LGs dashboard report that are sent to FI members every month.

There are five sections in the report – (1) Multiple Loan Rule Violation (2) Data Upload Violation (3) Loan to Income Ratio (4) High-Risk Loan with Change in Lender (5) Loan Risk Matrix. The second part of the presentation provided a snapshot of the key trends across the industry as well as sectors in performance on LG indicators. (Link to FAQs). <https://abc.org.kh/news/qa-discussions-lending-guidelines-workshop-may-2022>.



## ACTIVITIES/EVENTS

### The second Speaker Tour touches on Knowledge and Careers in Banking Sector



On Saturday, May 21, 2022, the Institute of Banking and Finance (IBF) in collaboration with the Association of Banks in Cambodia (ABC) successfully conducted the second speaker tour for local university students, majoring in banking and finance and other relevant fields.

The second tour was supported by Visa and Paragon International University (IU), and it was held at Paragon IU, Lecture Hall, with 40 students attending. The purpose of the Speaker Tour is to bridge the understanding of the industry's expectations to the students, provide knowledge to them about financial literacy, and prepare them for a career in banking and finance.

In this second tour, the first speaker, Mr. SOK Chan, Head of Financial Inclusion and Public Relations from the Association of Banks in Cambodia, shared his knowledge regarding the introduction of Banking

Financial Inclusion to the students. There were also two other main speakers: (1) Ms. SOU Sok Sangvar, Deputy Head of Corporate Banking, Relationship Credit from J Trust Royal Bank, and (2) Ms. Norzarina Binti Ahmad, Head of Human Resources from RHB Bank.

During the workshop, Ms. Sangvar shared her valuable insights regarding responsible lending (RL) to the students, and they were really interested in the topic. Lastly, Ms. Norzarina presented some guidance to the students about how they could choose their careers and identify their passion. That was motivational speech to encourage students to discover their passion and look for the jobs of the future. Overall, this second speaker tour was strong support by the students and management of the University, and IBF and ABC are looking forward to collaborating with more local universities to conduct more tours for the students in the future.

### The insurance market is still nascent, but with huge opportunities: ABC Chairman



On Thursday, May 26, 2022, the Association of Banks in Cambodia (ABC) and Insurance Association of Cambodia (IAC) with the support of the National Bank of Cambodia (NBC) and Insurance Regulator of Cambodia (IRC) held the second online workshop on "Opportunities, Challenges, and Functions in The Implementation of Bancassurance Business in Cambodia".

The webinar was participated by around 200 participants from NBC, IRC, IAC, ABC, banks and financial institutions, and insurance companies. It was organized to enhance the understanding of banks and financial institutions and insurance companies on Prakas on Conditions for Bancassurance Business of Banks and Financial Institutions. It also focused on the function and procedure for requesting to act as a corporate agent for a bancassurance business.

His Excellency RATH Sovannorak, Assistant Governor and Director General of Banking Supervision said, "It has been a year since we conducted the first Bancassurance Workshop in June 2021.

Therefore, I think it is a suitable time for BFIs and insurance companies, IRC, and NBC to discuss or recheck the framework and the implementation, challenges, or opportunity of the Prakas on Conditions for Bancassurance Business of Banks and Financial Institutions."

H.E Sovannorak noted that as of May 23, 2022, about 27 Banking and Financial institutions have operated Bancassurance Business. Three BFI models were licensed as corporate agents and 23 were referral models, and one operated both models.

ABC Chairman Mr. Raymond SIA said in a young insurance market like in Cambodia, people often do not have good understanding nor have access to insurance. "Using banks as leverage through their networks presents an efficient solution to ensure that all Cambodians have access and the ability to insure themselves and their hard-earning assets," he added. (Link to FAQs). <https://abc.org.kh/news/qa-discussions-workshop-opportunities-challenges-and-functions-implementation-bancassurance>





## ACTIVITIES/EVENTS

### NBC's Provincial Workshop: A Channel to Promote Financial Literacy in the Local Communities



The Association of Banks in Cambodia (ABC) and Cambodia Microfinance Association (CMA) on Monday, May 30, 2022, supported by the National Bank of Cambodia (NBC), held its first-ever webinar on “Outcomes of National Bank of Cambodia’s Provincial Level Workshop.”

More than 200 participants comprising members and officials from NBC, ABC, CMA, banking and financial institutions attended the webinar.

It was organized to meet three objectives, which were to enhance the understanding of i/-Challenges of the Banking and Financial institutions, ii/-Levels of customers’ financial literacy, and iii/-Ethics for Banking and Financial institutions’ staff.

ABC’s Chairman Mr. Raymond SIA, welcomed His Excellency RATH Sovannorak, Assistant Governor and Director General of Banking Supervision, who represented His Excellency Chea Chato, Governor of the National Bank of Cambodia (NBC).

“The NBC’s provincial-level workshop has contributed to a sound and resilient banking system because it enables the associations and our members to understand more about what is happening at the grass-root level” said Mr. Raymond.

In his opening remarks, H.E RATH Sovannorak, Assistant Governor and Director General of Banking Supervision of NBC, briefed the participants on the history of the NBC’s Microfinance Workshop, which has been organized in cities, as well as at provincial and district levels.

“NBC’s provincial workshop was aimed at sharing the history and importance of the microfinance sector, benefits of using KHR, transparency of financial services and alignment with the law and regulations, obligation and the participation of the local authority and financial literacy on the use of financial services with efficacy and responsibility,” said H.E RATH Sovannorak.

In his closing remarks, Mr. SOK Voeun, Chair of ABC Financial Inclusion Committee and Chairman of CMA, said thanks to the outcomes of the workshop, BFIs can define the challenges and concerns happening in the sector. It would enable the setting up of strategies and directions as well as providing refresher practice mechanisms for the staff in charge at every level to equip them with the knowledge on consumer protection to sustain the sector.

### A Webinar on Building a Sustainable Finance Roadmap



On Tuesday, June 14, 2022, Mr. Raymond SIA, Chairman of the Association of Banks in Cambodia, and the management of ABC, attended an online training on Building Sustainable Finance Roadmap under the Building a Green Financial Market program. The program was organized by the National Bank of Cambodia and supported by the International Finance Corporation (IFC).

The training aims to raise awareness among officers of National Bank of Cambodia and the Sustainable Finance Committee of the Association of Banks in Cambodia on sustainable finance.

Mr. Raymond said the consultation workshop would help members learn more about the mechanism, practice and experiences of developing the Sustainable Finance Roadmap and lessons learned from other countries and IFC experts.

He said in 2016, the Council of ABC agreed to embark on a new initiative to develop and strengthen the financial sector safeguards and risk management standards related to environmental and social impacts. This initiative called the Cambodian Sustainable Finance Initiatives was supported by the Ministry of Environment, the National Council for Sustainable Development, and the National Bank of Cambodia. ABC also received support from international partners including the IFC.

ABC has set up nine (9) Cambodia Sustainable Finance Principles (CSFPs) for the Banking and Financial institutions in Cambodia to implement including Environment Risk Management, Financial Literacy and Consumer protection, and Green Finance.



## ACTIVITIES/EVENTS

### Women Entrepreneurs Forum: Financial and Market Access for Women Businesses' Growth



On Thursday, June 16, 2022, The United States Agency for International Development and Pact Cambodia's Women Entrepreneurs Act project in cooperation with the Association of Banks in Cambodia, Cambodia Microfinance Association, Cambodia Women Entrepreneurs Association, and the America Chamber of Commerce in Cambodia have organized the Women Entrepreneurs Forum on "Financial and Market Access for Women Businesses' Growth", a forum which gathered multi-stakeholder to share the practices and learnings around the Access to Finance, Access to Market, Access to Legal Support, and Access to Digital.

Since the issues around Access to Finance and Access to Market remain challenging and complex for women entrepreneurs, this forum acts as the interplanetary for ecosystem actors to discuss the possibility of linking young women entrepreneurs to safe financial resources and the existing markets. This event engaged more than 200 participants including government representatives, the private sector, financial institutions, non-governmental organizations, and young women entrepreneurs in Micro, Small and Medium Enterprises.

"Today's forum is an opportunity for women entrepreneurs to strengthen their ability especially, to get clear information on the loan process for MSMEs, product supply chain, and business registration," H.E. KOUNG Sorita, Under Secretary of State from the Ministry of Women Affairs, said during her opening remark by adding, "The involvement from all stakeholders including associations, NGOs, especially women entrepreneurs themselves is needed to tackle those challenges."

H.E RATH Sovannorak, Assistant Governor and Director General of Banking Supervision of National Bank Cambodia mentioned that "Entrepreneurs need access to finance to sustain and grow their business, however, it is required to have the financial literacy to use the loan effectively. I encourage all financial institutions to provide loans with attention to the ability to pay back rather than collateral."

### Top videos promoting financial literacy in Cambodia awarded



Three videos featuring financial literacy promotion in Cambodia, produced by youths, have been selected and awarded, signifying increased participation of the young generation in the financial sector. The award handover ceremony was held on June 17, 2022, at Raffles Hotel Le Royal in Phnom Penh.

The first place went to Smooth Team, which produced the video entitled 'Habits', the second place went to 3MATE and their presentation 'How Much Money' and the third place went to Tax Stuff Team, with their video 'Necessary or Not Necessary'.

The first-place winner received 8,000,000 Riels (around \$2,000), second-place winner took back 6,000,000 Riels (around \$1,500) while

the third-place winner won 4,000,000 Riels (around \$1,000). The winners also received letters of appreciation.

The award program was organized by the Rithipul company, the Association of Banks in Cambodia, the Cambodia Microfinance Association, and Credit Bureau Cambodia (CBC).

The short video competition award program on financial literacy was initiated with the aim of disseminating financial knowledge to Cambodians.

ABC Financial Inclusion Committee Vice Chairman NGOR Lyko said the programme was designed to encourage and motivate young people to participate in the research, and create short educational videos on financial knowledge associated with living in a new normal.

"The educational messages produced in these videos embody the meaning, identity, life, and practical educational content of financial literacy in our Cambodian society," Lyko shared. Even basic knowledge of finance has made a significant contribution to building a financial education infrastructure for the benefit of the public in choosing the right and appropriate financial services. "This can help achieve our financial goals [in] our community, especially the development of our national economy," he added.



## HIGHLIGHT REGULATORY UPDATE OF BANKING AND FINANCE

### Bakong Transaction In 2021

In 2021, Bakong transactions remarkably increased to 8.16 million, of which transactions in KHR increased by 62 times to KHR 2.51 trillion and in USD increased by 82 times to USD 2.89 billion compared to last year.



### CREDIT By Sectors By BFIs

As of the end of the first quarter of 2022, banking and financial institutions provided loans to the private sector was KHR 205.4 trillion (USD 50.7 billion), an increase of 22.4% compared to the end of the first quarter last year to meet the demand of investment and economic activities. Credit to private sector covers construction, wholesale and retail trade, services, agricultural, household, and manufacturing.







## HIGHLIGHT OF BANKING AND FINANCE NEWS

### \$150 million tourism package released



On May 17, 2022, the government released a financial intervention package of \$150 million to revive the tourism sector by financing businesses affected by the Covid-19

pandemic in the last two years. The package comprises \$75 million from the government through SME Bank and \$75 million from other financial institutions. [\(Read More\)](#).

### PRASAC says its registered capital raised 33% to \$400million



Prasac Microfinance Institution Plc announced on May 13 that it has increased its registered capital by one-third to 1.6 trillion riel (\$400 million) as it seeks to emerge as a

full-fledged commercial bank after spending many years in the pursuit. [\(Read More\)](#).

### EBA loss won't hurt Kingdom's exports: PM



Prime Minister Hun Sen said on May 22 that the EU's partial withdrawal of its "Everything But Arms" (EBA) scheme will not affect Cambodia's exports to the bloc,

which have continued to grow steadily in spite of multiple crises, including Covid-19. His comments come in response to the European Commission (EC) having issued a resolution in February 2020 partially withdrawing Cambodia's preferential access to the EU market – affecting roughly 20 per cent of exports – on the grounds that the Kingdom had committed "serious" human rights abuses. [\(Read More\)](#).

### Cambodia's banking system stays strong



The covid-19 pandemic had a devastating effect on the global economy, but Cambodia has been able to maintain good economic stability and the banking system remains

strong and creditworthy to support economic activity, according to an NBC report. In 2021, assets and deposits of the banking system increased by 18 percent and 17.7 percent, respectively, and loans increased by 23.5 percent. [\(Read More\)](#).

### NBC forecasts Cambodia's inflation rate to rise to 4% in 2022



The National Bank of Cambodia has forecasted the country's annual inflation rate will increase by 4% year-on-year in 2022, as demand post COVID increases and supply chains are squeezed due to logistics pressures and geopolitical crises. [\(Read More\)](#).

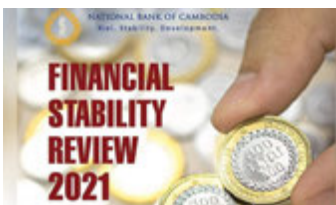
### E-payment transactions up by over a third in 2021



Electronic payment transactions worth 415.5 trillion riel (\$102 billion) were made nationwide last year, marking a 34.5 per cent rise over 2020, as the number of e-wallet accounts reached 13.6 million,

amounting to more than 80 per cent of the total population, according to the central bank. The National Bank of Cambodia (NBC) said in its 2021 Financial Stability Review (FSR), released on June 17, that the Kingdom's payment systems have drastically improved in recent years, with the adoption of digital options skyrocketing during the pandemic. [\(Read More\)](#).

### NBC records a 3.9% decline in FDI inflow in 2021



The inflow of Foreign Direct Investment (FDI) into Cambodia in 2021 has been recorded at \$3.5 billion, a decline of 3.9 percent compared to the previous year, said the Financial Stability Report 2021, released by the National Bank of

Cambodia (NBC). A slowdown in banks' capital investments led FDI in the financial sector, which accounts for one-third of the total FDI, to decline by three percent. FDI in the non-financial sector too declined by 4.4 percent with the flow of foreign capital into accommodations declining 43 percent, agriculture at 22.3 percent, and telecoms at 11.1 percent. [\(Read More\)](#).

### NBC's USD sales \$600M in 2021



National Bank of Cambodia (NBC) sold nearly \$600 million in 2021 to banks and money changers through auctions to stabilise the exchange rate to sustain the macro-economic conditions following the Covid-19

pandemic. The central bank's latest report, Financial Sustainability Review (FSR) 2021, revealed that the exchange rate came under pressure due to the fall in tourism and remittance receipts, coupled by other challenges faced by the country in its recovery process. The report pointed out that through the bank's active intervention the exchange rate was maintained at 4,099 riels per USD on average, depreciating by approximately one percent compared to 2019. [\(Read More\)](#).

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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 GROUPS

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