



**សហគមន៍ធនាគារកម្ពុជា**  
THE ASSOCIATION OF BANKS IN CAMBODIA

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# **BANKING AND FINANCE NEWSLETTER IN SEPTEMBER**



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## BACKGROUND OF THE ASSOCIATION OF BANKS IN CAMBODIA (ABC)

The Associations 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 the development of the Cambodia financial system and to protect the legitimate interests of its members.

All Commercial Banks, Specialized Banks, Microfinance Deposit-Taking Institutions, Branch or International Representative Office of Banks, licensed by the National Bank of Cambodia, the Cambodia Microfinance Association and the Cambodian Association of Finance and Technology are required to be the member of the Association by the Law on Banks and Financial Institutions, and those institutions suggested by the Councils with the majority voice (50% +1), shall be eligible for membership.

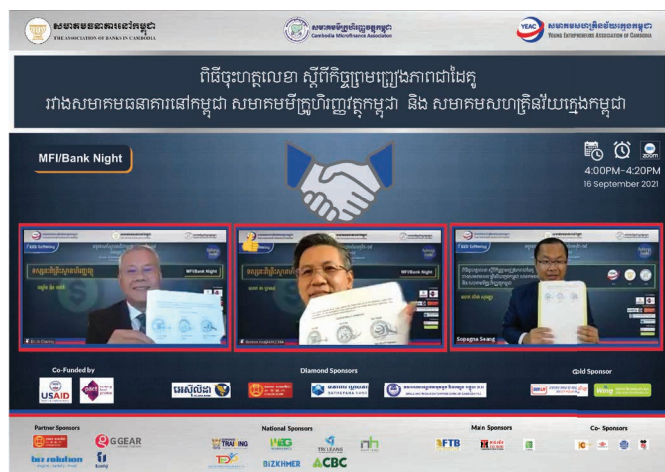
### ABC COMMITTEES AND WORKING GROUP

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:     | 11 Banks |
| 3. Representative Office: | 6 Banks  |
| 4. The Associations:      | 3        |

## Three Associations' joint effort to promote Financial Literacy to Young Entrepreneurs and Small and Medium Enterprises in Cambodia



The Association of Banks in Cambodia (ABC), the Cambodia Microfinance Association (CMA) and the Young Entrepreneurs Association of Cambodia (YEAC) on September 16 signed a Memorandum of Agreement (MoA) to jointly promote financial literacy and financial inclusion among young entrepreneurs and Small and Medium Enterprises in Cambodia.

The virtual signing ceremony was organized via Zoom and attracted 260 participants from young entrepreneurs, owners of Small and Medium Enterprises, Bankers and MFIs practitioners. The event was also live streamed via the official Facebook page of all three associations.

The Memorandum of Agreement between the three associations was established with the aim of strengthening and expanding cooperation related to training, events and joint workshops to enhance financial literacy, Fintech, inclusive credit services, as well as to build social networks among Cambodian young entrepreneurs and Small and Medium Enterprises in Cambodia.



## ACTIVITIES/EVENTS

### Three Associations' joint effort to promote Financial Literacy...

The signing ceremony was also accompanied by a special discussion forum on “COVID-19 Business Recovery Pathways on the Financial Institutions Perspective”. The discussion mainly focused on strategies and behaviors on how banks and financial institutions implement support for the Micro, Small and Medium Enterprises (MSMEs) affected by the Covid-19 pandemic.

Speaking at the MoA ceremony, Dr. In Channy, Chairman of the Association of Banks in Cambodia said that with this MOA, all relevant parties would continue to strengthen the financial literacy to the public, entrepreneurs and other Small and Medium Enterprises (SMEs).

“The cooperation between the three associations is reflected in the National Strategy for Financial Inclusion 2019-2025 to promote financial literacy among entrepreneurs, small and medium businesses, farmers as well as young entrepreneurs. Additionally, this cooperation would be a platform for all experts from banking and financial industry players and entrepreneurs as well as small and medium enterprise owners to discuss and find win-win solutions,” he added.

### ABC and Huawei: Realizing the Digital Promise in Financial Services is needed



The Association of Banks in Cambodia and Huawei Cambodia on September 15, conducted a webinar on the topic, “Realizing the Digital Promise in Financial Services” to share information and experiences on the latest digital transformation.

Mr Heng Koy, General Manager of the Association of Banks in Cambodia, welcomed the participants from the member banks, and said that it is an important forum, aiming at bringing the experts from local and international institutions to share best practice, knowledge, and experiences on digitalization and technology.

The discussion covered digital transformation in Financial Institutions, outlook of the future bank, Huawei respond to Digital Transformation, compliance and security, smart branch, ecosystem of financial institution, digital core banking system, financial cloud, and technology risk management guidelines, intelligent data storage, data centers and other key topics.

Charles Che, Deputy General Manager of Huawei Technology (Cambodia) Co., Ltd, thanked the ABC for coordinating and supporting the webinar and thanked all member banks, who actively participated in the webinar, and tried to gain information and experience on the latest digital transformation.

Charles continued that the digital transformation is a systematic and continuous program. It must be aligned with business strategies, optimize organizational structures, and improve employees' skills, banks need to develop their own transformation strategies based on local conditions, and design feasible plans. “Absolutely, all banks also need to choose partners to engage all aspects of digitalization. The effect of digital transformation cannot easily be evaluated by short-term benefits. Agile execution, continuous review, and adjustment are required for business success,” he added.



## ACTIVITIES/EVENTS

### Enterprise Singapore Explores the Collaboration with ABC in Uplifting Cambodia's Banking Sector



The representatives from the Association of Banks in Cambodia (ABC) and Enterprise Singapore (ES) on September 21 talked to explore possible collaboration and partnership in digital banking in Cambodia.

Enterprise Singapore is a government agency under Singapore's Ministry of Trade and Industry that does trade promotion for Singapore businesses, and to build closer economic / commercial collaboration between Singapore and other countries.

The discussion was led by Ms. MOK Shen Yang, Regional Director (Yangon) | Southeast Asia and Mrs. Phal Chalm Theany, Secretary General of ABC and other senior team member from ABC and ES.

The areas of discussion touched on E-signature, electronic Know Your Customer (e-KYC), QR payment wallets for Cambodian bank users, digital upskilling for the banking industry, cybersecurity, credit scores with automated processes, mobile financial services—to improve financial inclusion, and cross-border mobile transactions.

Enterprise Singapore is happy to work ABC to share some e-KYC, e-signature, enterprise solutions to minimise paperwork and mobile lending solutions from Singapore. Cybersecurity (which includes both customer-facing and internal touchpoints for financial institutions) is also another aspect that ES can share more about for members interested to find out more about risk management in Cambodia. Both entities will continue working further on the areas of discussion and will develop an action plan for collaboration.

### The 3rd Sustainable Forum discussed on “Sustainable Finance – Environmental Social and Governance (ESG) Requirements”



The third ABC's Sustainable Finance Forum touched on IFC Performance Standards and ESG Requirements for Financial Institutions.

The forum was conducted on September 22. It was organized by the Association of Banks in Cambodia to promote and raise awareness of Sustainable Finance in the Kingdom of Cambodia among the members of the Banking and Financial Institutions.

The third workshop of the series, presided over by Mr. Dith Sochal, Chairman of the Sustainable Finance Committee of The Association of Banks in Cambodia (ABC), and by Ms. Gelina Ermakova, Senior Environment and Social Development Specialist from the International Finance Corporation (IFC) as the guest speaker for the event. The forum drew around 70 Participants from member banks.

The Sustainable Finance Forum is a monthly event, which runs through various topics, with the forum's intention to help develop practical knowledge of the IFC Performance Standards related to environmental and





## ACTIVITIES/EVENTS

### The 3<sup>rd</sup> Sustainable Forum discussed...

social risks for banks. IFC continues to leverage its investment and capacity building to support investees to adopt international risk management, corporate governance, and environmental and social standards to improve operations and attract more capital.

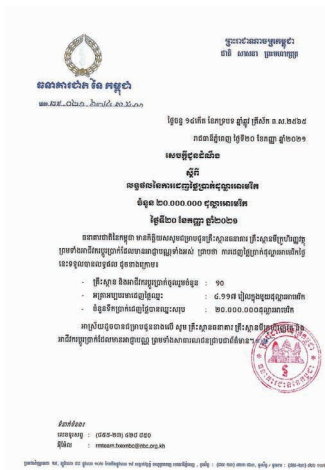
Mr. Dith Sochal, Chairman of the Sustainable Finance Committee of ABC, said that an integrating ESG within the mainstream operations and financial analysis will help banks not only preserve and grow the capital, but exercise unique power in contributing towards making our natural environment more resilient.

He added while mainstreaming good ESG practices will also help to ensure preparedness and robust response to crisis, continuance to build trust with investors and stakeholders throughout and create sustainable and resilient businesses over time.

“Lower levels of environment, social and governance (ESG) performance can be a key barrier for sustainable investors to finance companies in developing markets. COVID-19 has proven to be another stress test for many businesses, forcing FIs to rethink the relevance of ESG considerations. While the environmental aspects of ESG remain important to move towards a green and sustainable recovery, the Social ‘S’ and Governance ‘G’ dimensions have been pushed to the forefront during COVID-19,” Mr. Sochal added.

As the Cambodia Sustainable Finance Principles were just introduced 3 years ago, it takes time for Cambodian banks to set up the system and start implementing it. ESG risk management is one of the key focuses but is also a new topic for bankers. Intensive capacity building to equip bankers with related knowledge and skills, especially how international standards and practices can be applicable in Cambodian context is needed to be provided.

## HIGHLIGHT REGULATORY UPDATE OF BANKING AND FINANCE IN SEPTEMBER



### The National Bank of Cambodia sold up US\$130 million on foreign exchange market

The National Bank of Cambodia (NBC) held five currency auctions from September 2 - 21 and sold up \$130 million on the foreign exchange market to the licensed banks, microfinance institutions and money exchangers, according to a statement from the NBC.

The NBC sold \$20 million on September 2, 6 and 17, \$30 million on September 8, and \$40 million on September 21

For the past 20 years, the NBC has been putting tremendous efforts to stabilize the riel exchange rate movements over the last 20 years, which is around 4,050 riels against US\$1.

The bidding of USD was conducted on the purpose:

1. To balance the supply and demand of the KHR on the market
2. To maintain and stabilize the exchange rate in the market and to build confidence in the riel and encouraging its circulation
3. To prevent the risk of inflation.
4. To encourage KHR-denominated savings.



## Development of Banking Sector as of June 2021

### ASSET

Semester 1/2021  
USD 54 Billion ▲ 17.6%  
y-o-y

### CUSTOMER'S DEPOSIT

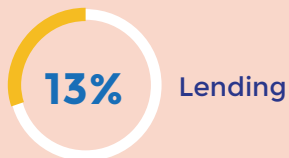
Semester 1/2021  
USD 32 BILLION ▲ 19.7%  
y-o-y

### AVERAGE DEPOSIT INTEREST RATE

3.0%  
Deposits  
in KHR

2.3%  
Deposits  
in USD

### Sources of fund of Banking Sector



### NON-PERFORMING LOANS

2.5%  
Non-Performing Loan  
to Total Loan

### LOANS TO CUSTOMER

Semester 1/2021  
USD 34 Billion ▲ 22.5%  
y-o-y

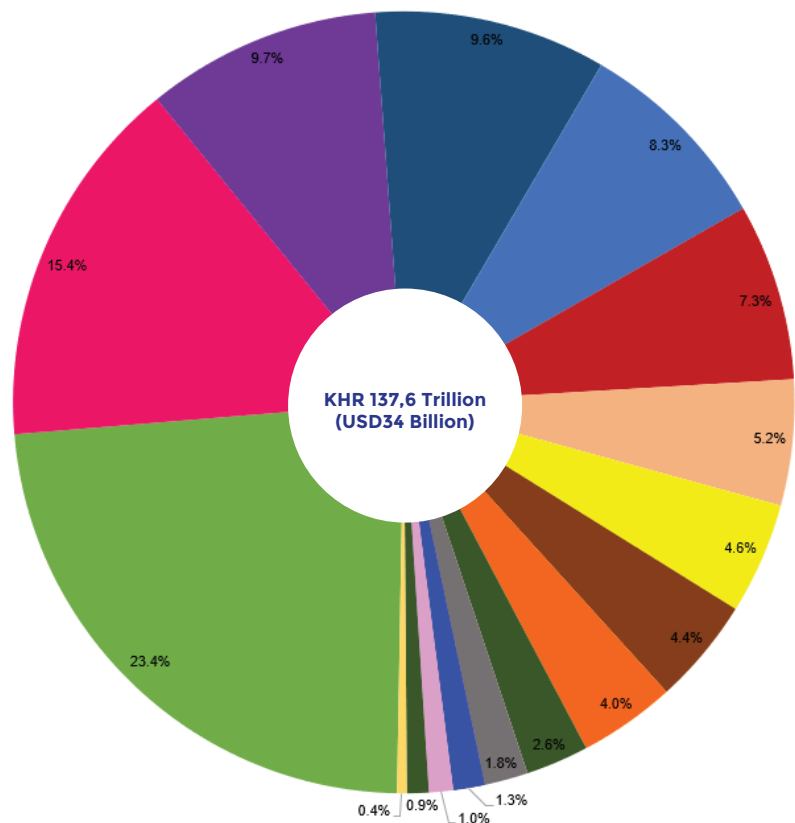
### AVERAGE LOAN INTEREST RATE

10.4%  
Loan  
in KHR

8.9%  
Loan  
in USD

### Loan by Business Categories in Economic Sector

- Personal Lending
- Retail Trade
- Construction
- Wholesale Trade
- Real Estate Activities
- Agriculture, Forestry and Fisheries
- Other Non-Financial Services
- Hotels and Restaurants
- Financial Institutions
- Manufacturing
- Transportation and Temporary Warehouse
- Rental and Operational Leasing activities
- Public Utilities
- Other Lending
- Information and Communication Network
- Mining Industry



Source: National Bank in Cambodia (NBC)



## HIGHLIGHT OF BANKING AND FINANCE NEWS



### Cambodia Has Sufficient Reserves: NBC

The Cambodian economy has “sufficient” international reserves that can guarantee the export of goods and services for 10 months, according to National Bank of Cambodia (NBC) Governor Chea Chanto. [\(Read More\)](#)



### ADB lowers GDP growth rate to 1.9% for this year

Cambodia's economy is projected to grow by just 1.9 per cent this year due to the protracted Covid-19 crisis, but accelerate to 5.5 per cent by 2022, according to the latest update of the Asian Development Bank (ADB) released on September 22. The Manila-based lender downwardly revised its April forecast of 4.0 per cent for this year, but held its projection for 2022. [\(Read More\)](#)



### \$50 million Co-Financing Guarantee Scheme launched to support SMEs

Credit Guarantee Corporation of Cambodia (CGC) is set to launch on Sep 22, the Co-Financing Guarantee Scheme (CFGs) which is specifically designed for the co-financing loans disbursed under the SMEs Co-Financing Scheme Phase II (SCFS II) of the SME Bank of Cambodia. CFGS and SCFS II are the joint efforts of the two state-owned enterprises to improve access to finance for SMEs. [\(Read More\)](#)



### Data Essential for Lenders to Know Customers and Prevent Defaults

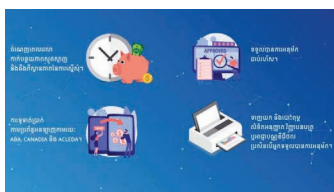
The Coronavirus pandemic has made a massive impact on lending to companies, small and medium-sized enterprises and consumers, forcing Cambodian banks and microfinance institutions (MFIs) to restructure \$5.5 billion of loans by July this year.

Central bank Director-General and CBC Chairwoman Chea Serey told the conference the pandemic had devastated the country not only on an economic front but also in terms of education, governance and social interaction. She said this had put severe strain on the system and made the role of lenders more vital than ever. [\(Read More\)](#)



### ACLEDA Earmarks \$79M to Underprop SMEs

The locally-owned ACLEDA Bank Plc, the Kingdom's largest bank in terms of assets, has reserved a \$79 million fund to support the growth of small and medium-sized enterprises (SME). [\(Read More\)](#)



### Telecoms Ministry Rolls Out E-registration System

The Ministry of Post and Telecommunications on September 3 launched a national e-Registration System for business operations in the postal and telecoms sectors. The system will make it easier and faster for operators and business owners to apply for permits, certificates or licenses to conduct business operations in the relevant fields, the ministry said in a statement. [\(Read More\)](#)





**NEXT COMING EVENTS:**

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## GREEN FINANCE PROJECT TRAINING

**14 October 2021**  
**03:00 P.M**

REGISTER HERE!

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## ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) FINANCING & CREDIT RATING

**26 October 2021**  
**03:00 P.M**

REGISTER HERE!

# PUBLIC SEMINAR ON BENEFITS OF INSURANCE

### HONORABLE GUESTS

**H.E. Bou Chanphirou**  
Director General  
Insurance Regulator of Cambodia

**H.E. Rath Sovannorak**  
Director General of Banking  
Supervision and Assistant Governor  
National Bank of Cambodia

### WELCOME REMARK

**Dr. In Channy**  
Chairman  
The Association of Banks in Cambodia

**Mr. Kea Borann**  
Chairman  
Cambodia Microfinance Association

**Mr. Huy Vatharo**  
Chairman  
The Insurance Association of Cambodia

### PRESENTERS

**Mr. Var Vichea**  
Director of Licensing  
and Legal Affairs Department  
Insurance Regulator  
of Cambodia.

**Mr. Kiriroath Chhoeung**  
CEO of Milivik Cambodia

### MODERATOR

**Mr. Kem Virath**  
Senior Manager  
Training and Development  
of Forte Life

### PANELISTS

**Mr. Dos Dinn**  
Chief Executive Officer  
of Amret Microfinance Institution

**Mrs. Khak Chenda**  
Chief Market Development Officer  
for AIA Cambodia

**Mr. Tang Kimchea**  
Head of Credit Management Division  
of Canadia Bank Plc.

**Ms. Chhneang Sotheavy**  
Underwriting Manager  
at Newa Insurance  
(Cambodia) Plc.

### ORGANIZERS:

### REGISTER HERE!

### SUPPORTED BY:

### DIAMOND SPONSORS

### GOLD SPONSORS

**Wednesday, October 20, 2021**  
**9:00 A.M. - 11:30 A.M.**





## EDITORIAL TEAMS

### CHAIRMAN OF THE ASSOCIATION OF BANKS IN CAMBODIA

**Dr. In Channy**

### SECRETARY GENERAL

**Mrs. Phal-Chalm Theany**

Mail: [abc\\_sg@abc.org.kh](mailto:abc_sg@abc.org.kh)

### GENERAL MANAGER

**Mr. Heng Koy**

Mail: [abc\\_gm@abc.org.kh](mailto:abc_gm@abc.org.kh)

### HEAD OF BUSINESS DEVELOPMENT

**Ms. Chan Sochinda**

Mail: [sochinda.chan@abc.org.kh](mailto:sochinda.chan@abc.org.kh)

### HEAD OF RESEARCH

**Mr. Thomas Schings**

Mail: [thomas.schings@abc.org.kh](mailto:thomas.schings@abc.org.kh)

### HEAD OF FINANCIAL INCLUSION AND PUBLIC RELATION

**Mr. Sok Chan**

Mail: [abc\\_fi@abc.org.kh](mailto:abc_fi@abc.org.kh)

### EVENTS/BD MANAGER

**Mr. Cheng Kimchheang**

Mail: [abc\\_event@abc.org.kh](mailto:abc_event@abc.org.kh)

### DEVELOPMENT FUND MANAGER

**Ms. Heng Sopheavy**

Mail: [df@abc.org.kh](mailto:df@abc.org.kh)

### ADMINISTRATION AND HUMAN RESOURCE MANAGER

**Ms. Eang Marya**

Mail: [abc\\_ahm@abc.org.kh](mailto:abc_ahm@abc.org.kh)



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INSTITUTE OF BANKING & FINANCE

Enhance your professional skills through our

**OCTOBER 2021**

### Short Courses

for banking and non-banking professionals !

Course Titles	Trainer	DATE	FEE
1. SME Finance	Meng Veasna	23 Oct 21	90 USD for DS/SDF 100 USD for Others
2. Credit Audit	IIA Cambodia	30 Oct 21	90 USD for DS/SDF 100 USD for Others
3. Basel Capital Standards	Kelvin Ong	25-26 Oct.	180 USD for DS/SDF 200 USD for Others

☎ 061 626 902 | 098 466 120

✉ [admin@ibfkh.org](mailto:admin@ibfkh.org)

🌐 [www.ibfkh.org](http://www.ibfkh.org)

## 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:

**Mr. Sok Chan**

Mail: [abc\\_fi@abc.org.kh](mailto:abc_fi@abc.org.kh)

Vattanac Capital Tower, Level 6, Suite 0601,

Monivong Blvd, Sangkat Wat Phnom,

Khan Daun Penh, Phnom Penh, Cambodia

TEL: +855-23 230 611

MAIL: [secretariat@abc.org.kh](mailto:secretariat@abc.org.kh)

WEBSITE: [www.abc.org.kh](http://www.abc.org.kh)

FACEBOOK: TheAssociationOfBanksInCambodia



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