

ISSUE 03
Vol-02 / 2023
August 15, 2023



សហគមន៍ធនាគារកម្ពុជា
THE ASSOCIATION OF BANKS IN CAMBODIA

BANKING AND FINANCE NEWSLETTER IN JUNE-JULY 2023



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Cambodia Strengthens Governance on Client Protection among BFI CEOs and Shareholders/Board of Directors



The Association of Banks in Cambodia (ABC), Cambodia Microfinance Association (CMA), Cambodian Association of Finance and Technology (CAFT), and CERISE+SPTF with the support from the National Bank of Cambodia (NBC) and Luxembourg Aid & Development on 14 June launched the CEOs and Shareholders/Board of Directors' training program on the Roles of Governance in Ensuring Commitment & Effective Client Protection Implementation at Banks and Financial Institutions (BFIs).

The training is the first of its kind that requires the top leadership of all BFIs to join as an effort of the Cambodian financial industry to ensure client protection in the kingdom. All BFI CEOs and at least one of their shareholders or board directors are required to join a full-day training to review the role of the board and senior management in ensuring that strong client protection practices are incorporated and sustained in their BFIs. The course also highlights the specific governance-related aspect of the global client protection standards and BFI Code of Conduct, the industry self-regulation initiated by ABC and CMA.

"At CERISE+SPTF, we believe that corporate governance is core to ensuring that client protection receives due importance and shareholder value is protected. Responsible for Inclusive Finance and Client Protection is not about planting 1,000 trees, we are talking of a way of doing business that puts clients at the center of how Banking and Financial Institutions operate," said Mr. Nitin MADAN, Director of Responsible Inclusive Finance Facility for Southeast Asia (RIFF-SEA), Social Performance Task Force (SPTF), during the launching ceremony at the Centre for Banking Studies (CBS).

"We believe the training program for CEOs and Shareholders/Board of Directors of Banks and Financial Institutions would help to achieve our expectations toward the important roles of governance as an enabler for the effective implementation of client protection pathway and practices of our sector," addressed CMA chairman Mr. SOK Voeun.

Mr. Raymond SIA, ABC Chairman, noted the workshop sent a positive signal to the sector, investors, stakeholders, and public about the commitment of our members in the observance of good corporate governance through the implementation of the Code of Conduct, which they have embedded in their policy and procedures. "The workshops are part of the initiatives in strengthening unity and building confidence in our banking sector," Raymond said.

In his opening remarks, H.E. RATH Sovannorak, Assistant Governor and who is now deputy governor of the National Bank of Cambodia, appreciated and admired the three associations and SPTF for making such a training program happened. He said the initiative encouraged shareholders and top management of BFIs to better understand and recognize their roles in ensuring consumer protection and market conduct in the banking and financial sector and also considered these major matters which need to be embedded into institutions' strategy and policies.





ABC NEWS

Cambodia Strengthens Governance on ... (CONT'D)

H.E Sovannorak highlighted, “The roles of the institution’s shareholder and top management are crucial to ensure consumer protection and market conduct.” He added that BFIs must always maintain good and effective governance to ensure their business ethic, professionalism, and code of conduct, and ensure that all products and services are developed according to consumer’s needs, and consumer satisfaction is always a priority for institutions to design and develop their products and services.

NBC encourages all banks and financial institutions to continue complying with laws and regulations, implementing all initiatives from the Associations, such as Lending Guidelines, the code of equitable lending, the banking and financial sector code of conduct, and avoiding any unethical business that impacts to consumer’s interest, according to H.E Sovannorak.

The launching ceremony of training programs on the Roles of Governance in Ensuring Commitment & Effective Client Protection Implementation for BFIs was attended by over 100 CEOs, Shareholders/Board of Directors, BFI Boards of Directors, and regulators. Eight of the trainings will be held in 2023.



2023 Inclusive FinTech Forum to promote financial inclusion and Fintech for Good

The Association of Banks in Cambodia (ABC) was pleased to support the Inclusive Fintech Forum, which was recently organized by Elavandi and Kigali International Financial Centers in Rwanda and took place on June 20-22, 2023. Mrs. PHAL Chalm Theany, Secretary General of The Association of Banks in Cambodia, represented ABC at the IIFF in Rwanda.

Through roundtable discussions, seminars, and other FinTech showcases, the event brought together industry leaders to explore various strategies for supporting the inclusive and sustainable development of FinTech. The event seeks to provide a global venue for discussion of FinTech’s role in attaining financial inclusion and to promote strategies for inclusive and sustainable FinTech development.





ABC NEWS

ABC and IBF explore the 4th World Conference of Banking Institutions 2023

Senior management from the Association of Banks in Cambodia (ABC) and the Institute of Banking and Finance (IBF) attended the 4th World Conference of Banking Institutions 2023 "Building a Workforce Fit for the Future" in Malaysia on June 28, 2023, organized by the Global Banking Education Standards Boards (GBESTB).

The discussion at the forum focused on three primary topics: environment, social, and governance (ESG), digital adoption and mindset (soft skill), difficulties, and how to prepare for the new adoption. This conference will be held every two years, with the next one taking place in the United Kingdom (UK).

GBESTB also introduced two new professional banking standards at the event: Treasury risk principles and operational risk and resilience. Through this conference, ABC and IBF would be able to explore the most recent trends in the future workforce and major models of capacity-building initiatives connected to banking in the region, as well as connect experts in the banking sector. It is to contribute to the development of Cambodia's banking education agenda.



NBC officially launched CSS inter-bank payment system

The National Bank of Cambodia organized the official launch of Cambodian Shared Switch (CSS) on July 4, 2023, presided over by H.E. Dr. CHEA Serey, deputy Governor of the National Bank of Cambodia, who is now promoted as NBC's governor, accompanied by representatives from the Association of Banks in Cambodia (ABC), and the Cambodia Microfinance Association (CMA).

The CSS was created to provide a convenient method for banks and financial institution customers to execute interbank payment transactions on all ATMs and POS terminals using their CSS debit cards.

The official launch of CSS will give customers more options for making payments across institutions, increase the transparency of electronic payments, reduce money in circulation, increase the efficiency with which financial resources are used, and contribute to the development of the digital economy in accordance with government policies and regional integration.

Mr. CHAR Sopheap, Chairman of the Payment Committee at the Association of Banks in Cambodia, stated in his welcome remarks that the Cambodian Shared Switch (CSS) system is being launched in response to the Financial Sector Development Strategy 2016-2025, which will contribute to the promotion of digital payments, reduce cash consumption, increase transparency in banking and finance, and promote sustainable and inclusive economic growth. He went on to say that adapting to the advancement of digital technology in the banking sector is a top agenda for the association and its members.

Speaking at the launch ceremony, H.E. CHEA Serey noted that CSS would allow clients to perform cross-institutional transactions using cards at ATMs and POS terminals, as well as provide a "local switch" for regional payments.

Over the past few years, electronic payments have increased significantly through the launching of new services and payment instruments by banks, Microfinance Deposit-Taking Institutions, and payment institutions like mobile banking and payments, contactless payment and virtual cards, and QR code solutions, she said, adding that these are rising in popularity and demonstrating favourable trends for the national and global digital-economy shift.

"Development of the payment system is a top priority for the NBC, in order to provide an innovative means of payment, soundness, safe and effectiveness in order to facilitate commercial transactions both locally and regionally. This will support economic recovery and advancement.





ABC NEWS

NBC officially launched CSS ...(CONT'D)

"CSS is another of NBC's initiatives... [that will] enable users to perform a variety of financial operations using payment cards at ATMs and POS devices, such as cash withdrawals, balance inquiries, printing summary reports, quick-payment services, and password changes," she explained, adding that purchase reversals would be possible.



ABC and AWS have collaborated to increase digital and cloud adoption in the banking sector

The Association of Banks in Cambodia (ABC) and Amazon Web Services (AWS) co-hosted a workshop on the Future of Financial Services Executive Forum-Cambodia Chapter on July 28, 2023, at the Hyatt Regency Phnom Penh Hotel.

Mr. Raymond Sia, Chairman of the Association of Banks in Cambodia, Mr. Peter Murray, Country General Manager - Malaysia and Asia Emerging Markets, Head of FSI, AWS ASEAN, as well as the AWS and ABC Management Team, notable speakers, and bankers attended the event, which had around 80 participants.

The forum concentrated on innovation and how we can leverage technology to build a better and more sustainable future for the banking sector, said Raymond Sia, who addressed the event. He went on to say that it's also an important milestone because it is the first collaboration between the Association of Banks in Cambodia and Amazon Web Services.





ABC NEWS

ABC and AWS have collaborated to increase digital and cloud adoption... (CONT'D)

He emphasized that Cambodia's banking industry has demonstrated remarkable resilience and adaptability over the years. And now, we have the opportunity to leapfrog into a digital future, thus, revolutionizing the way we conduct business and how we serve our customers. This rapidly evolving technology landscape will enable banks to innovate, scale, and thrive.

"Digital technologies such as machine learning, Generative AI, Cloud computing, and data analytics have allowed companies to create new products and services to better serve their customers... The Association of Banks in Cambodia takes to heart the development of digital technology in the banking sector, in alignment with Cambodia's Digital Economy and Society Policy Framework, and the Financial Sector Development Strategy...."

Raymond added that capacity building in the banking sector is critical in this digital era, and the collaboration with Amazon Web Service is proof of this crucial priority. The Association places a high value on collaboration and partnership with stakeholders. I'd like to appreciate Amazon Web Services for their assistance and for introducing cutting-edge technology to the Cambodian market.

Peter Murray, Country General Manager - Malaysia and Asia Emerging Markets, Head of FSI, AWS ASEAN, appreciated the Association of Banks in Cambodia for recognising that collaboration is the way that we move our industry forward. Peter added that AWS's team in Cambodia is proudly working with a lot of different industry organisations and government agencies, specifically on skills and development.

"What is perhaps unique about Cambodia when we look at our financial services business across Southeast Asia, though, is Cambodia's innovation and the actual rapid adoption of cloud computing is really being led by the financial services industry, and this doesn't necessarily happen in every single country," said Peter. He said that we're very excited to continue the partnership, the burgeoning partnership that we're building with the Association of Banks of Cambodia, to continue to challenge ourselves to identify more leaders in the financial services space who are working backward from industry challenges.





ABC NEWS

IBF and FinTech Academy inked MoU to Introduce Series of FinTech Programme for Cambodian Bankers



On July 10, 2023, the Association of Banks in Cambodia (ABC) witnessed the signing of a Memorandum of Understanding (MoU) between the Institute of Banking and Finance (IBF) and FinTech Academy (FTA) of Singapore to bring the qualification of the Programme Series of the latest Singapore FinTech to uplift the FinTech practitioners in Cambodia. One of the executive programmes, FinTech for C-Suites in Banking, has been launched for members and the public.

The course is designed to broaden knowledge and equip C-Suite professionals and practitioners with the latest trends, developments, and practices in areas of FinTech in Singapore's banking industry. This is also included in the study tour to DBS Bank, Amazon, Google, and the Central Bank of Singapore (Money Authority Singapore) (MAS) as part of the training qualification.

Addressing a welcome remark, Mrs. Phal Chalm Theany, Secretary General of the Association of Banks in Cambodia, said the MOU will bring us together to closely collaborate towards our common goal, which is the pursuit of the development of future talents in the FinTech industry. "There will be many significant activities to embark on, which constitute priorities in today's market, including the promotion of educational exchanges and study visits, the dissemination of FinTech insights and best practices, and networking with other FinTech institutions in Singapore and globally," said Mrs. Theany.

Good Practices in Combatting Counterfeit Money

"On June 7, 2023, AmCham Cambodia and US Embassy Phnom Penh partnered to host the Overseas Security Advisory Council (OSAC) quarterly event with 45 participants.

We welcomed a Special Agent from the United States Secret Service and Mrs Theany Phal-Chalm, Secretary General of the Association of Banks in Cambodia who presented on counterfeit money and how local banks are protecting its consumers.

OSAC is a partnership between the U.S. Department of State and private-sector security community that supports the safe operations of U.S. organizations overseas through threat alerts, analysis, and peer network groups" **Source: AmCham Cambodia**

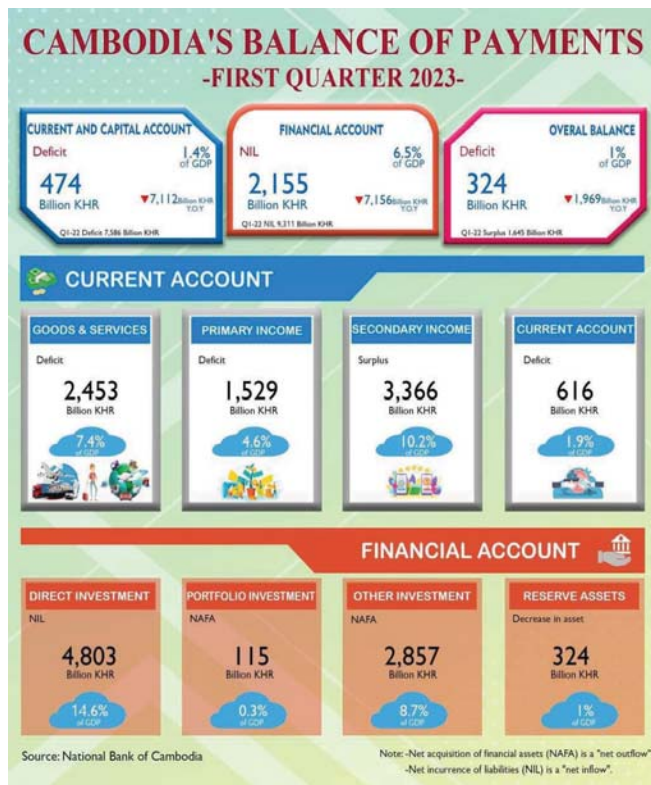




REGULATORY UPDATES

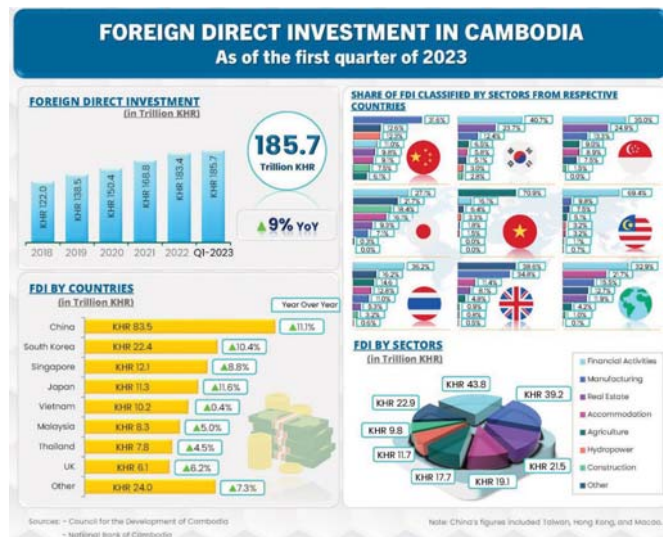
Cambodia's balance of payment in H1 2023

In the first quarter of 2023, Cambodia's balance of payment recorded a deficit of KHR 324 billion of which the deficit of current and capital accounts was KHR 474 billion, decreased by KHR 7,112 billion from the same quarter last year and financial account recorded a net incurrence of liabilities KHR 2,155 billion, decreased by KHR 7,156 billion.



FDI in Cambodia in Q12023

As of the first quarter of 2023, foreign direct investment in Cambodia amounted to 185.7 trillion riels (45.8 billion US dollars), an increase of 9% compared to the same period last year, with the main source of capital from China, South Korea, Singapore, Japan, Vietnam, Malaysia, Thailand, and the United Kingdom. The inflow of investment was injected into the major sectors of the economy, including financial activities, manufacturing, real estate, accommodation, agriculture, hydropower and construction. #NationalBankofCambodia



UP COMING EVENT!

សហគមន៍ធនាគារនៅកម្ពុជា
THE ASSOCIATION OF BANKS IN CAMBODIA

ព្រឹត្តិការណ៍ជិះកង់របស់សហគមន៍ធនាគារនៅកម្ពុជា
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COMING SOON

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Bankers' Cycling 2023

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HIGHLIGHTS ON BANKING AND FINANCE NEWS

Cambodia to promote cross-border digital payment with Việt Nam, Laos

National Bank of Cambodia (NBC) is preparing to sign agreements with the State Bank of Vietnam and the Bank of the Lao People's Democratic Republic to promote the use Cambodia's local currency, riel, in their economic activities. NBC Deputy Governor Chea Serey, as quoted by Vietnam News Agency correspondent in Phnom Penh, highlighted that this initiative would allow consumers to utilise riel for purchasing products/services in other countries through QR codes linked to their domestic accounts. (Khmer Times).



NBC sets new capital, risk rules for banks, financial institutions

The National Bank of Cambodia (NBC) yesterday released two proclamations that set new requirements for deposit-taking banks and financial institutions to strengthen the quality of their capital to increase the effectiveness of preventing main banking risks and assess credit risks at lower rates to boost the economic growth by supporting the private sector in the economy. (Khmer Times).



NBC inks deal with UnionPay to expand cross-border payment to China

National Bank of Cambodia (NBC) on Monday signed a Memorandum of Understanding (MoU) with the Chinese card payment firm UnionPay International (UPI) to enable users of mobile banking services to make payments with KHQR codes of the NBC-developed Bakong system in China, said NBC official. (Khmer Times).



Chea Serey named first female NBC governor

His Majesty King Norodom Sihamoni Saturday appointed Chea Serey to be the Governor of the National Bank of Cambodia, according to the Royal Decree signed by the Cambodian King. Serey has become the first Cambodian woman to serve as the central bank's governor in the country's history. (Khmer Times).



South Korean QR code begins cross-border payment in Cambodia

National Bank of Cambodia (NBC) has granted permission to Acleda Bank Plc to cooperate with South Korea's Global Loyalty Network or GLN International Inc to launch their joint cross-border payment via the local bank's POS terminals available country-wide, said an NBC official. (Khmer Times).



NBC formally rolls out CSS inter-bank payment system

The National Bank of Cambodia (NBC) on July 4 formally launched Cambodian Shared Switch (CSS), a chip-and-card inter-bank payment system, following a pilot run since October 2017. CSS enables money transfers and withdrawals through participating financial institutions (PFI) and is viewed as an initiative to align the Kingdom's payment landscape with regional and global technological development. (PhnomPenh Post).



Financial transparency corridor set up between Singapore, Cambodia to support SMEs

The Monetary Authority of Singapore (MAS) and the National Bank of Cambodia (NBC) have signed a Memorandum of Understanding (MoU) to collaborate on a Financial Transparency Corridor (FTC) initiative. The initiative aims to establish supporting digital infrastructures to facilitate trade and cross-border related financial services between small and medium-sized enterprises (SMEs) in Singapore and Cambodia. (Khmer Times).



Embracing Digital-Led Financial Ecosystems for A Better Lifestyle

The rise of digital-led financial ecosystems has revolutionized the way people live, enabling swift and efficient transactions, expanding financial service access and empowering individuals by allowing them to take greater control of their finances. (Cambodia Investment Review).





Congratulations to H.E. DR. CHEA SEREY

on her appointment as Governor of the National Bank of Cambodia

Best Wishes from
The Association of Banks in Cambodia



Congratulations to the newly appointed Deputy Governors of the National Bank of Cambodia

Congratulates H.E. Rath Sovannorak, H.E Yem Leat, and H.E. Say Sam Ath on their appointment as Deputy Governors of the National Bank of Cambodia

Best Wishes from
The Association of Banks in Cambodia.



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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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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

1. Annual Events Committee
2. Legal and 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: 60 Banks
2. Specialized Banks: 9 Banks
3. Representative Office: 6 Banks
4. Representative of MDI: 1
5. The Associations: 2
6. Credit Guarantee Corporation of Cambodia

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