



**សហគមន៍ធនាគារកម្ពុជា**  
**THE ASSOCIATION OF BANKS IN CAMBODIA**

## BANKING AND FINANCE NEWSLETTER IN AUGUST-SEPTEMBER 2023



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## The 2023 Cambodia Banking Conference touched on Sustainable and Digital Banking in Cambodia



The 2023 Cambodia Banking Conference focused on “Promoting Sustainable and Digital Banking in Cambodia.” The conference was held on August 24-25 at the Hyatt Regency Hotel Phnom Penh, organized by the Association of Banks in Cambodia (ABC) with the support of the National Bank of Cambodia (NBC).

H.E. KITH Sovannarith, Director General of Banking Supervision of the National Bank of Cambodia, presided over the opening of the Conference on August 24, 2023, with a total number of over 300 participants, including 200 in-person and 185 online who are from the NBC, developing partners, the CMA, some members from ASEAN Banker Associations, banks and financial institutions and other related stakeholders.

In his welcoming remarks, ABC Chairman Mr. Raymond SIA said the 2023 Cambodia Banking Conference was another milestone and testament to the strong collaboration and partnership ABC has built with all stakeholders & regulators. He added that the Conference brought together banking stakeholders, relevant authorities, development partners, and related private companies in the discussion on Cambodia's transition to a greener and more sustainable economy.

Mr. SIA added that Cambodia undertakes to strengthen its aspirations towards a cleaner and greener economy and fulfill its obligations for the betterment of the living conditions of Cambodian people. For these reasons, he said, a strong private-sector partnership on climate change risk management and mitigation is important. He added that the Cambodian Sustainable Finance Initiatives have gained good traction, thanks to the leadership from NBC and the Ministry of Environment.

“Sustainable Finance, Financial Inclusion, and Risk Management are all important agendas for the banking industry, which need to be driven by our people. Another important agenda is to ensure all our members continue to reinforce the right ethics & conduct in our daily activities,” said SIA.

H.E. KITH Sovannarith, Director General of Banking Supervision of the National Bank of Cambodia, said that the National Bank of Cambodia has put concerted efforts into laying down the groundwork for the implementation of sustainable finance principles in Cambodia. During the era of modern technology, climate change has been featured in many conferences and meetings around the globe. For these past 3 years, we have experienced a global health disaster, but there are several lingering challenges for all of us and that is the threat of climate change.

“Now is the time that we must acknowledge the presence of climate change and come together to flatten the curve of greenhouse gas emissions. If possible, we shouldn't just flatten it but also bring it down to net zero, in order to avert the climate pandemic,” according to H.E. Kith Sovannarith. He went on to add that in this matter, the National Bank of Cambodia acknowledges the growing focus on sustainable and green finance globally and regionally and brings the attention of financial institutions to the potential physical and transitional risks that may arise because of climate change.

H.E. KITH added that in the 21st century and the 4th Industrial Revolution, technology and digitalization have been transforming lives in many aspects. In the financial system nowadays, he added, carrying cash is not necessary anymore as financial transactions can be done with cards or smartphones, not only for domestic payment but also for international transfers. **Continue to Page3**





**ABC NEWS**

**The 2023 Cambodia Banking Conference touched... (CONT'D)**

Despite its benefits, technology poses one of the global concerns and cybersecurity has become a major issue in national and international organizations. In this context, the National Bank of Cambodia seeks to balance the advantages of digital activities against potential disruptions to the economy, especially the financial sector, by adopting and embracing digitalization without disrupting the traditional banking activities in Cambodia, said H.E KITH.

According to H.E KITH, Cambodia has developed and published Technology Risk Management Guidelines which is in line with one of the five goals in the Cambodia Digital Economy and Society Policy Framework 2021-2035, “Building reliability and confidence in the digital system”. The guidelines, he said, comprise a section on Cloud Computing which serves as a basis of regulatory consideration for banks and financial institutions when adopting cloud technology, and also put forth some key considerations as prerequisites before embracing the technology as well as essential controls in place to address inherent risks. “The guidelines are primarily expected to enhance the safety, security, and efficiency of banking operations,” he added.



**Cambodia Launches Standard Loan Contract and Standard Text of Contractual Terms to Strengthen Consumer Protection in Financial Sector**

The Industry-wide Standard Loan Contract (SLC) and Standard Text of the Contractual Terms have been officially declared for use in the Kingdom's banks and financial institutions by the Association of Banks in Cambodia (ABC), and Cambodia Microfinance Association (CMA) on August 29, 2023, at the Centre for Banking Studies (CBS).

The launching ceremony of the first-ever financial sector Standard Loan Contract was presided over by H.E. Dr. CHEA Serey, Governor of the National Bank of Cambodia (NBC), accompanied by H.E RATH Sovannorak, NBC's Deputy Governor, H.E KITH Sovannarith, NBC's Director General of Banking Supervision, Mr. NGET Chek, Deputy Director-General of the Directorate-General of Consumer Protection, Competition and Fraud Repression (CCF), Mr. RATH Sophoan, ABC's Vice-Chairman, Mr. SOK Voeun, Chairman of CMA, bankers and stakeholders for more than 300 participants.







**ABC NEWS**

**Cambodia Launches Standard Loan Contract and Standard Text of Contractual Terms to Strengthen... (CONT'D)**

The purpose of Standard Loan Contracts (SLC) and Standard Text of Contractual Terms (STCT) has been formulated under the initiative by the National Bank of Cambodia to improve transparency, effectiveness, and consumer protection. It also allows all members to have a unified standard loan agreement and standard text of contractual terms in their respective financial institutions' loan contracts when BFIs communicate and provide loans to the public and their clients. It will apply to commercial banks, specialized banks, microfinance deposit-taking institutions, Microfinance institutions, rural credit institutions, and financial leasing companies.

According to the contract, for loans up to USD 50,000, all banks and financial institutions are required to use the same format and terms in the four categories of the Standard Loan Contract, including (1) Standard loan contract on Secured Loan, 2) Standard Loan Contract on Clean Loan, 3) Standard Loan Contract on Financial Leases, and 4) Standard Loan Contract on Group Loan) which were issued by the Association of Banks in Cambodia and the Cambodia Microfinance Association. Whereas loans are greater than USD 50,000 up to USD 100,000, all banks and financial institutions are required to incorporate only the Standard Text of Contractual Terms provided by the Associations in their loan agreements. There is no standard for loan amounts greater than USD 100,000.

Addressed to 300 participants during the launching ceremony, H.E. Dr. CHEA Serey, Governor of the National Bank of Cambodia, congratulated the Working Group of the National Bank of Cambodia (NBC), the Association of Banks in Cambodia (ABC), the Cambodia Microfinance Association (CMA), and other stakeholders for their cooperation in preparing Standard Loan Contract and Standard Text of Contractual Terms for Banks and Financial Institutions. This is another new achievement of the banking sector in contributing to consumer protection as well as financial inclusion in Cambodia and contributes to the implementation of the "Pentagonal Strategy - Phase I" of the Royal Government for the Seventh Legislature.

"I would like to encourage all banks and financial institutions, the Association of Banks in Cambodia, the Cambodia Microfinance Association, and all stakeholders to promote and support the implementation of SLC," she said. The Standard Loan Contract, which demonstrates the contribution of the National Bank of Cambodia as well as the Royal Government in supporting consumer protection, as well as strengthening financial inclusion in Cambodia, is reflected through the provision of a responsible manner, and ethical competition. "This standard loan contract will contribute to promoting transparent competition, improving customer protection, and contributing to the development of the banking and financial sector in Cambodia in a stable, sustainable, and inclusive manner, said Mr. RATH Sophoan, Vice Chairman of the Association of Banks in Cambodia.

He went on to add that the standardized loan contract and standard text of contractual terms also contribute to strengthening the mechanism for resolving consumer complaints. The hotline numbers of BFIs and associations were also included in the standard loan contract and in the standard text of contractual terms. Mr. Sophoan added that the association will issue a client complaint management framework within the associations, and a Financial Client Center will be established in the future, he added. "The achievements of the collaboration between all members and the support of the National Bank of Cambodia will contribute to the development of the banking system and increase the trust of the people, investors, and stakeholders in the banking system," said Mr. Sophoan.

Mr. SOK Voeun, Chairman of CMA's Board of Directors, said that SLC and STCT are essential for both customers and all banking and financial institutions because they will help maintain sustainability for the banking and financial sector as a whole. "SLC and STCT will provide convenience to customers by ensuring transparency between customers and banking and financial institutions. The standardized format and terms of the loan contract for loans up to USD 50,000 will also ensure customer protection and fair competition among the banking and financial institutions. This is a minimum standard that is jointly implemented and can help to keep the sustainability of the sector", said Mr. SOK Voeun.





## ABC NEWS

### ABC, CMA, and YEAC renew the MOA for a comprehensive collaboration

In spite of the headwinds for the past three years from the COVID-19 pandemic, the war between Russia and Ukraine, regional geopolitical tension, global interest rate hikes, and inflation, the Cambodian banking industry remains strong and resilient under the prudent guidance and supervision of the National Bank of Cambodia, according to Mr HAN Peng Kwang, Treasurer of the Association of Banks in Cambodia (ABC), who spoke at the 3rd MSMEs and Financial Institutions' Night and Memorandum of Agreement (MoA) signing Ceremony between the Association of Banks in Cambodia (ABC), the Cambodia Microfinance Association (CMA), and Young Entrepreneurs Association of Cambodia (YEAC) on September 29, 2023.



"Our member banks continue to support SMEs and MSMEs, as well as participate in the Government's co-financing schemes," said Mr HAN. He went on to add that promoting access to finance is one of the prioritized agendas of the Association of Banks in Cambodia, in line with the National Financial Inclusion Strategy 2019-2025. He said the renewal of the MOA will pave the way for the associations to work on matters of gender equality, socially responsible business, financial literacy, technology & and entrepreneurship-oriented programs.

"These collaborative efforts between the three associations will boost the sustainable growth of SMEs, MSMEs, and women entrepreneurs, which will, in turn, have positive impacts on the country's economy. At the same time, the three associations will join forces to promote Khmer Riel awareness and its usage amongst the SMEs," Mr. HAN said.

The renewal of the MoA for the next three years will strengthen strategic partnerships to work together, raise financial literacy awareness, promote access to finance for business, strengthen cooperation, build networks as well as understand the needs of micro, small, and medium business owners and the needs of financial institutions in Cambodia.

Oknha PECH Bolen, President of YEAC, said "Supporting MSMEs, especially the YEAC's members to get financing is one of the association's six strategic priorities. He added that the YEAC has been developing and launching the "Access to Finance Program" for more than three years. Seeing the success of the strategic partnership between the three associations, YEAC, ABC, and CMA will continue to work together to improve access to finance and embed financial literacy awareness and financial inclusion, especially the promotion of the Khmer Riel among young entrepreneurs as well as micro, small and medium enterprises in Cambodia.

Mr. SOK Voeun, Chairman of the Cambodia Microfinance Association (CMA), said MSMEs are also facing some obstacles in their business activities, the lack of access to finance is one of the main challenges they encounter. In the past, the three associations have always paid attention and worked together to solve this issue. He said, "The 3rd MSMEs and Financial Institutions' Night and MoA signing Ceremony were also a platform for business owners to get up-to-date information on access to financial services, and the current status of the financial sector."







## ABC NEWS

### Inauguration of 2 kindergartens in Kampong Thom province

In order to contribute to promoting the education for children in the community, the Association of Banks in Cambodia (ABC) and the Cambodia Microfinance Association (CMA), under the initiative of the National Bank of Cambodia, organized the inauguration ceremony and handed over two community kindergartens in Kalmek, and Ampous village, Tboung Krapeu commune, Santuk district, Kampong Thom province on August 30, 2023.

The inauguration ceremony was presided over by H.E. RATH Sovannarak, Deputy Governor of the National Bank of Cambodia, Mr. Han Peng Kwang, Treasurer of the Banking Association of Cambodia, Oknha Hout Ieng Tong, Board Member of the Cambodia Microfinance Association and a representative from Hattha Bank, Deputy Governor of Santuk

District, Councils of Tboung Krapeu Commune, and representatives from ABC, and CMA, bankers, and about 200 police, teachers and villagers.



### NUM 9th Business Talk Series on SLCs & Standard Text of Contractual Terms for BFIs

On September 23, 2023, the 9th Business Talk Series at the National University of Management discussed the Banking Industry-wide Standard Loan Contract and Standard Text of Contractual Terms.

The Business Talk Series was presided over by H.E. RATH Sovannarak, Deputy Governor of the National Bank of Cambodia, and accompanied by HE Dr. Hor Peng, Rector of the National University of Management, Mr. Han Peng Kwang, Treasurer of the Association of Banks in Cambodia, Mr. Sok Voeun, Chairman of Cambodia Microfinance and Chair of ABC's Financial Inclusion Committee, along with 250 professors, students, and the public. This program is designed to connect theory to practical work in the field of business for students of the Master of Business Administration Program at the National University of Management.



### IBF Jobs & Skills Summit at NUM

Participants in the Jobs and Skills SUMMIT 2023 organized by the Institute of Banking and Finance (IBF) on September 29 and 30 received more than 4,000 students and job seekers in the banking sector. The event was presided over by H.E. Touch Visalsok, Secretary of State of the Ministry of Education, Youth and Sports, Mr. Heng Bomakara, First Deputy Director General of Banking Supervision of the National Bank of Cambodia, and H.E. Hor Peng, Rector of the National University of Management, and senior management from Association of Banks in Cambodia, IBF and bankers. The event takes place at the National University of Management in collaboration with the Association of Banks in Cambodia (ABC) and the National University of Management Job Center.



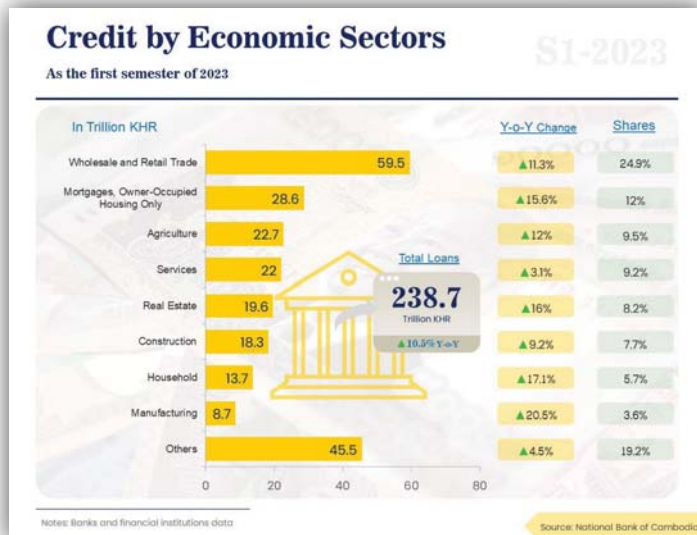
On the occasion, H.E. Touch Visalsok encouraged the Institute of Banking and Finance (IBF) to continue to provide capital seeds to banking and financial institutions by acting as an institution for the development of skills after school and other competitions. The Jobs and Skills Summit 2023 event has nearly 20 banking and microfinance institutions and provides an opportunity for stakeholders to discuss, and share experiences and best practices, as well as jointly address specific challenges related to resource needs in the banking sector.



## REGULATORY UPDATES

### Loans from BFIs to Real Sector rose 10.5% in Q3 2023

As of the first semester of 2023, loans provided by banks and financial institutions in the economic sector amounted to KHR 238.7 trillion (USD 57.8 billion), an increase of 10.5% compared to the same period last year. These loans were provided to the following sectors including wholesale and retail trade, mortgages (owner-occupied housing only), agriculture, services, real estate, construction, households, manufacturing, and other loans.



### Cambodia's Balance of Payment recorded a surplus in Q2 2023

In the second quarter of 2023, Cambodia's Balance of Payment recorded a surplus of KHR 1,366 billion (4.5% of GDP), switched from a deficit in the first quarter due to the change from deficit to surplus on current and capital accounts while the inflow of net incurrence of liabilities decreased. Current and capital accounts recorded a surplus of KHR 1,865 billion (6.2% of GDP) and financial accounts recorded a net incurrence of liabilities of KHR 2,012 billion (6.6% of GDP).



### The public announcement related to cyber security

Risk Committee of the Association of Banks in Cambodia (ABC) has been proactively monitoring any incidents in the cyber security space, and noticed multiple hacking attempts through online shopping applications, which may contain malware.

THE ASSOCIATION OF BANKS IN CAMBODIA  
MOI Letter N.1567 dated 23 November 2012  
Vattana Capital, Phnom Penh 120211

**CYBERSECURITY ALERT - FRAUDS VIA MOBILE SHOPPING APPLICATIONS**

**TO WHOM IT MAY CONCERN**

We have noticed an increasing number of online shopping applications that may contain a new Trojan malware (one of which, is Khmer Tenh).

The fraudsters published infected applications on websites that resemble the official application stores, in the attempt to lure smartphone users into downloading those applications. Once the infected applications were installed, the fraudsters gain full access to the users' device and perform fraudulent actions, including copying login credentials, sharing personal content, conversing with contacts through the users' profile etc.

We URGE all our members AND their customers to please stay vigilant when downloading any application from the internet. Please FOLLOW these simple steps to remain safe:

1. ONLY install official application store with strict security measures (Google Play store, Apple App Store, Huawei Gallery). If you have downloaded installation files (.APK) from an unknown publisher on the internet, please DELETE immediately!
2. NEVER provide full Admin access to any application installed on your smartphone - on Android phones, the access is located under the Accessibility section of the Settings - to avoid that the applications get full access to your stored items (contacts, photos etc.)
3. Continuously UPDATE your smartphone's Operating System (OS) to the latest version to protect your device from newly emerging threats.

LET US STAY SAFE ONLINE & ALERTED AT ALL TIMES. Thank you.

Risk Committee  
The Association of Banks in Cambodia  
October 10, 2023





## HIGHLIGHTS ON BANKING AND FINANCE NEWS

### AMRO revise year's growth expectations for ASEAN+3

The ASEAN+3 Macroeconomic Research Office (AMRO) has revised its economic forecast for the ASEAN+3 region, expecting a growth of 4.3 per cent this year



This is a decline from the July prediction of 4.6 per cent, largely attributed to China's subdued growth in Q2. Cambodia's projection stands notably higher at 5.9 per cent. The update was given at the October 4 quarterly ASEAN+3 Regional Economic Outlook (AREO) press conference. Despite a less optimistic global economic outlook for the coming year, the growth of the region – the 10 ASEAN member states plus China, Japan and South Korea – is expected to be buoyed by a resurgence in manufacturing exports and a revival in China's economic momentum. (Phnom Penh Post).

### Looking forward: Cambodia unveils FinTech policy 2023-28

Deputy Prime Minister and Minister of Economy and Finance Aun Pornmoniroth unveiled Cambodia's Financial Technology (fintech) Development Policy for 2023-2028, asserting its potential to harness the advantages of digital transformation in the financial sector and invigorate the country's socio-economic landscape. (Phnom Penh Post).



### Cambodia's money inflow switches higher than outflow in Q2

Cambodia has received approximately \$332 million as inflow of money from the rest of the world more than the outflow in the second quarter of this year, according to the latest report by the National Bank of Cambodia (NBC). (Khmer Times).



### Cross-border payment services to be expanded

The National Bank of Cambodia (NBC) plans to expand its cross-border payment and transfer connections to China, Singapore and India this year. NBC governor Chea Serey made the announcement during a workshop titled "Financial Technology (fintech) Development Policy for 2023-28" held in Phnom Penh. (Phnom Penh Post).



### Neighbours boost cross-border financial ties

Cambodia and Thailand have reaffirmed their commitment to bolster financial collaboration, with a particular emphasis on enhancing cross-border payments to stimulate trade, tourism and investment.



The pledge came at a recent meeting between National Bank of Cambodia (NBC) governor CHEA Serey and Thai ambassador Cherdkiat Atthakor. "The discussion mainly centred on the promotion of cooperation between the two countries and the exchange of views on new initiatives aimed at enriching the banking sectors and the economies of both nations," said an NBC statement released after the October 4 meeting. (Phnom Penh Post).

### Growth pegged at 5.5% for '23 recovery stage by World Bank

The World Bank has upheld its economic growth forecast for Cambodia this year at 5.5 per cent, supported by the resurgence of the services sector, particularly tourism, following the post-pandemic recovery.



This projection is in contrast with the Asian Development Bank (ADB), which revised its growth forecast downward from 5.5 to 5.3 per cent on September 20, citing slower industrial growth in the first half of the year. However, the ADB report retained the country's 2024 growth outlook at 6.0 per cent. (Phnom Penh Post).

### ASEAN making efforts to step up digital financial literacy

A study by the Asian Development Bank (ADB) on advancing financial inclusion through digitalisation found that financial and digital literacy are among the biggest 'demand side entry barriers' for availing digital financial services (DFS). (Khmer Times).



### IMF lowers growth forecast for Cambodia due to weak external demand

The International Monetary Fund (IMF) lowered its 2023 economic growth forecast for Cambodia to 5.6 percent from its April prediction of 5.8 percent, mainly due to weak external demand. (Khmer Times).







## UPCOMING EVENTS!



## Singapore FinTech Festival

This November, the Singapore FinTech Festival is bringing together leaders including:

Eric Jing, Chairman and Chief Executive Officer of Ant Group, who will join Sopnendu Mohanty, Chief FinTech Officer, Monetary Authority of Singapore, for an exclusive fireside chat. Mairead McGuinness, Commissioner Financial Services, Financial Stability & Capital Markets Union, European Commission. Mairead will share the European approach to regulating digital assets in the signature SFF Policymakers Dialogue. And Balaji Srinivasan, renowned investor, entrepreneur, and technologist. Join an 'Ask Me Anything with Balaji' for a no holds barred debate on everything from Bitcoin to the end of nation-states. See who else is speaking at #SFF2023 here!: <https://www.fintechfestival.sg/speakers>, ABC members enjoy 20% off Conference Passes (applicable to existing pass rates) Register Now: <https://ter.li/SFF23CPABC>.



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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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