



NATIONAL BANK OF CAMBODIA

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**Remarks**

**by**

**H.E. Chea Chanto, Governor of the National Bank of Cambodia**

**On the occasion of the 2012 Annual Dinner**

Sofitel Phokeethra Hotel, Phnom Penh, 5 December 2012

- **Nak Oknha Pung Kheav Se, Chairman of the Association of Bankers in Cambodia and Chairman of the Board of Director of Canadia Bank Plc.,**
- **Mr. Bun Mony, Chairman of the Cambodia Microfinance Association and Chief Executive Director of the Sathapana Microfinance Institution,**
- **Excellencies, Nak Oknha, Ladies and Gentlemen,**

Good evening!

Today I have a great pleasure to participate in this Bankers Annual Dinner, jointly organized by the Association of Bankers in Cambodia, the Cambodia Microfinance Association and the National Bank of Cambodia. This event has become an important platform for the management and staff of the banking and financial institutions and the National Bank of Cambodia to discuss about investment opportunities, to strengthen cooperation and solidarity among the banking and financial institutions and the supervisory authority. Ten years ago there were only 50 participants in the annual dinner. Later on the number of participants has subsequently increased from year to year. In our event today, there are at least 500 bankers present in this room, who manage the wealth of the banking sector – with total assets of more than USD 11 billion in value, representing about 70% of Cambodia's GDP.

This indicates that our banking community continues to grow and contribute to development of a sound, safe and productive banking system. I would like to express my profound thanks to the Association of Bankers in Cambodia and the Cambodia Microfinance Association for your coordination in organizing this event to celebrate the achievements we all have made over the year and the targets we will continue to achieve going forward.

**Excellencies, Nak Okhna, Ladies and Gentlemen,**

Currently, Cambodian financial sector has grown significantly and been strengthened since the financial crisis hit in 4th quarter of 2008, especially when the property market stagnated. The size and the depth of this development are commendable. Deposits grew by 27.67% for the first 9 months of 2012 compared to the same period last year with the number of depositors increasing to 1.9 million. Loans grew by 32.78%, with 1.6 million borrowers. While authorities in the region implement prudential measures to strengthen banking system, banking and financial institutions in Cambodia are becoming more prudent in its lending practices as proven by the decline in non-performing loans from 3.32% to 2.79%.

I continue to support these prudent practices. The establishment of Credit Bureau Cambodia will provide additional tool for banks and MFIs to mitigate its credit risks. Even though it faces some technical challenges, the credit information sharing has been well supported and recognized by stakeholders, foreign investors as well as international organizations. The NBC will continue to monitor the development of the Credit Bureau Cambodia operation in term of its governance, consumer protection and its financial sustainability.

On the other hand, the NBC as the supervisory authority has been paying close attention to the issues of access to finance and financial inclusion to expand various kinds of financial products and services to the general public. To date, only 13% of Cambodian population has access to financial services, and 84% of MSMEs are financing

their operation outside the formal banking system representing the loss of at least 3.7 billion USD opportunity cost, according to a World Bank report. Another report from the same institution entitled: *Finance, Inequality and Poverty: Cross-Country Evidence* has demonstrated a positive correlation between access to finance and economic growth, and promoting financial intermediary and poverty reduction. As such, this low number of access to finance in Cambodia means that there is more to be done, both from the regulators and from the practitioners. I would like to encourage banks and MFIs to establish appropriate policies and procedures that would enable MSME to get loans for financing the expansion of their business activities.

**Excellencies, Nak Okhna, Ladies and Gentlemen,**

Overall, the encouraging development and achievements in the banking sector to date are realized owing to a favorable environment of peace, political stability, and macroeconomic stability under the wise leadership of **Samdech Akka Moha Sena Padei Techo Hun Sen**, Prime Minister of the Kingdom of Cambodia. Going forward, the NBC will continue to implement the Financial Sector Development Strategy 2011-2020 of the Royal Government, which provides clear guidance on a broader provision of financial service access to low-income people and on more effective promotion of the use of national currency.

I would like to end my remark by once again giving my greatest appreciation to the Association of Bankers in Cambodia, Cambodia Microfinance Association and the organizing committee for making this event happen. I would also like to take this opportunity to wish Excellencies, Nak Okhna, Ladies and Gentlemen good health, prosperity and success in all endeavors. As the year end is approaching I would also like to wish you Happy New Year, and for those of you who are Christians, Merry Christmas!

Thank you and enjoy your evening!