



NATIONAL BANK OF CAMBODIA

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## Welcoming Remarks

By

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

**At the National Summit on the Development of Microfinance Sector in Cambodia**

*Peace Palace, 14 March, 2016*

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- ***Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia***
- ***Samdech, Excellencies, Nak Oknha, Honourable guests, Ladies and Gentlemen***

Today is an auspicious occasion that the Royal Government of Cambodia allows the National Bank of Cambodia to host the National Summit on the Development of Microfinance Sector in Cambodia. I would like to extend my heartfelt appreciation to **Samdech Akka Moha Sena Padei Techo Hun Sen**, Prime Minister of the Kingdom of Cambodia for his chairmanship to preside over the opening of this summit. Also, I have an honor to warmly welcome Samdech, Excellencies, Nak Oknha, Honorable guests, Ladies and Gentlemen who spend your valuable time to attend today's event. Your presence makes the conference more delightful and worthwhile while signifying a greater cooperation.

***Samdech, Excellencies, Nak Oknha, Honorable Guests, Ladies and Gentlemen***

The objective of this National Summit is to promote public awareness on the importance and advantages of microfinance sector and its role in economic development and poverty alleviation as part of Royal government's strategies; to report the 10-years achievements of microfinance subsequent to Samdech Techo, Prime Minister's declaration of 2006 as the year of microfinance in Cambodia during the

National Microfinance Summit held on January 11-13, 2006; to identify the challenges; and to determine the future development agenda for the sector.

Following the wise recommendations of Samdech Techo, Prime Minister of the Kingdom of Cambodia, the NBC have been working cooperatively with relevant ministries and banks and financial institutions to develop a sustainable and inclusive microfinance sector, promoting the living standard of the rural population and contributing to economic growth for the past decade. The sector's development is reflected by the upward trend of financial inclusion – a recognized force to drive down the poverty in Cambodia. In fact, the level of adult access to formal financial services has increased from 8.2% in 2006 to 51% in 2015. Loans in microfinance amounted to KHR 12 trillion (equivalent to USD 3 billions), a 30-fold increase from 2006, whereas customers' reached a total of KHR 5 trillion (equivalent to USD 1.3 billions). It is worth noting that, in order to promote the diversification of financial services and intermediation in rural area, in 2007, the NBC issued a Prakas on Licensing of Microfinance Deposit Taking Institutions to allow qualified microfinance institutions to collect deposits from the public. With an extensive coverage across the country, microfinance has increased the access to formal financial services by the rural and less-educated customers while offering them a better protection, risk mitigation, and social equity. In this regard, the NBC, as a regulatory and supervisory authority of the banking system, has issued series of regulations to ensure a responsible microfinance that provides adequate, standardized, and transparent disclosure of interest rate, fees and charges and so on. In the mean time, some MFIs have shown active contribution by incorporating key consumer protection policies and promoting financial literacy and skill development as well as the effective use of financial services by consumers.

Amid the rapid growth of microfinance in Cambodia, there have been certain NGOs, associations and informal money lenders who have put the society into trouble by lending with high interest rate and causing severe debt stress, over-indebtedness and loss of wealth for borrowers who then fall into poverty. Furthermore, some other NGOs have mislead the public to believe that they are state-owned, humanitarian or non-profit organizations by operating under the name of “**Agency**” or “**Humanitarian Organization**”.

Therefore, with the wise recommendations of **Samdech Techo, Prime Minister of the Kingdom of Cambodia**, the NBC in collaboration with the Ministry of Economy and Finance and the Ministry of Interior, took actions against certain NGOs, associations, and informal money lenders. In early 2015, the NBC and MEF issued a joint statement in response to irregularities caused by these informal credit operators who have taken advantage to operate under the name of microfinance, carrying out a predatory lending practice; and also in attempt to place them under appropriate regulatory framework. In

addition, the NBC engaged the local authorities in 14 provinces in various campaigns to raise awareness regarding microfinance operations for competent authorities and the general public with a total of 4,760 participants. Moreover, the NBC has been conducting consecutive financial awareness campaigns to concerned stakeholders including students, rural people, and businessmen.

In brief, by responding to the wise recommendations of Samdech Techo the Prime Minister, financial sector in Cambodia has made remarkable development during the last 10 years in terms of scope and scale, products and network coverage; has enabled better understanding of the importance of credit culture among people; and has enhanced financial inclusion. Further, the sector has played a critical role in poverty reduction, in line with the royal government's rectangular strategy phase 3.

More importantly, microfinance in Cambodia has been recognized as one of the most developed sector in the world and as a good model for other countries, as well. These achievements are made possible by the joint efforts and collaborations between the NBC and concerned authorities, Cambodia Microfinance Association, and local and international development partners, and especially with the continuous support from the Royal Government of Cambodia.

***Samdech, Excellencies, Nak Oknha, Honorable Guests, Ladies and Gentlemen***

To continue, I would like to cordially invite **Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia** to offer his valuable guidance for all stakeholders to foster the cooperation for further success.

**Thank You!**