



NATIONAL BANK OF CAMBODIA

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## **Opening Remarks**

**by**

**His Excellency Chea Chanto, Governor of the National Bank of Cambodia,  
ASEAN Financial Integration Framework (AFIF) Capacity Building Course on  
Bank and Payment System  
Siem Reap, 22-26 August 2016**

- **Ms. Farida Peranginangin, Course Director, Director of Payment System Oversight Department, Bank Indonesia**
- **Ms. Bella Santos, Director of Payments and Settlements Office, Bangko Sentral Ng Pilipinas**
- **Ms. Shanty Noviantie, Senior Analyst, The SEACEN Center**
- **Resource Speakers, Delegates, Ladies and Gentlemen,**

A Very Good Morning!

Today, on behalf of the National Bank of Cambodia, I have a great pleasure to host the ASEAN Financial Integration Framework Capacity Building Course on Bank and Payment System here in Siem Reap Province, in collaboration with the SEACEN Center, ADB, ASEC, and AADCP. I would like to warmly welcome honorable speakers and delegates from the BCLMV central banks and monetary authorities to Cambodia, and especially to our Ancient Capital City of Angkor in Siem Reap.

Taking this opportunity, I would also like to express my sincere thanks to the SEACEN Centre and other funding partners for making Today's course possible. This fundamental course, I would say, is an excellent platform for participants to enhance their technical skills from the resource speakers as well as to learn from each other through exchange of knowledge and experiences from their respective work. It would also provide a great opportunity to socialize and build network among our BCLMV central bank family. So, please do not take these opportunities for granted.

- **Resource Speakers, Delegates, Ladies and Gentlemen,**

Let me brief you about the importance of the payment system and then touch a bit upon the role that every central bank commonly has in this area. We at central banks have known very well that payment and settlement systems have been playing an important role in the financial system as well as the economy. Specifically speaking, the importance of efficient payment and settlement systems can be seen through its interconnected links with monetary stability, financial stability, as well as promoting economic efficiency. In the context of *monetary stability*, the links are through the transmission channel of monetary policy where money and credit are flowed in and out from central bank to financial institutions, among financial institutions themselves in the interbank markets, and from financial institutions to their customers. Given this, we can see that smooth functioning of payment infrastructure will help speed up the flow of funds, reduce transaction cost, and improve liquidity management of those agents. In opposite, if the payment system is underdeveloped, the financial institutions will choose to hold large buffer of central bank money to help manage their liquidity and therefore lead to weaker transmission of monetary policy. With this, efficient payment systems positively relate to effective conduct of monetary policy.

From the *financial stability* perspective, we know that any disruption in the financial system is likely to be first reflected in the payment system in the form of liquidity issues. In payment systems, one bank's payment is another bank's liquidity. A failure in payments by one bank could lead to a similar failure by other banks. In this case, the payment system becomes a channel through which financial risks can be transmitted across financial markets and institutions and also can create significant liquidity problems. As a result, any disruption in payment system could affect financial stability and lead to financial crisis.

The importance of payment systems is increasing over time, given the rapid evolution of technology. Specifically, new technologies have brought about new innovative financial services and growing usage of non-cash payments such as credit cards, debit cards, electronic money, and so on. These instruments, which are being developed not only by banks but also non-bank institutions, have transformed the payment landscape and thus have a significant implication on the conduct of monetary policy and financial stability.

As central bankers, our tasks become more complicated in oversight and development of payment system, as the expansion in this area goes well beyond the traditional domain of the central banks. We need to be more pro-active than ever to catch up with the fast innovation of technology.

Looking at the payment systems in Cambodia, we as the authority have taken a number of responsibilities and initiatives in terms of operational framework, guiding principles, policies, regulation and supervision, and cooperative work with development partners, with the objective to develop a safe and efficient payment system in Cambodia. To achieve this objective, of course, it is a long journey which requires continuing commitment, hard work, and, in particular, ongoing capacity building and skill development as the priority. That is why I would like to stress the importance of this course on payment systems.

For this one full week course, I strongly believe that all the participants will acquire very important knowledge from our resource speakers and have fruitful discussions and experience sharing. I have no doubt that, by the end of the course, all of you will obtain a better understanding in this important area of central banking and be able to contribute to developing a sound and efficient payment system in your respective country. For these reasons, once again, I would like to sincerely thank the SEACEN Centre and other development partners for the effective support and cooperation to make this course possible.

Last but not least, I was told that there will be a tour program on Tuesday in the afternoon. I hope that you will be able to enjoy touring around the temple complex including Angkor Wat, which is ranked among the World's Wonders and registered as a UNESCO's world heritage site. I know you have a tight schedule in Siem Reap, but I hope you will find time to visit other interesting places, do some shopping and get to know more about our people, history and culture.

Finally, I wish you all good luck and a pleasant stay in Siem Reap. Now, let me wish you again an active and productive course!

**Thank you!**