



NATIONAL BANK OF CAMBODIA

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Opening Remark

H.E Kim Vada

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in the Experience Sharing Session on Regulation and Supervision of Microfinance in
Cambodia between the National Bank of Cambodia and Central Bank of Lao PDR

Vientiane, 03-05 June, 2015

My respect to:

- H.E. SONESAY SITHPHAXAY, Deputy Governor, Bank of Lao PDR
- Participants, ladies and gentlemen

Today, on behalf of the National Bank of Cambodia, I and my team have a great pleasure to be with all of you here in the capital city of Vientiane of Lao PDR to share our experiences on how we regulate and supervise microfinance institutions in Cambodia and it is not our first time to have such kind of the session. We've been conducting these activities for few times both in Cambodia and previous time in Lung Prabang.

I would like to express my sincere thanks specifically to H.E. Governor of the Central Bank of the Lao PDR for warm welcome and hospitality extending to me and the team. I would also like to express our thanks to KfW Funds and ACLEDA Training Center for inviting us to join this event.

As you might have known, the Cambodia's microfinance sector has been growing remarkably for more than last a decade. The growth of this sector has been contributing a lot to our economic development thereby uplifting the standard of living of our poor and un-bankable people. However, this growth also comes with challenges and emerging risks

which we, as supervisory and regulatory authority, need to understand clearly and to take any appropriate and prompt actions. This is to ensure the safe and sound of the system as a whole and to specifically assure the sustainability of the sector for the long run, whereby benefiting our poor people's interests for the long run.

In addition to that, financial inclusion is nowadays a prioritized topic in the global discussion. The NBC is also very curious in having this inclusion framework as well. Hence, I would also like to take this opportunity to briefly share you about what our NBC has been doing in terms of enhancing financial inclusion and consumer protection. In addition to our strong regulatory requirements, the NBC is currently working with some development partners and international NGOs on 3 main projects:

- 1- Project on Consumer Protection. The NBC is working and cooperating with IFC aiming at having a consumer protection framework in place. This will not only help our NBC to have clear regulatory framework in relation to this protection, but also require banks and financial institutions including microfinance institutions to center on their consumers. Consumers themselves will also be provided services ethically and professionally.
- 2- Project on Financial Capability. The NBC is working and cooperating with Good Return, which is the non-profit educational organization based in Australia, aiming at building the financial capability of our NBC's supervisors. One main component of this project is to equip our consumers, particularly our poor and hard-to-reach area people, the financial literacy and capability hence enable them to efficiently make use of formal financial products in the right purposes and also make them understand their obligation that "whenever they borrow money, they must pay back the loans".
- 3- Project on Financial Inclusion. The NBC is working and cooperating with the UNCDF aiming at putting in place the National Financial Inclusion Strategy for Cambodia. We believe that enhancing financial inclusion is not only providing opportunity to our people to access to formal financial services, but this will much contribute to our economic growth. However, this inclusion work is also new for our NBC as well.

Therefore, I would recall that the growth of banking sector always comes with risks. Thereby, as a supervisor, we need to be able to identify measure, monitor and control all those emerging risk so that our banking sector will be in the position of soundness and safe.

With that, this two-day session aims to share you the 1). Regulatory framework and licensing, which is applicable to microfinance institutions, 2).Risk management supervision in terms of off-site and on-site 3).Capacity building programs conduct within our institution, and 5) Practices of consumer protection and complain resolution.

As always, I would like just to remind you that it is not classroom learning, rather it is just a sharing experience. Therefore, I would encourage all of you to actively participate in discussion or comments you might have so that we all can benefit from this session.

Finally and once again, I would like to express my gratitude to all of you and I trust you are taking this opportunity to absorb new things from our team with a very fruitful discussion. Again, my deepest gratitude to H.E Governor of the Central Bank of Lao PDR extending to our team and the National Bank of Cambodia are more than willing to share our experiences and to tighten our mutual relationship between these two central banks, the National Bank of Cambodia and the Central Bank of Lao PDR.

To this end, I would like to wish participants a success in every of your endeavor and good health.

Thank You!!