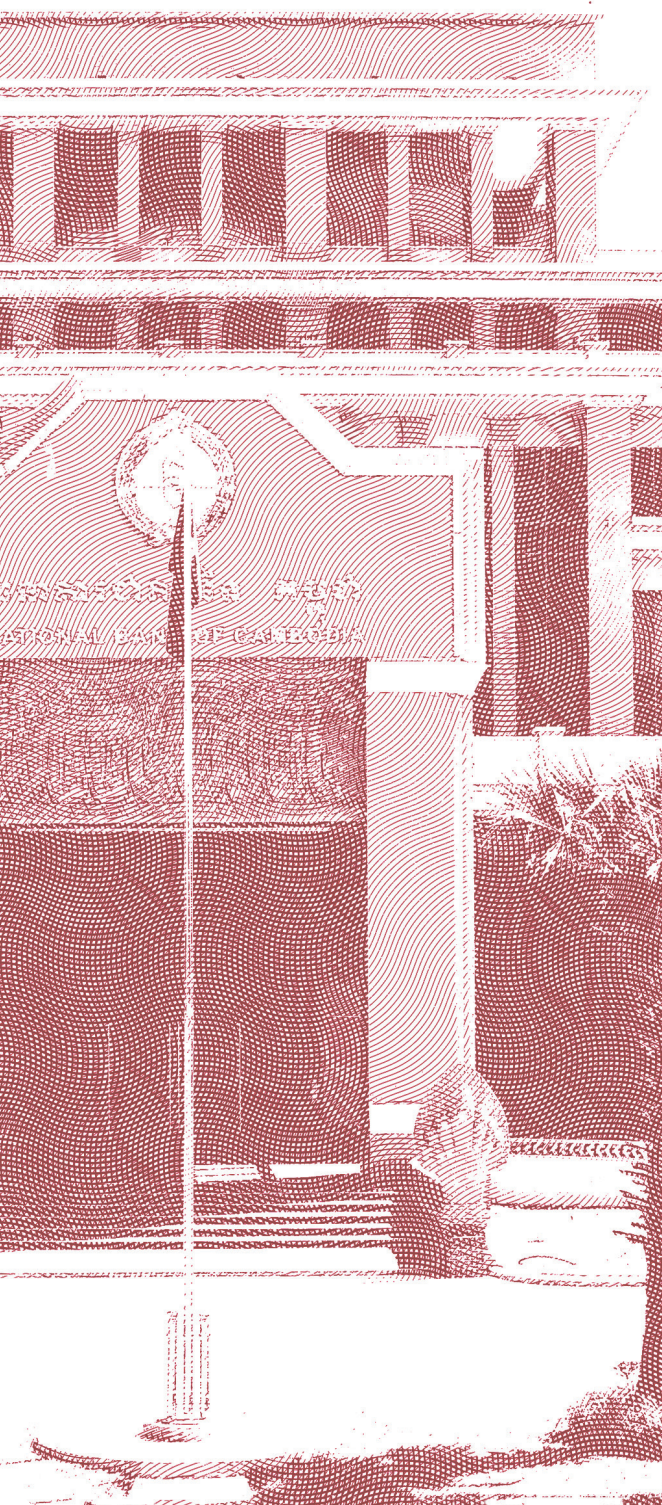




NATIONAL BANK OF CAMBODIA

Riel Stability Development



ANNUAL REPORT 2021



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Foreword

In 2021, the world continued to face challenges from the COVID-19 crisis, but the situation is gradually improving as the number of people getting vaccinated increases and also from the strengthening of preventive measures. By implementing supportive policies, developed economies have rapidly recovered, contributing to the economic growth of emerging and developing countries. In particular, the Association of Southeast Asian Nations (ASEAN) has been hit by waves of COVID-19 outbreaks, which have slowed down economic activities more than expected.

In Cambodia, the outbreak of COVID-19 earlier this year have hindered recovery of economic growth by reducing the income of enterprises and individuals, and contributed to the decline of foreign capital inflow. The tourism sector was hardest hit, and although there was continuous activity in the construction sector, new construction projects declined and aligned with the slowdown in the real estate sector. However, despite some disruptions, the garment sector has recovered from the rise in export demand, and the agricultural sector has benefited from favourable weather conditions and supportive policies, which have boosted production, though at a slower pace.

Under the long-term vision and firm leadership of Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, the Royal Government implemented a series of supportive measures and swift vaccination campaign to assist affected enterprises and the poor. Cambodia is now among one of the countries with the highest vaccination rates in the world. In keeping with the Royal Government's policies, the National Bank of Cambodia (NBC) has continued enacting expansionary monetary policy, easing regulations by maintaining price and financial stability, and supporting economic activities to help vulnerable families.

However, the impact of the crisis and the side effects of some policies have influenced the monetary and banking situations. Due to declining demand under the weak economy, the increase in public expenditure, the maintenance of a high level of liquidity in the banking system, and a decrease in foreign capital inflows, the Riel has depreciated since the outbreak of COVID-19 in the early 2020. The NBC has intervened as necessary to manage depreciation pressures through buying Riel (or selling USD), issuing negotiable certificates of deposit (NCDs), and slowing down liquidity-providing collateralized operations (LPCO) in Riel. The use of appropriate monetary policy instruments and an exchange rate policy that aligns with the fiscal policy have maintained stability of the exchange rate for Riel against the USD, with only about a 1% change, which is low compared to other currencies in the region which can fluctuated by up to 5%. Exchange rate stability has maintained purchasing power of the Riel and significantly contributed to keeping inflation manageable. It should also be noted that, despite uncertainty in the financial market and the global economy, international reserves have remained relatively high, strengthening the efficiency of the exchange rate policy and maintaining public confidence as economic and financial policies in Cambodia have been implemented.

The decline in revenue from enterprises and individuals which affects the ability to repay and borrow money from banking and financial institutions poses a serious challenge. Therefore, non-performing loans are under pressure and can give rise to other relevant risks, such as reduced profitability. Due to the strengthening of the banking system over the past two decades, the NBC has been able to continue implementing supportive measures in order to increase liquidity of both Riel and the USD, allowing for easing of some regulations, enabling the banking system to maintain sustainable credit in supporting economic activities, and provide effective loan restructuring. The active contribution of the banking and financial

institutions together with the support of the Royal Government, have made the implementation of these measures highly successful and prevent moral hazard. Additionally, risk-based supervision has improved, ensuring stability and timely management of potential risks. It should also be noted that capital enhancement measures together with temporary restrictions on dividend payments, have contributed to an increase in foreign direct investments (FDI) into the banking system while capital flows have slowed.

In the mid-2010s, the NBC seized the opportunity to advance financial technology by modernizing its banking system, especially the payment system. The benefit of this updated technology was highlighted during the COVID-19 pandemic, when social distancing was encouraged. Modern payment systems have greatly contributed to the sustainability of business, trade, and investment by offering various payment methods to individuals to reduce operating costs and speed up secure payments. Bakong, the backbone payment system, facilitates customer payment transactions between banks and financial institutions, while charging a reasonable fee. In addition, modern payment systems enhance the connectivity of regional payment systems and facilitate the transfer of money between Cambodia and the ASEAN region, supporting remittance of foreign workers, exchanges, and cross-border investment.

Successful vaccination programs, the containment of the outbreak, and the implementation of policies and supportive measures by the Royal Government will support the recovery of the Cambodian economy in 2022. Major sectors are projected to grow, although the tourism industry still needs time to return to pre-crisis levels. Price stability and exchange rates are expected to be supported by a strong banking system, which will benefit from innovation, inclusiveness, and sustainability. At the same time, the Cambodian economy may also encounter risks, particularly if there is a new variant of COVID-19. Monetary policy normalization has been faster than expected in developed economies, causing uncertainties amongst the financial market, cybercrime, and climate change.

With optimism from global and Cambodian economic growth, the Royal Government has implemented policies to restore, reform, and strengthen economic resilience and growth. The NBC continues to enact measures in supporting growth and has been developing an exit strategy, which will gradually and cautiously be carried out in alignment with developments in the actual economic situation. To maintain the resilience of the banking system, banks and financial institutions need to continue enhancing their business continuity plans and conduct regular stress tests. Additionally, the obligation to contribute to the implementation of anti-money laundering and anti-terrorist financing measures is continuously being enhanced to comply with the laws, regulations, and guidelines of the Financial Intelligence Unit of Cambodia.

To improve the efficiency of monetary policy in the context of high levels of dollarization, the NBC supports and is ready to contribute to the issuance of government bonds in Riel and introduce additional measures to increase the use of the Riel, following market mechanisms. At the same time, the promotion of official financial services, public financial awareness, and consumer protection will continue to be crucial in the development of a sustainable and inclusive banking system.

Within the framework of international cooperation, the roles of regional integration, inclusiveness, and the financial safety net will be vital to the resilience of the macroeconomic situation and increase financial stability. As Cambodia will be the chair of ASEAN in 2022, the NBC is ready to successfully host the ASEAN Central Bank Governors' meeting and other relevant meetings, giving priority to resilience, digitalization, inclusiveness, and sustainable financing.

The result achieved by the NBC were attained as a result of contribution from all stakeholders and receiving recognition both nationally and internationally. In 2021, at the time when the world economy was facing a crisis, the NBC was recognized as an institution that successfully fulfil its mandate in the Asia-Pacific region. I would like to express my deep gratitude to the Board of Directors of the NBC for their continued support and to the NBC's staff at all levels, who have worked hard to fulfil their responsibilities in building an advanced and sustainable banking system. I would also like to thank the ministries, institutions, and development partners for their unyielding cooperation.

I firmly believe that all members of the Board of Directors, officers of the NBC, and stakeholders will continue to support and contribute in attaining achievements in the banking system that will serve the common good of Cambodia and its people.

Governor

ABBREVIATION

NCC	National Coordination Committee on Anti-Money Laundering and Financing of Terrorism and Combating the Financing of Proliferation of Weapons of Mass Destruction
GDP	Gross Domestic Product
CFIU	Cambodia Financial Intelligence Unit
	National Risk Assessment Sub-Committee on Anti-Money Laundering and Financing of Terrorism and Combating the Financing of Proliferation of Weapons of Mass Destruction
ABIF	ASEAN Banking Integration Framework
ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
APG	Asia/Pacific Group on Money Laundering
AMRO	The ASEAN+3 Macroeconomic Research Office
APRACA	Asia-Pacific Rural and Agricultural Credit Association
ATM	Automated Teller Machine
BCP	Business Continuity Plan
BIS	Bank for International Settlements
CBS	Center for Banking Studies
CFtP	Chartered Fintech Professional
CMIM	Chiang Mai Initiative Multilateralization
CSS	Cambodian Shared Switch
CUFA	Credit Union Foundation Australia
ECS	Electronic Clearing System
EGMONT	Egmont Group of Financial Intelligence Units
ENEER	Export-weighted Nominal Effective Exchange Rate
EREER	Export-weighted Real Effective Exchange Rate
FATF	Financial Action Task Force
FAST	Fast System
FCD	Foreign Currency Deposit
FICG	Financial Intelligence Consultative Group

FMIS	Financial Management Information System
FPP	Financial Programing and Policies
FSI Connect	Financial Stability Institute Connect
IADI	International Association of Deposit Insurers
ICRG-JG	International Cooperation Review Group- Joint Group
IFC	International Finance Corporation
IMF	International Monetary Fund
INEER	Import-weighted Nominal Effective Exchange Rate
IREER	Import-weighted Real Effective Exchange Rate
LPCO	Liquidity-Providing Collateralized Operation
MLF	Marginal Lending Facility
MPS	Mobile Payment System
MSDS	Macroeconomic Surveillances Database System
NCD	Negotiable Certificate of Deposit
NCS	National Clearing System
OBS	Online Banking System
POS	Point of Sale
QPS	QR Code Payment System
RFT	Real Time Fund Transfer
RPPI	Residential Property Price
SCCB	Steering Committee on Capacity Building
SEACEN	South East Asian Central Banks
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WB	World Bank
WC-ABIF	Working Committee on ASEAN Banking Integration Framework
WC-CAL	Working Committee on Capital Account Liberation
WC-CMD	Working Committee on Capital Market Development

WC-FINC

Working Committee on Financial Inclusion

WC-FSL

Working Committee on Financial Service
Liberalization

WC-PSS

Working Committee on Payment and
Settlement System

Executive Summary

The global economy recovered by 5.9% in 2021 due to support of expansionary fiscal and monetary policy and the relaxation of travel and business restrictions. However, differences in the economic policy space and the accessibility to vaccines have made the pace of recovery uneven across the region. The economic growth of developed countries is expected to rebound from -4.5% to 5.2% while that of developing and emerging countries is expected to recover from -2.1% to 6.4%. As for the ASEAN-5 economies, the growth may not exceed 2.9%, with the spread of COVID-19 interrupting economic activities in the region and, most significantly, affecting tourism.

The global economic recovery, particularly among Cambodia's main trading partners, which are primarily developed countries, and the Kingdom's rapid vaccination campaign, have created herd immunity allowing the Cambodian economy to achieve a positive growth rate of 3% in 2021, after contracting by -3.1% in the previous year. The production of export-oriented products in the manufacturing sector rose by 12.7%, while the construction sector expanded slightly by 1.4%, alongside the recovery in foreign direct investment (FDI) and domestic demand. The agricultural sector has made good progress with a growth rate of 1.4% with supportive measures and favourable weather conditions. However, the tourism sector continues to be affected with a decrease of -85% in the number of international tourists and -35.5% decrease in the number of domestic tourists. As for the external sector, Cambodia's balance of payments (BOP) recorded a surplus of USD 147 million due to a high level of net inflow into the financial accounts, offsetting the widening current and capital account deficits, contributing to the maintenance of international reserves at a high level (USD 20.5 billion), and cover prospective import of goods and services for approximately eight months.

Inflation remained low at 2.9%, which was the same as in 2020, while the exchange rate was stable at an average of KHR 4,099 per USD, showing slight depreciation when compared with the previous year of KHR 4,093. Price and exchange rate stability were maintained because of prudent monetary policy and the successful control of exchange rate pressures. The money supply (M2) rose by 14.7%, which was slower than the previous year's growth of 15.3%, to be in line with economic demand. The NBC intervened by selling USD 591.2 million to financial institutions and money changers to stabilize the exchange rate. The amount of money that the NBC supplied to banks and financial institutions through liquidity-providing collateralized operations (LPCO) was reduced by almost two-fold when compared with previous year, with the aim of balancing the pressure on the KHR exchange rate and loan interest rates. The issuances of negotiable certificates of deposit (NCD) in KHR and USD were KHR 18.1 trillion (an increase of 66.7% over the previous year) and USD 30.3 billion (an increase of 2.5%). It should be noted that the level of dollarization remained high, with the ratio of foreign currency deposit to the money supply (i.e., FCD/M2) remaining at 81.9%.

Despite pressures from the COVID-19 pandemic, the banking system remained resilient through supportive financial and economic activities. The assets of the banking system, consumer

loans, customer deposits, and capital increased by 16%, 21.2%, 15.4%, and 18%, respectively. The capital position remained strong, with a capital adequacy ratio of 23.4% for the banking sector and 21.3% for the microfinance sector (compared to the 15% threshold) with a high liquidity ratio of 155.9% for commercial banks and 125% for deposit-taking microfinance institutions (compared to the 100% threshold). The non-performing loan ratios in the banking and microfinance sectors were low, at approximately 2.4%. The loan restructuring of banks and financial institutions amounted to 370,785 accounts, a total of KHR 22.4 trillion (equivalent to USD 5.5 billion), have helped alleviate the burden on affected households and firms. Financial inclusion has constantly been promoted, with the number of customer deposit accounts increasing to 12.1 million and customer credit accounts reaching 3.3 million, while public awareness of financial services and consumer protection was strengthened. Additionally, the preparation of deposit protection system will further strengthen the public's confidence in the stability of the banking system.

In the context of the COVID-19 crisis, electronic payment systems have played an important role in the sustainability of business operations. The continuous development and modernization of payment systems, such as RetailPay, Bakong, Cambodian Shared Switch (CSS), FAST payment, and gross settlement systems, as well as the facilitation of cross-border payments and trade settlements, have made payments much more secure, fast, and affordable. The number of Bakong subscriber accounts reached 254,000, with transactions in KHR and USD totalling 1.7 trillion and 1.9 billion, respectively.

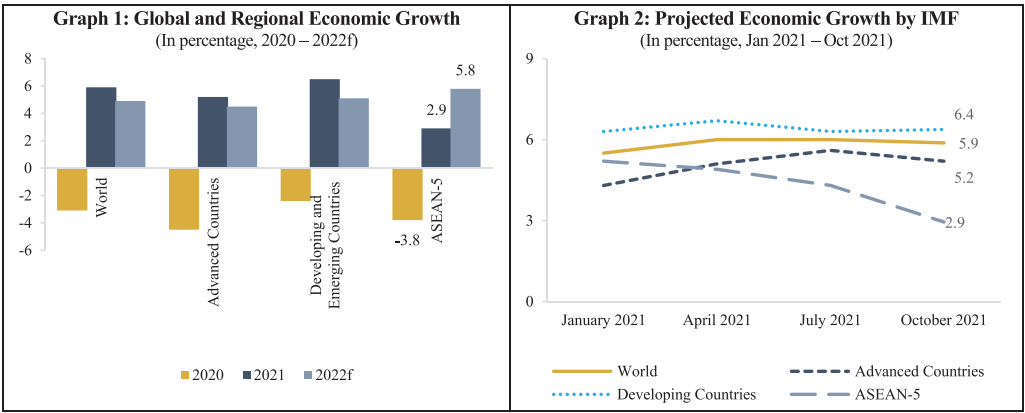
To combat money laundering and terrorist financing, the Cambodian Financial Intelligence Unit (CAFIU) strengthened the monitoring of anti-money laundering and anti-terrorism obligations of reporting individuals, analysed reports submitted to the authorities, raised public awareness, and participated in coordinating the implementation of the Financial Action Task Force's action plan, supported the work of the Egmont Group, and organized national risk assessments.

PART 1: ANNUAL REPORT 2021

I. Global Economic Condition

The global economy is gradually getting back on track in phases, and each country is receiving support from fiscal and monetary policy stimulus for the reopening of the economies, despite uncertainty caused by the spread of new COVID-19 variants. According to the International Monetary Fund (IMF) forecast, global economic growth increased from -3.1% in 2020 to 5.9% in 2021. In developed countries, it increased from -4.5% to 5.2% while in emerging and developing countries it increased from -2.1% to 6.4%. Economic growth in the ASEAN-5¹ countries increased from -3.4% to 2.9%, which was lower than expected due to the spread of COVID-19 within the region.

There was an increase in the growth in world trade from -8.2% in 2020 to 9.7% in 2021 due to increased demand and economic activities, while foreign direct investment is expected to rebound to around 10%–15%² in 2021 after reaching the lowest point in 2020.



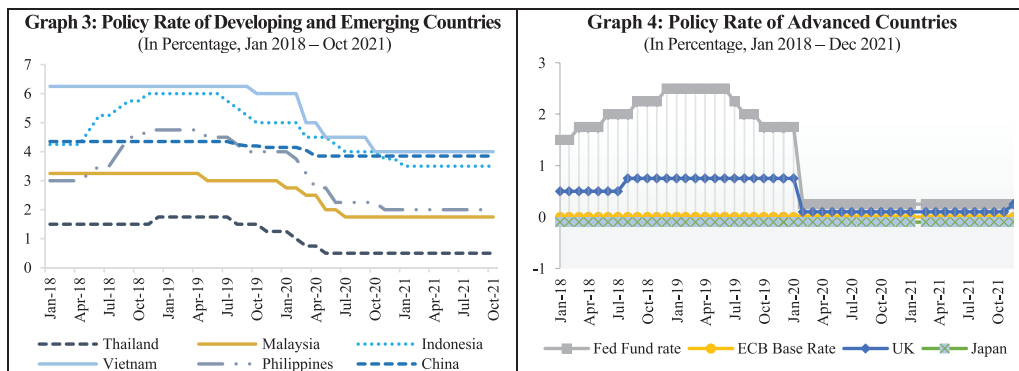
The recovery of the global economy has driven up the price of and demand for commodities, especially fuel, since the third quarter of 2021. Global inflation rose from 3.2% in 2020 to 4.3%³ in 2021, while inflation in developed countries increased from 0.7% to 2.8%, while in emerging and developing countries, it increased from 5.1% to 5.5%. However, most central banks have maintained low policy rates to boost economic activities. In developed countries, the U.S. Federal Reserves have maintained policy rates at 0.25%, while the European Central Bank and the Bank of England maintained policy rates at 0% and 0.1%, respectively, the Bank of Japan has decided to maintain policy rates at -0.1%. Most emerging and developing countries also decided to maintain policy rates, except for the Central Bank of Brazil, the Hungarian National Bank, the Bank of Mexico, and the Central Bank of the Russian Federation,⁴ which all increased policy rates since the third quarter of 2020 due to inflationary pressures.

¹ ASEAN-5 includes Indonesia, Malaysia, the Philippines, Thailand, and Vietnam.

² UNCTAD Global Investment Report, June 2021

³ IMF World Economic Outlook, October 2021

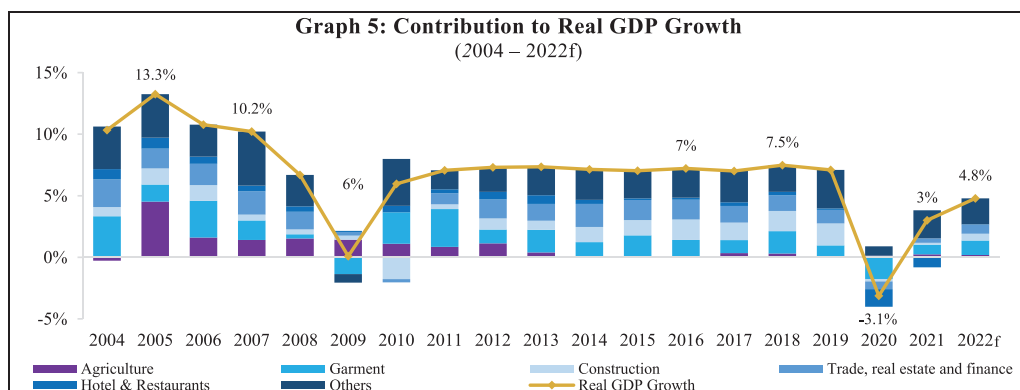
⁴ Trading Economics, from the second quarter of 2021, the Central Bank of Brazil increased the policy rates from 2% to 6.25%, the Hungarian National Bank increased from 0.6% to 1.8%, the Bank of Mexico increased from 4% to 4.75%, and the Central Bank of Russian Federation from 4.25% to 7.5%, November 2021.



II. Cambodia's Macroeconomic Conditions

1. Economic Growth

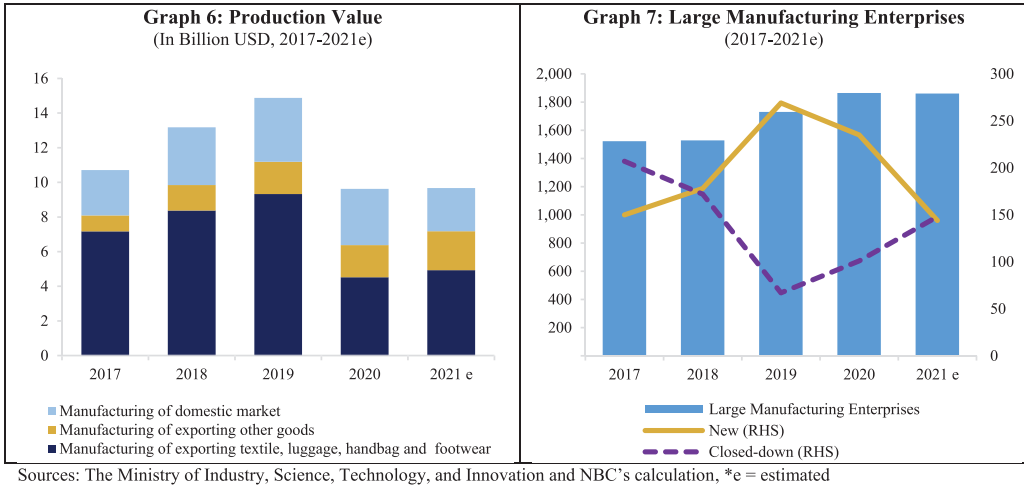
In 2021, Cambodia's economy continued to be impacted by the COVID-19 pandemic, particularly the outbreak that occurred during the February 20th community event. However, when compared with 2020, economic activities improved significantly, especially from the second half of 2021, primarily due to support from global economic recovery, the adaption to new normal, and the success of the vaccination campaign by the Royal Government of Cambodia. Cambodia's economy is expected to grow by 3% in 2021.



A. Manufacturing Sector

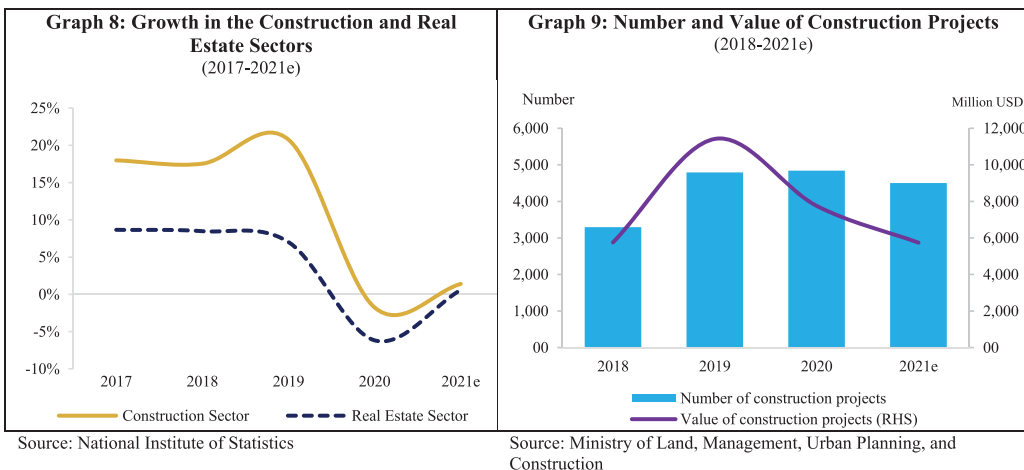
The growth in external demand has helped the manufacturing sector recover. The value of industrial products for export climbed by 12.7%, while textiles rose by 9% and non-garment products increased by 21.6%. However, the value of industrial products serving the domestic market decreased by -23.3%. The total number of factories⁵ decreased to 1,860 (144 newly registered factories and 148 factories closed-down), and most of the factories that closed-down specialises in textiles, luggage, and footwear, resulting in the loss of 23,000 jobs.

⁵ This only covers large factories, based on the data from the Ministry of Industry, Science, Technology, and Innovation.



B. Construction and Real Estate Sectors

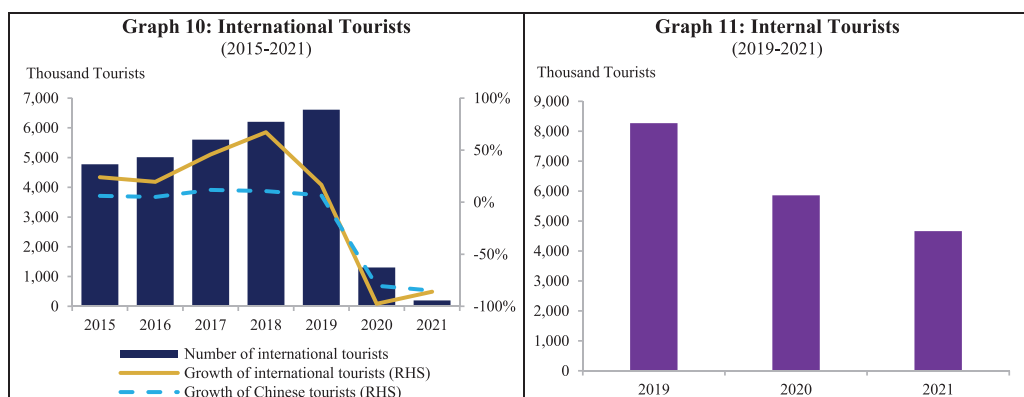
The construction sector is estimated to grow by approximately 1.4% due to support of ongoing construction projects, but the number of projects, prices, and proposed construction areas for newly requested construction projects decreased by -7%, -25.9%, and -17.6%, respectively. The real estate sector, especially condominiums that used to serve the needs of non-residents, continues to be under pressure but has decreased. The prices of high-end, mid-range, and affordable condominiums are expected to decrease by -1.6%,⁶ while rental prices are also expected to drop. Meanwhile, the price of office rentals, both inside and outside of commercial areas, and the price of retail store rentals in community malls and retail podiums are not expected to fluctuate much when compared with retail store rentals in commercial areas, which were expected to decrease by -6.1%. Nevertheless, the construction and real estate sectors should experience speedy recovery due to the expected increase in investment.



⁶CBRE and NBC forecast

C. Tourism Sector

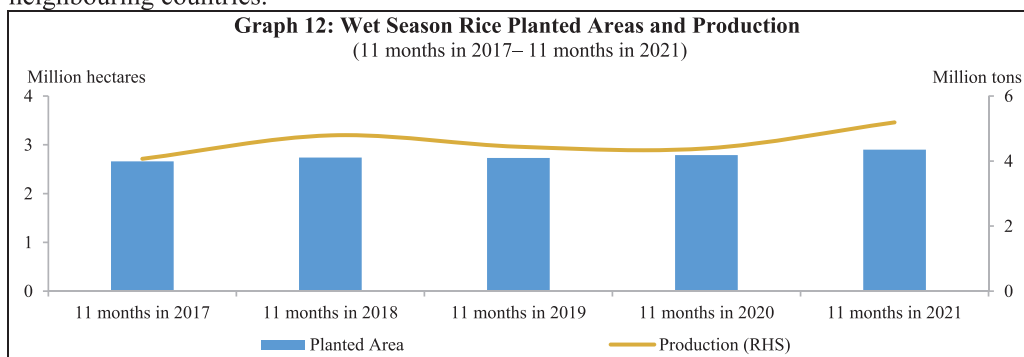
The tourism sector continues to be severely affected by the spread of COVID-19. The number of international tourists coming to Cambodia decreased by -85% (approximately 196,495 tourists) when compared to the previous year (-80.2%). The number of domestic tourists visiting the four popular destinations⁷ was around 4.7 million (94.3% of the total tourists), a decrease of -35.5% when compared with the previous year (-29.1%). The decrease in the number of tourists has impacted many other tourist-dependent sectors, especially hotels and restaurants, the growth of which are expected to decrease by -31.2%. The announcement of the country's reopening of all sectors in early November for vaccinated tourists played a part in boosting the recovery of the tourism sector in Cambodia.



Source: Ministry of Tourism

D. Agricultural Sector

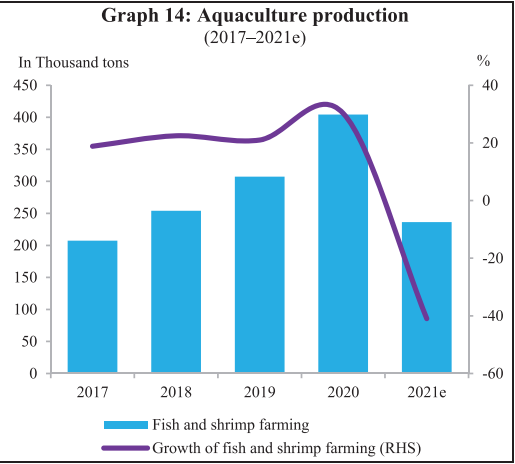
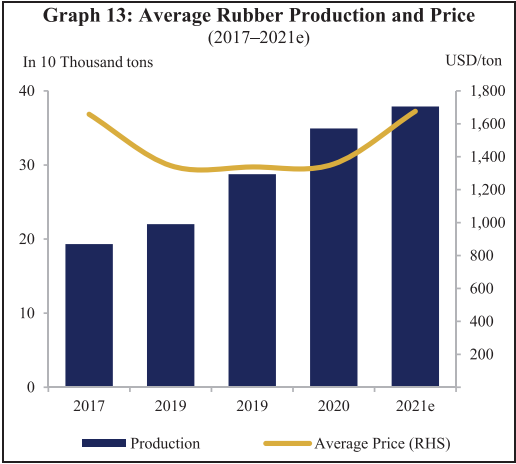
The agricultural sector continues to make good progress, with a growth rate of approximately 1.4% due to support from agricultural production-boosting measures and favourable climate. The wet season rice planted area and production increased⁸ by 4% and 18.3%, respectively. Moreover, rubber production is expected to increase by 8.8% due to the increasing demand from recovery of the global economy, causing average prices to surge by 23.5% (around USD 1,676 per ton, the highest price since 2017). However, aquaculture production, especially fish and shrimp farming, is projected to have a growth of -41% due to a decline in domestic demand for the service sector and fierce competition in imports from neighbouring countries.



Source: Ministry of Agriculture, Forestry, and Fishery

⁷ Included: Phnom Penh, Siem Reap, Sihanoukville, and eco-tourism sites

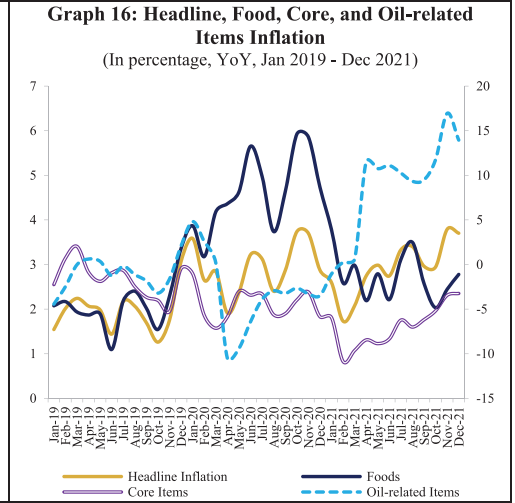
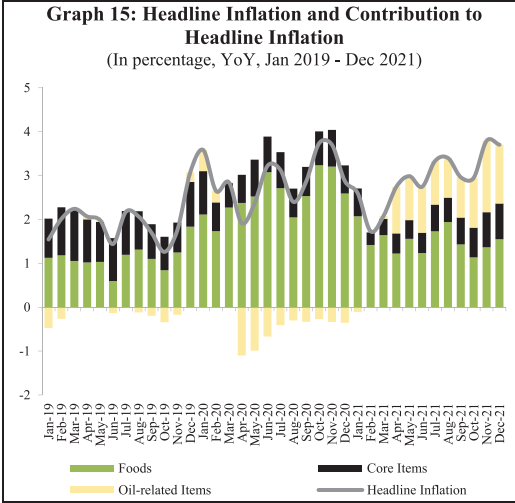
⁸ Based on the data from the Ministry of Agriculture, Forestry, and Fisheries, November 2021



2. Inflation

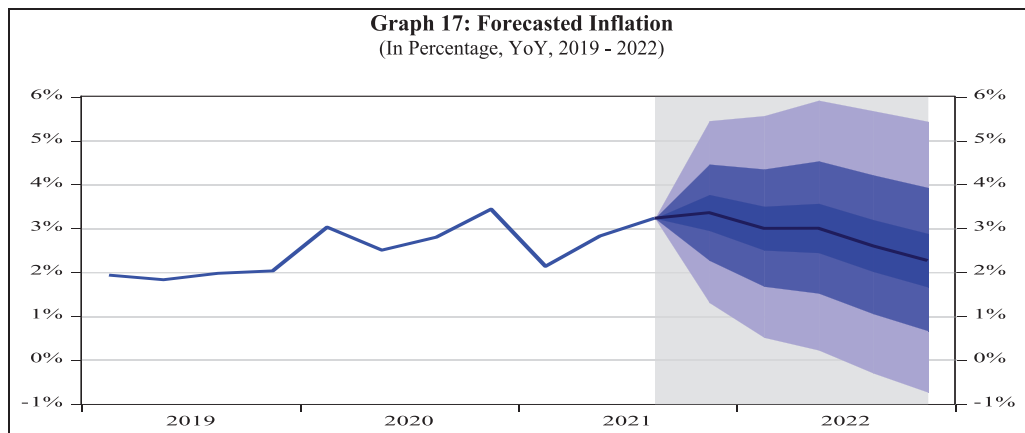
Inflation has remained relatively stable at an average of 2.9%, the same as in 2020, mainly due to a deceleration in food price while the price of oil-related goods and services picked up slightly (from deflation to inflation).

Food price inflation decreased to 2.7% (from 4.6% in 2020), mainly due to low demand, which was caused by the suspension of events and gatherings in the first 10 months of 2021 and low food prices from import partner countries. Core inflation decreased to 1.6% (from 2.1% in 2020), driven particularly by weak demand. The food and oil-related items rose to 8.6% (from –3.2% in 2020), aligned with the trend of increasing crude oil prices and global demand for oil.



- Inflation Forecasting⁹ for 2022

The inflation rate in 2022 is projected to decrease to 2.6%¹⁰ (from 2.9% in 2021) based on the following assumptions: (1) food price inflation will continue to slow due to increase in supply; (2) core inflation will recover slightly with the increase in income; and (3) inflation in oil-related goods and services is expected to decrease, following the trend in the global price of crude oil as a result of increase in the oil supply.



Source: National Institute of Statistic, NBC's Projection

3. Exchange Rate

The exchange rate of the KHR against the USD remained stable, with a slight decrease of less than 1%. The average KHR exchange rate was 4,099 per USD, which modestly decreased by 0.1% when compared to previous year (4,093 KHR). The decline was caused by (1) low demand for the KHR as the result of a slowdown in economic activity, (2) an increase in government expenditure through intervention package that nearly doubled compared to previous year, and (3) a decrease in FDI resulting from an increase in trade deficit and decline in the number of international tourists.

The import-weighted real effective exchange rate (IREER) increased by 1%, indicating slight inflationary pressure on imports due to an increase in the import-weighted nominal effective exchange rate (INEER),¹¹ despite inflation in import partner countries being lower

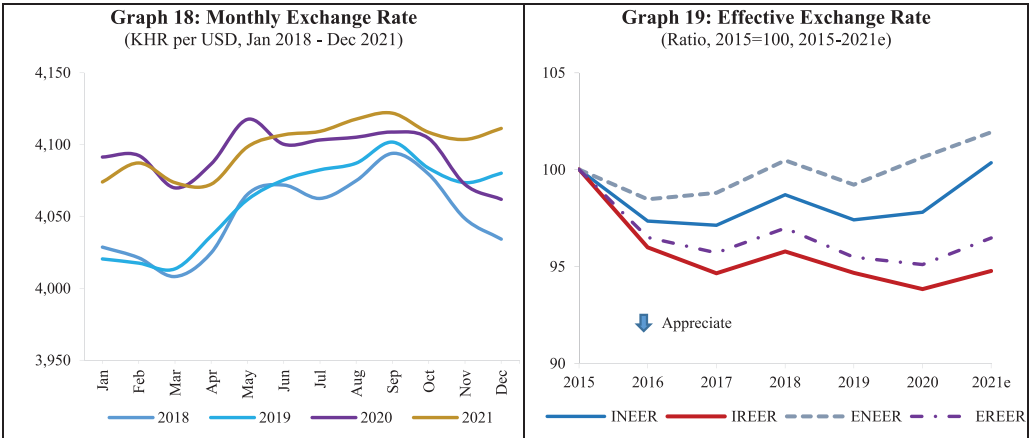
⁹ The forecast has been estimated by using models, such as: (1) multiple regression, which examines the relationship between inflation and important indicators, such as inflation in the previous quarter, inflation from import partnerships, the adjustment of the global oil price, the increase in credit, and the change in the KHR exchange rate against USD; (2) autoregressive integrated moving average (p, d, q), which is used to estimate twelve groups of consumer baskets based on previous prices and the trajectory of the variables; (3) VARX, which demonstrates the inflation rate, increase in credit, exchange rate fluctuation, inflation from import partnerships, and exogenous variables; (4) autoregressive integrated moving average (3,1,3), which indicates the inflation rate over the preceding three quarters; and (5) VARX, which estimates core inflation and the inflation rate for groups of food items and oil-related items.

¹⁰ With the assumption that (1) the global crude oil price will decrease to 72 USD per barrel, (2) the average exchange rate will continue to remain stable at 4,090 KHR, (3) GDP will increase by 4.8% in 2022 and continue to rise slightly in line with long-term trends, and (4) inflation trends of the three groups will develop as expected, in line with the above.

¹¹ The main import destinations for Cambodia are China, Thailand, Vietnam, Taiwan, Singapore, Japan, Hong Kong, South Korea, Indonesia, Malaysia, and the USA.

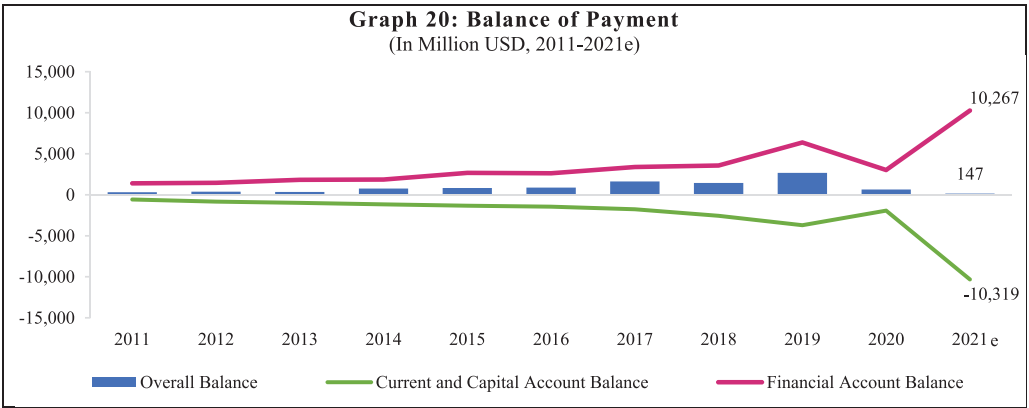
than in Cambodia. The increase in INEER was due to the appreciation of some currencies against the KHR, including CNY, IDR, KRW, MYR, SGD, TWD, and VND.

The export-weighted real effective exchange rate (EREER) increased by 1.4% because of a 1.3% increase in the the export-weighted nominal effective exchange rate (ENEER),¹² while the inflation rates in the export partner countries remained at similar levels to Cambodia.¹³ The increase in ENEER is attributable to the price appreciation of many currencies against KHR, such as USD, GBP, EUR, CAD, CNY, and VND, which highlights Cambodia’s excellent competitiveness in export when compared to previous year.



4. Balance of Payments

The balance of payments was expected to remain in surplus of 0.5% of the gross domestic product (GDP; USD 147 million), which was lower than the previous year (2.4% of GDP) due to an increase in the current and capital account deficits and the slow growth in financial account inflows.

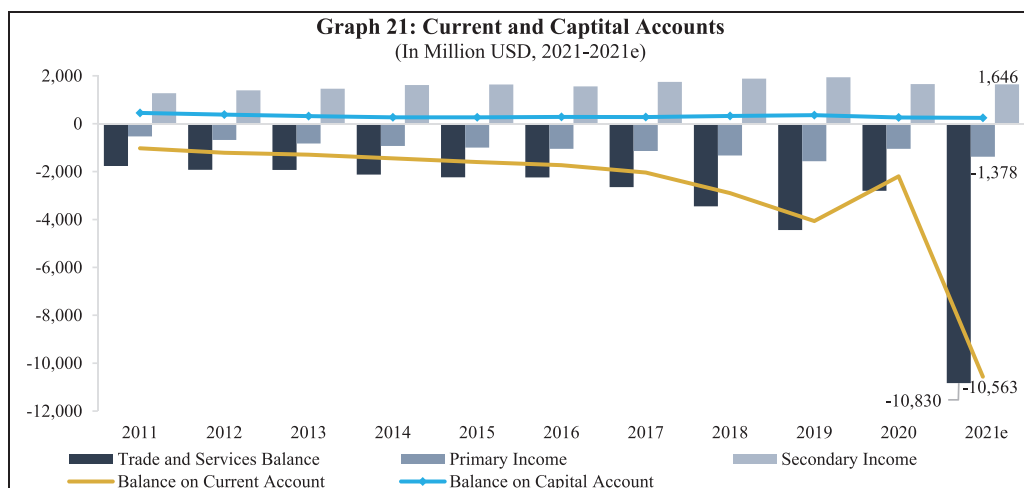


¹² The main export destinations for Cambodia are the USA, the United Kingdom, Germany, Japan, Canada, China, Thailand, Spain, Belgium, France, Netherland, Vietnam, Hong Kong, and Italy.

¹³ The inflation rates of all of Cambodia’s export partner countries have been lower than in Cambodia, except in Vietnam.

A. Current and Capital Account

The current and capital account deficit increased to 36.4% of GDP (USD 10.3 billion) compared to 7.2% of GDP in the previous year, causing an increase in trade goods deficit, net services account deficit,¹⁴ primary income deficit¹⁵ and the slowdown in the surplus in the secondary income account¹⁶ and the capital inflow account.¹⁷



The balance of trade deficit increased to 34% of the GDP, compared to 9.5% of GDP in the previous year, due to the volume of imports being greater than exports. The total import volume increased by 38.7% (5.3% in 2020), significantly driven by an increase in gold imports (3.7 times), raw materials for the garment sector (23.1%), oil (32.2%), construction materials (29.3%), food and beverages (1.1%), and vehicles (0.4%). The total export volume increased by 6.4% (23.6% in 2020), supported by an increase in export of clothing products¹⁸ (13.6%), electronic products (60.2%), rubber (72.2%), and bicycles (23.2%) while gold and rice exports declined (88.3% and 14.2%, respectively).

In addition to the increase in the balance of trade deficit, the service account deficit increased (3.7% of GDP), the primary income account deficit increased (1% of GDP), the surplus of secondary income account decreased (0.3% of GDP), and there was a slowdown of capital account inflow (0.1% of GDP), all of which have contributed to the increase in the current and capital account deficit.

¹⁴ Net service account deficits have increased four times (year-on-year) mainly due to the slow growth of incomes from services 62%, in which traveling goods decreased by -84% due to the decrease of tourists -85%.

¹⁵ Primary income deficits have increased by 31% due to a 5% increase in international settlements, in which government expenditures have climbed by 24% and dividend distribution and profits from domestic investment have increased by 2%, while income from foreign reserves has decreased by -25%.

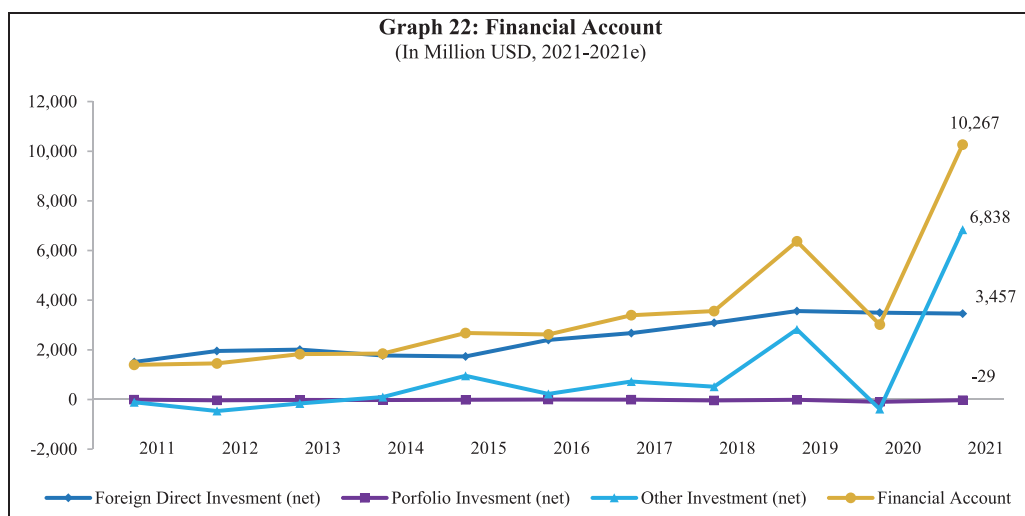
¹⁶ The surplus of secondary income accounts has decreased by 0.5% mainly due to the decrease of the remittance of foreign workers by 3%, while government supports have increased by 8%.

¹⁷ The total of capital inflow accounts is USD 244 million, which decreased by 6% when compared to the previous year.

¹⁸ The export of clothing increased 7.2%, footwear 17.2%, and other garment products 46.6%.

B. Financial Account¹⁹

The balance in the financial account has shown net inflow of foreign liabilities (USD 10.3 billion), which is 2.4 times greater than the previous year (USD 3 billion). This increase was mainly from investment accounts shifting from net foreign assets of USD 385 million in 2020 to net foreign liabilities of USD 6.8 billion in 2021 while net direct investment accounts decreased modestly.



The FDI has net foreign liabilities of USD 3.5 billion (12% of GDP), which is lower than the previous year (1.5% of GDP) due to a decline in banking sector investment of 5.3% while non-banking sector investment increased by 1.6%, including the manufacturing sector²⁰ (9%) and the construction sector (26%), despite other significant sectors declining, such as in the hotel and entertainment sector (-25%), the real estate sector (-11%), and the agriculture sector (-19%).

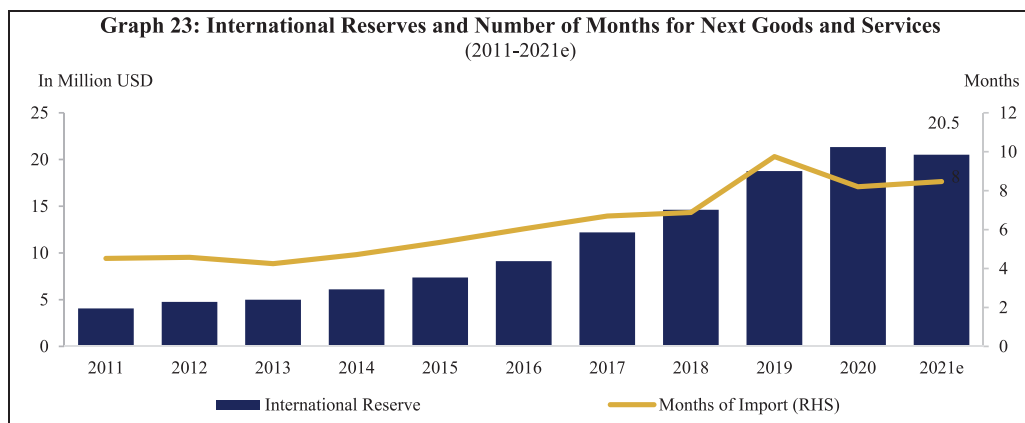
Other investments have net foreign liabilities of USD 6.8 billion, a shift from net foreign assets of USD 385 million in 2020 as a result of an increase in net foreign liabilities in the banking sector of USD 1.6 billion (3.8 times), net government borrowing of USD 236 million (29%), and other investments of around USD 5.4 billion (3.3 times).

5. International Reserves Management

International reserves were USD 20.5 billion, sufficient to cover eight months of prospective imports of goods and services, which was higher than the minimum required for developing countries (three months).

^{19d} Net foreign assets are the net outflows. Hence, having pure foreign assets mean having a net inflow.

²⁰ This increase was due to the investments in other manufacturing sectors, which have risen three times, while investments in other important sectors have declined, namely, garment -9%, footwear -15%, and luggage -5%.



The global financial markets fluctuated dramatically in 2021 due to the continuous implementation of expansionary monetary policy by central banks and gradual lockdown measures in advanced economies in response to the impact of the COVID-19 outbreak. These measures caused policy rates in the market to remain lower and reflect negatively on market expectations that the policy rates will return to normal in 2021. The increase in the low-income rate and the credit risk posed the greatest challenges for the NBC to reach prioritized targets for international reserve management by maintaining international reserves in order to provide sufficient liquidity for emergencies and to earn profits as planned.

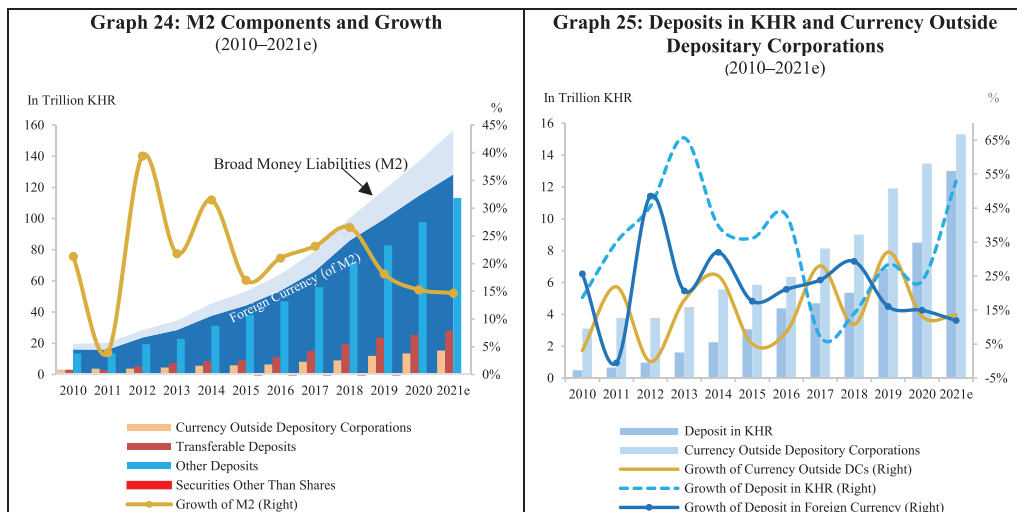
To ensure that the international reserve requirement was invested efficiently, investments were carried out flexibly, and investment risks were monitored and carefully observed, to ensure that they were within the levels outlined in the NBC's investment instructions. Furthermore, the NBC has focussed on implementing environmental, social, and good governance investment policy to strengthen sustainability, ensure safety reserve requirements for investments, and align with global investment trends.

III. Monetary Management

1. Monetary Conditions

Broad money (M2) increased by 14.7% (to KHR 156.6 trillion), equating to 135.9% of GDP, which was slightly lower than the growth rate in the previous year (15.3%) and the average growth over the last five years (21%). Broad money growth was supported by an increased growth in resident deposits (both in USD and KHR) of 14.8% (compared to 15.5% in the prior year) and currency in circulation of 13.6% (similar to the 13.2% in the prior year).

Despite still being high, the dollarization level declined slightly, as measured by the ratio of foreign currency deposits to M2, which was 81.9% (83.9% in the previous year). The proportion of KHR in circulation was 9.8% of M2 (USD 3.8 billion). The deposits in KHR were 9.2% of total deposits, and the proportion of credit in KHR was 11.2% of the total loan portfolio.

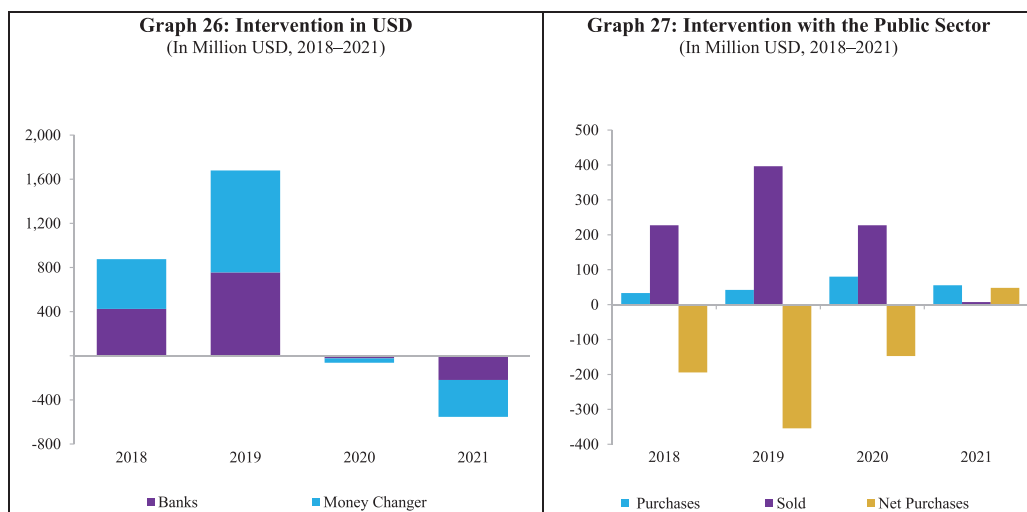


Source: National Bank of Cambodia, *e = estimated

2. Monetary Policy Implementation

A. Foreign Exchange Intervention

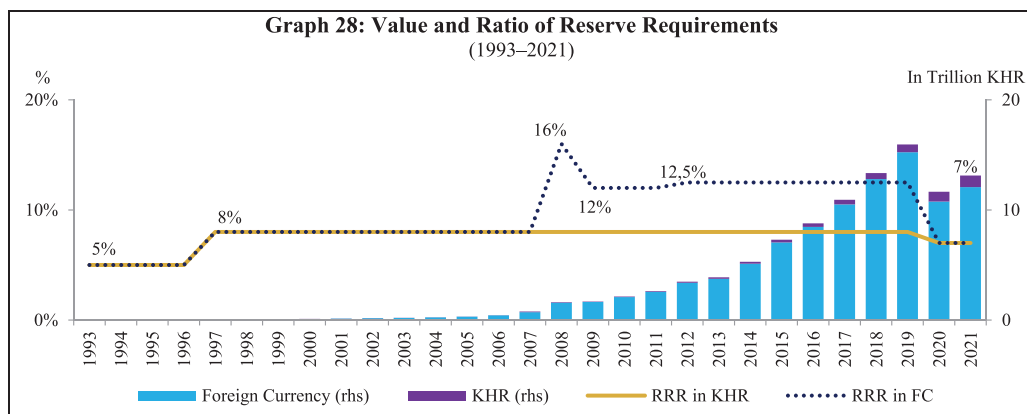
To maintain a stable exchange rate, the NBC intervened in the foreign exchange market by selling a net of USD 554.2 million, which included a purchase of USD 37 million and a sale of USD 591.2 million, compared to a USD 63.2 million net sale in the previous year, with a purchase of USD 17 million. These interventions were achieved through auctions totalling USD 460 million and USD 131.2 million on the NBC platform. Meanwhile, the NBC operated on a net purchase of USD 48.2 million from the government (sold USD 7.1 million and bought USD 55.3 million), compared to a net sale of USD 147.1 million in the previous year.



Source: National Bank of Cambodia

B. Reserve Requirement Rate

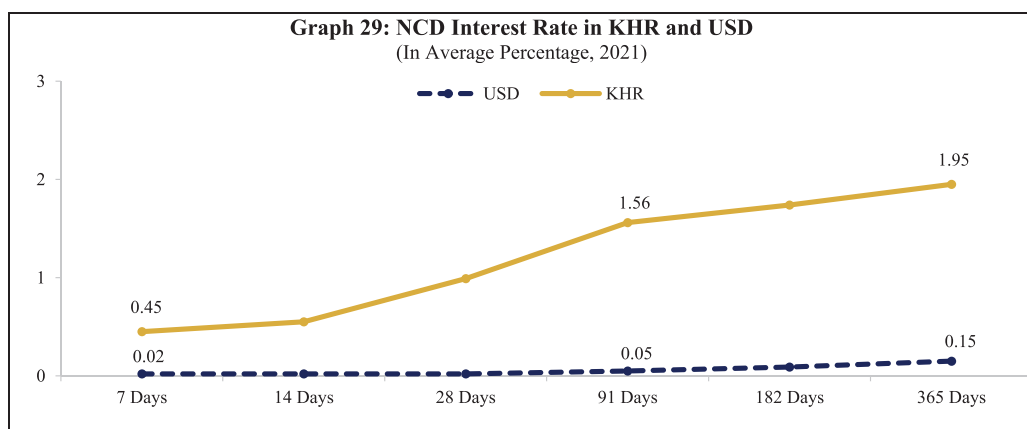
The reserve requirement rate remained at 7% for deposits in KHR and foreign currency and non-resident credit since the end of the first quarter of 2020 (reduced from 8% and 12.5%, respectively) in order to continue providing more liquidity to banks and financial institutions. The low reserve requirement rate provided favourable conditions for banks and financial institutions to strengthen liquidity risk management, increase credit provision, and assist customers who were affected by the COVID-19 pandemic.



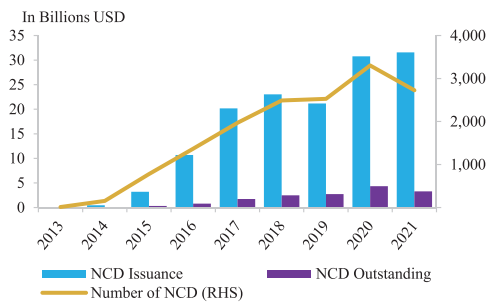
C. Negotiable Certificates of Deposit

Negotiable certificates of deposit (NCDs) have served to absorb excess liquidity from banks and financial institutions and have been used as collateral for interbank transactions. The total NCD issued was USD 36 billion, an increase of 7.7% over the previous year, which included USD 30.3 billion and KHR 18.1 trillion, an increase of 2.5% and 66.7%, respectively.

The NBC decided to further reduce the gap between the buying and selling rates of short-term NCDs in KHR to improve the efficiency of monetary policy implementation and continue developing NCDs to become effective liquidity instruments.

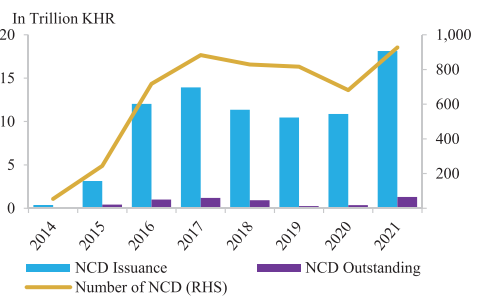


Graph 30: Number and Amounts of USD-NCDs Issuing and Outstanding (2013–2021)



Source: National Bank of Cambodia

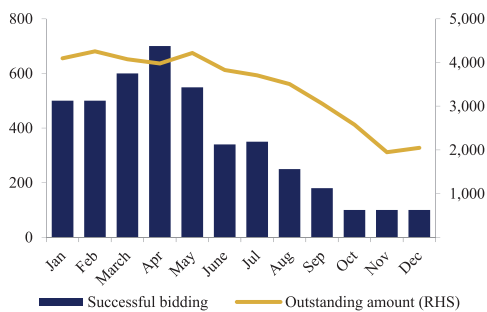
Graph 31: Number of KHR NCDs Issued, Issue Amounts and Outstanding Amounts (2014–2021)



D. Liquidity-Providing Collateralized Operations

Along with absorbing liquidity from the banking system, the NBC injected liquidity in KHR through liquidity-providing collateralized operations (LPCOs), conducted twice a month in 2021 to provide a total liquidity of KHR 4.3 trillion, which was an almost two-fold decrease compared to the previous year. The LPCOs had an average successful bidding interest rate of 4.48% (3.46% in 2020) and had various maturities: 91 days (KHR 1.2 trillion), 182 days (KHR 1.5 trillion), and 365 days (KHR 1.6 trillion), with an interest rate of 4.15% (3.1% in the previous year), 4.37% (3.47% in the previous year), and 4.9% (3.78% in the previous year), respectively. The outstanding amount of LPCOs was KHR 2 trillion, a decrease of 47.7% from the previous year.

Graph 32: Monthly Liquidity Provided Through LPCOs (In Billions KHR, 2021)



Source: National Bank of Cambodia

Graph 33: Annual Liquidity Provided Through LPCOs (In Billions KHR, 2017–2021)



E. Marginal Lending Facility

The marginal lending facility (MLF) is a new monetary policy instrument that was introduced in the third quarter of 2021. The MLF is expected to help meet the needs of overnight KHR liquidity of banks and financial institutions and be rolled over for five days, with an interest rate of 4% per annum, using NCDs as collateral, where NCDs in USD have a haircut rate of 2%. The MLF is regarded as an immediate source of liquidity for banks and financial institutions and play an active role in determining the future credit interest rate in the international market.

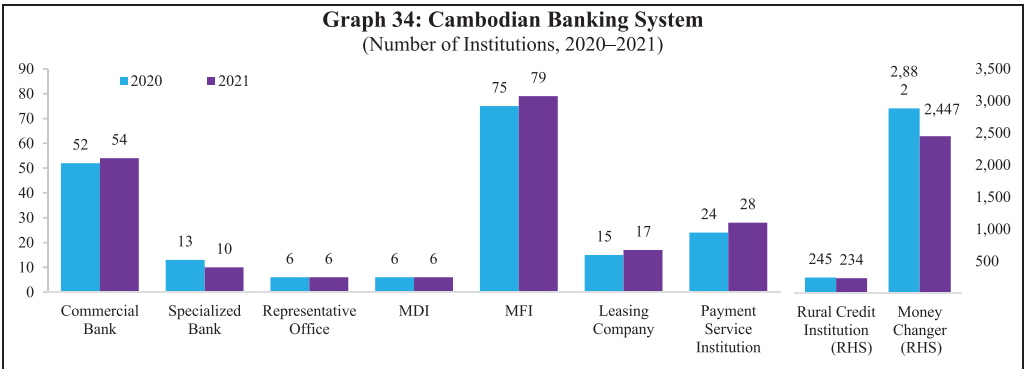
A total of 22 banks and financial institutions were authorized to use the MLF.²¹

²¹ Cambodia Post Bank Plc, Jtrust Royal Bank Ltd, Advanced Bank of Asia Limited (ABC), Maybank (Cambodia) Plc, Aceda Bank Plc, Shinhan Bank (Cambodia) Plc, Wing (Cambodia) Specialized Bank Limited, LOLC (Cambodia) Plc, SBI Ly Hour Bank Plc, Phillip Bank Plc, ICBC Limited Phnom Penh Branch, Kookmin Bank Cambodia Plc, Vattanac Bank, Taiwan Cooperative Bank Phnom Penh Branch, Prince Bank Plc, First Commercial Bank Phnom Penh Branch, Bred Bank (Cambodia) Plc, Sathapana Bank Plc, CIMB Bank Plc, Foreign Trade Bank of Cambodia, Cambodian Commercial Bank Ltd, and Mega International Commercial Bank Phnom Penh Branch.

IV. The Banking System in Cambodia

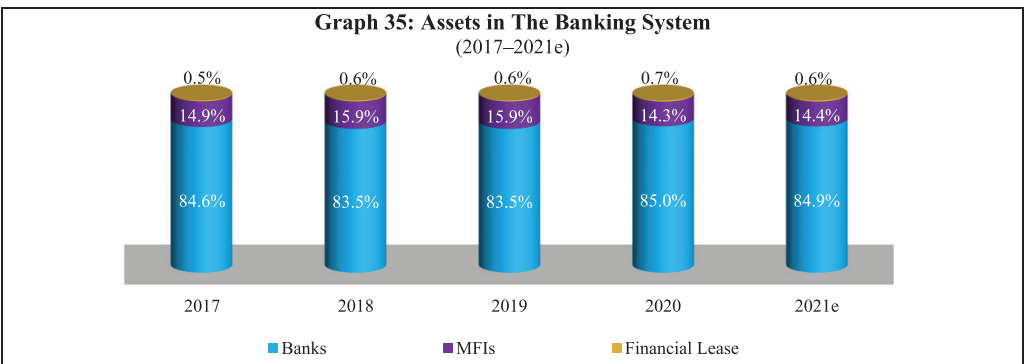
1. Overview

The Cambodian banking system consists of 54 commercial banks, 10 specialized banks, six Microfinance Deposit-taking Institutions (MDIs), 79 non-deposit-taking Microfinance Non-Deposit-Taking Institutions (MFIs), 234 rural credit institutions, 17 financial leasing companies, four third-party processors, 28 payment service providers, one credit information provider, six representative offices of foreign banks, and 2,447 money exchange agents.



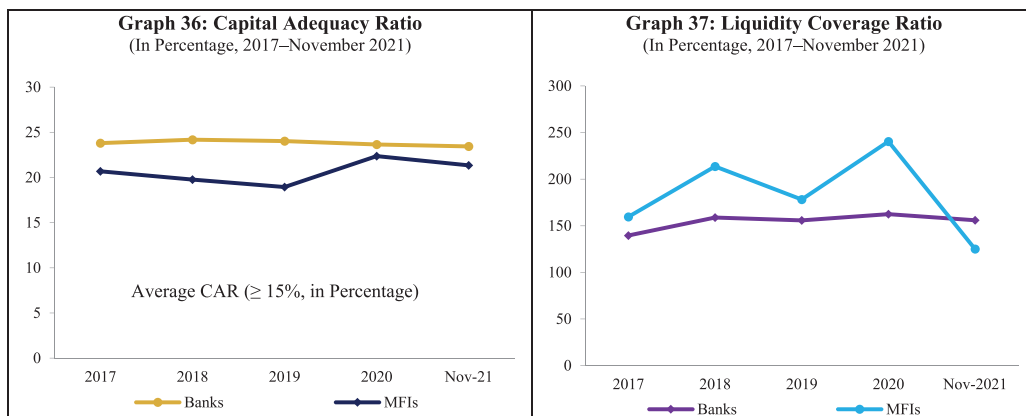
Source: National Bank of Cambodia

The total assets of the banking system grew by 16% (to KHR 278.6 trillion, equivalent to USD 68.2 billion), of which customer loans increased by 21.2% (to KHR 186.4 trillion, equivalent to USD 45.7 billion). Customer deposits increased by 15.4% (to KHR 157.1 trillion, equivalent to USD 38.5 billion), and capital rose by 18% (to KHR 31.2 trillion, equivalent to USD 7.6 billion). Banks and financial institutions have continuously contributed to enhancing financial inclusion, which is reflected in the increase in the number of customer deposit accounts to 12.1 million and customer credit accounts to 3.3 million. There were 2,600 headquarters and branches of banks and financial institutions and 3,512 automated teller machines (ATMs). In addition, to help alleviate the burden of people affected by COVID-19, banks and financial institutions provide favourable conditions to borrowers through loan restructuring on 370,785 accounts, equivalent to KHR 22.4 trillion (USD 5.5 billion).

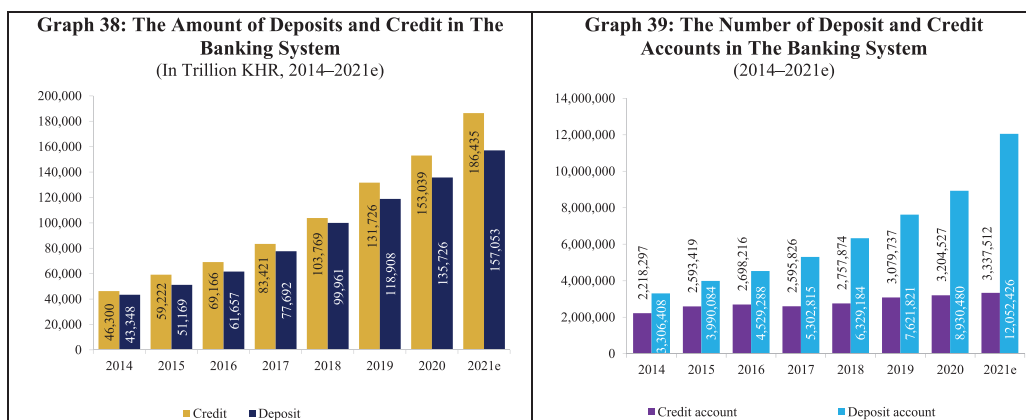


Source: National Bank of Cambodia, *e = estimate

The banking system remained resilient as shown by key indicators: (1) capital robustness, with a capital adequacy ratio that remained at 23.4% for the banking sector and 21.3% for the microfinance sector (15% minimum regulatory requirement), (2) a high liquidity coverage ratio, with commercial banks at 155.9% and microfinance institutions at 125% (100% minimum regulatory requirement), (3) a low non-performing loan ratio of the banking and microfinance sectors (approximately 2.4% each), and (4) stable profitability, with a return on assets ratio of 1.8% for the banking sector and 3% for the microfinance sector.



Source: National Bank of Cambodia



Source: National Bank of Cambodia, *e = estimate

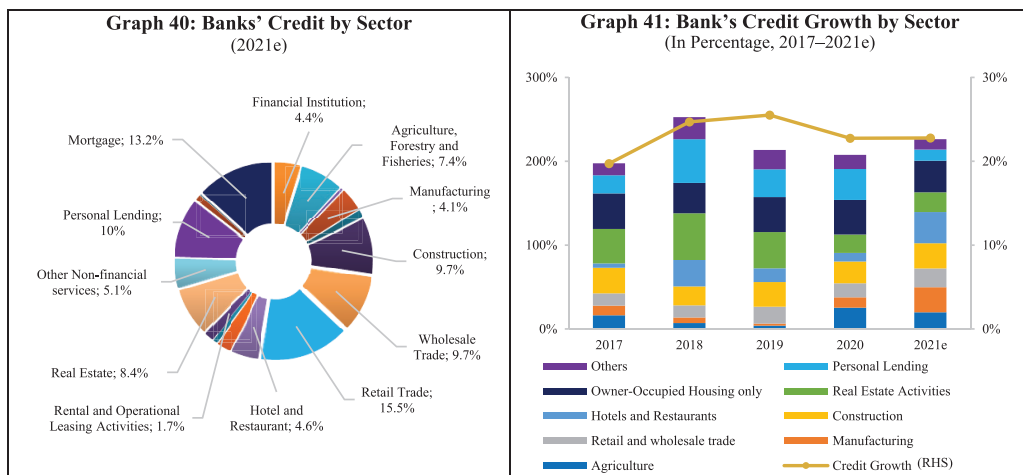
Table 1: Loan Restructuring of Banks and Financial Institutions
(2021e)

Exchange rate 1USD = 4079KHR

No.	Priority sectors	Banking sector	MFI sector	Financial leasing	In billion KHR	In billion USD	Number of accounts
1	Tourism	3,647.34	332.06	19.41	3,998.81	0.98	31,370
2	Garment	344.36	502.46	5.98	852.80	0.21	61,515
3	Construction	2,957.94	351.46	4.69	3,314.09	0.81	32,678
4	Transportation and logistics	830.36	257.99	28.86	1,135.21	0.28	19,888
5	Others	10,509.52	2,464.44	134.06	13,108.41	3.21	225,334
Total		18,289.52	3,908.41	193.00	22,409.32	5.49	370,785

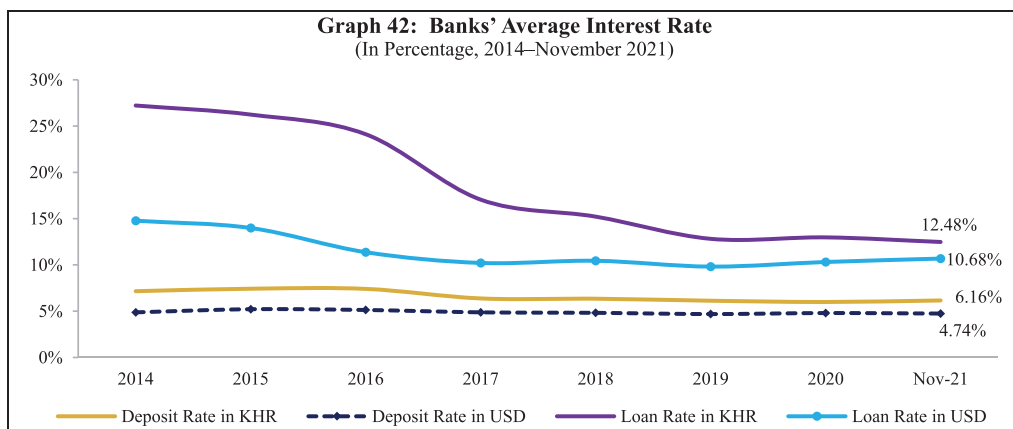
2. Banking Sector

The total assets of banks rose by 15.9% (to KHR 236.7 trillion, equivalent to USD 58 billion), and consumer loans increased by 20.3% (to KHR 150.4 trillion, equivalent to USD 36.8 billion) being held in 1.2 million accounts. Loans were provided to key economic sectors, such as retail trade, 15.5% (an increase of 27.9%); mortgages, 13.2% (an increase of 37.7%); wholesale trade, 9.7% (an increase of 13.6%); personal loans, 10% (an increase of 13.4%); construction, 9.7% (an increase of 30.1%); real estate activities, 8.4% (an increase of 23.5%); agriculture, forestry, and fisheries, 7.4% (an increase of 19.9%); and others, 26.1% (an increase of 20.5%). Total deposit increased by 14.9% to KHR 139.4 trillion (USD 34.1 billion) being held in 9.2 million accounts. There were 1,349 headquarters and branches of banks and 3,235 ATMs.



Source: National Bank of Cambodia, *e = estimate

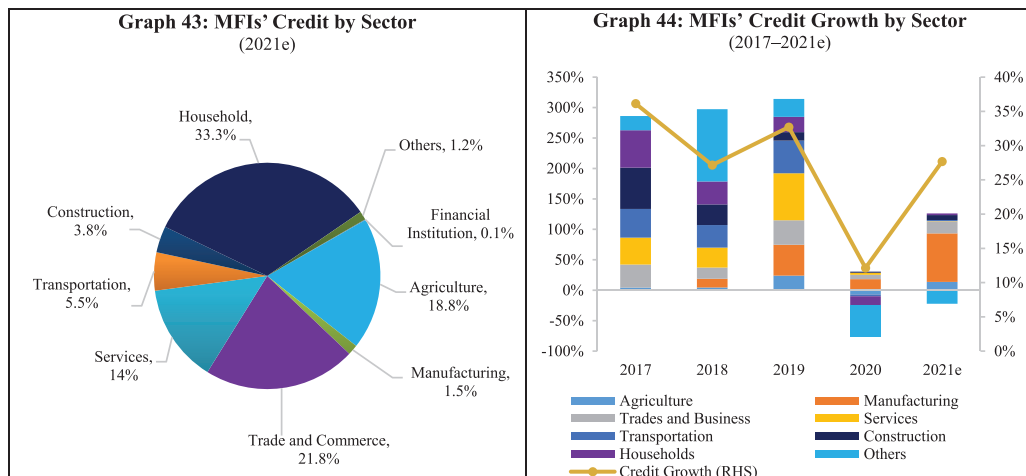
The deposit interest rate for KHR increased to 6.16%, compared to 5.99% in 2020, while the deposit interest rate for USD was 4.75%, a 4.80% decrease from the previous year. However, the loan interest rate for KHR decreased to 12.48%, compared to 12.98% in 2020, while the loan interest rate for USD was 10.68%, compared to 10.31% in 2020.



Source: National Bank of Cambodia

3. Microfinance Sector

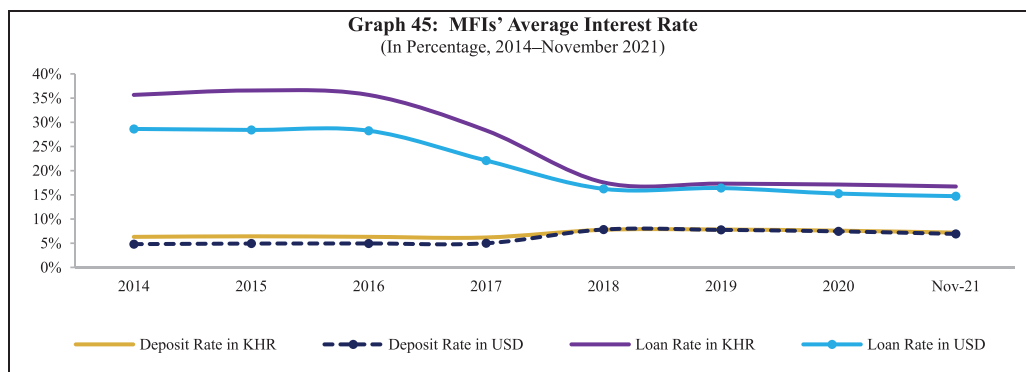
The total assets of microfinance institutions increased by 17% (to KHR 40.1 trillion, equivalent to USD 9.8 billion), of which consumer loans increased by 25.6% (to KHR 34.6 trillion, equivalent to USD 8.5 billion) held in 2 million accounts. These loans were provided to key economic sectors, such as households, 33.3% (an increase of 2.8%); trade and business, 21.8% (an increase of 19.9%); agriculture, 18.8% (an increase of 13.6%); services, 14.1% (an increase of 0.5%); transportation, 5.5% (an increase of 1.5%); construction, 3.8% (an increase of 8.1%); manufacturing, 1.5% (an increase of 79.8%); and others, 1.2% (a decrease of 21.3%). At the same time, deposit in MFIs increased by 20.2% to KHR 17.7 trillion (equivalent to USD 4.3 billion) held in 2.8 million accounts.



Source: National Bank of Cambodia, *e = estimate

MFIs have a nationwide network of 1,199 offices and have modernized their services, including loans, deposits, cash transfers, mobile banking, and withdrawals and deposits via ATMs, providing customers with better access to formal financial services.

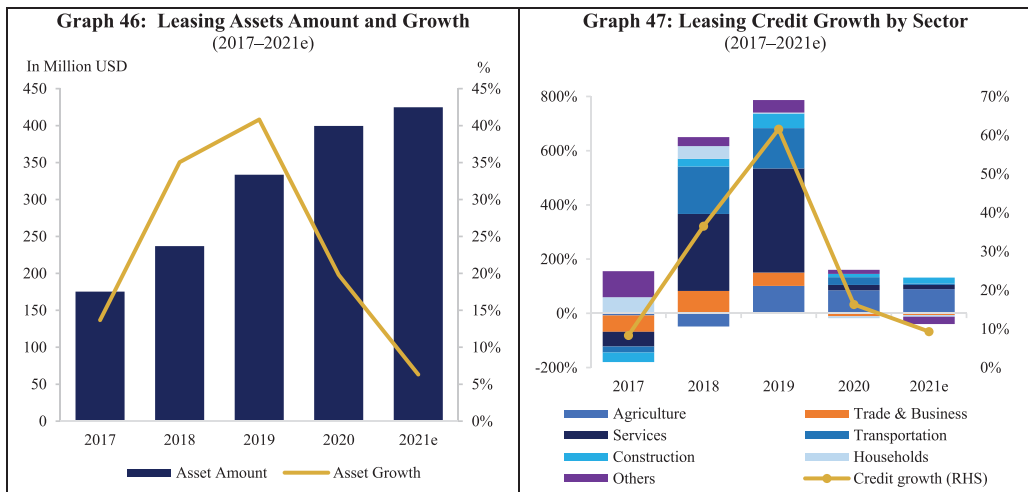
The average MFIs' deposit interest rate in KHR and USD decreased to 7.19% and 6.92%, respectively (7.59% and 7.44%, respectively in 2020). Meanwhile, the loan interest rates for KHR and USD also decreased to 16.72% and 14.72%, respectively (17.13% and 15.26%, respectively in 2020).



Source: National Bank of Cambodia

4. Financial Leasing Sector

Most of the financial leasing companies had good financial status and complied with the laws and regulations. The total assets of financial leasing companies increased by 7.3% (to KHR 1.7 trillion, equivalent to USD 424.8 million). The total financial leases increased by 8.5% (to KHR 1.5 trillion, equivalent to USD 358.8 million) held in 102,381 accounts, which contributed to many sectors, such as households, 21% (a decrease of 5.8%); agriculture, 21.7% (an increase of 89%); services, 19.1% (an increase of 15.7%); transportation, 14.6% (an increase of 4.9%); construction, 6.9% (an increase of 22.2%); trade and business, 4.1% (a decrease of 6.4%); and others, 12.6% (a decrease of 27.3%). The main source of lending was from shareholders, which increased by 9.8% (to 614.6 billion KHR, equivalent to 150.5 million USD). There were 52 headquarters and branches of financial leasing companies.



Source: National Bank of Cambodia, *e = estimate

5. Rural Credit Institutions

Rural credit institutions are responsible for providing microcredit services, particularly in rural areas, to meet the credit needs of various types of businesses. They provided a total credit of KHR 244.6 billion (equivalent to USD 60 million) held in 80,570 accounts.

Rural credit institutions also followed the instructions of the government by lowering their interest rate, helping to alleviate the burden of those who affected by COVID-19.

6. Credit Reporting System

Credit Bureau (Cambodia) Co., Ltd. (CBC), a credit information sharing service provider, had total assets of KHR 67.5 billion (equivalent to USD 16.5 million) and 168 members. The total loan portfolio that the members incorporated into the credit bureau system consisted of 3,645,360 accounts (approximately KHR 178.5 trillion, equivalent to USD 43.7 billion), including (1) personal loan composed of 3,640,514 accounts, a total of 4,503,226 customers, including 2,077,099 males (46%) and 2,426,127 females (54%) and (2) corporate loans composed of 4,846 accounts with 1,462 companies.

After revising the Prakas on Credit Reporting in June 2020, the NBC allowed CBC to start incorporating information about insufficient fund checks into the credit bureau system. At the start of April 2021, CBC has recorded 413 incidents of insufficient funds. The NBC continues to monitor and supervise data from members of this institution periodically, as reported by the credit information sharing service provider, which complies with regulations to ensure data quality and sustainability of the credit information sharing system in Cambodia.

7. Supervision and Regulation

A. Supervision Activities

The supervision of banks and financial institutions has been strengthened, moving towards a risk-based and forward-looking approach, using financial statement analysis, governance performance evaluation, and key risk assessments, including credit, market, strategic, operational, liquidity, and profit risks. The NBC is currently developing guidelines and a new supervisory review and evaluation process based on risk and forward-looking approach for banks and financial institutions.

The supervision and monitoring activities have been carried out regularly during the implementation of loan restructuring to monitor the overall performance of the banking system through stress tests and reverse stress tests. The overall results of these tests have shown that the banking system remains strong and resilient by maintaining its solvency ratio, liquidity coverage ratio, and other prudent ratios while abiding to the NBC's regulations.

B. Issuing Regulations

Several Prakas, circulars, and guidelines have been issued: (1) the Prakas on Conditions for Bancassurance Business of Banks and Financial Institutions (March 30, 2021), (2) the circular on Review, Classification and Provisioning in Restructured Loans (June 24, 2021), and (3) the guideline on the implementation of Prakas on the liquidity framework of banks and financial institutions (September 27, 2021).

In addition, the NBC is preparing five more Prakas on a new capital adequacy framework based on Basel III, which will be part of the implementation of the risk-based supervision which will include the Prakas on Regulatory Capital of BFIs, Credit Risk in BFIs for CAR purpose, Operational Risk in BFIs for CAR Purpose, Market risk in BFIs for CAR Purpose, and Capital ratios in BFIs, as well as a draft on the Prakas related to hire purchase and other guidelines on credit risk and collateral.

8. Consumer Protection and Financial Inclusion

A. Consumer Protection and Compliant Resolution

The mechanism for resolving consumer complaints has been further strengthened by the NBC's hotline system, which responds to consumer complaints in an efficient, timely, and consistent manner to ensure their protection. In 2021, there were 514 complaints and inquiries, of which 502 cases were resolved, seven cases are pending, and five cases are in court proceedings.

The deposit protection scheme in Cambodia has been studied and developed to protect depositors, strengthen public trust, and contribute to maintaining financial stability. A draft of the deposit protection regulation in Khmer and English has been reviewed, discussed, and revised by an advisory group and has been discussed within the NBC's regulatory committee.

B. Preparation of a Monitoring and Evaluation Framework on the Implementation of the “National Financial Inclusion Strategy 2019–2025”

In collaboration with the United Nations Capital Development Fund (UNCDF), a database was established to measure the implementation of the national strategy, focusing on access, usage, and the quality of financial services for consumers. The results of the data collection through the study of supply and demand will be used to evaluate the process of promoting financial inclusion in Cambodia. At the same time, seminars on the implementation of the National Financial Inclusion Strategy have also been organized to disseminate the strategy more broadly.

C. Promotion of Financial Literacy

- The Integration of Financial Literacy into the General Education Program and Support for Financial Literacy Campaigns

The ongoing close cooperation between the Ministry of Education, Sports and Youth (MoEYS) and the Credit Union Foundation Australia (CUFA) has supported the second phase of financial literacy integration through the preparation of documents for teachers and students and piloting the teaching trials for fourth- and seventh-grade students. Teacher instruction manuals and student textbooks in subjects related to financial literacy have been co-developed to include mathematics, social studies, and life skills for fourth-grade students and home economics, social studies, mathematics, and life skills for seventh-grade students. Currently, the financial literacy framework, drafts of textbooks for all relevant subjects, and an outline of topics related to financial literacy are being prepared.

The NBC has supported the financial literacy campaign of the Financial Inclusion Committee of the Association of Banks in Cambodia (ABC). On the first Monday of every month, the ABC provides videos and key messages or slogans related to financial literacy for the NBC to adopt so that the Financial Inclusion Committee and members of the ABC can continue to disseminate information arising from this campaign.

- The Promotion of Financial Literacy for Women and Women's Entrepreneurship

The NBC has been working with the Ministry of Women's Affairs to complete the project Promoting Financial Literacy for Women and Women Entrepreneurship. In 2021, in collaboration with the Ministry of Women's Affairs, two forums related to financial literacy were organized for female entrepreneurs and female students from different institutions and universities. They were aimed at economic empowerment and entrepreneurial development for women during the COVID-19 pandemic. In addition, the United Nations Economic and Social Commission for Asia and the Pacific (UNSCAP) has collaborated on the implementation of the Catalyzing Women's Entrepreneurship project to create training courses for women and

female entrepreneurs to raise awareness of access to financial services. This is expected to be implemented in 2022.

- Financial Educational Campaign "Let's Talk Money!"

Good Return Australia has collaborated to implement the financial literacy campaign "Let's Talk Money: Little by Little," which started in 2020 and was officially launched on December 3, 2021. The campaign aims to provide the public with financial knowledge by addressing topics such as assessing available financial products and service options, understanding rights and responsibilities, and make joint financial decisions within families. Currently, the website "Let's Talk Money!" for female employees and entrepreneurs is being developed, and the NBC-Edu mobile app that provides financial education to children is being modernized.

V. Central Bank Operations

1. Payment Systems

The NBC officially launched the RetailPay system in January 2021 to provide customers with more options for digital payment transactions during the COVID-19 pandemic. In addition, the Fast Payment System has been updated in several stages, on October 1, 2021, additional functions were introduced for member institutions. Real-time gross settlement systems have also been developed to facilitate and mitigate the risks of interbank gross settlements, particularly in financial markets. To facilitate efficient and low-cost, cross-border fund transfers and payments between Cambodia and Malaysia were also to promote financial inclusion, especially with regard to remittances, the NBC has developed cross-border payment arrangements through the Bakong system and Maybank2u system. This cross-border payment project was officially launched on August 11, 2021.

To promote and enhance the development of financial technology in Cambodia, the NBC has drafted the "Financial Technology Development Roadmap 2020–2025" for the banking sector. Moreover, the CamTech Summit was organized in collaboration with the Monetary Authority of Singapore (as one of the partners of the World FinTech Festival), the ABC, the Cambodia Microfinance Association (CMA), and the Cambodian Association of Finance and Technology (CAFT) to serve as a platform for relevant stakeholders to discuss and understand the development of new technologies, particularly financial technologies, both domestically and globally.

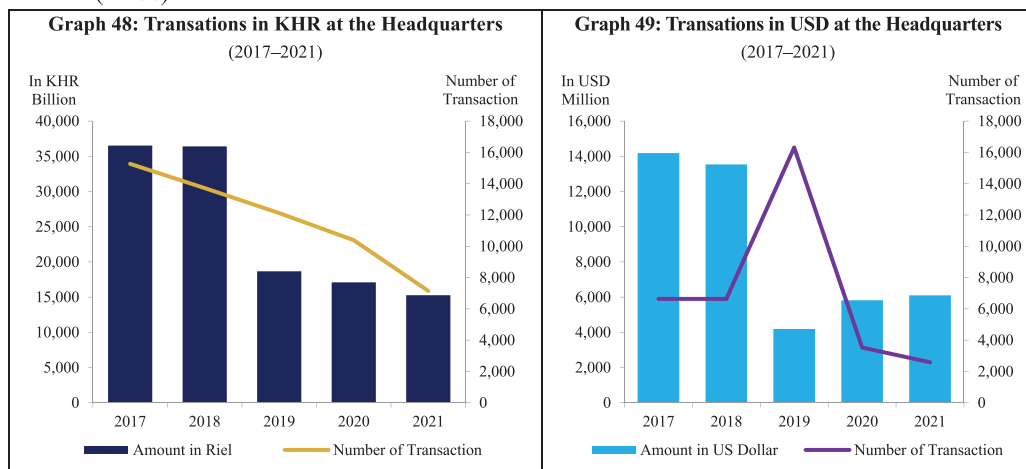
To strengthen the regulatory framework, a circular titled "Know Your Customer Procedures and Transaction Limits for Payment Services in Cambodia" was issued to provide guidance on common procedures in identifying customers at account registration and determining the transaction amount based on the user's risk level to facilitate electronic payments. Ongoing monitoring and supervision of payment systems and payment service providers have also been strengthened to mitigate potential risks and maintain compliance with the NBC's regulations.

2. Money Transfer Services Through the NBC

A. Local Money Transfer Services

- Account-based Money Transfer Services at the Headquarters

A money transfer service at the headquarters is a transfer service among accounts that were opened at the headquarters. Money transfers at the headquarters are free of charge. There were 9,732 transactions at the headquarters, of which 7,147 transactions were in KHR (amounting to KHR 15.3 trillion), and 2,585 were in USD (amounting to USD 6.1 billion). When compared with 2020, money transfers in KHR decreased by 3,242 transactions (−31.2%), equivalent to a decrease of KHR 1.8 trillion (−10.6%). The number of transfers in US dollars decreased by 939 transactions (−26.7%), but the amount increased by USD 278.5 million (4.8%).



Source: National Bank of Cambodia

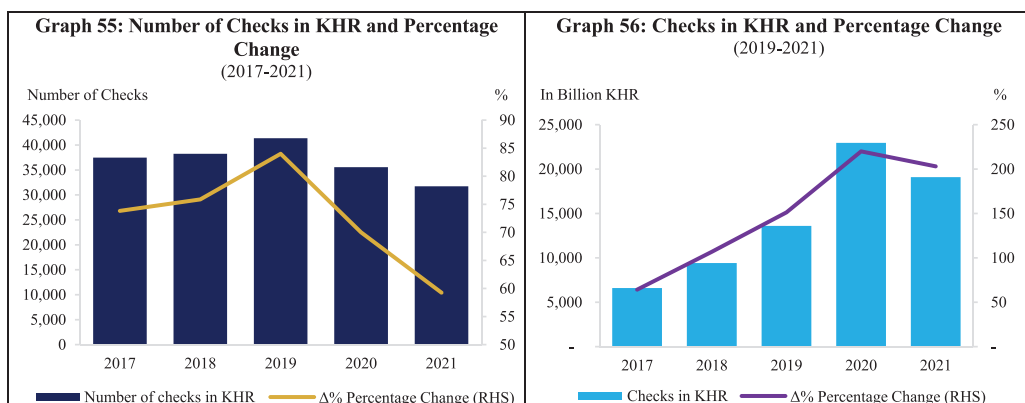
- Money Transfer Services with Capital/Provincial Branches

The money transfer service with the capital/provincial branches is a money transfer between the headquarters and capital/provincial branches of the NBC. Money transfers with capital/provincial branches were charged at 0.1% of the transferred amount per transaction, with a minimum fee of KHR 12,000 and a maximum of KHR 4 million. However, money transfers of government funds are free of charge. There were 3,092 transactions with capital/provincial branches, of which 1,935 transactions were money transfers in KHR and 1,157 in USD. A total of 313 transactions in KHR were transferred from the headquarters to branches (KHR 72.9 billion), and 1,622 transactions were transfers to the headquarters (KHR 3.2 trillion). When compared with the previous year, the transfers from the headquarters in KHR decreased by 51 transactions, amounting to KHR 69.3 billion (−48.7%) and transfers to the headquarters increased by 202 transactions, equivalent to KHR 1.3 trillion (65.6%).

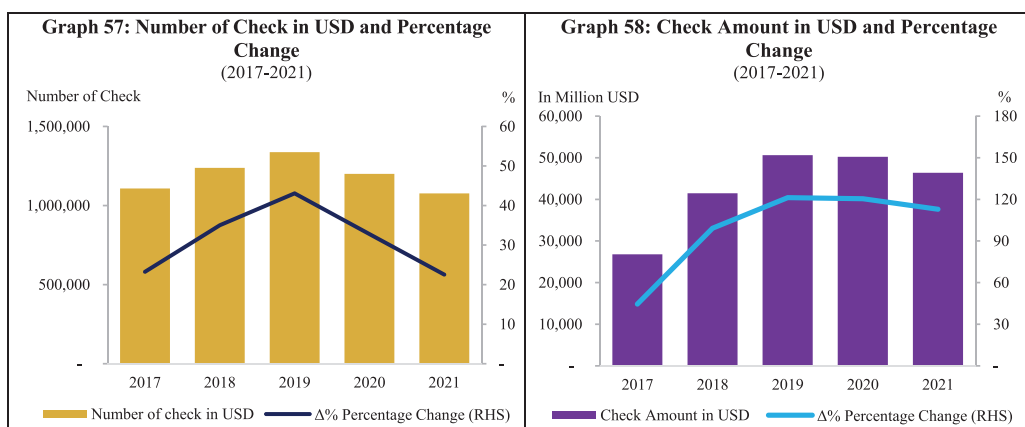
A total of 80 transactions in USD (USD 163.3 million) were transferred from the headquarters, and 1,077 transactions (USD 2.3 billion) were transferred to the headquarters. When compared with the previous year, the number of transfers from the headquarters decreased by 251 transactions, which is equivalent to USD 162 million (−49.8%), and the number of transfers to the headquarters decreased by 237 transactions, amounting to USD 685.8 million (−23%).

A- National Clearing System: The NCS operates the settlements of check and credit transfer orders. At the headquarters of the NBC, there are 36 direct members and 18 indirect members. There are seven check exchange centres at NBC branches, including Siem Reap (27 members), Kampong Cham (18 members), Preah Sihanoukville (19 members), Battambang (20 members), Banteay Meanchey (8 members), Svay Rieng (7 members), and Kampong Thom (6 members). There are seven centres that only exchange physical checks because the processing of the NCS is centralized at the headquarters. The NCS operates twice a day, at 11:15 am for settlements on credit transfer order payments and at 3:15 pm for settlements on both credit transfer order payments and check transactions.

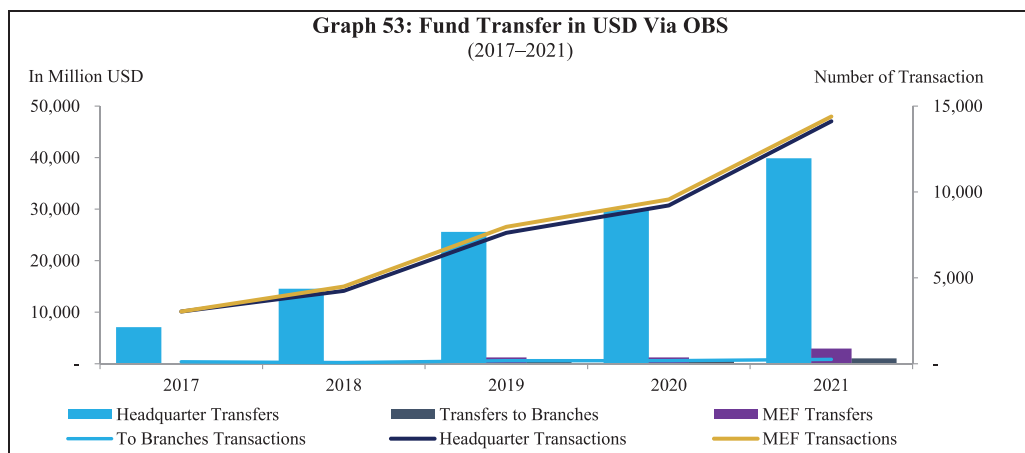
- Check Payment: The check settlement in the NCS was operational for 242 days. There were 31,700 check settlement transactions in KHR, a decrease of 10.7% (from 35,570 checks) with a record settlement amount of KHR 19.1 trillion, a decrease of 16.8% (from KHR 22.9 trillion) when compared with the previous year. Meanwhile, 1.07 million checks were issued in USD, a decrease of 10.3% (from 1.2 million), and a record settlement amount of USD 46.4, a decrease of 7.6% (from USD 50.2 billion).



Source: National Bank of Cambodia



Source: National Bank of Cambodia

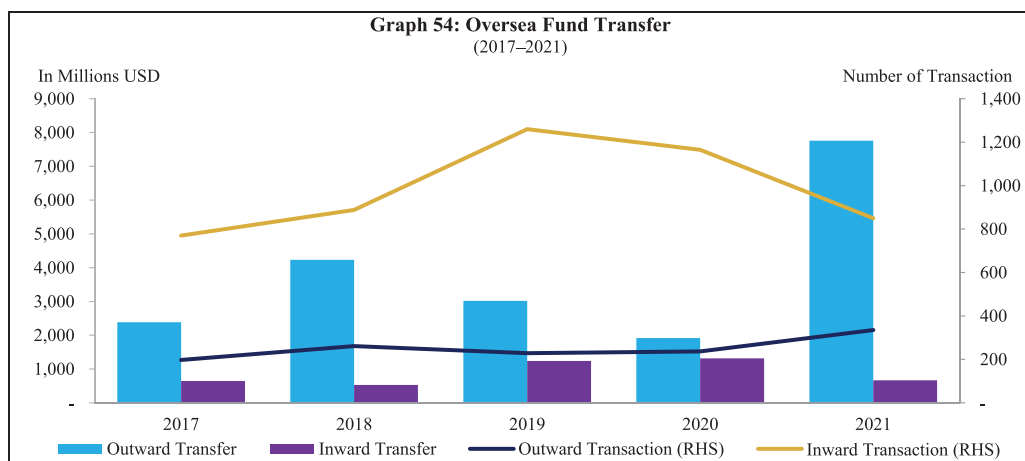


Source: National Bank of Cambodia

B. Overseas Transfer Services

Overseas transfers are charged based on the amount transferred, while transfers of government funds are only charged overseas transfer and SWIFT fees.

There were 3,004 overseas transfer transactions, of which 2,154 transactions were outward transfers, amounting to USD 7.8 billion, and 850 transactions were inward transfers, amounting to USD 0.7 billion. When compared with the previous year, the outward transfer transactions increased by 632 transactions, equating to USD 5.8 billion (a three-fold increase), while the inward transfer transactions decreased by 315 transactions, equating to USD 652.4 million (a 49.5% decrease).



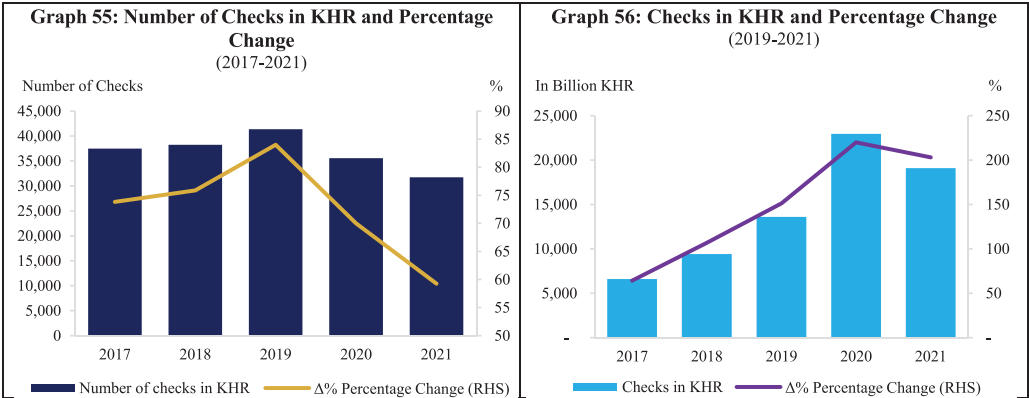
Source: National Bank of Cambodia

3. Clearing Services for Payment Instruments

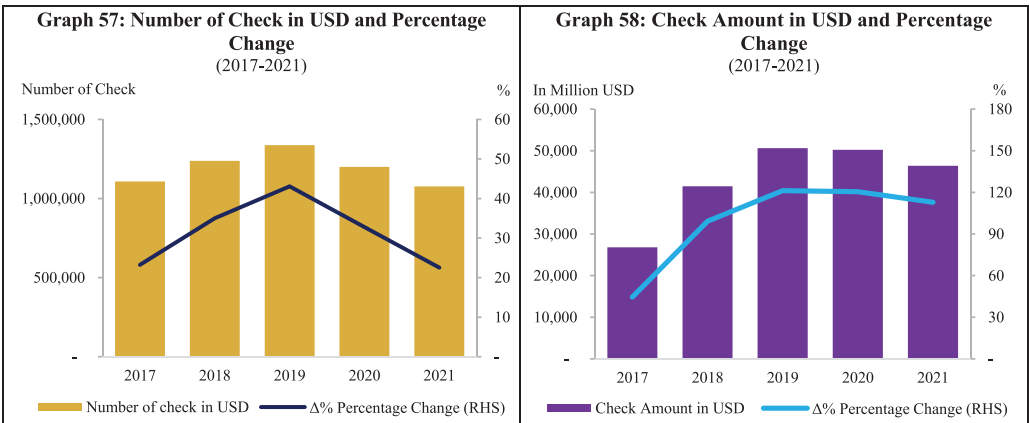
The NBC manages five payment systems, including the National Clearing System (NCS), Fast Payment Systems (FAST), Cambodian Shared Switch (CSS), retail payment systems (RetailPay), and the Bakong system.

A- National Clearing System: The NCS operates the settlements of check and credit transfer orders. At the headquarters of the NBC, there are 36 direct members and 18 indirect members. There are seven check exchange centres at NBC branches, including Siem Reap (27 members), Kampong Cham (18 members), Preah Sihanoukville (19 members), Battambang (20 members), Banteay Meanchey (8 members), Svay Rieng (7 members), and Kampong Thom (6 members). There are seven centres that only exchange physical checks because the processing of the NCS is centralized at the headquarters. The NCS operates twice a day, at 11:15 am for settlements on credit transfer order payments and at 3:15 pm for settlements on both credit transfer order payments and check transactions.

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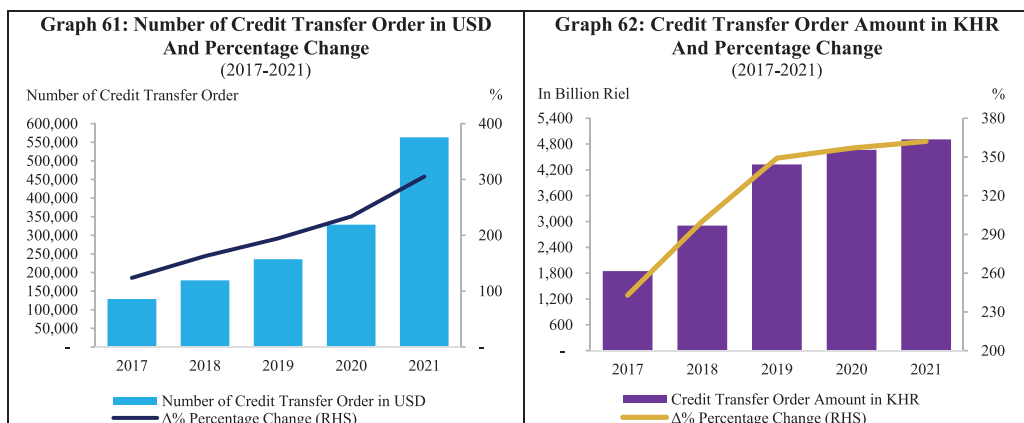
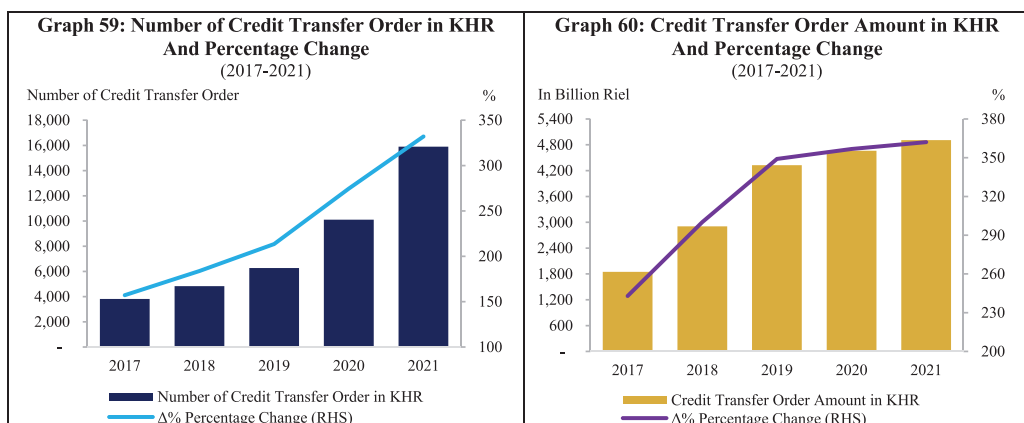


Source: National Bank of Cambodia



Source: National Bank of Cambodia

- **Credit Transfer Order Service:** A credit transfer order is a form of electronic payment. The use of the credit transfer order service increased significantly. This indicated an increase in payment transactions in the economy, with a preference to use electronic payment over checks and cash. A total of 15,900 credit transfer order payments were recorded in KHR, an increase of 57.4% (from 10,100 transactions), equating to KHR 4.9 trillion, an increase of 5.2% (from KHR 4.7 trillion). A total of 563,100 credit transfer order payments were recorded in USD, an increase of 71.4% (from 328,400 transactions), but the total transaction amount was USD 10.4 billion, a decrease of 18.1% (from USD 12.7 billion) compared to the previous year.



B- Fast Payment Systems: FAST has a total of 55 members, of which only 47 members are currently operating (including six MDIs). This service processes small transactions in KHR, with a maximum value of KHR 40 million per transaction. The payments in the system are processed in real time for customers, and the net payment between members is settled on the same day. FAST was operational for 202 days, and 62,000 fund transfers were recorded, an increase of 32.2% (from 46,900 transactions), amounting to KHR 143.2 billion, a decrease of 22.6% (from KHR 185 billion).

C- Cambodian Shared Switch system: The CSS system processes debit card payments, which can be processed using ATMs or point-of-sale (POS) machines. The CSS system manages three types of transactions: fund transfer transactions (ATM), withdrawal transactions (ATM and POS), and purchasing transactions (POS). It also provides three other types of non-financial transactions: checking account balance enquiries, summary statements, and PIN code changes. Currently, the CSS system has 53 members: The direct members consist of 45 commercial banks and six MDIs. The two indirect members are commercial banks. The CSS system was operational for 242 days and settled 383,500 transactions in KHR, equating to KHR 76.2 billion, an increase of 62.1% (from 236,600 transactions) when compared with 2020. There were 86,500 transactions in USD on the CSS system, an increase of 81% (from 47,800 transactions), equating to USD 10.4 million, which was 110% the amount transacted in 2020 (USD 4.9 million).

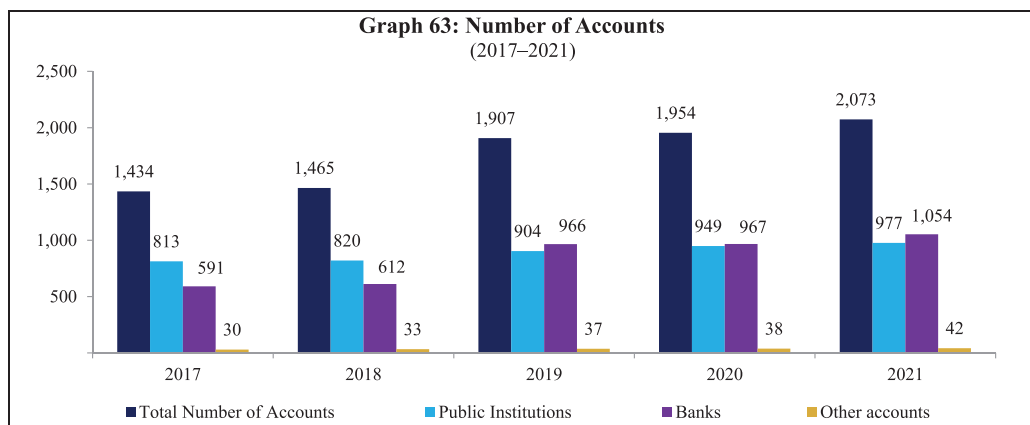
D- RetailPay: RetailPay has three subsystems: Real Fund Transfer (RFT), Mobile Payment System (MPS), and QR Code Payment System (QPS). An electronic clearing system is used for entering payment amounts for transactions, and transaction fees are calculated by the central system, RFT, and QPS. RetailPay has a total of 23 members, consisting of banks and financial institutions, and was officially launched on January 26, 2021, with 14 founding members. The QPS and MPS systems have not yet been launched. RetailPay was operational for 242 days and processed 32,100 transactions through the RFT system (2.6 times more than the previous year), totalling KHR 356.9 billion (7.2 times more than the previous year). A total of 61,300 USD transactions were processed (3 times more than the previous year), totalling USD 186.1 million (2.2 times more than the previous year).

E- Bakong system: The Bakong system currently has 55 members, of which 27 are officially operational and the rest are still studying the market and developing their interfaces. The Bakong system has 254,000 registered customers. In 2021, there were a total of 5.7 million transactions (1.2 million transactions in KHR and 4.5 million transactions in USD), amounting to KHR 1.7 trillion and USD 1.9 billion.

4. Account Management Service

A. Number of Accounts

The NBC managed a total of 2,073 accounts, including 977 accounts belonging to public institutions, 1,054 accounts to banking and financial institutions, and 42 accounts to other entities (such as foreign central banks, international public financial institutions, and notaries public). When compared with the previous year, the number of accounts opened by the above institutions increased by 6.1% (119 accounts). These new accounts included (1) 28 accounts belonging to public institutions, allowing them to receive direct funding from the general department of the national treasury for implementing projects with development partners and financial reform programs and, (2) 87 accounts belonging to banking and financial institutions.

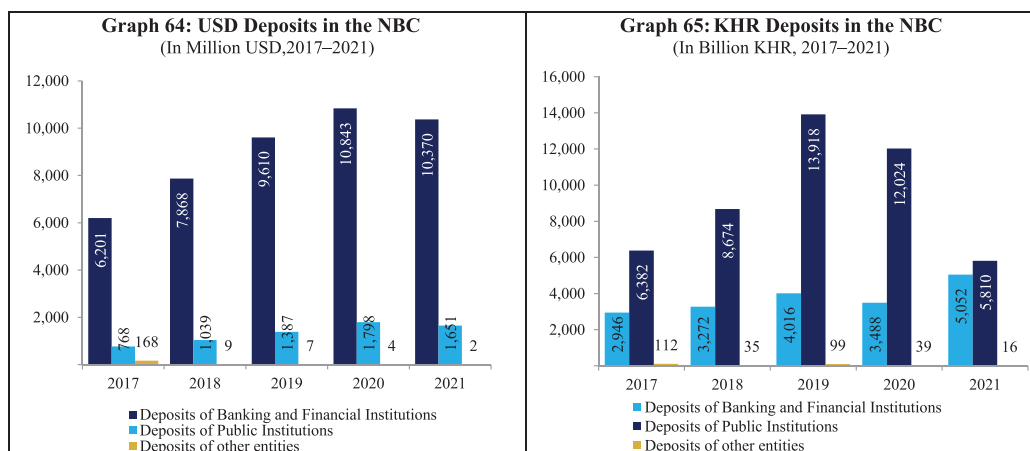


B. Contribution to the Implementation of the Public Financial Management Reform Program

With the aim of contributing to the implementation of the Royal Government's public financial management reform program, which is in its third phase, i.e., linking the budget to policy (+2) (2021–2022), the NBC has continued to support the launch of the OBS service integrated with the financial management information system.

C. Deposit Service

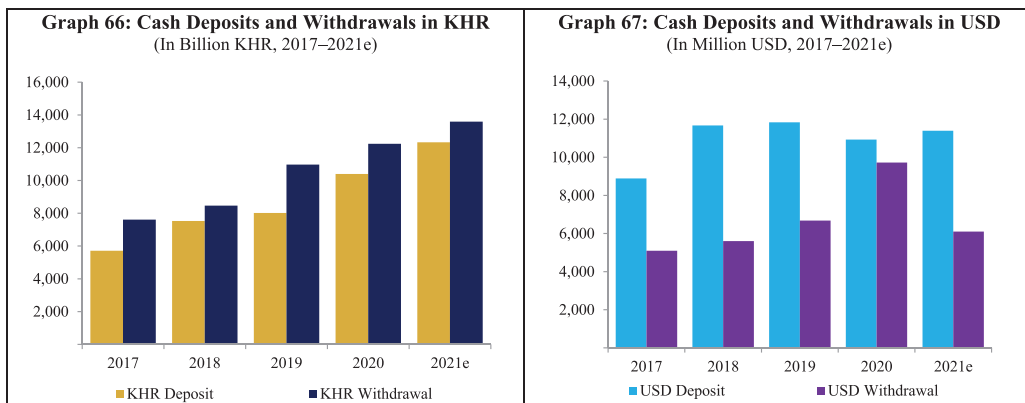
The total amount deposited by banking and financial institutions, public institutions, and other entities in the NBC decreased when compared with 2020. Deposits in KHR decreased by KHR 4.7 trillion (-30%), and deposits in USD decreased to USD 621.1 million (-4.9%).



5. Management of Cash in Circulation

A. Teller Operations

Cash deposits and withdrawals of KHR from banking and financial institutions and public institutions increased by 18.6% and 11.1%, respectively. When compared with 2020, USD receipts increased by 4.2%, and USD withdrawals decreased by 37.2%.

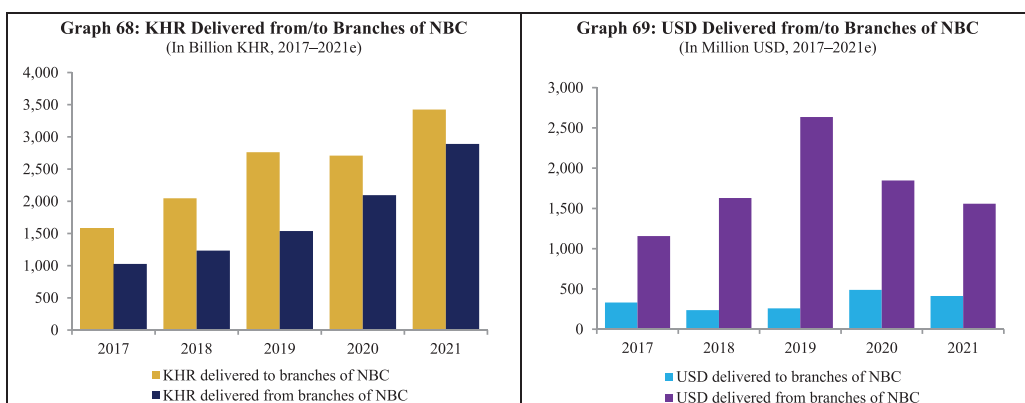


Source: National Bank of Cambodia, *e = estimate

B. Cash Management

To accommodate public demand, new banknotes of all types were supplied, old banknotes were collected on a regular basis, and the design and quality of banknotes was continually enhanced to combat counterfeiting and encourage the use of KHR.

The supply of KHR banknotes from the NBC's headquarters to the capital/provincial branches increased by 26.4%, while the supply of USD banknotes decreased by 15.5%. The delivery of old banknotes and the surplus KHR banknotes at the NBC's headquarters increased by 38%, while the delivery of USD banknotes to the headquarters declined by 15.7% compared to the previous year.



Source: National Bank of Cambodia, *e = estimate

With the cooperation between local authorities and banking and financial institutions, the number of seized counterfeit KHR banknotes (copy type) and USD banknotes decreased by 27.8% and 73.5%, respectively compared to 2020. To celebrate the 30th anniversary of the Paris Peace Agreement (October 23, 1991–October 23, 2021) and the 30th anniversary of the return of His Majesty the King-Father Norodom Sihanouk “Preah Borom Ratanak Kaudh” to his homeland (November 14, 1991–November 14, 2021), the Royal Government of Cambodia authorized the NBC to print 30,000 KHR as commemorative banknotes to be circulated for use throughout the Kingdom of Cambodia on October 18, 2021.

VI. Cambodian Financial Intelligence Unit

The Cambodian Financial Intelligence Unit (CAFIU) conducts regular work, such as implementing anti-money laundering regulations; countering the financing of terrorism; monitoring the obligations of reporting entities; analysing, preparing, and submitting financial intelligence reports; and disseminating information to raise public awareness. In addition, the CAFIU coordinates and participates in the execution of the Financial Action Task Force (FATF) action plan, the work of the Egmont Group, and the national risk assessment, as well as strengthen and expand national and international cooperation.

1. Strengthening the Framework, Implementing Anti-Money Laundering Laws and Regulations, and Combating the Financing of Terrorism

The CAFIU published guidelines on the implementation of customer care in accordance with the principles of AML/CFT, which require individuals to report on key obligations, such as reviewing risk-based approaches, regularly monitoring and reviewing customer care procedures, keeping records, and provide information to the CAFIU.

The CAFIU continues to conduct on-site inspection of eight commercial banks and two MDIs during the outbreak of COVID-19 in 2021. At the same time, the CAFIU regularly reviewed the results of the risk assessments of the AML/CFT reporting entities, monitored the findings of internal work and audits, and assessed the qualifications and evaluations of the executive officers via the online system.

CAFIU organized an online workshop to disseminate guidelines on the implementation of customer care to 56 banking and financial institutions, with a total of 64 participants. The CAFIU also partnered with the World Bank to organize five online dissemination workshops on AML/CFT, including: (1) two workshops for 156 banking and financial institutions, such as commercial banks, specialized banks, MDIs, MFIs, payment service providers, financial leasing companies, and exchange businesses, with a total of 720 participants; (2) two workshops for non-banking financial institutions and non-financial businesses, including insurance companies, securities firms, public administration companies, accounting and auditing firms, casinos, housing development companies, and law firms, with a total of 81 participants; and (3) one workshop with the relevant ministries and inspection institutions, including the Regulators of the Non-Banking Financial Services Authority, Directorate General Banking Supervision, and the Bar Association of the Kingdom of Cambodia, with a total of 61 participants.

CAFIU officers attended online training sessions and workshops on key topics, such as: Technology Crimes Part 1, Investigating Corruption in Southeast Asia, and Training of Assessors of the Asia-Pacific Group Clearing Money and Virtual Asset Service Providers. They also attended seminars and briefings for officials and managers from the Ministry of Interior and the Ministry of Foreign Affairs and International Cooperation on AML/CFT and anti-financing of the proliferation of weapons of mass destruction.

2. Operational Analysis Work

In addition to routinely receiving and analysing the core work of transactions and other information from reporting entities, CAFIU, in collaboration with the Department of Information Technology, also integrated web-based reporting into 12 newly established reporting entities and coordinated two workshops focused on reporting entities' implementation of AML/CFT, especially improving quality through the collection of information, identification, and timely reporting of operations. The CAFIU also partnered with the Department of Information Technology to develop an internal system to facilitate the analysis of financial transactions related to AML/CFT. The CAFIU continues to prepare and submit financial intelligence reports and process requested information and feedback to improve the quality of financial intelligence reports.

3. Cooperation of the CAFIU

A. Local Cooperation of the CAFIU

The CAFIU signed a memorandum of understanding (MoU) on the exchange of information related to AML/CFT with the Phnom Penh Water Supply Authority (PPWSA) and the Ministry of Agriculture, Forestry, and Fisheries (MAFF). The CAFIU also plans to sign MoUs with Electricite du Cambodge (EDC) and other ministries and institutions. In alignment with the Royal Government's strategic plan, the CAFIU has participated in anti-drug work.

The CAFIU has cooperated with the inter-ministerial technical working group on anti-money laundering and combat the financing of terrorism to prepare progress reports on the implementation of the FATF's action plan and also the action plan outlined in the National Anti-Money Laundering and Combating the Financing of Terrorism Strategy 2019–2023. In addition, the CAFIU, together with the inter-ministerial technical working group, met online with the International Cooperation Review Group three times to discuss the result of the implementation of the FATF action plan. Meanwhile, the National Coordinating Committee against Anti-Money Laundering and Financing of Terrorism and Anti-Financing of Proliferation of Weapons of Mass Destruction, chaired by Samdech Krala Hom and the Governor, issued a decision to establish a subcommittee, the National Risk Assessment Committee on Money Laundering and Terrorism Financing and Mass Destruction Financing. The subcommittee has been discussing and coordinating with the World Bank to conduct a second national risk assessment, the result of which will reflect Cambodia's money laundering risk and terrorist financing every five years, with its first evaluation in 2016.

B. CAFIU's International Cooperation

CAFIU signed an MoU with the financial intelligence units of Senegal, Estonia, and Brazil on the exchange of information relating to anti-money laundering and combat the financing of terrorism. The CAFIU will also sign an MoU with the financial intelligence units of Ghana and the USA.

The Asia-Pacific Group on Money Laundering (APG): In 2021, CAFIU cooperated with the APG to assess the progress of the implementation and make recommendations related to technical compliance in the Mutual Evaluation Report on AMF/CFT 2017 in which the ranks of the six recommendations were increased, including recommendations 1, 7, 12, 33, 37, and 38. CAFIU also took part in meetings organized by the APG, related to governance, mutual evaluation, and strategic reviews of FATF standards and general plenary meetings of the APG and FATF. In addition, CAFIU officers participated in online training courses and workshops organized by the APG to share experiences and best practices in strengthening AML/CFT.

The Egmont Group: CAFIU attended the 27th Annual Plenary organized by the Egmont Group secretariat and titled “The Implementation of Risk-based Approach in Financial Intelligence Unit Operation” to discuss and share their experiences with member countries on the implementation of risk-based approaches to core tasks of financial intelligence units, such as preparing and analysing financial reports and protecting data safety. CAFIU also attended working group meetings and technical training courses to monitor the progress of Egmont's new and existing projects, including modifying policies and procedures, exchanging information, providing technical assistance, and becoming a member of the information sharing working group.

Financial Intelligence Consultative Group: Under the framework of the Financial Intelligence Consultative Group, which is a cooperation between the financial intelligence unit in ASEAN region, Australia, and New Zealand that respond to issues of financing terrorism and threats to financial sectors in the region. CAFIU has also taken part in learning projects, including combating financing terrorism in the Southeast Asia region by creating a platform for information sharing and anti-money laundering operations. CAFIU has also attended annual working group meetings to review, monitor, and share information on the updates of AMT/CFT, including new laws and regulations together with results of new research on AML/CFT, especially on the mechanisms each member employed during the COVID-19 outbreak.

VII. International Cooperation

1. Multilateral Cooperation

The NBC has strengthened and expanded its cooperation with international institutions and other central banks to share knowledge and information about promoting regional and global integration.

The IMF conducted an article IV consultation to assess economic development in Cambodia and provided recommendations on economic policy. The IMF provided technical assistance related to external sector statistics, monetary and financial statistics, and residential property price indices and enhanced the quality of the financial stability review. Most

significantly, the IMF provided capacity-building support in analysing, monitoring, and assessing macroeconomic and financial developments. Meanwhile, the IMF increased the amount the Special Drawing Rights (SDR) allocations to member countries to help them cope with the impacts of COVID-19, of which Cambodia received additional allocations of SDR 167.73 million, making Cambodia's total SDR 251 million.

The Asian Development Bank (ADB) agreed to a policy-based concessional loan under subprogram three of the Inclusive Financial Sector Development Program. The ADB has consulted with the Royal Government of Cambodia on policy actions for new concessional loan program for trade and competitiveness in which there are two subprograms. The ADB continues to cooperate in implementing the COVID-19 Active Response and Expenditure Support Program, which focuses on health care, social assistance, and economic stimulus to mitigate the impacts of COVID-19 and support the most affected sectors of the economy. The ADB also collaborated in organizing seminars on managing non-performing loans and sharing information about economic protection policies, digital platforms, and economic recovery during the post-COVID-19 period. The ADB collaborated with the University of Cambridge to organize workshops on FinTech and regulatory innovation.

ASEAN: The NBC continues to contribute in strengthening financial integration and accomplish major tasks in the ASEAN region, including (1) support the creation of the ASEAN Taxonomy Board, which arranges, selects, and adjusts related frameworks and principles to identify and/or define green financing to achieve inclusive financial sector development; (2) serving as co-chair for the Working Committee on Financial Inclusion with the Bank of Indonesia to help promote inclusion in the ASEAN regions; and (3) contributing to advancing banking integration, capital account liberalization, capital market development, financial inclusion, financial service liberalization, and capacity building for central bank's officials in the ASEAN regions.

ASEAN+3 cooperation: The NBC has also contributed to (1) strengthening the financial safety net in ASEAN+3 regions after the increase in the IMF-delinked portion from 30% to 40%, making the total CMIM reach USD 240 billion and (2) discussing the mechanism for setting the reference rate and the use of local currency for CMIM mechanisms. The NBC also supported AMRO's role as an international institution, especially in assessing the economic conditions of the ASEAN+3 members.

The South East Asian Central Banks (SEACEN) Centre supported skilled training for NBC staff by organizing online training courses and workshops. As a member of the SEACEN Trust Fund, the NBC has taken part in approving the effective management and utilization of this fund.

The NBC has also maintained good cooperation with other international institutions. The United Nations Development Program (UNDP) in Cambodia has conducted joint research on the issuance of government bonds in Riel under the policy framework, Developing the Government Bond 2022–2028. The International Finance Corporation has cooperated in developing a market of supply chain finance in Cambodia and organise online workshops about foreign currency SWAP. The Alliance for Financial Inclusion cooperates in promoting financial inclusion and financial literacy and focuses on promoting digital financial literacy; collecting financial inclusion data by gender; and providing inclusive, gender, and green financing. Pact Cambodia has cooperated in promoting financial literacy by creating educational videos on financial literacy and financial roadmaps. The Asia-Pacific Rural and Agricultural Credit Association has provided training and conducted research on green finance and climate change.

Box 1: ASEAN and ASEAN + 3 Cooperation

Under the ASEAN framework, the NBC has contributed to achieving essential progress:

i. ASEAN Banking Integration Framework: The Working Committee on ASEAN Banking Integration Framework has established the ASEAN banking integration framework arrangement and the supervisory agreement to conduct a study on the Financial Landscape Toward Furthering ASEAN Banking Integration in the Digital Era, share experiences on the management of cross-border data flows, and arrange capacity-building programs to strengthen banking regulatory coherence between ASEAN members.

ii. Capital Account Liberation (CAL): The Working Committee on Capital Account Liberation has updated the working plan on capital account liberation to promote policy discussion, particularly the study of capital flow management among ASEAN member states; enhance the capital account liberation heatmap; and publish reports and documents related to the Working Committee on Capital Account Liberation on the ASEAN website.

iii. Capital Market Development: The Working Committee on Capital Market Development established a consultation framework to engage in advancing the development and the promotion of regional sustainable finance, formed an industry advisory panel for the Joint Sustainable Finance Work Group, and conducted capacity-building and awareness engagement program on sustainable finance.

iv. Financial Inclusion: The Working Committee on Financial Inclusion conducted a self-assessment on the implementation of the guidance note on the monitoring and evaluation framework for financial inclusion, prepared the 2021 Report on Financial Inclusion in ASEAN, updated documents and co-organized training programs related to the promotion of financial inclusion, and coordinated sharing sessions on various initiatives related to digital financial services and policy note co-development on digital financial literacy.

v. Financial Service Liberalization: The Working Committee on Financial Service Liberalization developed a working plan to transition from a positive to a negative listing approach, expand the scope of financial services liberalization, and develop guidelines to review the ASEAN-Australia-New Zealand Free Trade Agreements, which finalized the discussion on the protocol of the ninth package of financial services, prepared the document for signing by the end of 2021, and concluded the discussion on the study of the impacts of liberalization among member countries.

vi. Payment and Settlement System: The Working Committee on the Payment and Settlement System identified and prioritized the ASEAN-related areas for the report on enhancing cross-border payments, updated the ASEAN payment policy framework's implementation policy guidelines (IPG), and endorsed the ASEAN interoperable QR code framework to promote regional payment connectivity.

vii. Capacity-Building: The Steering Committee on Capacity Building continues to conduct online training, and member countries are also developing technological infrastructure for the training.

The following essential tasks were achieved under the framework of cooperation with ASEAN+3:

I. Revising the operating principles of the Chiang Mai Initiative multilateralization agreement (CMIM), which facilitate the smooth and timely implementation of this agreement with current developments, such as the reference rate and the use of local currencies in CMIM mechanisms, and determining the future direction of the initiative

II. Implementing the 12th test run under the CMIM mechanism, which is not related to IMF, to strengthen the assessment of the economic situation of borrowing countries

III. Developing a technical assistance program to further expand the knowledge on the process of the CMIM agreement

IV. Scheduling a work plan, revise medium-term plans, and prepare for the selection of AMRO's new senior management

V. Continuing to study new initiatives that will strengthen and expand ASEAN+ 3 financial cooperation

VI. Promoting the issuance of local currency-denominated bonds in ASEAN+3

2. Bilateral Cooperation

Bilateral cooperation has strengthened and expanded the sharing of knowledge, experience and support growth in the banking sector. The bilateral meetings with the State Bank of Vietnam and the Bank of Lao P.D.R. further strengthened cooperation, with the goal of future collaboration. Experiences were shared with the Bank of Thailand (BoT) about the management of exchange rates and central bank operations. The Bank of Korea (BoK) conducted joint research on the topic of monetary transactions and exchange rate policies. Together with the Monetary Authority of Singapore (MAS) and several other central banks, the NBC has co-authored a research paper titled "Digital Infrastructure for Digital Economy." The NBC also shared knowledge and experience with the Bank of Lao P.D.R on developing a payment system, strengthening bank supervision, and setting up accounting systems; with the Central Bank of Timor-Leste on registering and issuing NCDs; and with the State Bank of Pakistan on developing the Bakong system.

VIII. The Internal Management of the NBC

1. Members and the Role of the Board of Director

Currently, the Board of Directors of the NBC consists of the following:

-	H.E. Chea Chanto	Governor	Chair
-	H.E. Neav Chanthana	Deputy Governor	Member
-	H.E. Chou Kimleng	Representative of the Head of the Royal Government	Member
-	H.E. Iv Thong	Representative of Academia	Member
-	H.E. Ros Seilava	Representative of the MEF	Member
-	H.E. Lay Mengsun	Representative of the Private Sector	Member
-	Mr. Mom Dareth	Representative of NBC Staff	Member

The board held six meetings:

1. The 144th meeting, held on January 25, 2021, reviewed and approved the draft on the establishment of the audit committee for inspecting the NBC's accounting records as of 2020.
2. The 145th meeting, held on February 11, 2021, reviewed and approved the drafted report on the NBC's budget for 2020 and the budget plan for 2021.
3. The 146th meeting, held on May 04, 2021, reviewed and approved the drafted policy on investment reserves management.
4. The 147th meeting, held on May 18, 2021, reviewed and approved the report on investment reserves management 2020.
5. The 148th meeting, held on July 08, 2021, reviewed and approved the draft of the NBC's semi-annual report and work plan for the second semester of 2021.
6. The 149th meeting, held on December 14, 2021, reviewed and approved the draft of the NBC's annual report for 2021 and work plan for 2022.

2. Human Resource Development

A. Staff Statistics

As of 2021, the number of NBC employees nationwide was 1,776 (917 males and 859 females), of which 1,295 worked at the headquarters (686 males and 609 females) and 481 worked at capital and provincial branches (231 males and 250 females). The number of staff at the headquarters increased by 43 (51 new recruits, three transferred in, one transferred out, four retired, four resigned, and two deceased), while the number of staff at branches decreased by nine (three transferred out, two retired, three resigned, and one deceased).

Table 2: NBC Staff Statistics in 2021

		2018	2019	2020	2021	Change
Headquarters	Male	642	642	664	686	22
	Female	550	566	588	609	21
	Total	1,192	1,208	1,252	1,295	43
Branches	Male	232	224	233	231	-2
	Female	241	233	257	250	-7
	Total	473	457	490	481	-9
Total Nationwide	Male	874	866	897	917	20
	Female	791	799	845	859	14
	Total	1,665	1,665	1,742	1,776	34

B. Training

- Local Training

The capacity building of staff took the form of training courses, especially via online platforms. There were 50 participants who participated in six workshops, 140 participants who participated in two study sessions, and 345 participants who joined 15 meetings. The internship program at the NBC received 150 students from higher education institutions.

The NBC continues to provide training to officials through online platforms as follows:

- The NBC–Financial Stability Institute (FSI) Connect training program on banking supervision skills under the program of the FSI with the Bank for International Settlements that has five cohorts, with a total of 335 participants (including 25 scholarships). It organized 39 examinations through official online platform to consecutively assess qualifications, with 215 officials successfully completing the fundamental level, 103 completing the intermediate level, and 48 completing the advanced level.
- The NBC–IMF training program on financial programming and policy has three cohorts, with a total of 261 participants. Of the 261 participants, 55 were from the first cohort, 105 from the second cohort successfully completed the official online exam for both levels, and 101 from the third cohort have just been selected to study and are expected to pass the level-one exam online at the end of 2021.
- The Global FinTech Institute offers the program on the Chartered Fintech Professional, which has two levels for six participants and aims to strengthen the financial technological capabilities of its cohorts to allow them to understand the latest developments in financial technology.
- The FSI Connect program on deposit insurance skills is funded by the International Association of Deposit Insurers and will employ three staff members to strengthen their deposit protection capacity.

To continue the program during the COVID-19 pandemic, the Centre for Banking Studies developed a digital platform and hybrid education to teach students in the 28th and 29th cohort via e-learning (CBS E-Learning). In total, there are 277 students who are studying at the Centre for Banking Studies, 133 from the 29th cohort and 144 from the 30th cohort. At the Centre for Banking Studies, there are 58 lecturers (11 females), 43 of whom are from the NBC.

- Overseas Training

In order to enhance capacity building and develop human resources, the NBC has assigned 226 officials to participate in short-term online courses (843 participants), 155 online meetings (411 participants), two long-term PhD courses (two participants), and 26 long-term master's degree courses (27 participants).

3. Internal Audit, Inspection, and Risk Management

The NBC has strengthened its internal controls and inspection, which is a part of the NBC's governance for reviewing and evaluating the implementation of each department and unit in terms of compliance, regulation, instruction, and other work procedures to ensure work efficiency and strong internal controls.

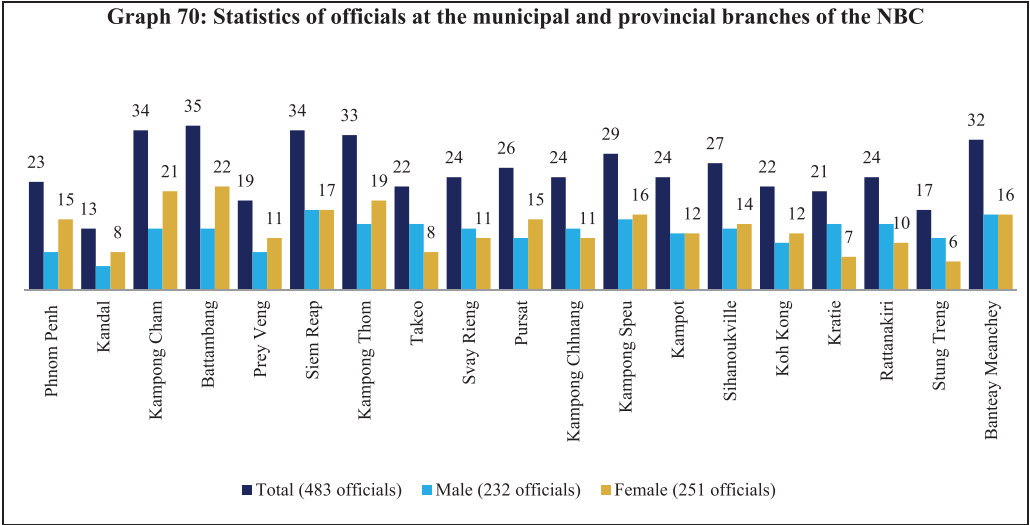
Audit work is conducted both on-site and online for the NBC’s branches (Sihanoukville, Prey Veng, Stung Treng, Kampong Chhnang, Battambang, Koh Kong and Ratanakkiri provinces, and the operations and exchange management departments at the headquarters). The inspection work was only carried out at four branches of the NBC (Kampot, Kampong Cham, Kampong Speu, and Takeo), and the follow-up on the implementation of the recommendations is carried out online.

The NBC has studied and developed remote audit procedure to maintain the audit work when the auditor is unable to be present physically and strengthen the efficiency of the audit.

The NBC's central banking risk management committee conducted five meetings to review the progress of the business continuity plan and update the head office on the business continuity plan for implementation at the NBC branches.

4. Management of the NBC’s Branches

Operations at the municipal and provincial branches have gradually strengthened to serve regional growth. The municipal and provincial branches of the NBC have contributed to fulfilling the cash demand, promoting the use of Riel, and raising financial awareness. Branches of the NBC at the municipal and provincial levels participated in (1) providing exchange services for old, worn, and torn Riel banknotes; (2) monitoring the local economic situation, such as price fluctuations, exchange rates, and other macroeconomic indicators that contribute in monitoring the overall economic situation and monetary policy of the NBC; and (3) providing information to the public on the use of financial services through the hotline system. The municipal and provincial branches of the NBC also contributed to public financial reforms that enhance the efficiency and accountability of the cash management operations of various government entities.



Conclusion

In 2021, Cambodia's economy recovered even though the growth rates are unevenly distributed. For example, the garment sector started to grow rapidly while the service sector, especially tourism, continued to decline. The careful implementation of monetary policy and the control of pressure on the value of the Riel stabilized the exchange rate while actively maintaining price stability and protecting the purchasing power of people's incomes. At the same time, international reserves continued to be high enough to serve monetary and exchange rate policies, which has contributed to maintaining public trust in the national economy and finances.

Implementing a series of supportive measures in the banking sector has maintained resilience of the banking system, allowing it to play an important role in maintaining business sustainability and alleviating hardships for people affected by the crisis. In addition, the modernization of the payment system has facilitated economic and trade processes, both domestically and internationally, by reducing operating costs, increase the rate and efficiency of payments, and supporting the transformation of Cambodia's economy into a digital one, to be in line with the vision of the Royal Government. Furthermore, promoting environmental and financial knowledge, strengthening consumer protection mechanisms, promoting the use of Riel, and combating money laundering and terrorist financing have maintained trust in developing a sustainable and environmentally friendly banking system.

In the face of global economic uncertainty, international cooperation—especially in enhancing financial sector integration, strengthening regional financial security nets, and exchanging experiences in the bilateral and multilateral frameworks—has strengthened the resilience and development of the Cambodian banking and financial sector. Meanwhile, good governance, the development of human resources, and the quality of central bank services are constantly improving to increase efficiency and support the growth of the banking sector and the economy.

PART II: OUTLOOK AND TARGET FOR 2022

Outlook and Target for 2022

The IMF has forecasted that the global economy will grow by 4.9% in 2022 (4.5% in developed countries, 5.1% in emerging and developing countries, and 5.8% in ASEAN-5 countries). At the same time, the global economy is facing major crises, such as (1) the continuing impact of COVID-19 and new mutations of the virus, (2) the tightening of monetary policy that could put pressure on inflation, (3) rising public and private debts, (4) geopolitical tensions, (5) the uncertainty of trade policies, and (6) natural disasters caused by climate change.

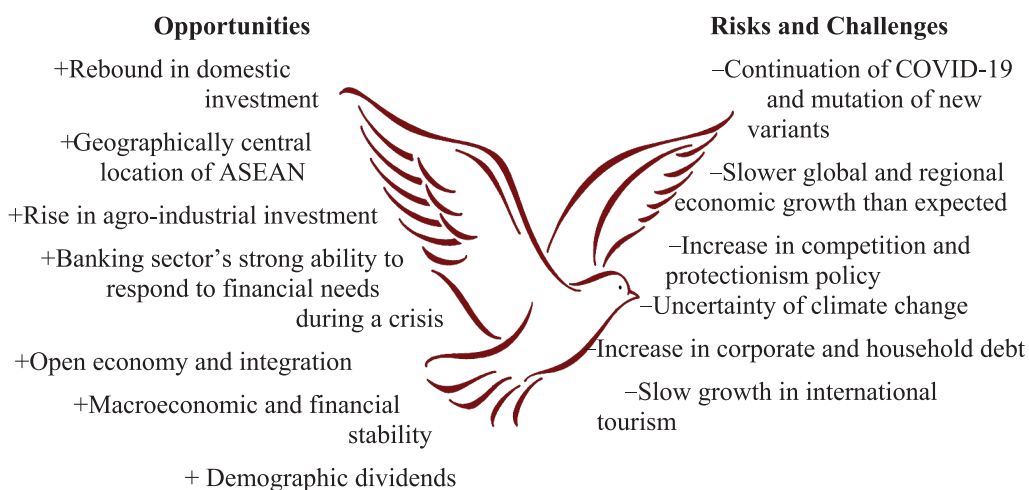
The recovery of the global economy together with the reopening of the economy itself will support key sectors of Cambodia's economy. The garment sector, which accounts for the largest share of industry, is expected to grow by 6.8%, primarily supported by improved external demand coupled with government support measures. The construction sector is expected to grow by 5% due to the growth from foreign investment inflows and domestic demand that focus on affordable real estate market. The agricultural sector is expected to make good progress, with a growth rate of 1.1% due to the policy of the Royal Government in supporting the diversification of the agro-industrial sector and favourable climatic factors. The tourism sector is also expected to grow due to the government's policy that supports tourism, but growth will be slow, at 1.5%, due to the slow influx of international tourists. In the financial sector, the banking sector continues to remain stable by contributing to economic growth in financing the private sector and help alleviate the burden on people hardest hit by COVID-19 through services such as credit restructuring. With these positive outcomes, Cambodia's economy is expected to grow by 4.8% in 2022.

Table 3: Economic growth by sector

	2020	2021e	2022p
Agriculture	-0.79%	1.41%	1.11%
Industry	-2.76%	5.64%	7.69%
Service	-5.42%	0.31%	4.15%
GDP Growth	-3.13%	2.42%	4.79%

Table 4: The forecasted growth for international institutions

	2021e	2022p
Government	3%	4.8%
IMF	1.9%	5.7%
World Bank	2.2%	4.5%
ADB	1.9%	5.5%



With an optimistic outlook, Cambodia's economy faces several challenges: (1) the continuation of the COVID-19 pandemic and new variants; (2) an increase in international market competition, as some countries that export similar products to those exported by Cambodia benefit from preferential tariffs and free trade agreements with countries that are in Cambodia's export market; (3) an increase in corporate and family debt if the COVID-19 pandemic persists; (4) the slow growth in the tourism sector, which impacts the economy's structure and labour market; and (5) the slow growth in the agricultural sector as a result of climate change. Structural challenges of Cambodia's economy include: (1) Cambodia's limited competitiveness due to the high production costs and lack of infrastructure, (2) slow economic diversification, and (3) high levels of dollarization that put pressure on monetary policy.

In support of the Royal Government's policy to restore economic growth, the NBC has set the main working plan for 2022 as follows:

1. Monetary Policy Implementation

- Manage the money supply to bring it to at an appropriate level
- Maintain exchange rate stability to contribute to price stability and strengthen public confidence
- Promote the use of the KHR through market mechanisms
- Develop new policy instruments
- Stimulate interbank market development with the aim of increasing the effectiveness of monetary policy

2. International Reserve Management

- Implement investment policy for 2022
- Conduct research on new investment tools to achieve risk diversification and increase revenue
- Conduct research on budget risk management and strengthen the measurement of the investment portfolio through research on new models
- Research opportunities and possibilities for investing under the framework of responsible investment

3. Payment System Development

- Develop the payment system infrastructure, including retail and large-value payment systems
- Connect to cross-border payment systems with regional countries
- Promote financial technology in accordance with the Financial Technology Development Roadmap 2020–2025
- Promote the use of the Bakong system and continue to develop the next phase of the Bakong system
- Strengthen the regulatory framework for payment systems and payment services
- Monitor and evaluate payment systems and payment service providers

4. Supervision of Banks and Financial Institutions

- Collect, manage, and improve the data quality of banking and financial institutions
- Analyse and monitor the wellbeing of banking and financial institutions on a regular basis by updating its status on development at institutions and continue to implement progressive and prudent supervision to support economic growth
- Update the supervision of banking and financial institutions on risk-based prospects
- Review and revise provisions related to solvency frameworks/capital adequacy for banking and financial institutions and prepare additional new regulations
- Monitor the implementation of other relief measures that were introduced during the outbreak of COVID-19 and evaluate the implementation of the institution's exit strategy
- Monitor the implementation of the action plan on the National Financial Inclusion Strategy 2019–2025
- Monitor credit information service companies on a regular basis
- Cooperate with national and international institutions within the framework of supervision and training on financial inclusion and customer protection

5. Anti-Money Laundering/Combating the Financing of Terrorism

- Disseminate and strengthen knowledge among reporting entities and relevant authorities to improve the effectiveness of law enforcement and existing regulations
- Prepare and implement guidelines as required by law on anti-money laundering and combating the financing of terrorism
- Implement the monitoring operations of reporting entities in accordance with the laws and regulations
- Continue to strengthen the supervisory capacity and financial operational analysis for better outputs
- Organize a system for analysing money laundering and the internal financing of terrorism with the Department of Information Technology
- Strengthen and expand cooperation with national and international partners
- Coordinate the implementation of the action plan set out in the National Strategy on Combating Money Laundering and Terrorist Financing 2019–2023
- Collaborate with the APG to upgrade Cambodia's technical compliance rank
- Lead and coordinate the implementation of the FATF International Cooperation Review Group-Joint Group action plan
- Prepare and coordinate the second National Risk Assessment on Money Laundering and Terrorist Financing

6. Banking Operations

- Provide liquidity to the members of the National Clearing House to ensure its effectiveness during the operation
- Provide LPCOs and MLFs in appropriate sizes
- Develop the interbank market by participating in the development of new financial instruments and promoting the use of NCDs

7. Issuance and Cash Vault Affairs

- Strengthen cash deposits and withdrawal services at the NBC's tellers
- Reinforce the security of cash transportation and work on counting and sorting old, worn, and torn banknotes
- Promote cash management and cash vault security
- Cooperate with relevant authorities to prevent the circulation of counterfeit banknotes.

8. Internal Audit, Inspection, and Risk Management

- Conduct ongoing audits and inspections in compliance with the audit plan for 2022
- Strengthen the capacity to improve the quality of internal audits and inspections that comply with the plan

- Prepare new procedures for remote audits and test the implementation of these new procedures
- Learn about risk-based audits and risk management based on the three lines of defence

9. Management of the NBC's Branches

- Strengthen the NBC's branch operations in the capital and provincial branches to comply with the growth of economic activities in the region.
- Cooperate with local authorities in the capital and provincial branches to promote the broader use of Riel
- Strengthen the monitoring of the economic situation and promote financial awareness

10. Accounting Affairs

- Verify and evaluate the implementation of the NBC's budget plan for 2021 and prepare a budget plan for 2022
- Cooperate with related departments and update the list of asset management of the NBC
- Directly inspect the bookkeeping and accounting documents of the NBC's capital and provincial branches to ensure the accuracy of their financial statements
- Organize training courses by using the core banking systems, FLEXCUBE and Red Book, for officers at the NBC's capital and provincial branches

11. Human Resource Management and Training

- Improve the training programs; open the bank operations courses, banking supervision courses, and leadership courses; and prepare for other NBC meetings
- Develop and improve management policies and human resource development to ensure sustainability, safety, and efficiency
- Prepare policies to encourage staff officers to reinforce their skill specializations relating to banking supervision, economic analysis, financial analysis, accounting, and internal auditing
- Stimulate human resource development through online platforms to meet the needs that align with the progress and growth of the national economy
- Strengthen staff allocation in accordance with the actual work requirements, to be in line with the strategic policy of the NBC
- Provide online learning system, CBS E-Learning Education Services, for associate degrees in banking
- Develop a hybrid education curriculum (both in-class and online) for associate degree in banking
- Improve the quality and efficiency of education to align with the development of the banking and financial sector

PARTIII: APPENDIX

12. International Cooperation

- Strengthen and expand multilateral and bilateral cooperation with other central banks, financial institutions, and development partners on regional and international levels
- Participate in implementing the action plan for the financial sector, monitor the progress of ASEAN economic and financial integration, and strengthening the financial cooperation under the ASEAN+3 framework
- Prepare to chair and co-chair the ASEAN Governors' Meeting and related meetings during Cambodia's chairmanship of ASEAN in 2022

13. Research and Economic Analysis

- Organize the 9th Annual NBC Macroeconomic Conference
- Strengthen the quality of research to comply with international standards in collaboration with national and international institutions
- Collaborate with the Japan International Cooperation Agency to conduct research on strengthening the use of Riel
- Select research papers to publish in the NBC Working Paper Series

14. Statistics

- Plan to release monetary and financial statistical data, including data on microfinance institutions and other types of financial institutions
- Expand the scope of compiling monetary and financial statistics by incorporating data from insurance institutions and other types of financial institutions
- Develop the possibilities of a transactional approach through the Common Rules program
- Update the ITRS report format by adding the types of payment systems
- Plan to publicize the results of the Residential Property Price Indices in early 2022
- Organize training and dissemination workshops on the balance of payments, monetary and financial statistics, the residential property price index, and international operational reporting systems to teach reporting entities and users of statistical information more about the progress in this field and the latest compilation methods

Table 1: Consumer Price Index (CPI)
(October-December, 2006=100)

Consumer Price Index (CPI)	2019	2018	2021									
and Component Indices	Dec	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
CPI (All Items)	179.95	185.13	185.49	183.78	185.23	185.36	186.98	187.36	189.11	189.00	189.00	190.36
Food and Non-Alcoholic Beverages	219.84	230.25	229.42	226.76	229.59	229.64	232.30	231.80	233.81	234.26	233.92	234.98
Alcoholic Beverages, Tobacco and Narcotics	173.93	177.82	177.13	176.93	176.95	176.90	176.97	177.09	177.11	176.98	176.88	177.22
Clothing and Footwear	153.53	159.48	159.48	158.32	159.64	159.27	160.37	161.85	164.18	165.50	165.89	167.71
Housing, Water, Electricity, Gas and other Fuels	128.27	129.96	130.30	130.70	131.05	131.03	131.07	131.87	132.97	133.11	132.97	134.02
Furnishings, Household Maintenance	153.24	153.66	153.96	153.49	153.99	154.30	153.89	154.57	155.42	155.59	155.31	155.92
Health	137.68	137.66	137.20	136.49	137.22	137.75	138.37	138.92	139.76	139.76	139.62	140.32
Transport	114.70	108.84	113.23	114.07	114.29	114.65	115.76	118.58	120.82	119.13	119.60	122.38
Communication	67.06	66.49	66.53	66.81	66.45	66.34	66.52	66.46	66.52	66.43	66.52	66.51
Recreation and Culture	121.00	120.58	120.34	120.76	120.91	120.38	120.31	120.40	121.10	120.62	120.94	122.33
Education	163.87	165.48	165.48	164.85	165.48	165.48	164.91	164.91	164.91	164.91	164.91	165.90
Restaurants	293.13	302.06	304.19	293.37	293.37	294.52	298.40	298.66	301.94	299.31	301.29	304.05
Miscellaneous Goods and Services	149.66	156.82	159.10	160.13	159.98	159.70	160.22	160.57	162.02	162.25	161.73	163.45
CPI (All Items)	0.82	0.01	0.20	-0.92	0.79	0.07	0.88	0.20	0.93	-0.05	0.00	0.72
Food and Non-Alcoholic Beverages	0.92	-0.16	-0.36	-1.16	1.25	0.02	1.16	-0.22	0.87	0.19	-0.15	0.45
Alcoholic Beverages, Tobacco and Narcotics	0.83	0.05	-0.39	-0.11	0.01	-0.03	0.04	0.07	0.01	-0.07	-0.06	0.19
Clothing and Footwear	1.01	0.57	0.00	-0.73	0.84	-0.24	0.70	0.92	1.44	0.80	0.23	1.10
Housing, Water, Electricity, Gas and other Fuels	0.26	0.07	0.26	0.31	0.27	-0.02	0.03	0.61	0.83	0.10	-0.10	0.79
Furnishings, Household Maintenance	0.16	-0.03	0.19	-0.30	0.32	0.20	-0.26	0.44	0.55	0.11	-0.18	0.39
Health	0.56	0.27	-0.34	-0.52	0.53	0.39	0.45	0.40	0.61	-0.01	-0.10	0.50
Transport	0.30	0.05	4.03	0.74	0.20	0.31	0.97	2.43	1.89	-1.40	0.39	2.32
Communication	0.25	0.11	0.06	0.42	-0.53	-0.16	0.27	-0.10	0.09	-0.13	0.13	0.00
Recreation and Culture	1.98	-0.17	-0.20	0.35	0.13	-0.44	-0.05	0.07	0.58	-0.40	0.27	1.15
Education	0.92	0.00	0.00	-0.38	0.39	0.00	-0.35	0.00	0.00	0.00	0.00	0.60
Restaurants	1.42	0.58	0.70	-3.56	0.00	0.39	1.32	0.09	1.10	-0.87	0.66	0.92
Miscellaneous Goods and Services	0.52	0.56	1.46	0.64	-0.09	-0.18	0.33	0.22	0.90	0.14	-0.32	1.06
CPI (All Items)	3.07	2.88	2.60	1.73	2.08	2.74	2.99	2.74	3.33	3.40	2.96	2.95
Food and Non-Alcoholic Beverages	3.36	4.74	3.78	2.59	2.98	2.19	2.79	2.21	3.11	3.50	2.57	2.03
Alcoholic Beverages, Tobacco and Narcotics	3.63	2.24	1.63	1.60	1.39	1.23	1.60	1.57	1.54	1.37	1.23	-0.26
Clothing and Footwear	2.70	3.87	3.59	3.41	3.69	3.34	3.53	4.18	5.42	5.97	5.80	6.19
Housing, Water, Electricity, Gas and other Fuels	1.55	1.31	1.49	1.82	1.68	2.29	2.06	2.70	2.92	2.87	2.57	3.03
Furnishings, Household Maintenance	1.62	0.28	0.19	0.25	0.37	0.23	-0.12	0.19	1.47	1.72	1.29	1.15
Health	0.68	-0.02	-0.07	-0.59	-0.35	0.39	0.84	1.24	1.98	2.06	1.75	2.16
Transport	1.70	-5.11	-1.40	-0.58	0.41	14.20	12.78	12.51	11.41	9.61	9.97	12.31
Communication	-0.40	-0.85	-0.81	-0.36	-0.85	-0.89	-0.12	-0.31	-0.48	-0.28	0.15	0.01
Recreation and Culture	1.95	-0.34	0.18	0.84	0.59	0.54	0.42	0.51	1.22	0.08	-0.15	1.07
Education	2.74	0.98	0.98	0.60	0.55	0.55	-0.14	0.00	-0.35	-0.35	-0.35	0.25
Restaurants	6.34	3.05	2.24	-1.03	-0.44	0.43	0.48	0.21	0.35	0.33	1.62	1.85
Miscellaneous Goods and Services	3.54	4.78	5.69	6.36	6.17	5.13	5.09	4.64	5.13	4.82	4.38	5.06
All Items	178.90	185.05	185.24	184.80	184.84	184.79	185.86	186.57	187.82	188.49	189.04	189.45
Annual Percentage Change	2.03	3.44	3.06	2.40	2.13	2.18	2.60	2.82	3.02	3.16	3.23	3.10
All Items	177.43	182.65	183.04	183.30	183.61	184.02	184.48	184.89	185.40	185.92	186.37	186.83
Annual Percentage Change	1.94	2.94	2.86	2.78	2.72	2.78	2.84	2.80	2.81	2.90	2.91	2.84

Source: National Institute of Statistics

* Preliminary estimates

**Table 2: Some ASEAN and European Currencies Against Khmer Riel
(End Period Buying Rate)**

Currencies	2019	2020	2021										% Change
	Dec	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Oct.21/Dec.20
IMF													
Special Drawing Right	5,635	5,826	5,848	5,887	5,731	5,807	5,878	5,814	5,813	5,804	5,766	5,743	-1.4
ASIA													
Australian Dollar	2,853	3,081	3,119	3,191	3,077	3,158	3,136	3,064	3,012	2,975	2,932	3,052	-0.9
Hong Kong Dollar	523	522	524	525	520	521	525	525	524	524	524	523	0.2
Japanese Yen	37.43	39.08	38.96	38.31	36.64	37.31	37.05	36.86	37.22	37.11	36.46	35.73	-8.6
Korean Won	3.52	3.71	3.65	3.63	3.57	3.64	3.65	3.60	3.55	3.50	3.44	3.47	-6.5
New Zealand Dollar	2,745	2,896	2,915	2,987	2,827	2,943	2,945	2,851	2,855	2,855	2,805	2,913	0.6
Chinese Yuan	583	619	630	630	616	625	640	630	631	631	630	636	2.7
Taiwan Dollar	136	144	145	147	142	145	147	146	146	147	147	146	1.4
ASEAN													
Indonesian Rupiah	0.293	0.287	0.289	0.289	0.280	0.279	0.285	0.281	0.281	0.284	0.285	0.287	0.0
Malaysian Ringgit	994	1,000	1,005	1,003	975	987	983	981	961	982	974	980	-2.0
Philippine Peso	80.50	84.23	84.50	83.72	83.33	83.52	85.20	84.02	80.95	81.89	80.22	80.17	-4.8
Singapore Dollar	3,023	3,049	3,059	3,063	3,003	3,056	3,075	3,030	3,010	3,033	2,997	3,014	-1.1
Thai Baht	136	135	136	135	129	129	130	127	124	126	120	122	-9.6
Vietnamese Dong	0.176	0.175	0.176	0.177	0.175	0.176	0.177	0.177	0.177	0.179	0.179	0.179	2.3
EUROPE													
Euro	4,565	4,962	4,926	4,944	4,742	4,912	4,962	4,850	4,842	4,813	4,732	4,716	-5.0
Other													
Great Britain Pounds	5,344	5,465	5,578	5,686	5,558	5,649	5,772	5,645	5,687	5,613	5,480	5,584	2.2

* Preliminary estimates

Table 3: Central Bank Survey*
(In Billion Riels)

	2015	2016	2017	2018	2019	2020	Oct-21
Net Foreign Assets	29,403	36,371	48,769	58,308	75,984	85,803	78,621
Claims on Nonresidents	29,875	36,828	49,254	58,780	76,460	86,296	80,472
Liabilities to Nonresidents	-472	-457	-484	-472	-476	-492	-1,851
Claims on Other Depository Corporations	0	29	93	470	3,828	3,867	2,617
Net Claims on Central Government	-5,802	-7,495	-9,894	-12,924	-19,690	-19,467	-12,658
Claims on Central Government	270	270	270	0	0	0	0
Liabilities to Central Government	-6,073	-7,765	-10,164	-12,924	-19,690	-19,467	-12,658
Claims on Other Sectors	106	198	199	204	201	125	63
Claims on Other Financial Corporations	0	0	0	0	162	102	19
Claims on State and Local Government	0	0	0	0	0	0	0
Claims on Public Nonfinancial Corporations	0	0	0	0	0	0	0
Claims on Private Sector	106	198	199	204	39	22	44
Monetary Base	20,437	23,591	28,156	32,873	44,208	43,265	45,378
Currency in Circulation	6,304	6,958	8,957	9,992	13,047	15,027	16,193
Liabilities to Other Depository Corporations	13,823	16,414	18,994	22,807	31,034	28,184	29,121
Liabilities to Other Sectors	310	220	205	74	127	54	63
Other Liabilities to Other Depository Corporations	2,639	5,300	9,642	12,801	13,624	20,470	17,933
Deposits And Securities Other Than Shares Excl. Form Monetary Base	46	67	90	17	53	110	73
Deposits Included in Broad Money	0	0	0	0	0	0	0
Securities Other Than Shares Incl. in Broad Money	0	60	0	0	0	0	0
Deposits Excl. From Broad Money	1	1	3	12	31	72	43
Securities Other Than Shares Excl. From Broad Money	45	6	87	5	21	38	29
Loans	0	0	0	0	0	0	0
Financial Derivatives	0	0	0	0	0	0	0
Shares and Other Equity	1,549	1,279	2,534	2,109	4,195	8,184	7,125
Other Items (Net)	-964	-1,135	-1,254	-1,743	-1,756	-1,701	-1,866
<i>IFS Vertical Check</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

* Included only central bank

R/. Revised data

** Forecasting Data

Table 4: Other Depository Corporations Survey*
(In Billion Riels)

	2015	2016	2017	2018	2019	2020	Oct-21
Net Foreign Assets	-7,911	-10,024	-10,344	-9,423	-15,801	-18,439	-20,743
Claims on Nonresidents	8,808	10,218	11,439	14,781	15,339	16,662	18,069
Liabilities to Nonresidents	-16,719	-20,242	-21,783	-24,204	-31,140	-35,100	-38,812
Claims On Central Bank	16,740	21,821	27,815	34,270	42,997	47,688	47,022
Currency	449	604	822	979	1,141	1,553	1,913
Reserve Deposits and Securities Other Than Shares	16,290	21,215	26,991	33,290	41,848	46,120	45,099
Other Claims on Central Bank	1	3	2	1	8	15	9
Net Claims on Central Government	-1,465	-1,793	-2,593	-3,296	-4,194	-5,527	-6,166
Claims on Central Government	26	39	36	57	66	85	127
Liabilities to Central Government	-1,491	-1,832	-2,629	-3,354	-4,260	-5,613	-6,293
Claims on Other Sectors	54,973	66,823	79,101	101,350	129,817	152,223	179,809
Claims on Other Financial Corporations	509	662	1,442	2,434	4,225	4,423	4,221
Claims on State and Local Government	0	0	0	0	0	0	0
Claims on Public Nonfinancial Corporations	4	6	19	1	1	1	1
Claims on Private Sector	54,459	66,155	77,641	98,916	125,591	147,800	175,587
Liabilities to Central Bank	1	82	365	995	2,895	2,979	2,765
Transferable Deposits Incl. in Broad Money	8,860	10,814	14,936	19,389	23,574	25,320	29,382
Other Deposits Incl. in Broad Money	38,134	46,875	55,933	71,764	82,829	97,694	110,847
Securities Other Than Shares Incl. in Broad Money	0	0	0	0	0	0	0
Deposits Excl. From Broad Money	217	198	186	432	166	195	280
Securities Other Than Shares Excl. From Broad Money	0	0	0	0	0	0	0
Loans	88	319	438	966	1,340	1,547	1,953
Financial Derivatives	0	0	0	0	0	0	0
Shares and Other Equity	15,540	18,591	22,397	28,162	35,594	43,211	49,871
Other Items (Net)	-504	-52	-274	1,193	6,421	4,999	4,824
<i>IFS Vertical Check</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

* Included commercial banks and MDIs

R/. Revised data

* * Forecasting Data

Table 5: Depository Corporation Survey*
(In Billion Riels)

	2015	2016	2017	2018	2019	2020	Oct-21
Net Foreign Assets	21,492	26,348	38,426	48,884	60,183	67,365	57,877
Claims on Nonresidents	38,682	47,046	60,693	73,561	91,799	102,957	98,541
Liabilities to Nonresidents	17,191	20,699	22,267	-24,676	-31,616	-35,593	-40,663
Domestic Claims	47,812	57,734	66,813	85,334	106,133	127,353	161,048
Net Claims on Central Government	-7,268	-9,287	12,487	-16,220	-23,884	-24,995	-18,824
Claims on Central Government	296	309	306	57	66	85	127
Liabilities to Central Government	-7,564	-9,597	12,793	-16,277	-23,950	-25,080	-18,951
Claims on Other Sectors	55,079	67,021	79,301	101,555	130,018	152,348	179,872
Claims on Other Financial Corporations	509	662	1,442	2,434	4,388	4,525	4,240
Claims on State and Local Government	0	0	0	0	0	0	0
Claims on Public Nonfinancial Corporations	4	6	19	1	1	1	1
Claims on Private Sector	54,565	66,353	77,840	99,120	125,629	147,822	175,631
Broad Money Liabilities (M2)	53,160	64,323	79,209	100,240	118,436	136,542	154,572
Currency Outside Depository Corporations	5,855	6,354	8,135	9,013	11,906	13,474	14,280
Transferable Deposits	9,156	11,019	15,125	19,447	23,684	25,357	29,427
Other Deposits	38,149	46,890	55,949	71,780	82,846	97,711	110,865
Securities Other Than Shares	0	60	0	0	0	0	0
<i>of which Foreign Currency (of M2)</i>	<i>44,239</i>	<i>53,586</i>	<i>66,375</i>	<i>85,869</i>	<i>99,651</i>	<i>114,565</i>	<i>128,415</i>
Deposits Excl. From Broad Money	218	199	189	443	197	267	323
Securities Other Than Shares Excl. From Broad Money	45	6	87	5	21	38	29
Loans	88	319	438	966	1,340	1,547	1,953
Financial Derivative	0	0	0	0	0	0	0
Shares and Other Equity	17,089	19,870	24,931	30,271	39,788	51,394	56,995
Other Items (Net)	-1,296	-636	386	2,293	6,533	4,929	5,053
<i>IFS Vertical Check</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

* Included data of central bank and other depository corporations (ODCs)

R/. Revised data

** * Forecasting Data

Table 6: Other Financial Corporation Survey*
(In Billion Riels)

	2015	2016	2017	2018	2019	2020	Oct-21
Net Foreign Assets	-146	-254	-533	-346	-981	-1,385	-940
Claims on Nonresidents	39	43	38	48	90	96	184
Liabilities to Nonresidents	-185	-297	-571	-395	-1,071	-1,481	-1,124
Claims on Depository Corporations	314	379	546	324	634	521	588
Net Claims on Central Government	-138	-258	-462	-528	-490	-30	-22
Claims on Central Government	0	1	2	1	2	3	3
Liabilities to Central Government	-138	-259	-464	-528	-491	-34	-25
Claims on Other Sectors	801	1,244	1,582	1,968	2,798	2,562	1,918
Claims on State and Local Government	0	0	0	0	0	0	0
Claims on Public Nonfinancial Corporations	0	0	0	0	0	0	0
Claims on Private Sector	801	1,244	1,582	1,968	2,798	2,562	1,918
Deposit	5	6	10	16	30	29	179
Securities Other Than Shares	0	0	0	0	0	0	0
Loans	65	73	52	119	129	210	149
Financial Derivatives	0	0	0	0	0	0	0
Shares and Other Equity	764	1,089	1,136	1,340	1,818	1,507	1,219
Other Items (Net)	-3	-58	-65	-57	-15	-78	-3
<i>IFS Vertical Check</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

* Included only specialized banks

R/. Revised data

** Forecasting Data

Table 7: Financial Corporation Survey*
(In Billion Riels)

	2015	2016	2017	2018	2019	2020	Oct-21
Net Foreign Assets	21,346	26,093	37,893	48,538	59,202	65,980	56,937
Claims on Nonresidents	38,722	47,089	60,731	73,609	91,889	103,053	98,725
Liabilities to Nonresidents	-17,376	-20,996	-22,838	-25,071	-32,687	-37,074	-41,788
Domestic Claims	47,965	58,057	66,491	84,342	104,054	125,360	158,704
Net Claims on Central Government	-7,406	-9,545	-12,950	-16,748	-24,374	-25,025	-18,846
Claims on Central Government	296	310	307	58	67	89	130
Liabilities to Central Government	-7,702	-9,856	-13,257	-16,806	-24,441	-25,113	-18,976
Claims on Other Sectors	55,371	67,603	79,441	101,089	128,428	150,385	177,550
Claims on State and Local Government	0	0	0	0	0	0	0
Claims on Public Nonfinancial Corporations	4	6	19	1	1	1	1
Claims on Private Sector	55,366	67,597	79,423	101,089	128,427	150,385	177,550
Currency Outside Financial Corporations	5,854	6,352	8,134	9,011	11,901	13,458	14,230
Deposits	46,821	57,156	70,541	90,495	105,197	121,277	138,053
Securities Other Than Shares	0	0	0	0	0	0	0
Loans	135	376	476	983	1,329	1,465	1,923
Financial Derivatives	0	0	0	0	0	0	0
Shares and Other Equity	17,853	20,959	26,066	31,612	41,606	52,901	58,214
Other Items (Net)	-1,351	-692	-833	779	3,222	2,239	3,220
<i>IFS Vertical Check</i>	0	0	0	0	0	0	0

* Included data of depository corporations and other financial corporations

R/. Revised data

** Forecasting Data

Table 8: Credit Granted Classified by Ownership in the Economic Sector
(In Billion Riels)

	2015	2016	2017	2018	2019	2020	Oct-2021
1. Financial Institutions	1,169	1,008	1,877	3,014	5,109	5,920	6,855
National Bank of Cambodia (NBC)	0	0	0	0	0	0	0
Depository Institutions	834	759	1,189	2,059	3,104	3,922	4,916
Other Financial Institutions	335	249	688	954	2,005	1,997	1,940
2. Non-Financial Institutions	39,807	46,779	54,345	64,979	79,319	94,137	109,324
Agriculture, Forestry and Fishing	4,973	6,134	7,065	7,524	7,907	9,858	11,245
Mining and Quarrying	255	294	241	233	254	533	684
Manufacturing	3,705	3,938	4,272	4,537	4,701	5,259	6,271
Utilities	354	368	514	571	985	1,641	1,949
Construction	3,493	4,963	6,381	7,787	10,197	12,783	14,806
Wholesale Trade	8,297	8,079	8,368	9,655	11,819	12,735	14,860
Retail Trade	7,511	9,950	12,133	13,673	16,548	20,230	23,954
Hotels and Restaurants	2,828	2,904	3,055	3,998	4,705	5,161	7,109
Transport and Storage	637	1,051	1,268	1,668	2,060	3,469	3,905
Information Media and Telecommunications	469	615	560	717	945	1,130	1,210
Rental and Operational Leasing Activities, excluded Real Estate Leasing and Rentals	849	1,095	1,567	2,666	3,837	3,567	2,493
Real Estate Activities	2,347	2,838	4,005	6,210	9,006	10,925	13,037
Other Non-Financial Services	4,089	4,550	4,915	5,739	6,355	6,847	7,802
3. Personal Essentials	6,110	8,360	11,061	15,707	21,878	30,258	35,726
Personal Lending	2,558	3,791	4,612	6,979	9,408	12,803	15,468
Credit Cards	83	131	152	189	230	246	310
Mortgages, Owner-Occupied Housing only	3,469	4,438	6,297	8,540	12,240	17,209	19,947
4. Other Lending	861	880	989	1,037	1,292	1,116	1,568
Total Gross Loan	47,946	57,027	68,271	84,736	107,598	131,431	153,473

* Preliminary estimates

Table 9: Deposits with Deposit Money Banks
(In Billion Riels)

	2015	2016	2017	2018	2019	2020	Oct-2021
Deposits in Riel							
Demand deposits	820.3	900.0	1,383.9	1,694.2	2,545.7	2,830.6	3,438.5
Savings deposits	899.0	1,001.0	1,207.3	1,516.3	1,978.1	2,176.4	2,753.9
Fixed deposits	659.1	1,358.8	1,494.2	2,149.2	2,890.8	4,406.9	6,285.0
Others	33.6	35.9	46.2	86.1	92.9	135.2	218.3
Total	2,412.0	3,295.7	4,131.7	5,445.9	7,507.4	9,549.0	12,695.7
Deposits in Foreign Currency							
Demand deposits	8,748.8	10,444.0	14,421.6	19,246.4	23,192.4	24,586.1	28,994.0
Savings deposits	13,833.3	15,642.4	20,967.8	29,692.6	31,202.4	35,701.4	38,622.2
Fixed deposits	20,630.8	25,523.2	29,135.2	33,266.3	40,496.2	50,016.6	55,647.7
Others	721.2	794.4	1,028.2	1,025.8	1,159.9	1,457.9	1,835.8
Total	43,934.1	52,404.1	65,552.8	83,231.0	96,050.9	111,762.1	125,099.8
Grand Total	46,346.0	55,699.8	69,684.4	88,676.9	103,558.3	121,311.0	137,795.5

Deposits in foreign currency include deposits of Cambodian residents and non-residents

R/. Revised data

** Forecasting Data*

Table 10: Cambodia Balance of Payments
(2017-2021, in Million USD)

	2017	2018	2019	2020	2021 ^E
CURRENT ACCOUNT					
Balance on trades	-4,278	-5,844	-7,255	-2,544	-9,518
Credit	11,224	12,963	14,986	18,522	19,703
o/w: Garment, footwear and bag	8,020	9,507	10,792	9,871	11,212
Agriculture	768	892	894	1,252	1,678
Electrical, vehicle part and bicycle	785	613	772	1,432	2,096
Debit	15,502	18,806	22,242	21,066	29,221
o/w: Garment materials	3,503	4,224	4,280	4,032	4,963
Construction materials	1,055	1,564	2,301	2,020	2,612
Vehicle	1,156	1,567	2,268	1,520	1,526
Petroleum	1,409	1,725	2,427	2,064	2,730
Food and beverage	823	973	1,116	1,135	1,148
Net services	1,629	2,395	2,812	-258	-1,312
Credit	4,251	5,451	6,086	1,767	666
o/w: Travel services	3,282	4,362	4,773	1,023	163
Debit	2,621	3,056	3,274	2,025	1,978
o/w: Travel services	618	863	911	169	38
Primary income	-1,141	-1,328	-1,564	-1,050	-1,378
Credit	442	580	732	669	419
o/w: Interest	157	227	369	411	307
Debit	1,582	1,908	2,296	1,718	1,797
o/w: - Interest payable	93	105	113	115	143
- Income on equity	1,279	1,607	2,002	1,451	1,478
Secondary income	1,748	1,881	1,943	1,654	1,646
o/w: Government	550	579	532	449	490
Others	1,199	1,302	1,411	1,205	1,156
CURRENT ACCOUNT BALANCE	-2,041	-2,896	-4,065	-2,198	-10,563
CAPITAL BALANCE	279	326	355	259	244
o/w: Capital transfers, net	279	326	355	259	244
CURRENT AND CAPITAL ACCOUNTS BALANCE	-1,763	-2,570	-3,709	-1,939	-10,319
FINANCIAL ACCOUNT BALANCE	-3,393	-3,560	-6,370	-3,017	-10,267
Direct investment, net*	-2,673	-3,089	-3,561	-3,498	-3,457
Portfolio investment, net*	5	42	12	96	29
Other investment, net*	-725	-513	-2,821	385	-6,838
Net errors and omissions	1	455	7	-441	199
OVERALL, BALANCE	-1,631	-1,445	-2,668	-637	-147
FINANCING	1,631	1,445	2,668	637	147
Change in reserve assets	1,631	1,445	2,668	637	147
Use of IMF credit	--	--	--	--	--
Allocation of SDRs	--	--	--	--	--

Sources: Data provided by Cambodian authorities, and NBC staff estimates

Table 11: Banks and Financial Institutions' Network Information 2017-2021

Banks and Financial Institutions	2017	2018	2019	2020	2021
COMMERCIAL BANKS					
LOCAL BANKS—LOCAL MAJORITY OWNERSHIP					
NUMBER OF BANKS	7	7	11	12	13
NUMBER OF BRANCHES AND HEAD OFFICES	395	403	441	467	479
NUMBER OF STAFFS	17,628	18,171	19,102	19,605	20,596
ATMS TERMINALS	712	825	1,032	1,234	1,579
LOCAL BANKS—FOREIGN MAJORITY OWNERSHIP					
NUMBER OF BANKS	5	6	6	9	11
NUMBER OF BRANCHES AND HEAD OFFICES	244	201	207	427	576
NUMBER OF STAFFS	7,607	5,473	5,341	11,667	17,208
ATMS TERMINALS	352	201	307	523	558
FOREIGN SUBSIDIARY BANKS					
NUMBER OF BANKS	15	17	17	18	18
NUMBER OF BRANCHES AND HEAD OFFICES	157	239	255	358	361
NUMBER OF STAFFS	4,002	8,817	11,511	14,071	14,976
ATMS TERMINALS	409	769	935	1,035	1,267
FOREIGN BRANCHES BANKS					
NUMBER OF BANKS	12	12	13	12	12
NUMBER OF BRANCHES AND HEAD OFFICES	31	33	38	37	38
NUMBER OF STAFFS	626	713	818	869	907
ATMS TERMINALS	17	23	23	24	24
TOTAL COMMERCIAL BANKS					
NUMBER OF BANKS	39	43	47	51	54
TOTAL NUMBER OF BRANCHES AND HEAD OFFICES	827	876	941	1,289	1,454
NUMBER OF STAFFS	29,863	33,174	36,772	46,212	53,687
ATMS TERMINALS	1,490	1,818	2,297	2,816	3,428
SPECIALIZED BANKS					
STATE OWNED SPECIALIZED BANKS					
NUMBER OF BANKS	1	1	1	0	0
NUMBER OF BRANCHES AND HEAD OFFICES	1	1	1	0	0
NUMBER OF STAFFS	93	101	101	0	0
ATMS TERMINALS	0	0	0	0	0
LOCAL BANKS—LOCAL MAJORITY OWNERSHIP					
NUMBER OF BANKS	5	6	6	7	6
NUMBER OF BRANCHES AND HEAD OFFICES	10	11	11	14	13
NUMBER OF STAFFS	510	573	695	286	283
ATMS TERMINALS	0	0	2	0	0
LOCAL BANKS—FOREIGN MAJORITY OWNERSHIP					

NUMBER OF BANKS	9	7	8	5	4
TOTAL NUMBER OF BRANCHES AND HEAD OFFICES	18	18	27	18	19
NUMBER OF STAFFS	979	1,250	1,660	1,741	1,203
ATMs TERMINALS	0	0	0	2	0
TOTAL SPECIALIZED BANKS					
NUMBER OF BANKS	15	14	15	12	10
TOTAL NUMBER OF BRANCHES AND HEAD OFFICES	29	30	39	32	32
NUMBER OF STAFFS	1,582	1,924	2,456	2,027	1,486
ATMs TERMINALS	0	0	2	2	0
MICROFINANCE INSTITUTIONS					
MICROFINANCE DEPOSIT-TAKING INSTITUTIONS (MDIs)					
NUMBER OF INSTITUTIONS	7	7	7	6	5
NUMBER OF BRANCHES AND HEAD OFFICES	946	928	946	753	624
NUMBER OF STAFFS	21,671	23,285	27,399	24,106	21,998
ATMs TERMINALS	350	355	373	225	284
MICROFINANCE NON-DEPOSIT-TAKING INSTITUTIONS (MFIs)					
NUMBER OF INSTITUTIONS	69	74	76	75	79
NUMBER OF BRANCHES AND HEAD OFFICES	471	495	507	418	442
NUMBER OF STAFFS	6,631	6,897	7,770	6,425	6,610
TOTAL MICROFINANCE INSTITUTIONS					
NUMBER OF INSTITUTIONS	76	81	83	81	84
TOTAL NUMBER OF BRANCHES AND HEAD OFFICES	1,417	1,423	1,453	1,171	1,066
NUMBER OF STAFFS	28,302	30,182	35,169	30,531	28,608
ATMs TERMINALS	350	355	373	225	284
RURAL CREDIT INSTITUTIONS					
NUMBER OF INSTITUTIONS	313	273	245	245	232
TOTAL NUMBER OF NETWORK OPERATIONS	3,366	2,936	2,635	2,202	1,790
NUMBER OF STAFFS	5,123	4,468	4,010	1,951	1,727
FINANCIAL LEASING COMPANIES					
TOTAL NUMBER OF INSTITUTIONS	11	15	15	15	17
CREDIT BUREAU COMPANY					
TOTAL NUMBER OF CREDIT BUREAU COMPANY	1	1	1	1	1
FOREIGN BANK REPRESENTATIVE OFFICES					
TOTAL NUMBER OF INSTITUTIONS	6	5	6	6	6

