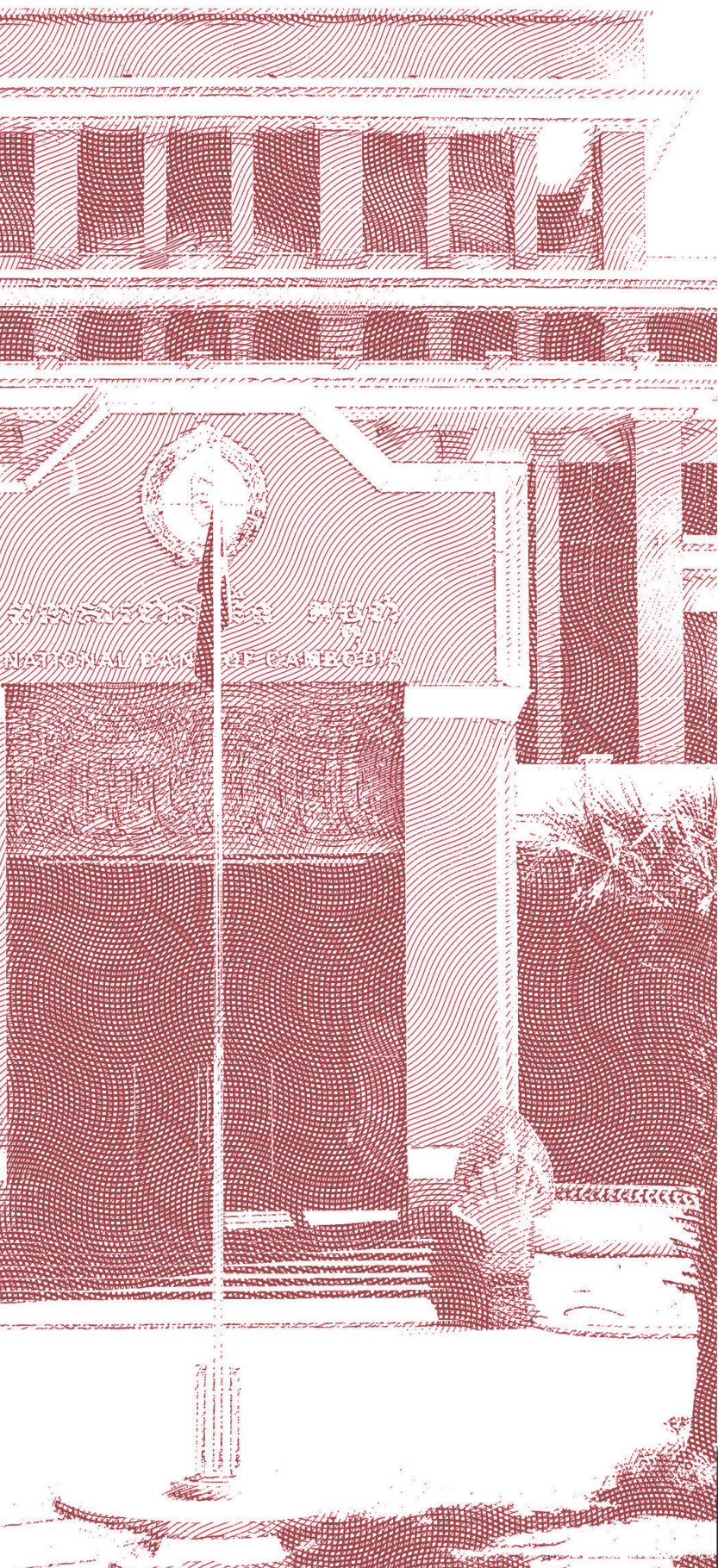




**NATIONAL BANK OF CAMBODIA**

Riel Stability Development



# ANNUAL REPORT 2023



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## Foreword

In 2023, the global economy faced challenges while recovering from the COVID-19 pandemic. These challenges include a continued rise in policy rates to combat inflation, a narrowing fiscal space, increased geopolitical fragmentation, real estate crisis and weak domestic demand in China, and have put a strain on global trade, consumption and investment. In this situation, the world economic growth is expected to be slower compared to 2022.

The global and regional economic slowdown has put pressure on Cambodia's economy, especially on the garment exports, construction and real estate sectors. However, the growth of the tourism sector, non-garment exports and domestic demand has contributed to an economic growth of 5.5%, which is slightly higher than that in 2022 (5.3%). This achievement resulted from the indispensable support of political stability, which is the foundation of confidence and sustainable development. The new royal government of Cambodia, headed by **Prime Minister Samdech Moha Borvor Thipadei Hun Manet**, has launched the Pentagon Strategy – Phase I, which set clear and long-term goals for future economic and social development, focusing on five key priorities—people, road, water, electricity and technology.

Price stability has resulted in macroeconomic stability. In 2023, inflation returned to the target level due to decreasing fuel and food prices, stable exchange rates and a reasonable increase in money supply. The Riel has been under depreciation pressure due, in part, to a slowdown of US dollar net inflows and a rise in government spending. In response, the National Bank of Cambodia (NBC) intervened in the foreign exchange market by selling the US dollar and absorbing the Khmer Riel in circulation, resulting in a stable exchange rate.

In the context of the uncertainty in the international financial markets, Cambodia's international reserves have been carefully managed and accumulated to an adequate level to strengthen investors' confidence and facilitate monetary policy implementation. However, high dollarisation has limited the implementation of an effective monetary policy and made Cambodia vulnerable to a crisis that requires continued efforts in promoting the use of Riel by all stakeholders. In the meantime, the monetary policy framework will be strengthened through the establishment of the central bank's policy rate to guide market interest rate movement.

Confidence in the banking system has remained robust despite the national election in 2023 and the collapse of banks in a few countries. However, the weak recovery of some sectors has caused credit growth rates to decrease to single-digits for the first time in more than two decades. The slowdown in credit growth, coupled with the completion of loan restructuring measures during the COVID-19 pandemic, has led to an increase in the non-performing loan ratio, which requires banks and financial institutions to continuously monitor, evaluate and conduct regular stress tests for any potential risks.

The NBC has strengthened its risk management framework, particularly the issuance of regulation on revised credit risk assessments, and standard loan contract and standard text of contractual terms have been enacted to guarantee customers' rights and interests as well as provide fair and equal competition. To help maintain high liquidity in the banking system and boost economic growth, several prudential regulatory measures have been taken, such as maintaining the capital conservation buffer at 1.25%, reducing the reserve requirement rate for foreign currency deposits and borrowings to 7% and allowing banks and financial institutions to restructure loans for the tourism sector in Siem Reap province.

Meanwhile, in line with the current advancement in financial technology, the NBC has developed a payment system that contributes to the implementation of the royal government's policy for the development of the digital economy and society through the establishment of the Bakong system, the standardised KHQR and the Cambodian Shared Switch (CSS). Currently, these payment systems have actively contributed to the development of e-commerce activities and the promotion of financial inclusion by making payment transactions across institutions easier, safer, cheaper and more efficient. However, banks and financial institutions need to put more efforts into cybersecurity to ensure the smooth operation of digital financial services and boost the people's confidence; similarly, users of digital financial services also need to be more cautious. In addition, Cambodia's payment system has steadily increased its connectivity with other countries in the region and international payment gateways by providing a wide range of payment services for both local and international tourists.

The NBC has also focused on promoting sustainable finance by developing sustainable finance roadmaps, supporting the implementation of the Cambodian

sustainable finance principles for banks and financial institutions, contributing to the development of sustainable finance taxonomy, and strengthening cooperation with national, regional, and international institutions to enhance green financing. Moreover, a portion of the international reserves has also been invested into green bonds, making the NBC one of the few central banks in the region promoting green financing. In the future, more key initiatives aimed at creating a vital support mechanism and ecosystem will be implemented to promote sustainable finance.

The geopolitical tensions and uncertainties in the international financial markets have affected the global financial architecture, necessitating further strengthening of the regional financial integration and safety net. In this context, cooperation with other central banks, monetary authorities and international financial institutions has been further deepened, both within the regional and global frameworks, to strengthen resilience and increase the scope of development in the banking system. Being the 2023 chair of the SEACEN's Board of Governors (BoG), the NBC contributed in enhancing the cooperation between central banks and promoting training programs, research and capacity building among regional central bankers.

Combating money laundering and the financing of terrorism, with aims to protect and strengthen the financial system to be more resilient and trusted by the public, as well as by domestic and foreign investors, is one of the main priorities of the Royal Government of Cambodia. To ensure this, the Cambodia Financial Intelligence Unit (CAFIU) has been monitoring reporting entities, collecting and analysing cash transactions and any suspicious operation reports and enhancing domestic and international cooperation. In addition, the CAFIU and other relevant ministries and institutions made efforts to combat money laundering and counter the financing of terrorism in their respective jurisdictions in order to remove Cambodia from the grey list of the Financial Action Task Force (FATF) in February 2023, and they continue to carry out this crucial work with a high sense of responsibility.

In 2024, Cambodia's economic growth rate is expected to increase to 6.4% (higher than that in 2023), supported by the continued recovery of the tourism sector, rebound in garment exports and rapid growth in the non-garment sector. However, in the current situation where the global economic growth is projected to continue to slow, Cambodia's economic recovery also faces some risks, including the slowdown

of the economic growth of Cambodia's key trading partners, which could affect exports, investment and the tourism sector; uncertainty in international financial markets due to rising interest rates and geopolitical fragmentations that could put pressure on capital inflows to Cambodia; and the rise of cybercrime, which could diminish public trust in the digital economy and finance. As for internal risks, the country continues to suffer slowdown in the construction and real estate sectors, high levels of private sector debt and the vulnerability of the agricultural sector due to climate change.

In conclusion, I would like to express my profound gratitude to the board of directors of the NBC for their constant support and to all officials who have worked with such dedication to help build a modern and sustainable banking system. I would also like to thank all the ministries, institutions and relevant development partners for their valuable cooperation. I strongly believe that the members of the board of directors, the NBC staff and all stakeholders will continue to support and contribute towards the development of the economy and the banking system for the good of Cambodia and its people.

**Governor**



## **Abbreviations**

ABC	Association of Banks in Cambodia
ACGM	ASEAN Central Bank Governor' Meeting
ADA	Appui au Développement Autonome
ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
AFMGM	ASEAN Finance Ministers' and Central Bank Governors' Meeting
AFTN	ASEAN+3 Finance Think-tank Network
AI	Artificial Intelligence
AMRO	The ASEAN+3 Macroeconomic Research Office
APG	Asia/Pacific Group on Money Laundering
ATM	Automated Teller Machine
Bakong LVPS	Bakong Large Value Payment System
BIN	Bank Identification Number
BIS	Bank for International Settlements
SEACEN - BoG	SEACEN Board of Governors
BOK-KPP	Bank of Korea-Knowledge Partnership Program
CAFIU	Cambodia Financial Intelligence Unit
CBS	Centre for Banking Studies
CGAP	Consultative Group to Assist the Poor
CMA	Cambodia Microfinance Association
CMIM	Chiang Mai Initiative Multilateralization
CSS	Cambodian Shared Switch
CUFA	Credit Union Foundation Australia
CWPD	Cambodian Women for Peace and Development
DAP	Donor and Providers Group
EGMONT	Egmont Group of Financial Intelligence Units
ESG	Environmental, Social, and Governance
ENEER	Export-weighted Nominal Effective Exchange Rate
EREER	Export-weighted Real Effective Exchange Rate
EXCO	Executive Committee

FAST	Fast System
FATF	Financial Action Task Force
FICG	Financial Intelligence Consultative Group
FPP	Financial Programming and Policies
FSI Connect	Financial Stability Institute Connect
FTC	Financial Transparency Corridor
Full KYC	Full Know Your Customer
FUR	Follow-Up Reports
GDP	Gross Domestic Product
IADI	International Association of Deposit Insurers
IBF	Institute of Banking and Finance
ICRG-JG	International Cooperation Review Group- Joint Group
ICOM	International Council of Museums
IFC	International Finance Corporation
IMF	International Monetary Fund
IGFWG	Inclusive Green Finance Working Group
INEER	Import-weighted Nominal Effective Exchange Rate
IREER	Import-weighted Real Effective Exchange Rate
JICA	Japan International Cooperation Agency
KDIC	Korea Deposit Insurance Corporation
LDCs	Least Developed Countries
LPCO	Liquidity-Providing Collateralised Operation
MEC	Mutual Evaluation Committee
MLF	Marginal Lending Facility
NBCP	National Bank of Cambodia Platform
NCD	Negotiable Certificate of Deposit
NCS	National Clearing System
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
NPCI	National Payments Corporation of India
NRA	National Risk Assessment
OBS	Online Banking System

OD	Overdraft
PAGE	UN Partnership for Action on Green Economy
PETs	Privacy Enhancing Technologies
POS	Point of Sale
RCEP	Regional Comprehensive Economic Partnership
RKH	Regional Knowledge Hub
ROA	Return on Asset
ROE	Return on Equity
RPPI	Residential Property Price Indices
SCCB	Steering Committee for Capacity Building
SEACEN	Southeast Asian Central Banks
SEAVG	Southeast Asia Voting Group
SLC	Senior-Level Committee
SMEs	Small and Medium Enterprises
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNEP	United Nations Environment Programme
UPI	Union Pay International
WB	World Bank

## Executive Summary

The global economy has continued to recover, albeit at a slower pace compared to last year due to the prolonged Russia–Ukraine war, tightened monetary policies in most developed countries and the rising geopolitical tensions in the Middle East. According to the International Monetary Fund (IMF), the global economy is expected to grow at a rate of 3% in 2023, compared to the 3.5% in the previous year, of which in developed economies increasing by 1.5%, emerging and developing countries rising by 4%, and the ASEAN economy growing by 4.4%. Meanwhile, global inflation decelerated from 8.3% in 2022 to 6.5% in 2023 but remained above target levels, urging many central banks to continue implementing monetary policy tightening.

For Cambodia, the economy is expected to grow at a rate of 5.5% due to the strong growth in the tourism and non-garment manufacturing sectors. The tourism sector grew at a robust rate of 19.8%, with the number of international visitors reaching 5.5 million. The manufacturing sector expanded by 7.4%; the rate of manufacture of products for export rose by 4.3%, especially non-garment products such as electronics (which increased 1.3 times) and vehicles and vehicle accessories (which increased 3.2 times), while that of products for the domestic market decreased by 7%. The agriculture sector edged up by 1.1%, supported by growth in the rice, rubber and fisheries sub-sectors. Similarly, the construction and real estate sectors grew at slower rates of 1.1% and 0.5%, respectively. The balance of payments is estimated to record a surplus of USD 226.1 million, supported by a net inflow of financial account, while current and capital accounts shifted from deficit to surplus. This surplus increased the international reserves to USD 20 billion, which was equivalent to seven months of prospective imports of goods and services, higher than the minimum benchmark for developing countries (3 months).

Inflation decreased to 2.1% from 5.4% in 2022, mainly due to a decrease in the prices of oil-related goods and services and lower food inflation rates. The exchange rate continued to stabilise at an average of 4,110 Riel per US dollar, a 0.2% decrease from that of the previous year (4,102 Riel). This stability was achieved by selling a total of USD 139.1 million in the foreign exchange market and implementing other monetary policy instruments that helped reduce the depreciation pressure on the Riel. Broad money (M2) increased at a reasonable rate of 12.5%, supported by the growth of deposits in both Khmer riel (14.1%) and foreign currencies (13%) and the continued increase of the currency in circulation (5.9%).

The banking system continued to be resilient and progressive, ensuring the sustainability of financing and the necessary financial services to support economic activities. The total assets of banks and financial institutions increased by 8.6% (to KHR 346.7 trillion, i.e. USD 84.3 billion), with the banking sector accounting for 91.8%, the microfinance sector accounting for 7.6% and the financial leasing sector accounting for 0.6%. Total credit to other sectors increased by 4.8% (to KHR 237.2 trillion, i.e. USD 57.6 billion), and customer deposits increased by 13.1% (to KHR 197.2 trillion, i.e. USD 47.9 billion). The capital position of the banking system remained strong, with the capital adequacy ratio registered at an elevated level of 22.7% for the banking sector and 25.4% for the microfinance sector, above the regulatory threshold (15%); the capital conservation buffer was reintroduced at 1.25% of the risk-weighted assets. Simultaneously, liquidity remained higher than the regulatory threshold (100%), with the liquidity coverage ratio recorded at 167.6% for commercial banks and 333.3% for deposit-taking microfinance institutions. Non-performing loan ratio continued to rise to 5.4% for the banking sector and 6.7% for the microfinance sector due to the completion of loan restructuring measures and slow credit growth. Banks and financial institutions have contributed to promoting financial inclusion; this is reflected by the increase in the number of customer deposit accounts to 18.9 million and credit accounts to 3.9 million. Supervision of banks and financial institutions is continuously strengthened by a risk-based and forward-looking approach, with regular stress tests to strengthen the resilience of the banking system and ensure financial stability. In addition, the banking system has contributed to promoting sustainable finance to help preserve the environment and enhance green economic development as well as mitigate climate change risks.

Payment systems are constantly being developed and modernised, making payments more efficient, secure and affordable. The Cambodian Shared Switch (CSS) has officially been launched to help facilitate cross-institutional transactions using debit cards at all the ATMs and POS machines of member institutions. Digital payment services have made significant contributions to promote financial inclusion, as the number of e-wallet accounts was recorded at 19.7 million, and the value of payment services increased by 18% (i.e. KHR 311.5 trillion Riel or USD 75.8 billion), equivalent to 2.4 times the GDP, with a total of 601.3 million transactions. Meanwhile, the NBC has integrated payment system infrastructures within more countries in the region, including Thailand, Laos and Vietnam, and it is expanding cross-border payments with partner countries and institutions such as China, Japan, Singapore, Malaysia, Indonesia and Alipay.

With the increasing trend of digital payments, cash flow management has been implemented more efficiently and regularly to support the needs of the public throughout the country, and the appearance and quality of Riel banknotes have been improved to enhance security and confidence in the national currency. In addition, outreach programs promoting the use of Riel, financial literacy and the Bakong system have been organised in the capital and provinces to help raise public awareness about the benefits of the national currency and the development of the monetary system and financial services, as well as to inspire the youth to treasure and extensively use the local currency. The Preah Srey Içanavarman Museum has also contributed significantly in raising awareness about the history of Cambodia's economy and currency, with the total number of visitors increasing by 184% to about 34.3 thousand.

Strengthening governance and human resource development are important for the growth of the NBC. In this regard, internal audits and inspections have continuously been performed to improve compliance with regulations, guidelines and procedures, contributing to good governance and risk management. Simultaneously, the capacity of the capital/provincial branches has been improved to make them more qualified and efficient in providing central banking services to banks and financial institutions, ministries and government agencies and exchanging old and torn Riel banknotes for new ones. The total number of NBC officials is now 1,932, and 49.2% of this are women. Human resource capacity is continuously being developed through workshops and training programs in the country (with a total of 750 participants), short- and long-term courses abroad (823 participants) and online training programs (584 participants), which have helped to improve the qualifications of the officials and effectively strengthen their work structure. Additionally, the NBC has contributed to trainings in the field of banking and finance by improving the quality of education at the Centre for Banking Studies (CBS), in which 280 students are enrolled.

Meanwhile, the Cambodia Financial Intelligence Unit (CAFIU) has continued to play important roles in combating money laundering and the financing of terrorism, especially by facilitating on-site visits to Cambodia by the Asia/Pacific International Cooperation Review Group – Joint Group (ICRG-JG) and meeting the necessary conditions to successfully remove Cambodia from the grey list of the Financial Action Task Force (FATF). The CAFIU is responsible for strengthening the implementation of the Anti-Money Laundering and Combating Financing Terrorism Law, analysing reports, cooperating with both national and international partners, organising trainings for stakeholders and chairing the National Risk

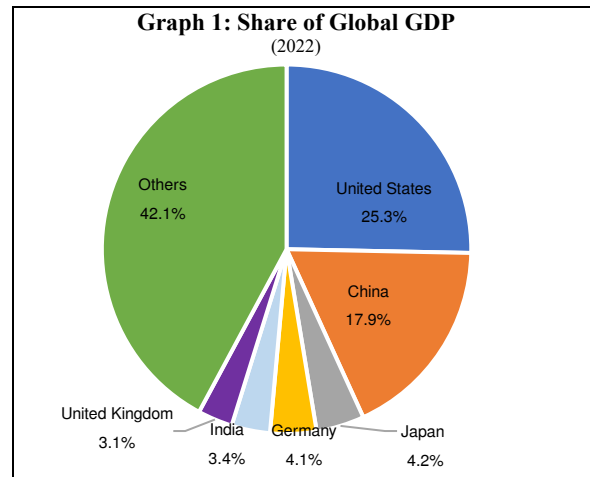
Assessment Sub-Committee on Money Laundering and Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction.

# **Part I – Annual Report 2023**

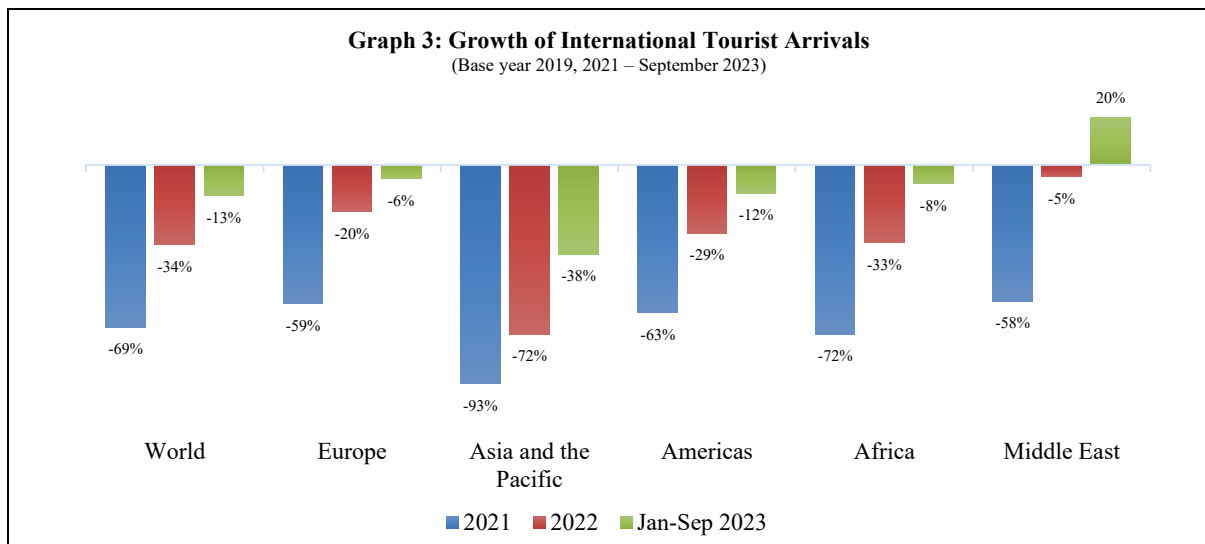
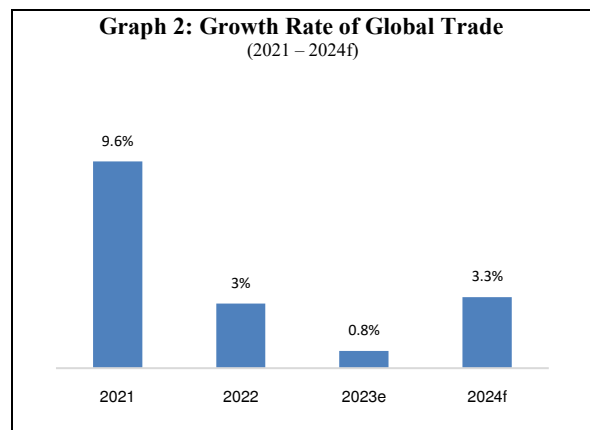


## I. Global Economic Situation

In 2023, the global economy continued to face uncertainties due to the prolonged Russia–Ukraine conflict and monetary policy tightening as well as the escalation of geopolitical tensions in the Middle East. Furthermore, the slowdown of China’s economic growth has also contributed to slowing down the recovery of the global economy.

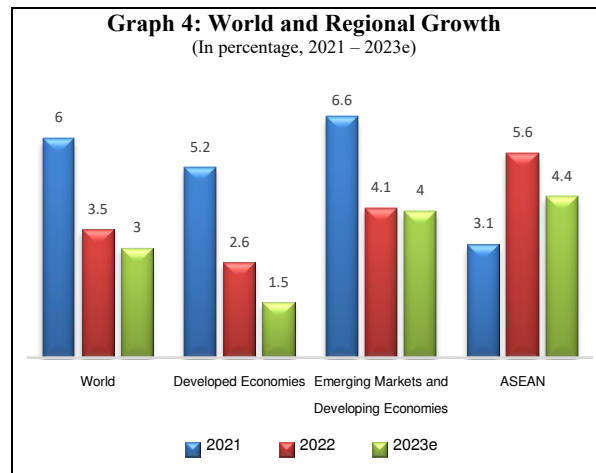


However, the service sector, especially tourism, has recovered rapidly while the growth of global trade<sup>1</sup> decelerated from 3% in 2022 to 0.8% in 2023 due to the slow growth in the global manufacturing sector.



<sup>1</sup> World Trade Organization report as of October 5, 2023.

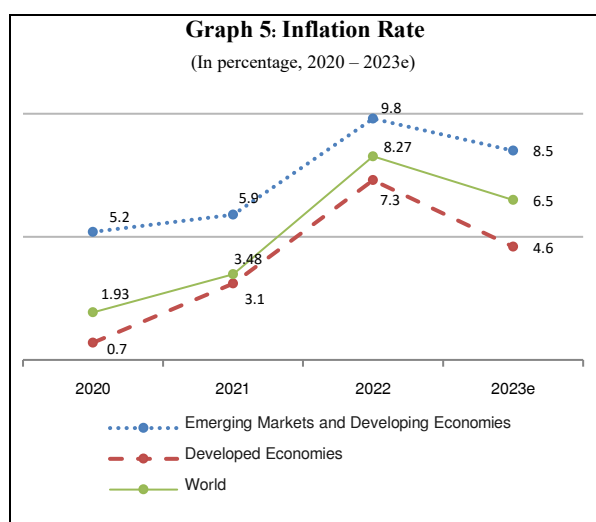
The International Monetary Fund (IMF) estimated a global economic growth rate of 3% in 2023, which was lower than the 3.5% in 2022. Developed economies grew by 1.5% (a decrease from 2.6%), supported by the higher-than-expected growth of the U.S. (2.1%) but offset by the lower growth in the Euro area (0.7%). Investment and consumer demands in the U.S. increased significantly, in



Source: WEO-IMF and AREO-AMRO, e = estimate

line with an increase in fiscal space. Furthermore, the economic growth of developed countries in the Euro area was slower, e.g. France’s economy grew by 1%, the U.K’s by 0.5% and Italy’s by 0.7%, while Germany’s declined by 0.5%. The economy of emerging and developing economies grew by 4% (down from 4.1%), supported by the economic growth of India (6.3%) and Brazil (3.1%), which occurred as a result of strong growth in agriculture and services, as well as growth in domestic demand. In contrast, China's economic growth was slower than expected (5%) due to real estate crisis, weak investment and consumption. However, the economy of ASEAN member states grew by 4.4% (down from 5.6%), mainly supported by the increase in domestic demand and tourism; in particular, the economy of the Philippines grew by 5.9%, that of Indonesia grew by 5%, that of Malaysia by 4.2%, that of Thailand by 3.5% and that of Singapore by 1%.

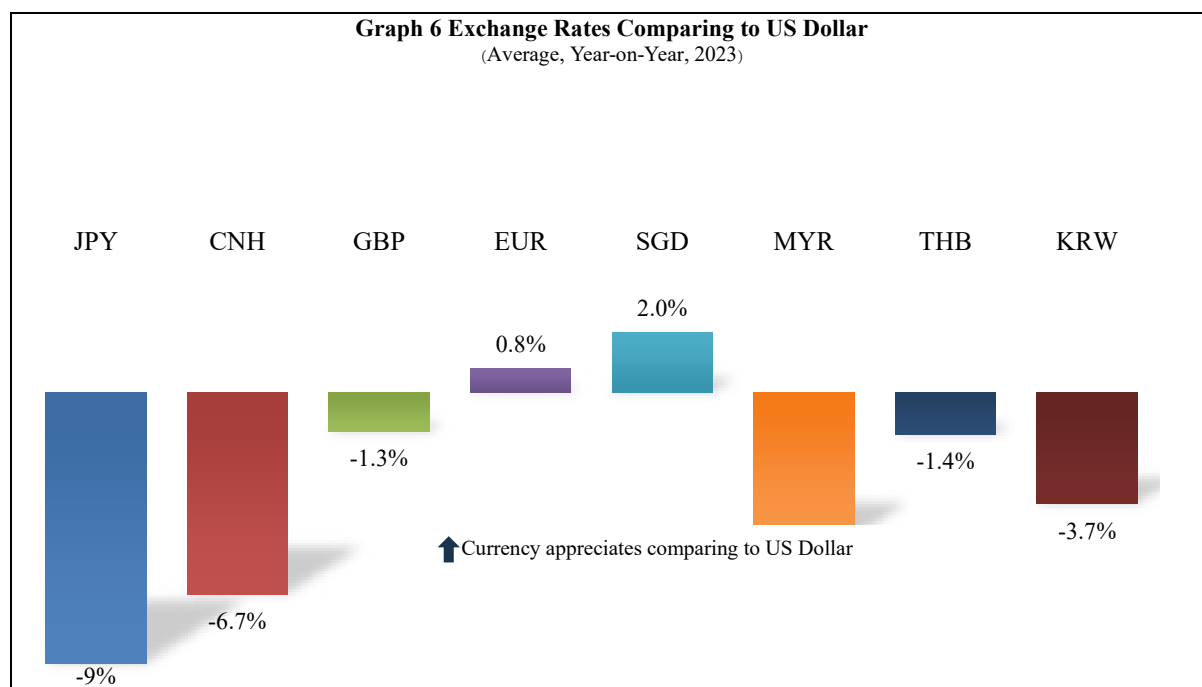
After a series of monetary policy tightening in many countries, global inflation declined from 8.3% in 2022 to 6.5%<sup>2</sup> in 2023, with inflation in developed countries dropping to 4.6% (7.3% last year) and that in developing and emerging economies decreasing to 8.5% (9.8% last year). Global currencies has continued to depreciate, including the Japanese Yen, the Chinese Yuan, the British Pound, the Malaysian Ringgit, the



Source: IMF, e = estimate

<sup>2</sup> IMF’s World Economic Outlook Report as of October 2023.

Thai Baht and the Korean Won; in contrast, some currencies, such as the Euro and Singapore dollar, showed appreciation due to the tightening policies that were implemented following the sharp depreciation observed last year.



Source: National Bank of Cambodia

Despite the decline, inflation has remained above the target level in many countries, pushing central banks to further raise interest rates. In 2023, the U.S Federal Reserve<sup>3</sup> raised the interest rate four times (from 4.5% to 5.5%), the European Central Bank<sup>4</sup> six times (from 2.5% to 4.5%) and the Bank of England<sup>5</sup> five times (from 3.5% to 5.25%). However, the Bank of Japan maintained its interest rate at -0.1% to drive economic growth. Nevertheless, the People’s Bank of China<sup>6</sup> reduced its interest rate from 3.65% to 3.45% to accelerate economic growth following the real estate crisis. In ASEAN member states, most central banks raised their interest rates in response to inflation, with the Bank of Thailand<sup>7</sup> raising theirs four times (from 1.5% to 2.5%), Bangko Sentral ng Pilipinas<sup>8</sup> raising theirs three times (from 5.5% to 6.5%), Bank Indonesia<sup>9</sup> raising theirs twice (from 5.75% to 6%) and Bank Negara Malaysia

<sup>3</sup> The U.S Federal Reserve: in 2023, raised from 4.5% to 4.75 in February, 5% in March, 5.25% in May and 5.5% in July.

<sup>4</sup> The European Central Bank: in 2023, raised from 2.5% to 3% in February, 3.5% in March, 3.75% in May, 4% in June, 4.25% in July and 4.5% in September.

<sup>5</sup> The Bank of England: in 2023, raised from 3.5% to 4% in February, 4.25% in March, 4.5% in May, 5% in June and 5.25% in August.

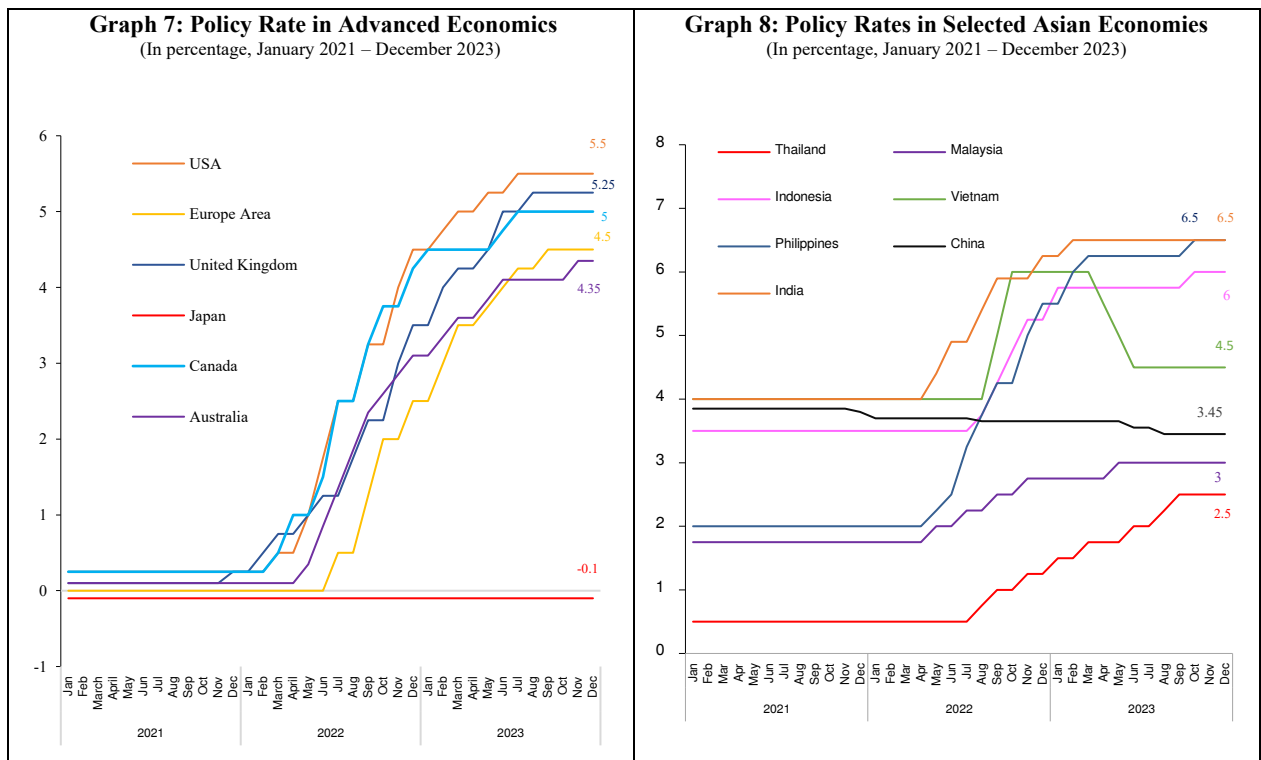
<sup>6</sup> The central bank of People’s Republic of China: reduced from 3.65% to 3.59% in March and 3.45% in August.

<sup>7</sup> The Bank of Thailand: in 2023, raised from 1.5% to 1.75% in March, 2% in June, 2.25% in July and 2.5% in September.

<sup>8</sup> The Bangko Sentral ng Pilipinas: in 2023, raised from 6% to 6.25% in March and 6.5% in October.

<sup>9</sup> Bank Indonesia: in 2023, raised from 5.25% to 5.7% in January and 6% in October.

raising theirs once (from 2.75% to 3%); contrastingly, the State Bank of Vietnam<sup>10</sup> reduced their interest rate three times (from 6% to 4.5%).



Source: Trading Economics

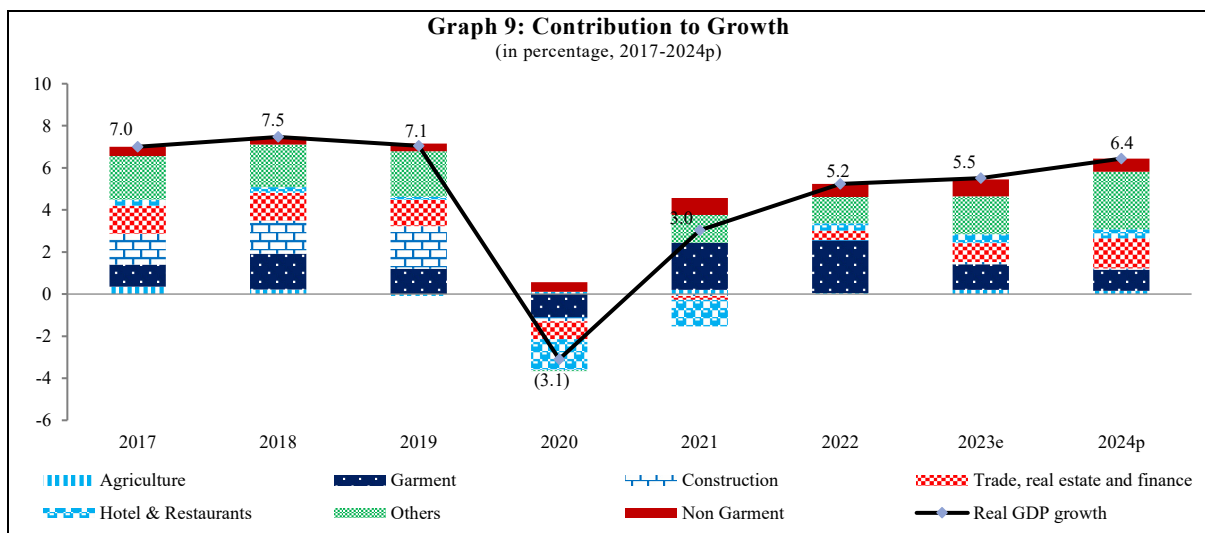
Generally, the global economy in 2023 continued to grow at a slower pace compared to that in 2022 due to geopolitical fragmentation, high inflation rates and the tightening of fiscal space. Global economic growth has been supported by the recovery of the service sector and increased domestic demand.

<sup>10</sup> State Bank of Vietnam: in 2023, reduced from 6% to 5.5% in April, 5% in May and 4.5% in October.

## II. Cambodia's Macroeconomic Condition

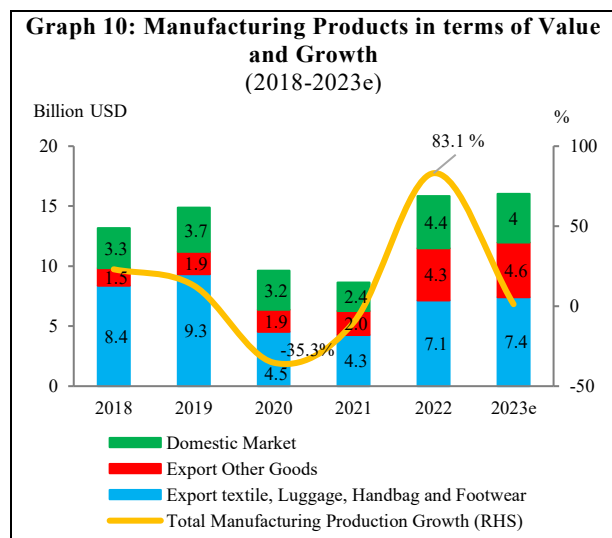
### 1. Economic Growth

Cambodia's economic activities have continued to pick up, thanks to the growth of the service sector, especially tourism, and the export of non-garment manufacturing products; however, export of garments and agricultural products, as well as the construction and real estate sectors have a slow growth.



Source: NIS and NBC's staff calculation , \*Note: e = estimation, p = projection

**The Manufacturing Sector:** The manufacturing sector continues to play an important role in sustaining economic growth. The total value of manufactured goods increased by 1.2% in 2023<sup>11</sup>. This low growth rate is partly due to the strong growth of manufacture in 2022 (which was as high as 83.1%) and the decline in external demand. Manufacturing products for export increased by 4.3%, with that of garment goods<sup>12</sup> increasing by 4% while that of non-garment goods increasing by 4.9% (the rate of manufacture of electrical parts increased 1.3 times while that of vehicles and vehicles spare parts increased 3.2 times); in contrast, the manufacturing products for the domestic market decreased by -7%.



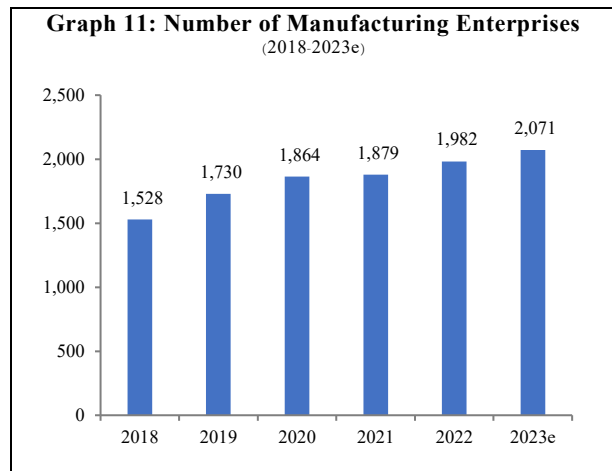
Source: Ministry of Industry, Science, Technology, and Innovation and the estimation of NBC's staff calculation, \*e=estimate (Actual statistic as of September 2023)

<sup>11</sup> Estimated data from October to December 2023.

<sup>12</sup> Textiles, clothing, bags, shoes, and leather products.

It should be noted that the proportion of garment goods for export decreased from 56% (in 2022) to 47.8% (in 2023), while investment in non-garment products such as solar panels and other manufacturing goods increased significantly to 47.4% and 97.3%, respectively.

The number of factories<sup>13</sup> in the manufacturing sector increased from 1,982 last year to 2,071, and about 1 million workers were employed.



Source: Ministry of Industry, Science, Technology, and Innovation and the estimation of NBC's staff calculation, \*e=estimate (Actual statistic as of October 2023)



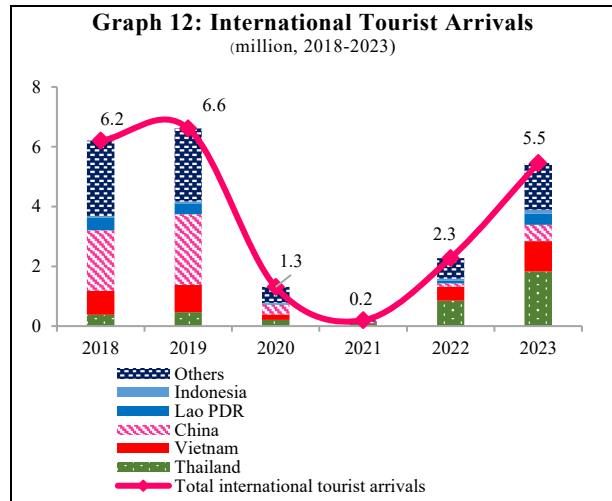
Image: Vehicle assembly and spare parts factory in Kampong Speu province  
Source: HMN page



Image: Solar panels in Kampot  
Source: Property & Construction

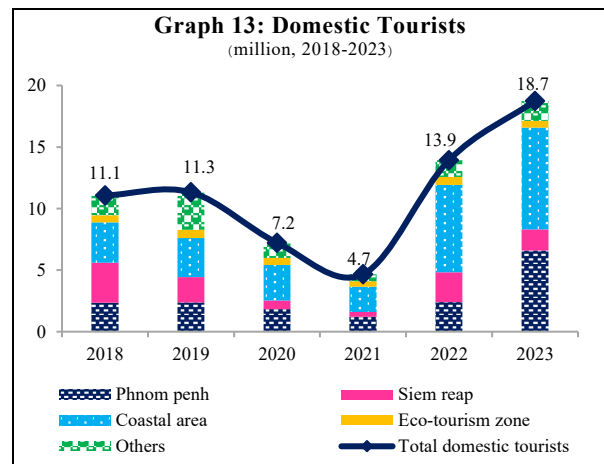
<sup>13</sup> Large scale factory and under the control of the Ministry of Industry, Science, Technology, and Innovation

**The Tourism Sector:** International tourist<sup>14</sup> arrivals increased 2.4-fold to about 5.5 million (from 2.3 million in 2022). This growth was due to the return of tourists in the region, the successful hosting of the SEA games and the ASEAN Para games, the launch of the new Siem Reap Angkor International Airport and the increase in the number of direct flights to Cambodia. Nevertheless, the number of international tourist arrivals in 2023 was merely 83% of the overall figure recorded prior to the Covid-19 pandemic (6.6 million in 2019).



Sources: Ministry of Tourism and NBC's calculation,

Simultaneously, domestic tourists grew faster (i.e. by 34.5% to 18.7 million) than before the crisis, with the coastal area receiving the most tourists (about 44% of the total domestic tourists), followed by Phnom Penh (35.1%), Siem Reap (9.2%) and the ecotourism zone (2.9%).



Source: Ministry of Tourism and NBC's calculation

BEST PLACES TO SEE THE SUNRISE IN SOUTHEAST ASIA		
Rank	Sunrise Spot	Mentions
1	Angkor Wat	10,404
4	Borobudur Temple	1,600
7	Bagan Temples	797
12	White Sand Dunes	347
15	Mount Kinabalu	295
21	Mount Phousi	222
22	Kiltepan	220
26	Ko Lipe	190
56	Merlion Park	30

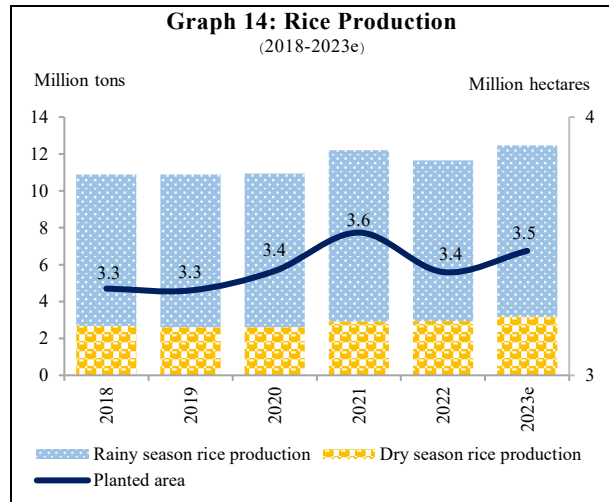
Image: Best places to see the sunrise in Southeast Asia  
Source: Seasia stats



Image: Tourists during water festival in 2023  
Source: Page Phnom Penh Administration

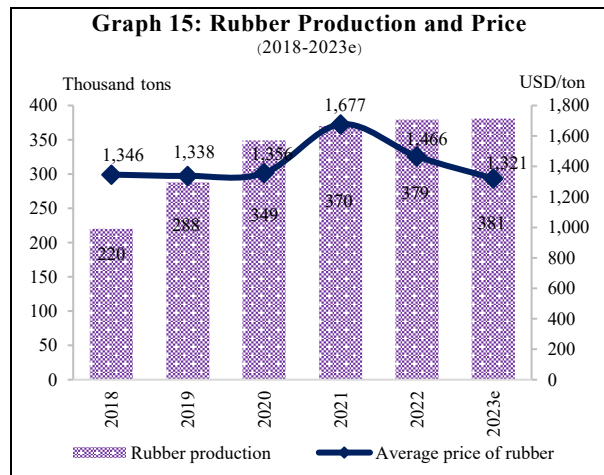
<sup>14</sup> In 2023, Thai visitors ranked first (accounting for 33.4% of the total international tourist arrivals), Vietnamese visitors ranked second (18.7%) and Chinese visitors ranked third (10%).

**The Agricultural Sector:** Although still low, the growth of the agricultural sector continues to be slightly higher than that of last year, mainly due to the growth in the rice, rubber and fisheries sub-sectors. Rice production increased by 7.1% (to 12.5 million tons), with dry season increasing rice production increased by 8% (3.2 million tons) and wet season rice production increased by 6.8%, mainly due to factors such as favourable weather and increased export to overseas markets.



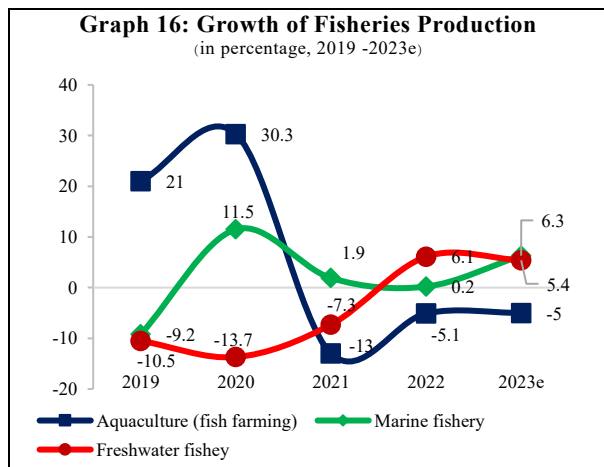
Source: Ministry of Agriculture, Forestry, and Fishery and NBC's calculation, \*e= estimation (Actual data as of November 2023)

Rubber production was slightly higher by 0.4% (381 thousand tons) compared to that of the previous year (2.6%). The average price of rubber decreased by 10% (a downward trend since the beginning of 2022), while the export of rubber decreased by 4.5%.



Source: Ministry of Agriculture, Forestry and Fishery and NBC's calculation, \*e= estimation (Actual data as of November 2023)

The fisheries sub-sector continues to show robust growth, with the marine and freshwater fisheries businesses experiencing growth rates of 6.3% and 5.4%, respectively, while fish farming decreased by 5%.



Source: Ministry of Agriculture, Forestry, and Fishery and NBC's calculation, \*e = estimation (Actual data as of November 2023)





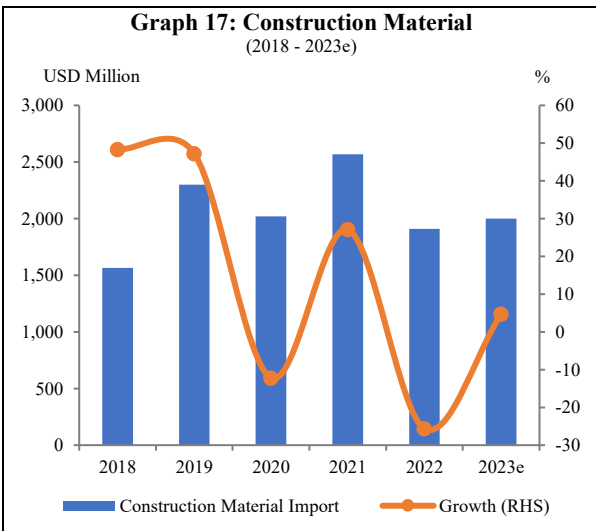
Image: Best Rice Award in 2018 and 2022. For 2023, Cambodia ranked second, held in the Philippines  
Source: Cambodia Rice Federation



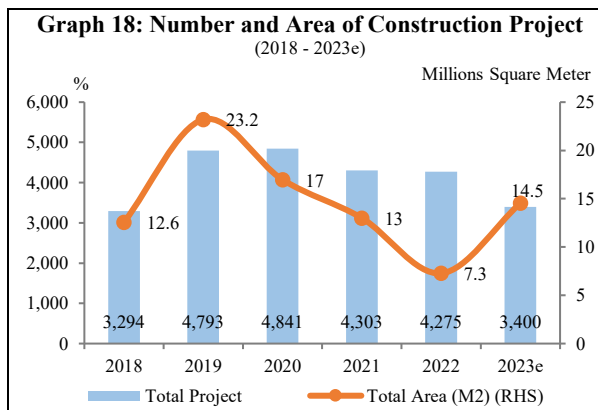
Image: Freshwater fishery production  
Source: Ministry of Information

### The Construction and Real Estate

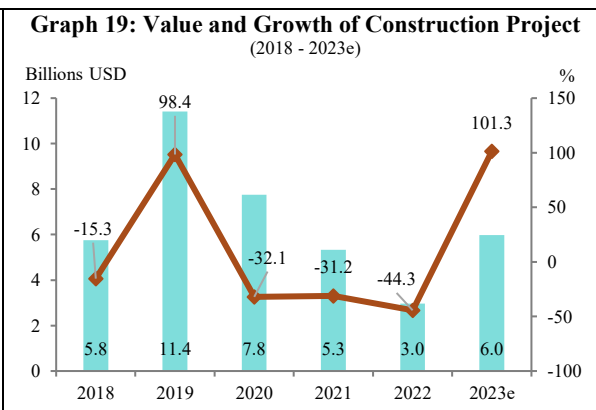
**Sectors:** The construction sector experienced a slow growth of 1.1% compared to 0.5% growth last year due to the development of public infrastructure such as bridges, airports, and expressways. Import of construction materials and equipment increased by 4.7% (last year, it decreased by 25.6%). The rate of approval of construction projects increased one-fold, especially residential and public construction projects, while the total number of construction projects decreased by 20.5%.



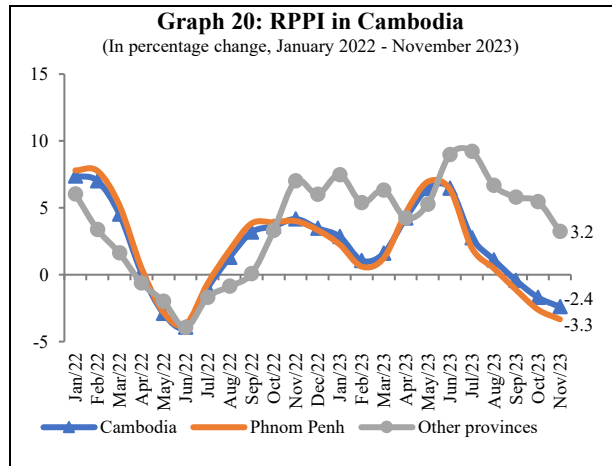
Source: Ministry of Land, Management, Urban Planning, and Construction and NBC's calculation, \*e = estimation (Actual data as of November 2023)



Source: Ministry of Land Management, Urban Planning and Construction and the estimation of NBC's staff calculation, \*e=estimate (Actual statistic as of November 2023)



The real estate sector continued to grow at a slower pace of 0.5% compared to the 0.2% in 2022. The sales of residential apartments (including flats, twin villas, and single villas) decreased by 49.7% while those of condominiums increased by 2%. The housing price index (RPPI) decreased by 2.4%, with those in Phnom Penh decreasing by 3.2% and those in the other provinces increasing by 3.2%.



Source: National Bank of Cambodia and NBC's Calculation



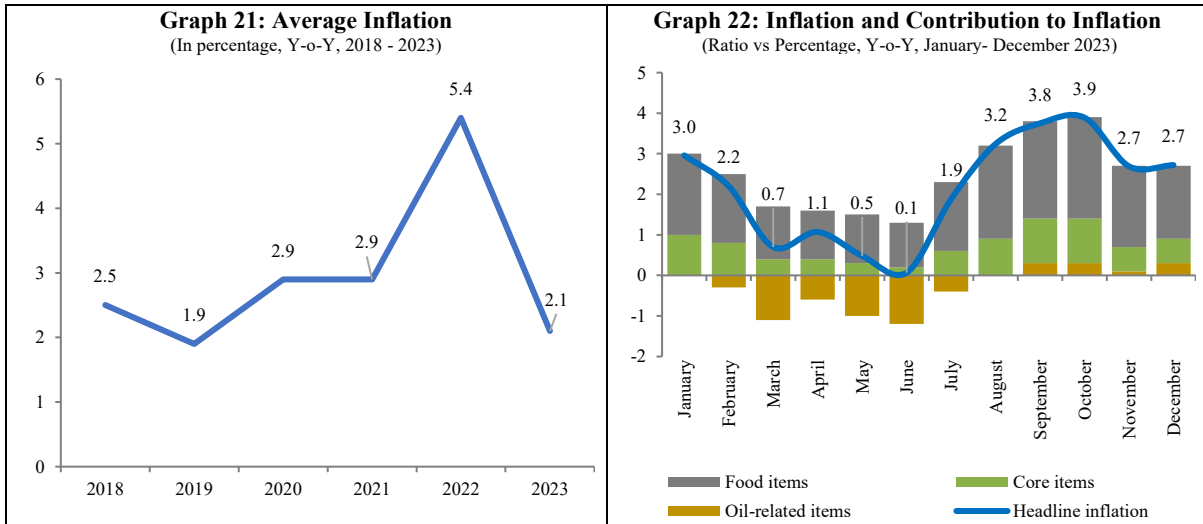
Image: Techo Takhmao International Airport  
Source: Heerim



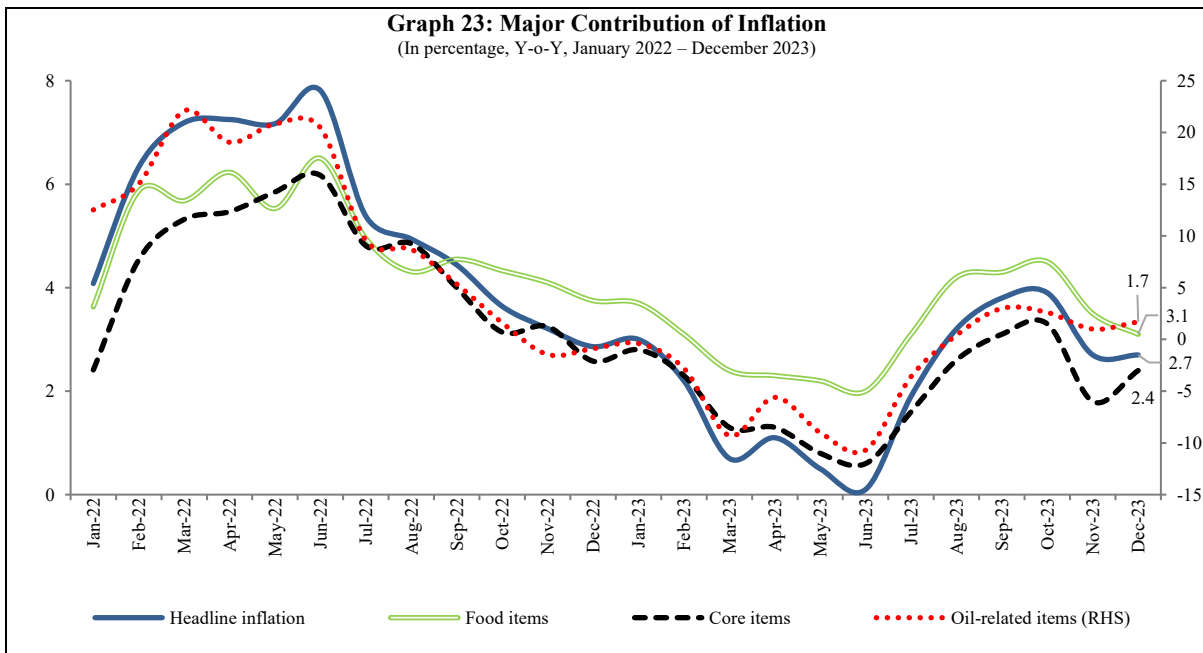
Image: Preah Monivong flyover  
Source: Ministry of Public Works and Transport

## 2. Inflation

Headline inflation in 2023 was at 2.1%, which is lower than that of the previous year (5.4%) due to the decrease in oil-related items and food inflation.

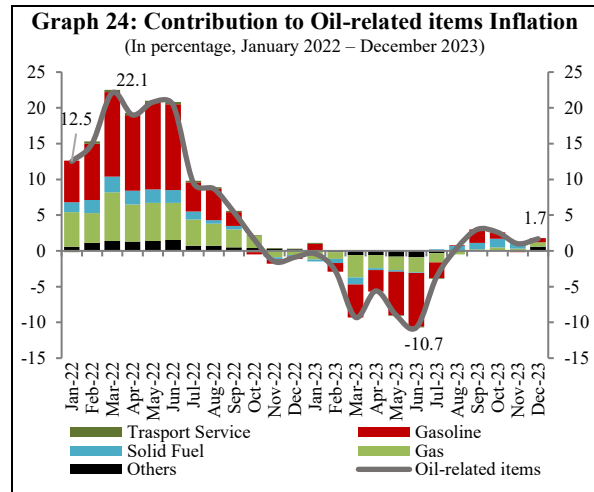


Source: National Institute of Statistics and NBC's staff calculation



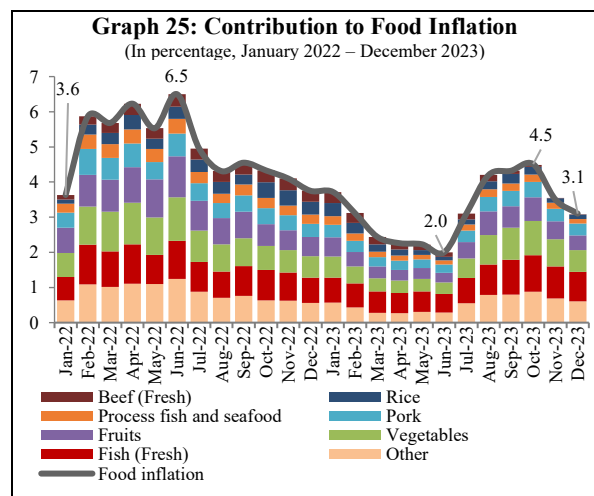
Source: National Institute of Statistics and NBC's staff calculation

The prices of oil-related items fell by 2.7% after a significant increase by 11.1% in 2022, as a result of global crude oil prices declining by 28.1% (from an average of USD 100.8 per barrel in 2022 to USD 77.7 per barrel in 2023). In Cambodia, gasoline prices fell by 5.6% (compared to 24.4% in 2022), gas prices fell by 4.7% (18.3% in 2022), while solid fuel prices rose by 1% (5.4% in 2022).



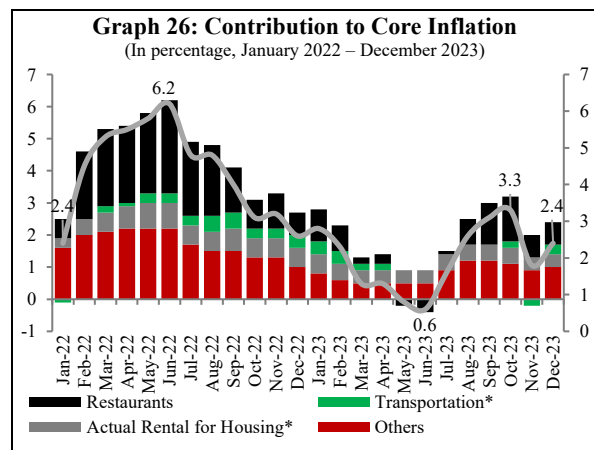
Source: National Institute of Statistics and NBC's staff calculation

Food inflation decelerated to 3.2% in 2023 (from 5% in 2022) due to reduced pressure on the cost of fertilizers, fuel and transportation while the supply of domestic agricultural products also continued to grow. Major food and non-alcoholic beverages that saw a decline in inflation including rice from 2.4% in 2022 to 1.5% in 2023, meat from 4.3% to 2.5%, fish from 5% to 4.2%, vegetable from 7.9% to 5.1% and fruits from 7.7% to 4.2%.



Source: National Institute of Statistics and NBC's staff calculation

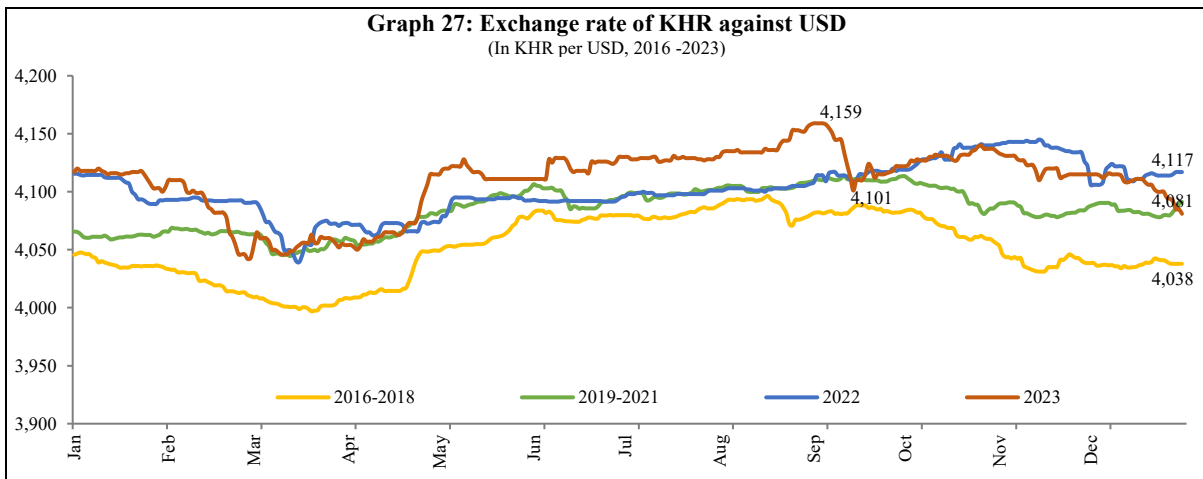
Core inflation decelerated from 4.4% in 2022 to 2% in 2023 due to a decrease in the prices of oil-related items and lower food inflation. Major core items that slowed including restaurants from 6.6% in 2022 to 2.1% in 2023, clothing and footwear from 7.4% to 3%, entertainment and culture from 5.6% to 3.1% and transportation excluding oil-related items from 2.1% to 0.7%.



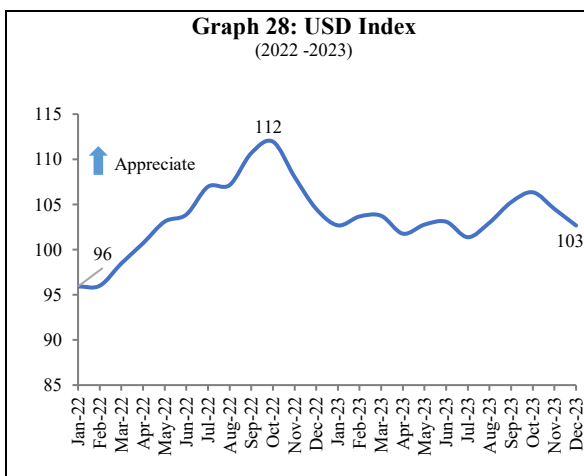
Source: National Institute of Statistics and NBC's staff calculation, \*Not included oil-related items

### 3. Exchange Rate

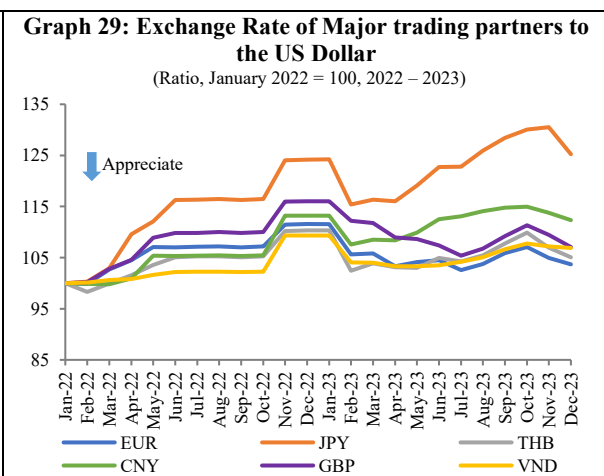
The exchange rate of Khmer Riel (KHR) against the USD in 2023 remained stable, albeit slightly higher compared to the rate pre-COVID-19. The average exchange rate of KHR against the USD stood at KHR 4,110 per USD, a depreciation of 0.2% from the 2022 rate (KHR 4,102) and 1.4% from the pre-pandemic (2016-2018) rate (KHR 4,052). From May to August 2023, the exchange rate rose steadily to KHR 4,158 per USD, mainly due to lower tax revenues, increased public spending, declining inflows of the USD and the appreciation of the USD in international markets. To alleviate the pressure of depreciation on the riel, the NBC intervened in the exchange market to reduce the exchange rate to KHR 4,085 per USD by the end of December 2023. Some of the currencies of Cambodia's major trading partners significantly depreciated against the USD, including the Japanese yen (-9%), Chinese yuan (-6.7%), Thai baht (-1.4%), Vietnamese dong (-2.6%) and British pound (-1.3%); meanwhile, the Euro rose slightly (0.8%).

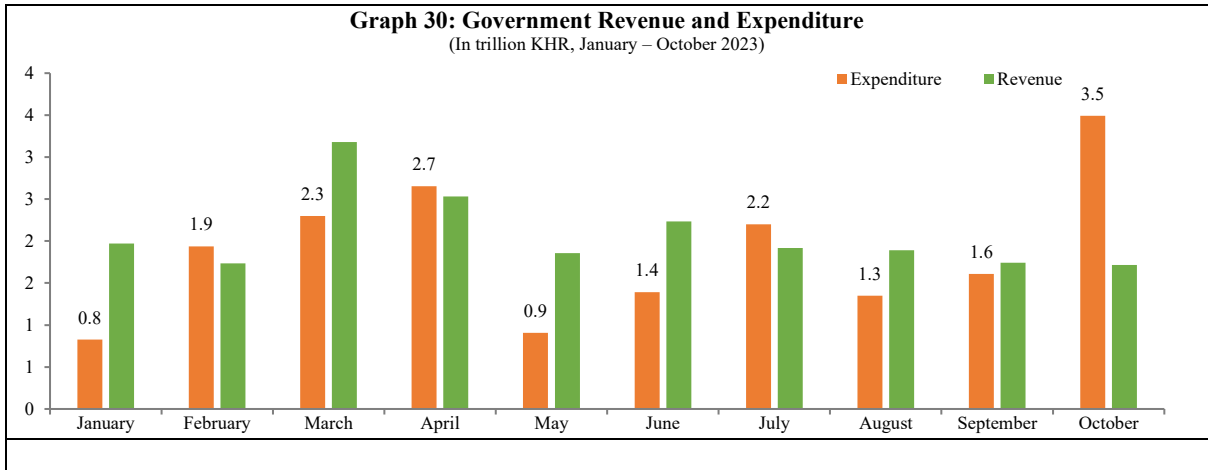


Source: NBC



Source: NBC



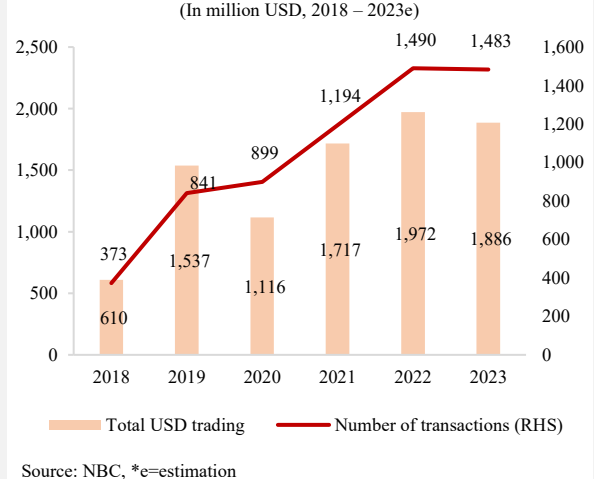


Source: NBC

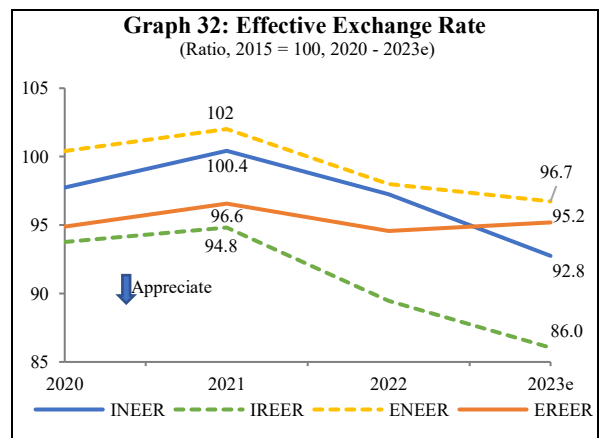
**Box 1: Foreign Exchange Transactions on the National Bank of Cambodia Platform (NBCP)**

Since its establishment in 2018, the NBCP has had 69 member institutions, consisting of 50 commercial banks, 4 specialised banks, 10 microfinance institutions and 5 money changers. USD transactions within the NBCP increased steadily from 2018 to 2022 but decreased by 4% (to USD 1.8 billion) in 2023 (although the number of transactions—1,483—was similar to that in 2022). This decrease was mainly due to the decline in USD trading and the NBC’s intervention on the exchange market.

**Graph 31: Foreign Exchange Transactions on the NBCP**  
(In million USD, 2018 – 2023e)



The import-weighted real effective exchange rate (IREER) decreased, which eased the inflationary pressures on imports. The IREER decreased by -3.8% due to the decrease of the import-weighted nominal effective exchange rate (INEER)<sup>15</sup> by -4.6%, although inflation was higher in Cambodia’s importing partners than in Cambodia.

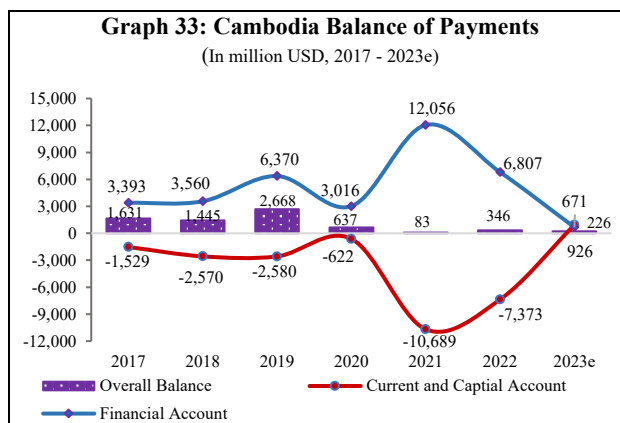


<sup>15</sup> Cambodia’s importing partners include China, Thailand, Vietnam, Taiwan, Singapore, Japan, Hong Kong, South Korea, Indonesia, Malaysia, and the United States.

The export-weighted real effective exchange rate (EREER) increased by 0.7%, indicating an increase in Cambodia's export competitiveness. This increase was largely due to the fact that Cambodia's inflation rate was lower than that of the exporting partners, even though its export-weighted nominal effective exchange rate (ENEER)<sup>16</sup> decreased by -1.3%.

#### 4. Balance of Payments

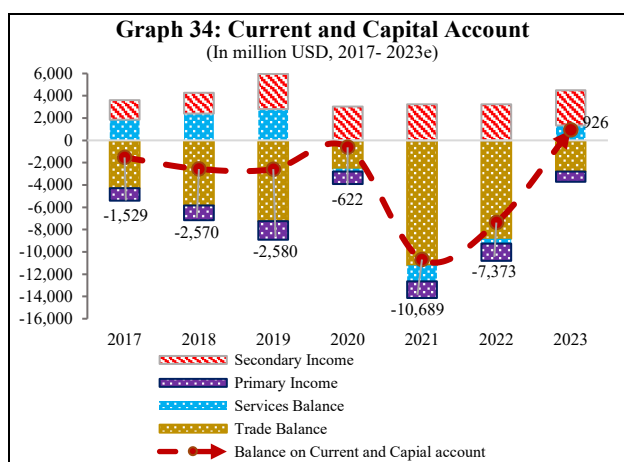
The balance of payments in 2023 is estimated to be in surplus of USD 226.1 million, which is lower than that of the previous year (USD 345.9 million). This surplus was due to the net inflows of financial accounts while the current and capital account balances switched from deficit to surplus.



Source : NBC, \*e= estimation

#### - Current and Capital Accounts

The current and capital accounts recorded a surplus of 2.9% of the gross domestic product (GDP); in the previous year, a deficit of 24.9% of the GDP was recorded. The switch from deficit to surplus for the current and capital accounts was due to: i) the decrease in the merchandise trade deficit<sup>17</sup>, ii) the increase in the surplus of services<sup>18</sup> and iii) the decrease in the primary income deficit<sup>19</sup> while surplus in the secondary income<sup>20</sup> decreased.



Source : NBC, \*e= estimation

<sup>16</sup> Cambodia's exporting partners include the United States, the United Kingdom, Germany, Japan, Canada, China, Thailand, Spain, Belgium, France, Netherlands, Vietnam, Hong Kong and Italy.

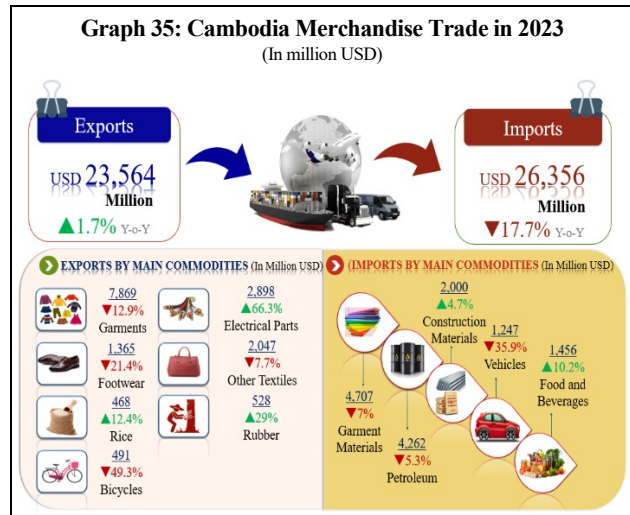
<sup>17</sup> The merchandise trade deficit declined by USD 6 billion (68.4%) compared to the deficit of USD 8.8 billion in the previous year, of which exports increased by 1.7% while imports decreased by 17.7%.

<sup>18</sup> The net services account switched from a deficit of USD 435.7 million in the previous year to a surplus of USD 1.3 billion, mainly due to an increase in the travel service credits.

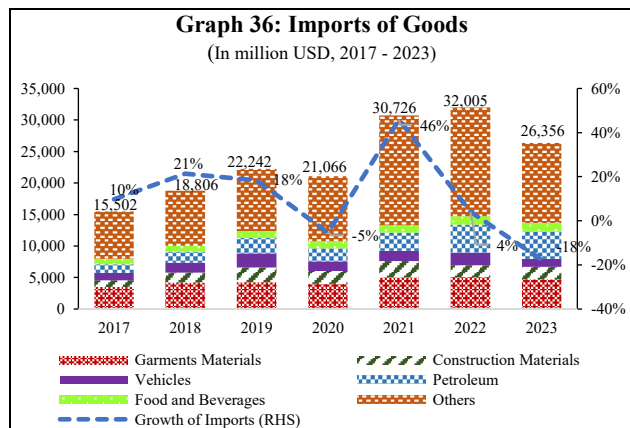
<sup>19</sup> The primary income account deficit decreased by USD 623.7 million (40.2%) compared to USD 1.6 billion in 2022.

<sup>20</sup> The surplus of secondary income account declined by USD 53.2 million (1.6%) compared to USD 3.2 billion in 2022.

The merchandise trade deficit decreased by 68.4% to USD 2.8 billion in 2023 (it was USD 8.8 billion last year), i.e. 8.6% of the GDP, and this was significantly driven by the decrease in imports despite lower export growth. Overall, imports declined by 17.7%, with the import of vehicles decreasing by 35.9%, petroleum by 5.3%, and garment materials by 7%. In contrast, the import of food and beverages increased by 10.2% and that of construction materials and equipment increased by 4.7%. Exports grew by 1.7%, with those of non-garment exports increasing by 20.6% (last year, it increased by 25.3%), those of electrical parts increasing by 66.3%, those of rubber increasing by 29%, those of rice increasing by 12.4%, and those of other items increasing by 18.7%; in contrast, garment exports<sup>21</sup> fell by 13.2% and bicycle exports by 49.3%.

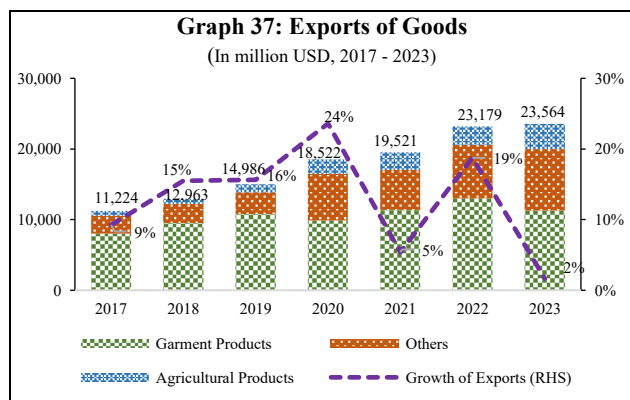


Source: The General Department of Customs and Excise and NBC staff calculation



Source: The General Department of Customs and Excise and NBC staff calculation

Despite the decrease in the merchandise trade deficit, the net services account switched from deficit to surplus, mainly because of the return of a large number of international tourists (travel service credits increased by 1.2 times); at the same time, the primary income account deficit contracted by 40.2% due to a 45.9% increase in inward payments<sup>22</sup> and a 24.5% decrease in outward payments<sup>23</sup>. In contrast, the surplus of secondary income account decreased by



Source: The General Department of Customs and Excise and NBC staff calculation

<sup>21</sup> Of which exports of garments decreased by 12.9%, footwear 21.4%, and traveling goods and other textile products 7.7%.

<sup>22</sup> Of which interest income increased by 27.1%.

<sup>23</sup> Of which dividend distribution and investment income declined by -32.4% while royal government's interest paid increased by 10.2%.



1.6%, with the royal government grants rising by 4.2%, while inward private transfers (net)<sup>24</sup> decreased by -2.7%.

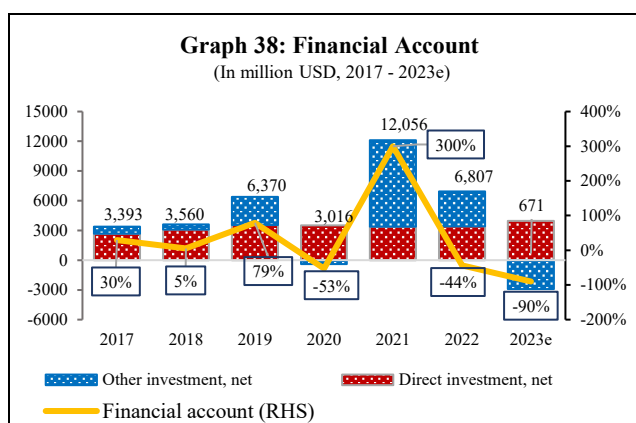
#### - Financial Account

The financial account balance showed a net inflow of USD 671.2 million, which is a 90.1% decrease compared to that of the previous year. Foreign direct investment inflows increased by 14.5% mainly due to a 34.4% increase in investments in the non-financial sector<sup>25</sup> and a 28.7% decrease in investments in the financial sector.

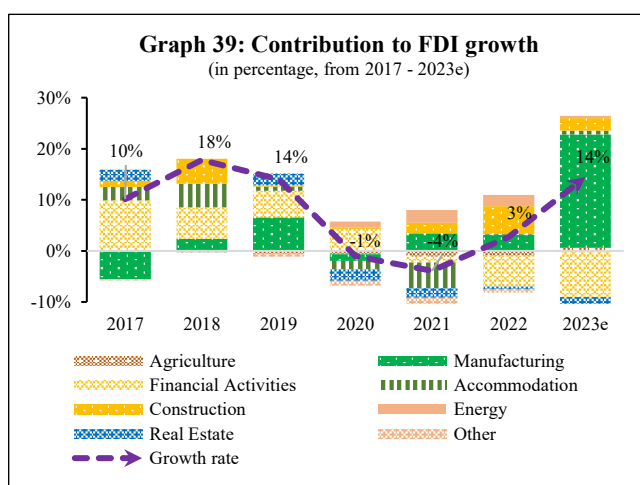
Other investments recorded a net outflow of USD 2.9 billion, compared to the net inflow of USD 3.5 billion in the previous year. This increase in the net outflow was a result of the increase in foreign assets with non-residents and the 8.4% decrease in the net government's external debt.

### 5. International Reserves

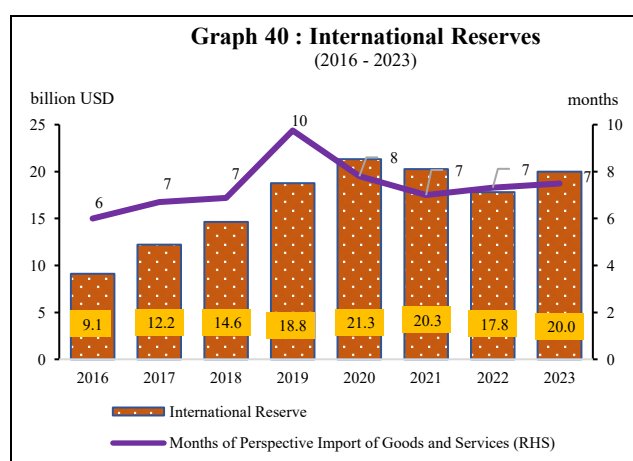
The international reserves increased to USD 20 billion (12.3%) in 2023, following the decline in 2022. This increase was the result of an increase in financial institutions' deposits, the market price of portfolio investments, and the government's deposits; the change in gold



Source: NBC, \*e= estimation



Source: NBC, \*e= estimation



Source: NBC

<sup>24</sup> Of which the workers' remittances from abroad decreased by 1% (Japan increased by 22%, and South Korea increased by 3% while worker's remittances from Malaysia declined by 13% and Thailand decreased by 3%).

<sup>25</sup> Investment in the manufacturing sector increased by 96.7% (investment in garments sector increased by 57.5%, footwear by 1.8 times, traveling products by 54.9%, packaging by 2.4 times, solar manufacturing by 26.8%, and other investments by 86.9%), construction sector

price and the exchange rate; and the international reserve investment income. The international reserves remained high and equivalent to seven months of prospective imports of goods and services.

The investment of the international reserves was affected by the instability of the global financial market and the sluggish growth of the global economy. The NBC carefully managed the international reserves with a high level of flexibility in accordance with investment guidelines and based on the principles of international reserve management to ensure safety, liquidity, and good returns. The investment guidelines were updated twice in 2023 to allocate the portfolio of investment reserves and currencies to meet the growing demand for liquidity and to seize opportunities to generate profit from fluctuations in interest rates on the international financial market.

The NBC prioritises investment in green bonds as well as the environment, society, and governance (ESG) bond issued by international financial institutions in countries like China, South Korea, Japan, and European countries, with the aim of improving responsibility for the implementation of investment policies related to ESG; maintaining sustainability; ensuring the safety of international reserve investments; and aligning with global investment trends.

## **6. Conclusion**

Cambodia's macroeconomic condition in 2023 remained stable and balanced, as reflected by the growth rate of 5.5%, a manageably low inflation rate (2.1%) and a stable exchange rate at an average of KHR 4,110 per USD. Meanwhile, the balance of payments remains at a surplus of USD 226.1 million, which contributes to an international reserve of up to USD 20 billion, equivalent to seven months of prospective imports of goods and services and higher than the minimum level for developing countries (3 months).

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investment by 16.8%, mining and quarry sector by 21.9%, agricultural sector by 20.1%, and accommodation sector by 11.4%; while real estate sector decreased by 20%, energy sector declined by 28.2%, and other sectors dropped by 21.5%.

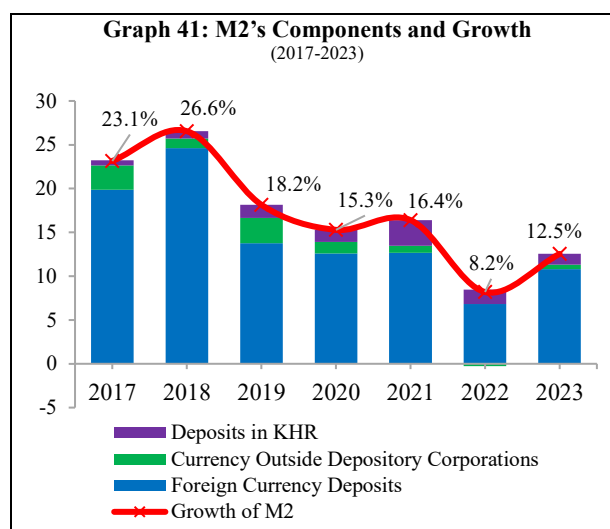
### III. Monetary Management

#### 1. Monetary Conditions

Broad Money (M2) increased by 12.5% in 2023, after a slow growth of 8.2% in the previous year. This acceleration in the growth rate resulted from a 14.1% increase in deposits in KHR, a 13% increase in foreign currency deposits and a 5.9% increase in currency outside depository corporations.

Dollarisation remained high in the economy due to a Foreign Currency Deposits to M2 (FCD/M2) ratio of 83.4%, a

Foreign Currency Deposits to Total Deposits ratio of 90.3% and a Foreign Currency Loans to Total Loans ratio of 89.6%.



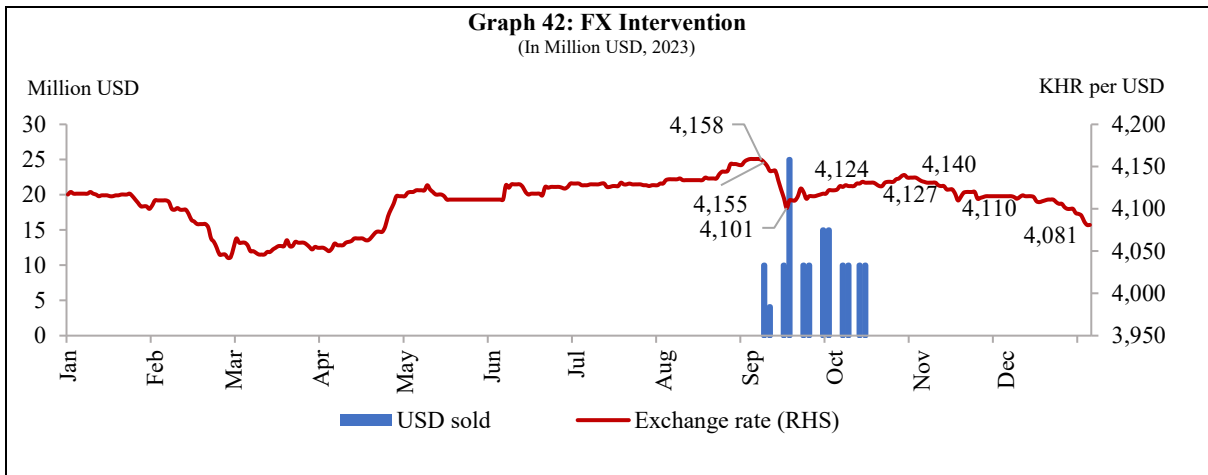
Source: NBC

#### 2. Foreign Exchange Intervention

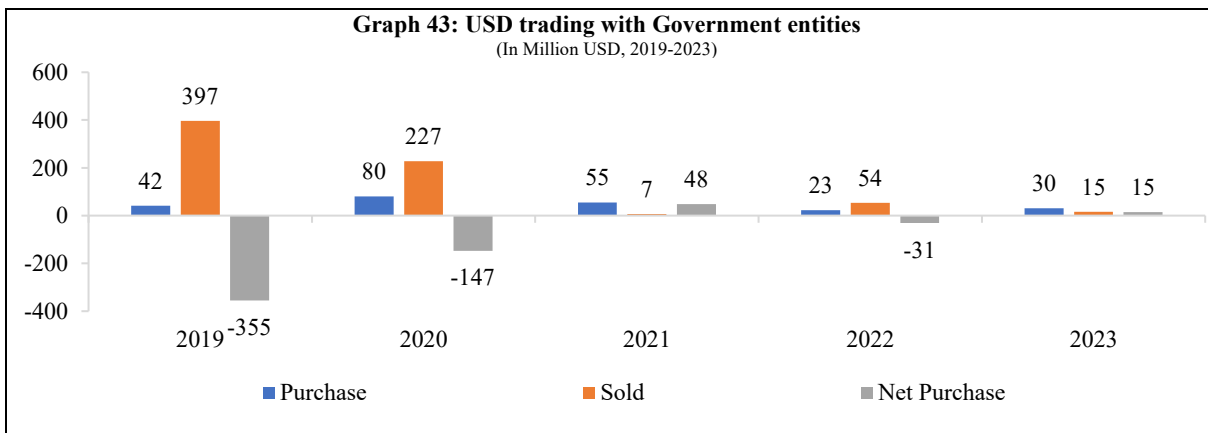
The NBC intervened in the foreign exchange market 12 times in 2023 by selling USD 139.1 million<sup>26</sup> to banks, financial institutions, and money changers (last year, the USD sale was USD 9 million). The decision to intervene was based on the need to stabilise the value of the Riel and protect the purchasing power of the people's income after the exchange rate of Riel against the USD depreciated significantly compared to the trend in previous years. Notably, compared to money changers, banks and financial institutions have gradually strengthened their role in the foreign exchange market.

In fact, banks and financial institutions have bid for USD from NBC for 73% of the total amount that the NBC intervened, compared to 27% that was bid by money changers. In the past, a large proportion of the bidding amount went to money changers, but this trend has changed since 2016. The net purchase by government institutions was USD 15.1 million (purchased USD 30.4 million) in 2023 compared to the net purchase of USD 30.9 million (purchased USD 23.1 million) in 2022.

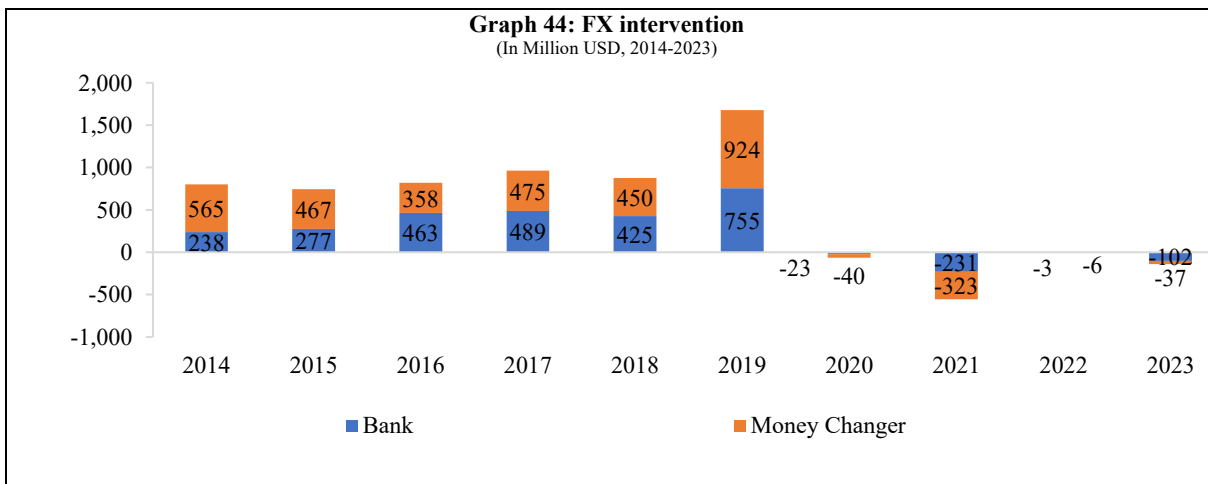
<sup>26</sup> In 2023, there were 12 interventions (twice a week) from September to mid-October, with sales of USD 99.1 million and USD 40 million in September.



Source: NBC



Source: NBC

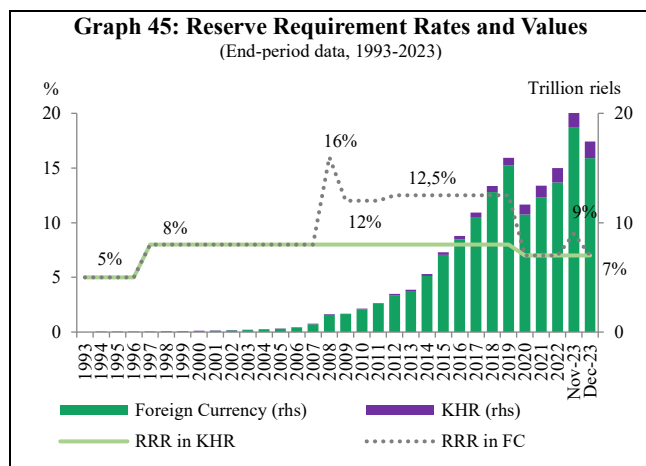


Source: NBC

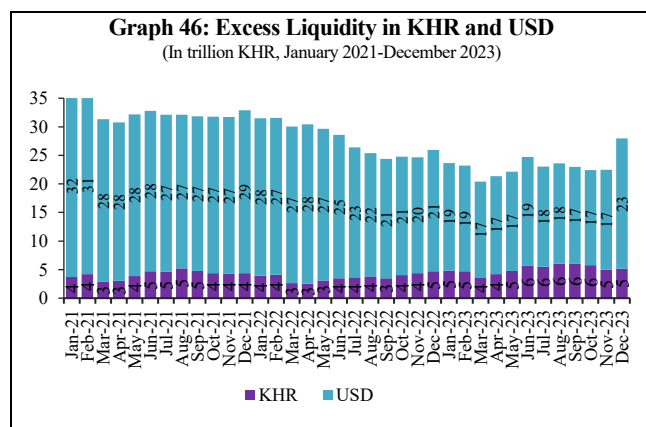
### 3. Reserve Requirement Rates

The reserve requirement rate for foreign currency was raised from 7% to 9% on 1<sup>st</sup> January, 2023 and changed back to 7% in December 2023 in line with the economic conditions in order to maintain high liquidity for banks and financial institutions and contribute to growth. The reserve requirement rate for KHR has remained at 7% since March 2020. The reserve requirement in foreign currency amounted to USD 3.9 billion (KHR 15.9 trillion) while that in KHR amounted to KHR 1.5 trillion (USD 373.2 million), with an increase of 16% and 17%, respectively, compared to 2022.

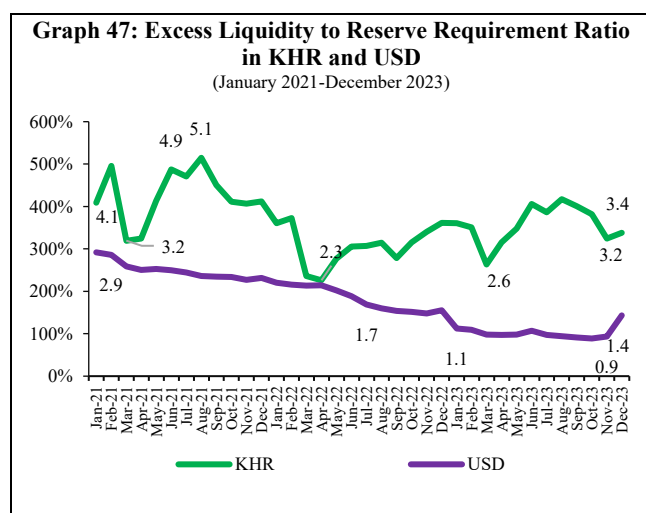
In addition to liquidity from reserve requirements, banks and financial institutions also have excess liquidity at the NBC. Excess liquidity in USD was USD 5.6 billion, equivalent to 143% of the reserve requirement in USD. Excess liquidity in KHR amounted to KHR 5.1 trillion, equivalent to 3.4 times the reserve requirement in KHR. This surplus indicates the banking and financial institutions' additional capacity to finance the economy.



Source: NBC



Source: NBC

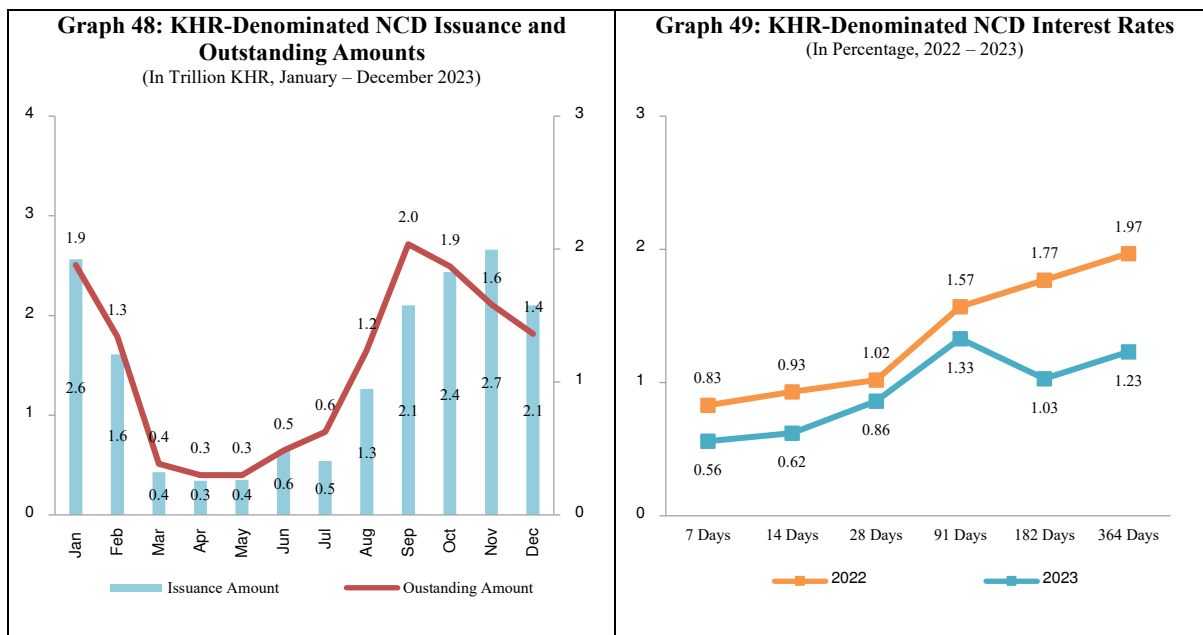


Source: NBC

#### 4. Negotiable Certificates of Deposit (NCD)

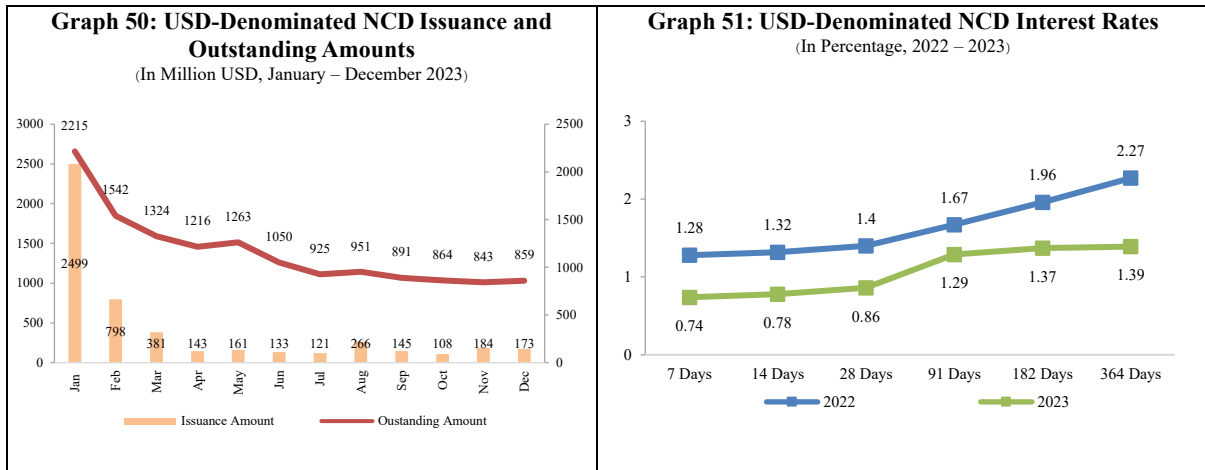
NCD are used as a monetary policy instrument to absorb excess liquidity in the banking system. They can also be used as collateral for borrowing from the NBC and in the interbank market. From February 2023, the approach to issuing NCD was changed from demand-based issuance to auction-based issuance, where the NBC sets the allotment amount and maximum interest rate.

The issuance of KHR-denominated NCD significantly reduced at the beginning of the year due to increased demand for KHR in the market for tax payments and agricultural harvesting. However, starting from August 2023, the NBC tried to absorb KHR back into the banking system by increasing the amount of KHR-denominated NCD to around KHR 1.3 – 2.6 trillion per month, from an initial NCD issuance of KHR 300 – 500 billion per month from March to July, to help reduce the depreciation pressure on the Riel. Simultaneously, outstanding KHR-denominated NCD had increased by up to KHR 2 trillion in September before decreasing to KHR 1.3 trillion at the end of 2023. The average interest rates of NCD decreased from 1.35% (in 2022) to 0.94% (in 2023), while the rates of the 7-, 14-, 28-, 91-, 182- and 364-day NCD decreased from 0.83% to 0.56%, 0.93% to 0.62%, 1.02% to 0.86%, 1.57% to 1.33%, 1.77% to 1.03% and 1.97% to 1.23%, respectively.



Source: NBC

In contrast, the issuance of USD-denominated NCD fell from nearly USD800 million in February 2023 to less than USD200 million in September. Similarly, outstanding USD-denominated NCD steadily declined from USD 1.6 billion to USD 800 million. The average interest rates of USD-denominated NCD decreased from 1.65% in 2022 to 1.07%, while the interest rates of the 7-, 14-, 28-, 91-, 182- and 364-day NCD decreased from 1.28% to 0.74%, 1.32% to 0.78%, 1.40% to 0.86%, 1.67% to 1.29%, 1.96% to 1.37% and 2.27% to 1.39%, respectively.

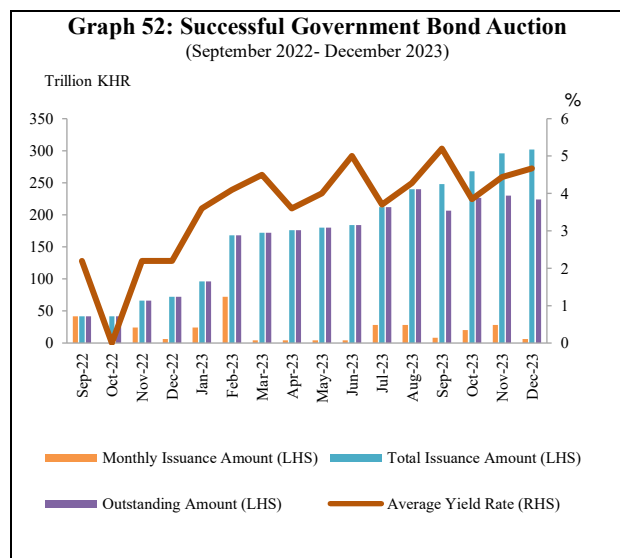


Source: NBC

## 5. Issuance of Government Securities

In 2023, government bonds were issued 12 times, with a total amount of KHR 224 billion or USD 54.5 million (which was lower than planned—KHR 813 billion or USD 200 million) and an average coupon rate of 3.85%, through the NBC platform (NBCP). The 1-, 2- and 3-year government bonds had a yield rate of about 3.6%-3.9%, 4%-4.6% and 4.5%-5.2%, respectively.

The issuance of government bonds has contributed to the development of the domestic financial market, improved monetary policy implementation based on market mechanism and promoted the use of Riel in Cambodia.



Source: NBC

**Table 1: Government Bond Issuance**

<b>N°</b>	<b>Date</b>	<b>Total Amount (Billion KHR)</b>	<b>Maturity</b>	<b>Average Interest Rate</b>
1	25 Jan 2023	24	1 year	3.6%
2	24 Feb 2023	72	2 years	4.1%
3	24 Mar 2023	4	3 years	4.5%
4	21 Apr 2023	4	1 year	3.6%
5	26 May 2023	4	2 years	4%
6	16 Jun 2023	4	3 years	5%
7	21 Jul 2023	28	1 year	3.7%
8	18 Aug 2023	28	2 years	4.28%
9	22 Sep 2023	8	3 years	5.2%
10	20 Oct 2023	20	1 year	3.85%
11	24 Nov 2023	28	2 years	4.44%
12	22 Dec 2023	6	3 years	4.67%

Source: NBC

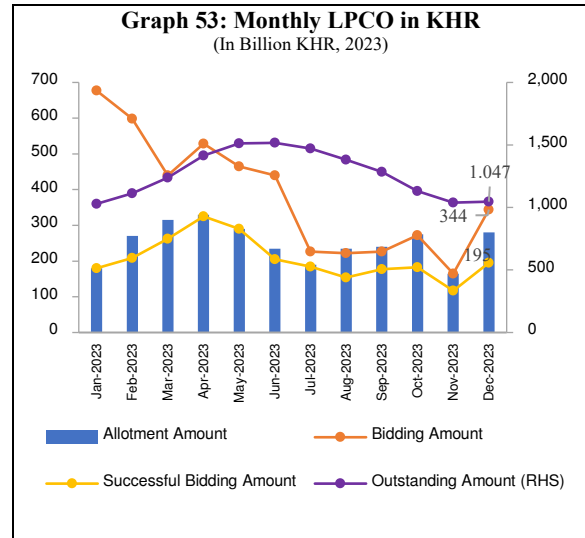


## 6. Liquidity-Providing Collateralised Operation (LPCO)

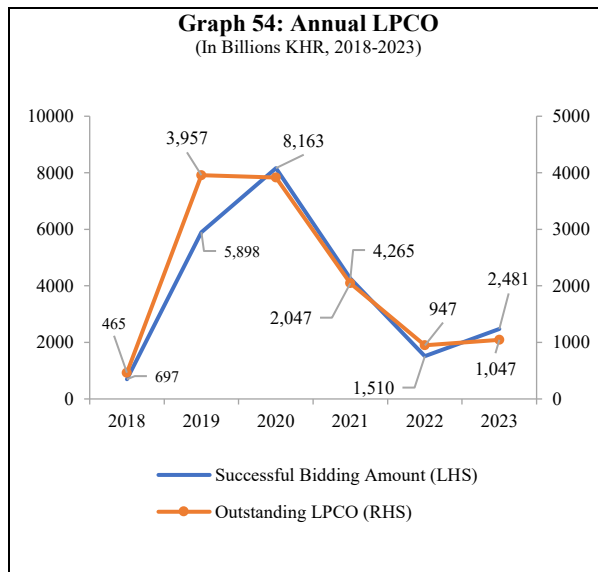
The NBC has provided liquidity in Riel to banks and financial institutions through the LPCO totalling KHR 2.5 trillion (approximately USD 605.1 million). In 2023, the successful bidding amount increased from January to April but began to decrease from May due to the reduction in the allotment amount set by the NBC to stabilise depreciation pressure on the Riel. The 7-day<sup>27</sup> LPCO started its first auction on 8th August, 2023 to provide shorter term liquidity to the market to meet

banks' and financial institutions' needs. The amount provided to the banks and financial institutions was: KHR 64 billion for the 7-day LPCO, KHR 730.9 billion for the 91-day LPCO, KHR 1.5 trillion for the 182-day LPCO and KHR 207 billion for the 364-day LPCO.

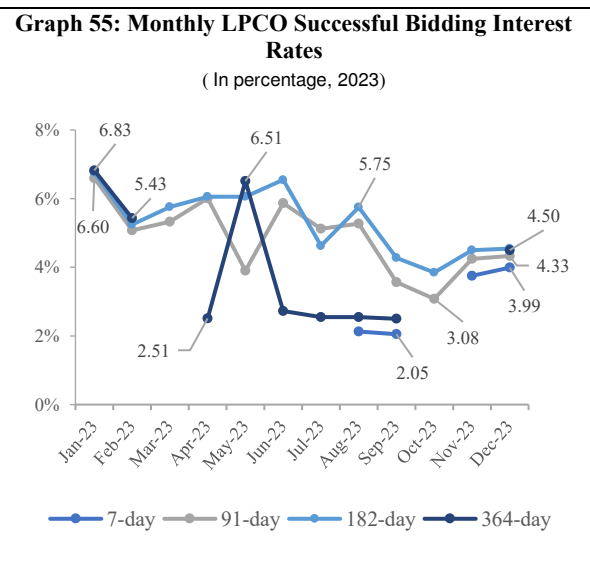
The average interest rate for the 7-, 91-, 182- and 364-day LPCO was 3%, 4.9% (down from 5.5% in 2022), 5.3% (down from 5.8%) and 4% (down from 6%), respectively. The decline in LPCO interest rates was due to the decreasing demand for KHR by banks and financial institutions in 2023 compared to the previous year.



Source: NBC



Source: NBC



<sup>27</sup> 7-day LPCO refers to LPCO that has maturity of 7 days.

## **7. Marginal Lending Facility (MLF)**

MLF is a short-term liquidity-providing facility that the NBC offers to banks and financial institutions on short notice should they need short-term liquidity; it comes with collateral. On 23rd October, 2023, the NBC raised the MLF interest rate from 4% to 6% per annum, which was on par with the interest rate of the overdraft facility, and the restriction on limited rollover was also lifted, allowing banks and financial institutions to rollover without frequency and time limits.

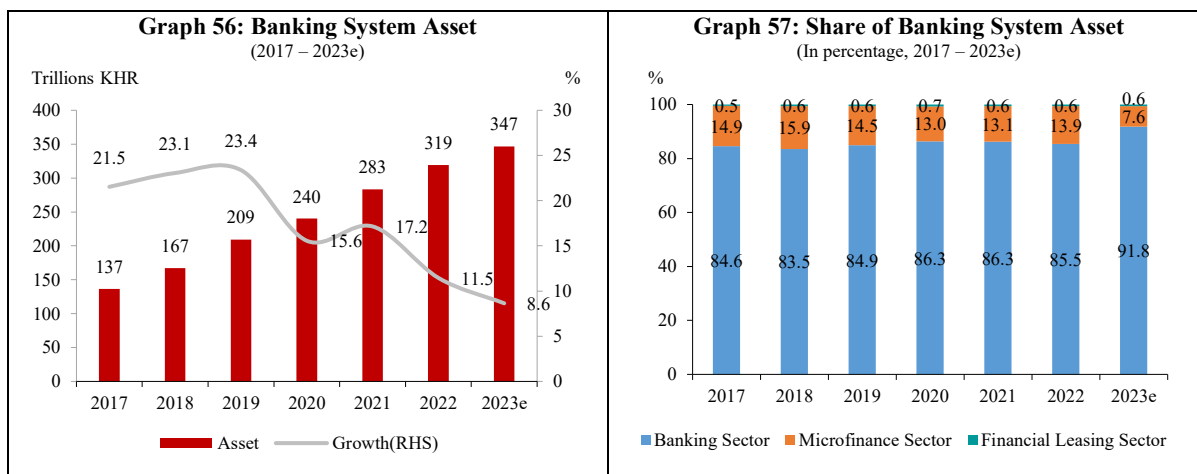
## **8. Conclusion**

In 2023, broad money (M2) recovered slightly, in line with economic growth, due to the growth of deposits in KHR and USD. The NBC continues to stabilise the exchange rate of the Riel against the USD by intervening in the exchange market, increasing the absorption of liquidity in Riel through NCD auctions and reducing the liquidity injection in Riel through the LPCO.

## IV- Banking System Development in Cambodia

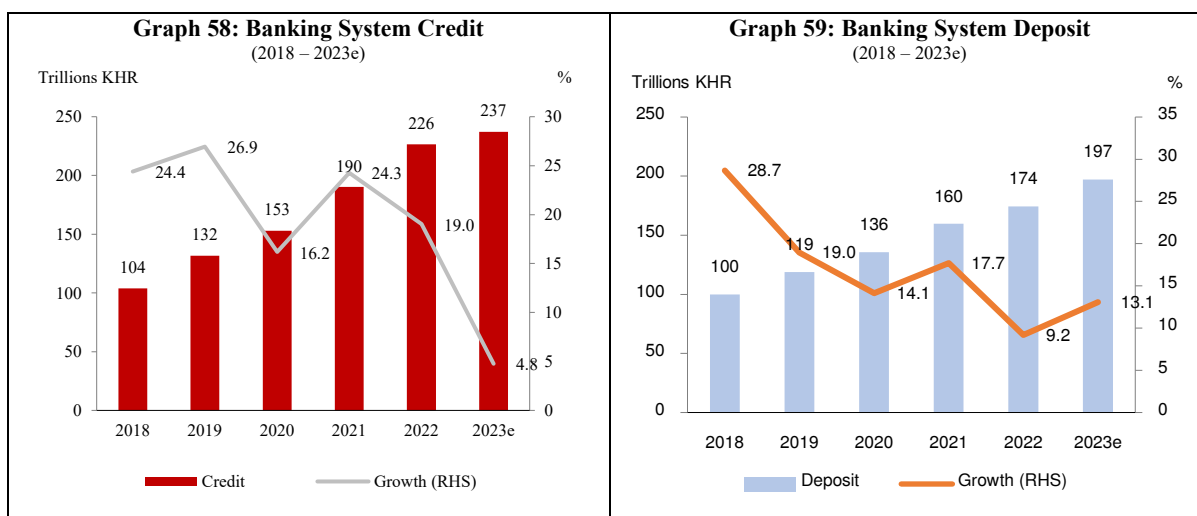
### 1- Overview

As of December 2023, Cambodia’s banking system consisted of 58 commercial banks, 9 specialised banks, 4 microfinance deposit-taking institutions, 83 microfinance non-deposit-taking institutions, 114 rural credit institutions, 16 leasing institutions, 6 third-party processors, 33 payment service institutions, 1 credit bureau, 5 representative offices and 2,915 money changers.



Source: NBC, \*e=estimate (actual data up to November 2023)

In 2023, the assets of the banking system experienced an 8.6% growth to KHR 346.7 trillion (USD 84.3 billion), with the banking sector accounting for 91.8%, the microfinance sector accounting for 7.6% and the financial leasing sector accounting for 0.6%. Credit increased by 4.8% to KHR 237.2 trillion (USD 57.6 billion), while deposit registered a growth rate of 13.1%, reaching KHR 197.2 trillion (USD 47.9 billion); capital grew by 10.6%, reaching KHR 38 trillion (USD 9.2 billion).



Source: NBC, \*e=estimate (actual data up to November 2023)

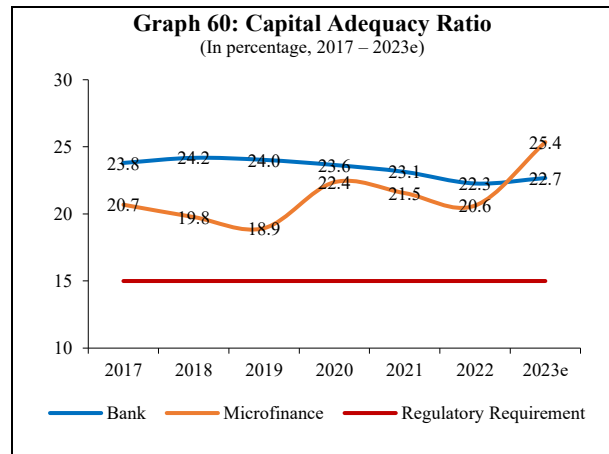
Despite the external financial tightening conditions, uncertainties stemming from geo-political tensions and the increase in non-performing loans, the banking system remained stable and resilient, as reflected by the following financial soundness indicators:

i) The capital position of the banking and financial institutions remained adequate and higher than the regulatory requirement

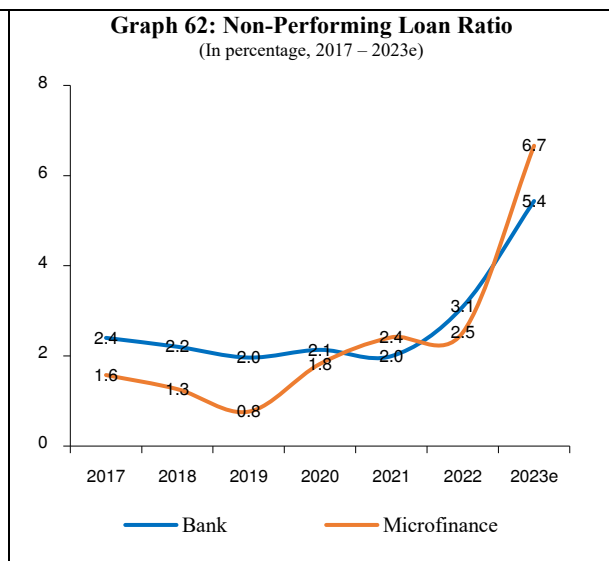
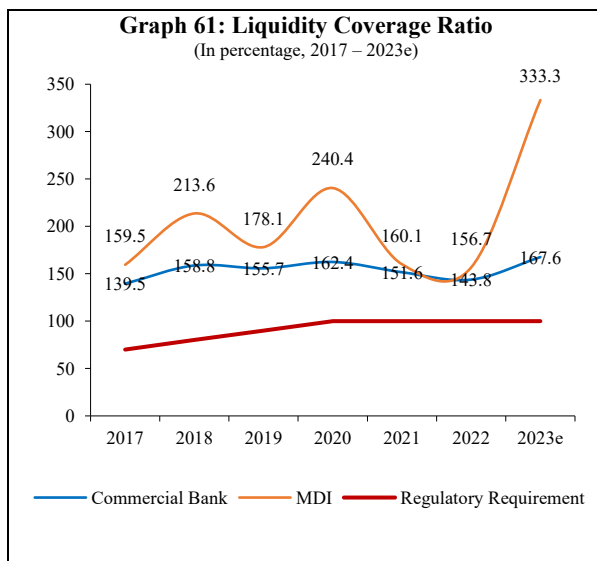
(15%), with banks' capital adequacy ratio (CAR) at 22.7% and microfinance institutions' CAR at 25.4%. In addition, the capital conservation buffer was re-implemented at 1.25% of the risk-weighted assets in June 2023 to further strengthen the banking and financial institutions' ability to absorb shocks.

ii) The liquidity position was higher than the regulatory requirement (100%), with the liquidity coverage ratio (LCR) of commercial banks at 167.6% and that of microfinance deposit-taking institutions at 333.3%, which enabling banks to sufficiently meet customers' demand for credit and deposit withdrawal.

iii) The non-performing loan ratio (NPLR) increased along with the slowdown in credit growth but remained manageable; the NPLR of banks was at 5.4% and that of microfinance institutions was at 6.7%.

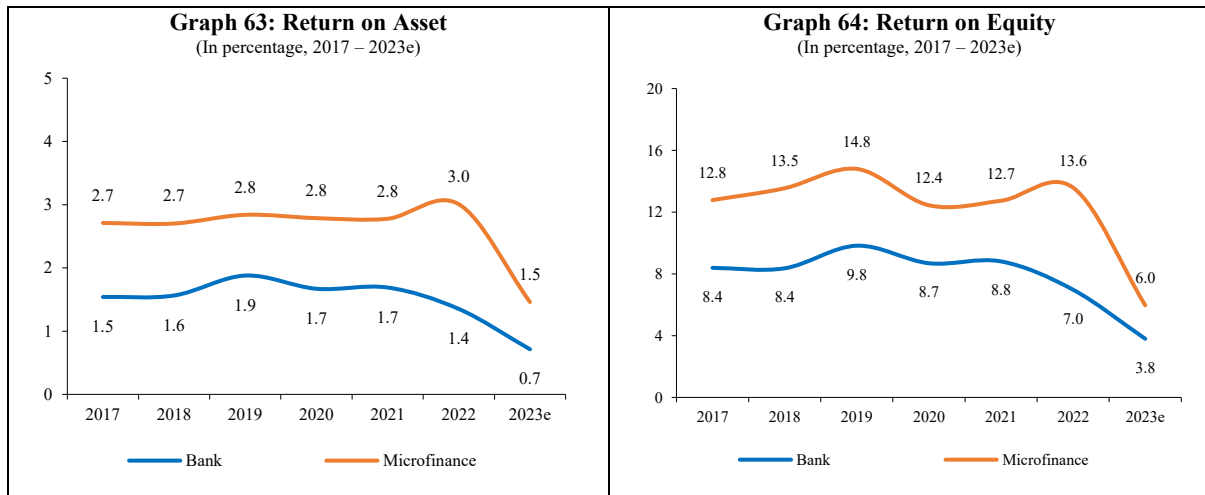


Source: NBC, \*e=estimate (actual data up to November 2023)



Source: NBC, \*e=estimate (actual data up to November 2023)

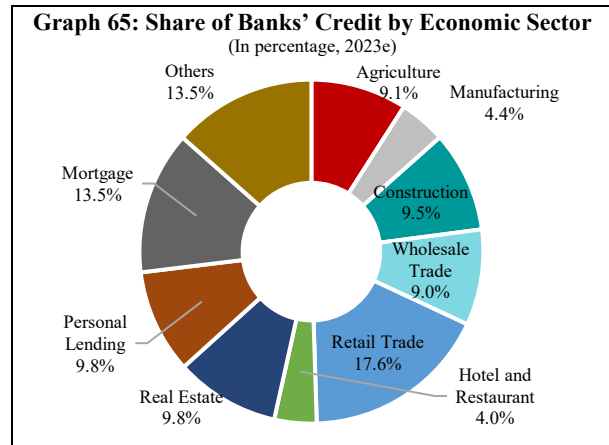
iv) The profitability of banking and financial institutions decreased slightly, with banks' return on asset (ROA) and return on equity (ROE) registering at 0.7% and 3.8%, respectively, decreasing from 1.4% and 7%, respectively, in 2022. The ROA and ROE of microfinance institutions were 1.5% and 6%, respectively, decreasing from 3% and 13.6%, respectively, in 2022. The lower profitability could be attributed to the growing provisioning expenses for non-performing loans.



Source: NBC, \*e=estimate (actual data up to November 2023)

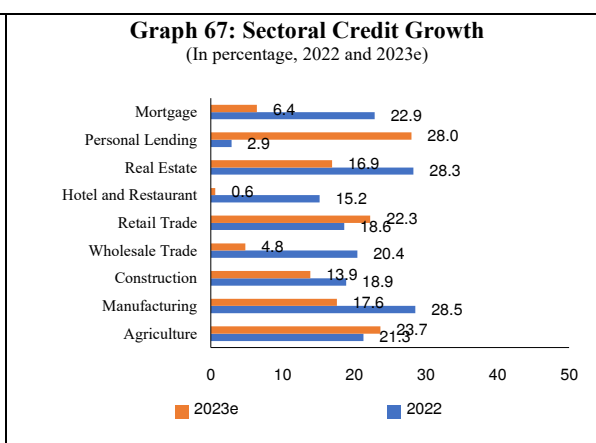
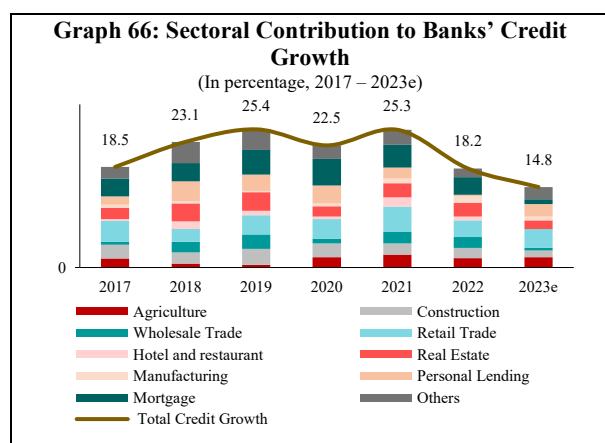
## 2- The Banking Sector

The assets of the banking sector grew by 16.8% (from 11.6% in the previous year), reaching KHR 318.5 trillion (USD 77.4 billion). Banks' credit increased by 14.8% (compared to 18.2% in 2022), reaching KHR 213.1 trillion (USD 51.8 billion), and there were 2.2 million accounts. Credit was allocated to key economic sectors such as retail trade, with a share of 17.6% (22.3% growth); mortgage, with a share of 13.5% (6.4% growth); real estate, with a share of 9.8% (16.9% growth); personal lending, with a share of 9.8% (28% growth); construction, with a share of 9.5% (13.9% growth); wholesale trade, with a share of 9% (4.8% growth); agriculture, with a share of 9% (23.7% growth); manufacturing, with a share of 4.4% (17.6% growth); hotel and restaurant, with a share of 4% (0.6% growth);



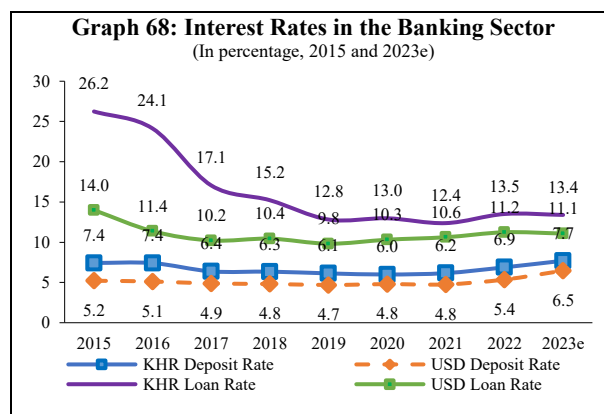
Source: NBC, \*e=estimate (actual data up to November 2023)

and others, with a share of 13.4% (17.9% growth). Banks' deposit grew by 21.3%, reaching KHR 188.1 trillion (USD 45.7 billion), and there were 16.7 million accounts.



Source: NBC, \*e=estimate (actual data up to November 2023)

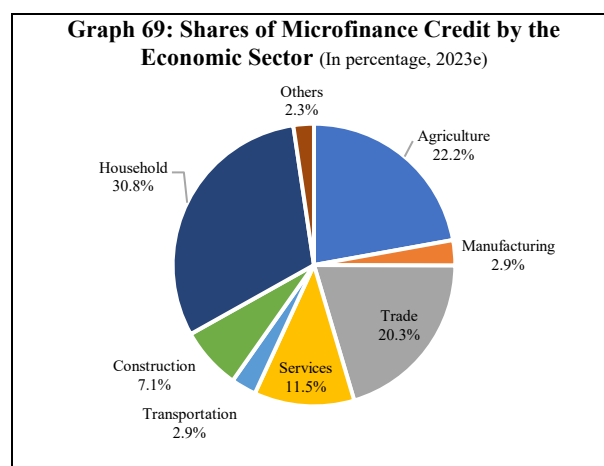
Deposit rates in the banking sector have increased, with KHR and USD deposit rates being estimated at 7.7% and 6.47%, respectively, higher than the rates in 2022 (6.88% and 5.36%). In contrast, KHR and USD loan rates decreased slightly to 13.39% and 11.08%, respectively, slightly lower than the rates in 2022 (13.51% and 11.24%).



Source: NBC, \*e=estimate (actual data up to November 2023)

### 3- The Microfinance Sector

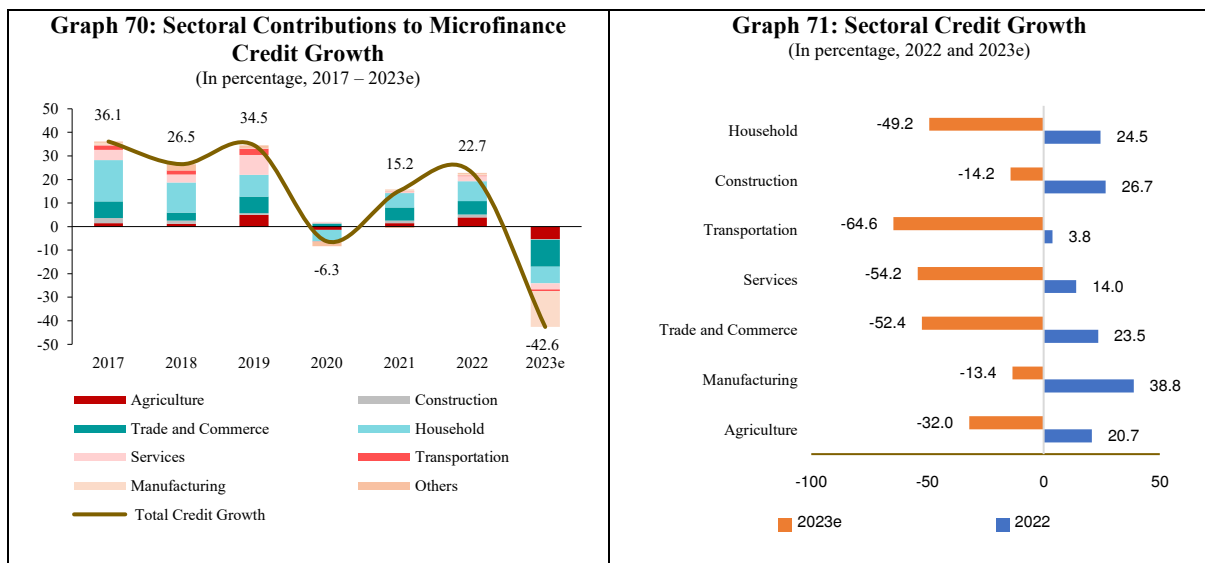
The assets of the microfinance sector decreased by 40.9%<sup>28</sup> to KHR 26.2 trillion (USD 6.4 billion), which is a bigger decline compared to that in the previous year (19.8%). Microfinance credit also dropped by 42.6% to KHR 22.4 trillion (USD 5.4 billion), with 1.6 million accounts; this was also a bigger drop compared to that in the previous year (22.7%). Microfinance credit was allocated to the



Source: NBC, \*e=estimate (actual data up to November 2023)

<sup>28</sup> The negative growth is due to Prasac Microfinance Institution Plc. merging with Kookmin Bank to become a commercial bank, KB Prasac Bank Plc.

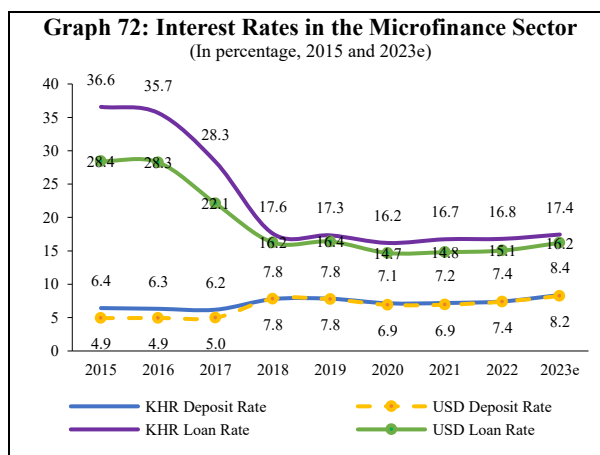
following key economic sectors: household, with a share of 30.8% (declined 49.2%); agriculture, with a share of 22.2% (decreased 32%); trade and commerce, with a share of 20.3% (dropped 52.4%); services, with a share of 11.5% (decreased 54.2%); construction, with a share of 7.1% (decreased 14.2%); transportation, with a share of 2.9% (declined 64.6%); manufacturing, with a share of 2.9% (dropped 13.4%); and others, with a share of 2.3% (grew by 3.7%). Meanwhile, microfinance deposit-taking institutions had deposits amounting to KHR 9.2 trillion (USD 2.2 billion), with 1.9 million accounts.



Source: NBC\*e=estimate (actual data up to November 2023)

In general, most of the microfinance institutions remain sound and resilient against possible shocks as long as they comply with the law and prudential regulations, guidelines as well as measures introduced by the NBC. Nevertheless, some microfinance institutions that have smaller operations are still lacking in terms of internal control, risk management and the implementation of the Cambodian International Financial Reporting Standard for small- and medium-sized enterprises (CIFRS for SMEs). These shortcomings are monitored regularly, with an assessment conducted on the progress report of implementing the recommendations during every quarter. Moreover, the NBC has established administrative measures and penalties for institutions that do not comply with the regulations in effect.

In 2023, KHR and USD deposit rates in the microfinance sector increased to 8.39% and 8.25%, respectively, higher than those in 2022 (7.42% and 7.38%). Similarly, KHR and USD loan rates increased to 17.44% and 16.2%, respectively, from 16.8% and 15.05% in 2022.

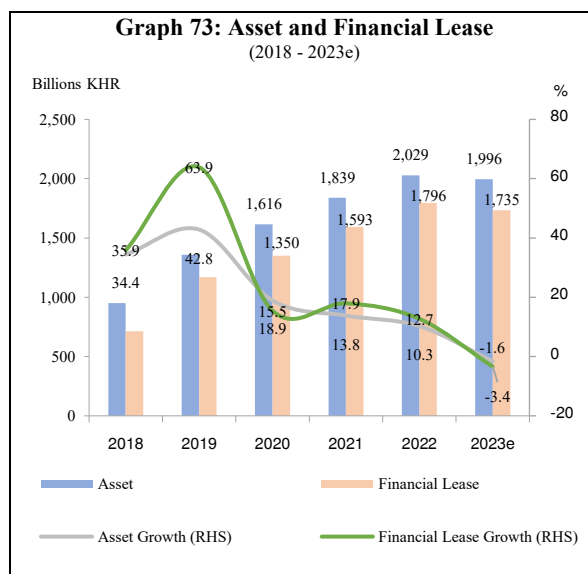


Source: NBC,

\*e=estimate (actual data up to November 2023)

#### 4- Financial Leasing Institutions

The assets of the financial leasing institutions decreased by 1.6%, dropping to KHR 2 trillion (USD 485.1 million). Financial lease dropped by 3.4% to KHR 1.7 trillion (USD 421.5 million), with 93,318 accounts. The leases were allocated to several major sectors, such as agriculture, with a share of 25.6%. Household, with a share of 22.4%; services, with a share of 19.7%; transportation, with a share of 4.6%; construction, with a share of 4%; trade and commerce, with a share of 3.5%; and others, with a share of 20.2%. The main source of funding for financial leasing institutions is owners' equity, which increased by 3.6%, reaching KHR 665.2 billion (USD 161.6 million).



Source: NBC,

\*e=estimate (actual data up to November 2023)

Overall, despite experiencing a drop in financial leases, financial leasing institutions remain resilient in terms of capital and remain sustainable in terms of profitability. They also comply well with the law and prudential regulations, guidelines and measures introduced by the NBC. However, some financial leasing institutions which have smaller operations are still lacking in the areas of internal control, good governance and the implementation of the CIFRS for SMEs. These shortcomings are being regularly



monitored through off-site supervision, and dialogues with the institutions are conducted to gain insight into their circumstances and remind them before imposing penalties for noncompliance.

## 5- Rural Credit Institutions

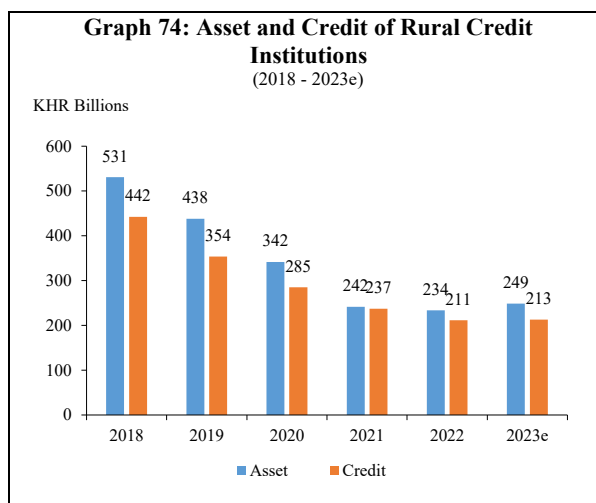
In 2023, there were 114 licensed rural credit institutions operating on micro loans in response to the demand for loans by people living in urban and rural areas.

The assets of rural credit institutions was recorded at KHR 248.8 billion (USD 59.8 million). Their credit was recorded at KHR 213.2 billion (USD 51.3 million), with 116,044 accounts. Rural credit was allocated to the following sectors: agriculture, with a share of 35.1%; household, with a share of

28.3%; trade, with a share of 15.9%; services, with a share of 6%; construction, with a share of 5.7%; transportation, with a share of 1.1%; and others, with a share of 7.9%. This shows the role of rural credit institutions in improving the livelihood of the people of Cambodia, especially those living in rural areas, through the provision of access to formal financial services which are legally protected and inclusive.

Simultaneously, continually strengthening the compliance to laws and regulations is a key factor in strengthening the quality and well-being of rural credit institutions, especially for businesses with regular operations. Small loans in some rural and urban areas have been important in meeting the people’s demand for credit and helping them avoid using informal loans, which have high interest rates and no legal protection.

However, rural credit institutions face several challenges, including limited human resources, limited access to new sources of capital, competition, and high costs of institutional infrastructure. The NBC continues to closely monitor these deficiencies through regular inspections, consultations and the issuance of reminders and fines and by delisting institutions that do not comply with applicable laws and regulations.



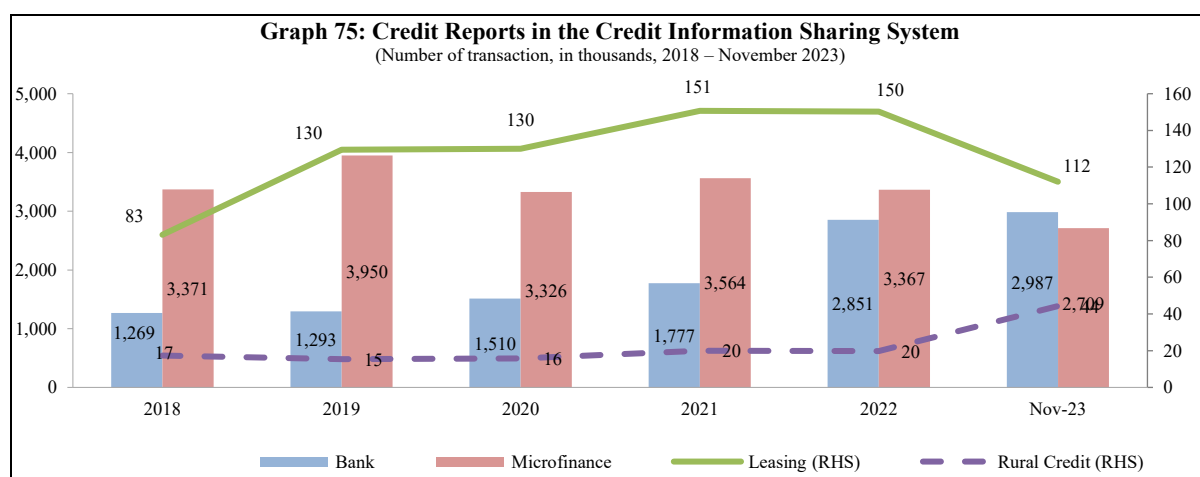
Source: National Bank of Cambodia,

\*e=estimate (actual data up to November 2023)

## 6- Credit Bureau

Credit Bureau Cambodia Co., Ltd is an entity that provides credit information sharing system services, with a total asset of KHR 86.1 billion (USD 20.9 million) and 194 institutions as members. As of 2023, member institutions provided the data of 4.3 million credit accounts (equivalent to KHR 232.5 trillion and USD 56.5 billion) into the credit information sharing system, which is 126,514 additional accounts compared to those in 2022. Of the total accounts, there were 4.3 million individual accounts with 5 million customers, of which 2.6 million customers (52.7%) were females; and 5,720 business accounts with 1,675 customers. The member institutions provided data on non-sufficient fund checks numbering 710 transactions (425 accounts) and totalling KHR 155.2 billion (USD 37.7 million).

It should be noted that the member institutions of Credit Bureau Cambodia Co., Ltd are obligated to provide complete and accurate credit information, both positive and negative, as well as the non-sufficient fund checks. The data is uploaded on the credit information sharing system at least once a month. Credit information sharing service and data providers are also obliged to ensure data quality and security as well as customer rights, as stated in the Prakas on Credit Information Sharing issued by the NBC in 2020.



Source: NBC, \*e=estimate (actual data up to November 2023)

After obtaining permission from the NBC, Credit Bureau Cambodia Co., Ltd signed a Memorandum of Understanding (MoU) with Credit Bureau Singapore PTE., Ltd to have bilateral cooperation on credit reporting and sharing services between Cambodia and Singapore. The two parties agreed to set a free sharing cross-border credit information reports for individuals. This cooperation in sharing cross-border credit information reports with other countries in the region will be taken to the next step to facilitate trade and investment. Other

key data sources will also be integrated into credit information sharing systems through partnerships with water and electricity providers, telecommunication companies, payment service providers and the non-banking sector.

In addition to cooperating with the International Finance Corporation (IFC), the NBC received and hosted the delegation from the Central Banks of Papua New Guinea, Solomon Islands and Vanuatu during their official visit in early October 2023 for the purpose of exploring and learning from the NBC how to establish, launch and inspect credit sharing service providers.

The NBC monitors and supervises the credit information sharing system as well as the data provided by the member institutions (data providers) to ensure implementation in accordance with the provisions of the applicable regulations, the quality of the data and the sustainability of the credit information sharing system in Cambodia. In addition, the NBC has issued a letter to Credit Bureau Cambodia Co., Ltd to verify the customer loan account data, in which the institution has responded regarding non-enquiry loan accounts monthly to ensure data accuracy, in addition to the response of the banks and financial institutions that provide data to the NBC.

## **7-Supervision of Banks and Financial Institutions**

The NBC has strengthened its oversight of banks and financial institutions by regularly monitoring the financial position, resilience, and stability of the entire system, especially the implementation of the exit strategy from the COVID-19 crisis and the current global uncertainties. Supervision of the banks and financial institutions is conducted using a risk-based and forward-looking approach to enhance its effectiveness by potentially pre-identifying risks and taking timely supervisory and corrective measures. Furthermore, the NBC adopted the supervisory review and evaluation process to conduct both quantitative and qualitative analyses and make careful judgments on banks and financial institutions in order to set out recommendations and specific capital and liquidity requirements, as well as targets for on-site inspection planning. In addition, the supervision includes conducting stress tests and reverse stress tests on CAR, LCR, restructured loans, etc., to assess the capital position and resilience of each institution.

In 2023, the NBC conducted an on-site inspection of 15 commercial banks, 3 microfinance deposit-taking institutions, 6 microfinance non-deposit-taking institutions, 2 financial leasing institutions, 2 rural credit institutions and 4 money changers, focusing on governance, internal control, asset quality, risk management, liquidity management and

countering the financing and proliferation of the weapons of mass destruction. They found that most banks and financial institutions maintained adequate liquidity and capital, good governance, prudent credit risk management and compliance with laws and regulations. However, a few institutions still lacked governance and internal control and risk management and failed to lend in the local currency and fully implement the recommendations issued by the NBC. These shortcomings are regularly supervised by monitoring and evaluating the institutions' progress reports on the implementation of the recommendations in each quarter, as well as by organising discussions prior to the execution of administrative measures against institutions for noncompliance.

## **8- Regulatory Work**

To strengthen resilience and ensure progress in the banking system, the NBC issued several Prakas and regulations in 2023 for banks and financial institutions to implement. These regulations include: i) Prakas on reserve requirement for deposits and borrowings for banks and financial institutions, ii) a letter to depository financial institutions on the re-implementation of capital conservation buffers for depository financial institutions and iii) a letter to banks and financial institutions on restricting the use of national identity card, family book or resident book as a loan collateral. In addition, the NBC issued three Prakas and guidelines regarding the capital adequacy framework of depository financial institutions: i) Prakas on the regulatory capital of depository financial institutions, ii) Prakas on credit risk for CAR of depository financial institutions and iii) guidelines for the implementation of Prakas on the regulatory capital of depository financial institutions.

Amid the prolonged impacts of the COVID-19 crisis on the Cambodian economy as well as the earnings of banks' customers, the NBC introduced several regulatory forbearance measures for banks and financial institutions including: i) allowing banks and financial institutions to implement capital conservation buffers at 1.25% until 31st December, 2024; ii) allowing banks and financial institutions to implement reserve requirement on deposit and borrowing in foreign currencies at 7% until 31st December, 2024; iii) allowing banks and financial institutions to temporarily restructure loans in the tourism sector in Siem Reap for customers facing financial difficulties, with no additional provisioning for 12 months; and iv) encouraging banks and financial institutions to temporarily restructure loans in the real estate sector for customers facing financial difficulties, in compliance with the regulations.

Simultaneously, the NBC plans to introduce four Prakas and guidelines related to the capital adequacy framework of depository financial institutions: i) the Prakas on

operational risk for the capital adequacy ratio of depository financial institutions, ii) the Prakas on market risk for the capital adequacy ratio of depository financial institutions, iii) the Prakas on the capital adequacy ratio of depository financial institutions and iv) guidelines on the implementation of the Prakas on the market risk of the capital adequacy ratio of depository financial institutions.

The NBC also prepared a number of additional Prakas, including: i) the Prakas on the capital adequacy framework of banks and non-deposit-taking financial institutions, ii) the Prakas on standard procedures for the banking and finance institutions' immediate corrective actions, iii) the Prakas on the liquidity ratio of non-depository banks and financial institutions, iv) the Prakas on setting the interest rate ceiling for banks and financial institutions and v) the Prakas on the regulatory sum and guidelines for the valuation of collateral for the purpose of assessing impairments.

### **9. The contribution of the banking system to the promotion of sustainable financial inclusion**

The NBC has been actively involved in the process of developing initiatives and launching several strategies to promote sustainable financing, in line with the Royal Government's development strategy, which has identified energy, climate and the environment as a priority policy agenda, as reflected in 'Cambodia Climate Change Strategic Plan 2014-2023', 'Pentagon Strategy Phase 1' and 'The Circular Strategy on Environment 2023-2028'. These initiatives and strategies include: i) supporting the establishment of sustainable finance principles by the Association of Banks in Cambodia to encourage the participation of all banks and financial institutions, ii) establishing a joint framework operation between the NBC, the ministry of environment and the Association of Banks in Cambodia to share information and develop initiatives for climate change-mitigation activities, iii) regulatorily incentivising green credit projects and iv) providing training and building the capacity of banks and financial institutions and stakeholders for sustainable finance and climate change risk mitigation.

In addition, the NBC participates in the international framework through initiatives and discussions with institutions such as the Network of Central Banks and Supervisors for Greening the Financial System, the Inclusive Green Finance Working Group, the United Nations' Partnership for Action on Green Economy and the ASEAN Taskforce on Sustainable Finance and Sustainable Banking Network. The NBC has also partnered with organisations such as the United Nations Economic and Social Commission for Asia and the Pacific

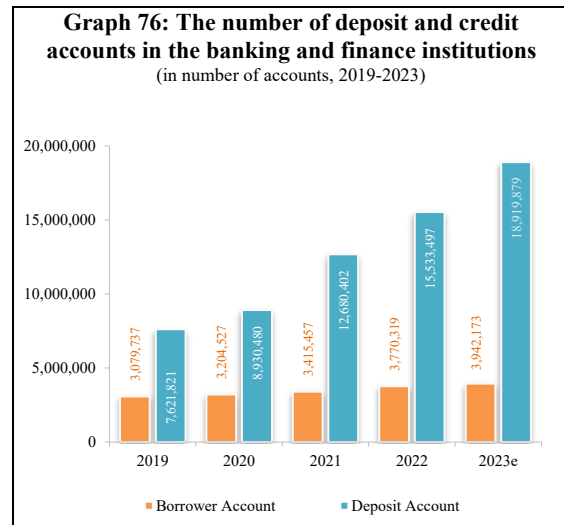
(UNESCAP), the Alliance for Financial Inclusion (AFI) and the International Finance Corporation (IFC) to promote the participation in green financing, invested a part of the international reserves on green bonds and became a member of the Advisory Committee for the Green Fund for Southeast Asia in 2022.

The NBC will continue to implement other key initiatives with the aim of establishing the necessary support mechanisms and ecosystems to promote sustainable financing and essential action to mitigate climate change risks. These initiatives include: i) creating sustainable finance roadmaps, ii) establishing a sustainable finance taxonomy, iii) developing financial reporting mechanism-sustainable objectives for transparency and accountability (a reporting and disclosure framework), iv) building capacity and raising awareness for the banking and financial sector and stakeholders and v) assessing climate risks and analysing climate change risk for banks and financial institutions.

It should be noted that in December 2023, the NBC signed an MoU with UNESCAP to co-develop the Sustainable Finance Roadmaps of Cambodia and establish the necessary vision and initiatives that will promote sustainable finance in Cambodia and further strengthen the development of the national financial system, making it more resilient, stable and able to participate in mobilising financing for climate change-mitigation activities. Meanwhile, the 10<sup>th</sup> Macroeconomic Conference on ‘Climate Risks and the Transition to a Green Economy’ was co-organised by the NBC and United Nations Development Program (UNDP) in Cambodia to promote research and discussion and provide inputs into the formulation of sustainable economic development policies.

## 10. Financial inclusion and customer protection

Financial inclusion plays an important role in providing formal financial services to people and businesses, as well as contributing to reducing poverty and boosting the country's economic growth. The NBC has initiated activities and campaigns and promoted financial literacy and consumer protection; it has also worked closely with relevant national and international institutions to improve financial inclusion in Cambodia, in line with the action plan of the National Financial Inclusion Strategy 2019-2025.



Source: National Bank of Cambodia, \* e = Estimate

(Actual data as of November 2023)

Banks and financial institutions have contributed to improving financial inclusion, which is reflected by the increase in the number of customer deposit accounts to 18.9 million and the number of consumer credit accounts to 3.9 million. Banks and financial institutions in Cambodia have 2,738 head and branch offices and 5,504 ATMs. For banks, there are 1,762 head and branch offices and 5,284 ATMs, and for the MFI, there are 912 offices; these institutions provide financial services such as loans, deposits, mobile banking and ATM, making it easier for customers to access formal financial services. Meanwhile, the financial leasing institution in Cambodia has 64 head and branch offices.

## 11. Information transmission cooperation

In order to contribute to the combat money laundering, collect tax payments and resolve various complaints, the NBC received requests for co-operation in the investigation, freezing and exemption of freezing. In 2023, the NBC received a total of 390 requests, including 148 from the capital-provincial courts, 184 from the general department of taxation, 54 from the ministry of interior and the general commission of the national police and 4 from other institutions. The NBC issued 157 referral orders and 385 response letters. Meanwhile, several other requests (579) from the judiciary and general commission were made directly to the banks and financial institutions.

## **12. Conclusion**

Despite the slow credit growth due to the weak recovery of the economy, the Cambodian banking system has actively supported economic growth and sustainable development, as reflected in the growth of assets and consumer deposits. In some ways, the high levels of CAR and liquidity ratio also indicate the stability and robustness of the Cambodian banking system, which enables some regulatory forbearance to boost the recovery of sectors that are still affected by the aftermath of the COVID-19 pandemic. However, as the global economy continues to face high uncertainties, banking oversight continues to be strengthened, with consumer protection and financial literacy steadily improving.



## v. Central Bank Services

### 1. Payment System

#### A. Development of the Payment System

The payment system has been remarkably developed, contributing significantly to the development of the digital economy in accordance with government policies. The NBC has developed and modernised its payment systems, and among these is the Cambodian Shared Switch (CSS), which was officially launched on 4th July, 2023 and facilitates the safe and convenient cross-institutional transactions through the use of debit cards on all ATMs/POS machines of member institutions. Furthermore, to improve the efficiency of debit card transactions on ATMs/POS machines throughout Cambodia, CSS member institutions are encouraged to implement i) the bank identification number (BIN) and EMV chip standard for local debit card issuance and ii) ATM/POS security principles to improve customer safety in line with international best practices and local payment system connectivity, in addition to previously adopted payment methods. Meanwhile, the contactless function on the existing CSS system has also been developed as announced on 18th May, 2023, in response to technological evolution and to improve the ease of use of CSS payment cards. Currently, a joint payment system has been developed that covers payment system infrastructure that has been launched in the past to facilitate easier and more convenient cross-institutional payment transactions. The joint payment system development committee was established and is drafting the rules and procedures for this joint payment system.



## **B. The Progress of the Bakong Payment System**

To support digital economic and social policies, the NBC initiated digital payments in the public sector by expanding the function of the Bakong system to support payment for public services by relevant ministries and institutions and developing functions for paying taxes, salaries, pensions, payment channels in the market, e-commerce and funding for the poor, orphans and disaster relief. Meanwhile, another new function, which was officially launched in February 2023, allows customers who are registered with the Bakong System and have full Know Your Customer (KYC) to easily find information about their COVID-19 vaccination status on the Bakong apps. The Bakong payment apps have the conversion function for converting between the KHR and US dollar, with an attractive market exchange rate.



## **C. Payment and Cross-Border Transfer**

To strengthen cooperation on the development of the financial system, and promote inclusive cross-border payment and transfer as well as the use of local currency, the NBC initiated bilateral cooperation with regional central banks and relevant stakeholders to create and develop a secure, efficient, and affordable cross-border payment system. The QR Code cross-border payment and transfer between Cambodia and Thailand was officially launched on 6th June, 2023. That between Cambodia and Laos was launched in two phases: the first phase (which enables customers from Cambodia to make QR payments in Laos) was launched on 18th August, 2023, and the second phase (which enables customers from Laos to make QR payments in Cambodia) is scheduled to be completed in early 2024. Cross-border payment between Cambodia and Vietnam was officially launched on 3rd December, 2023. Additionally, payment with Union Pay International (UPI) was officially launched on 22nd December, 2023, enabling users of UPI, tourists from China and clients from partner countries to make payments

to merchants with a KHR account. Cambodian customers can make payments through the Bakong system from their KHR account to traders in China and UPI partner countries starting in early 2024. In addition to the above cooperation, the NBC has also strengthened its cooperation regarding financial innovation and payment systems with relevant partners such as India (NPCI company), China's Alipay, Japan, Singapore, Fiji, Solomon Islands and Rwanda. Moreover, the NBC has examined the possibility of expanding its cooperation regarding cross-border payment projects with partner countries and other institutions in the region as well as globally. On 11th July, 2023, the NBC signed an MoU with the Monetary Authority of Singapore on the development of the Financial Transparency Corridor project with the aim of establishing digital infrastructure to facilitate cross-border trade and financial services among SMEs in Singapore and Cambodia.

#### **D. Payment Services**

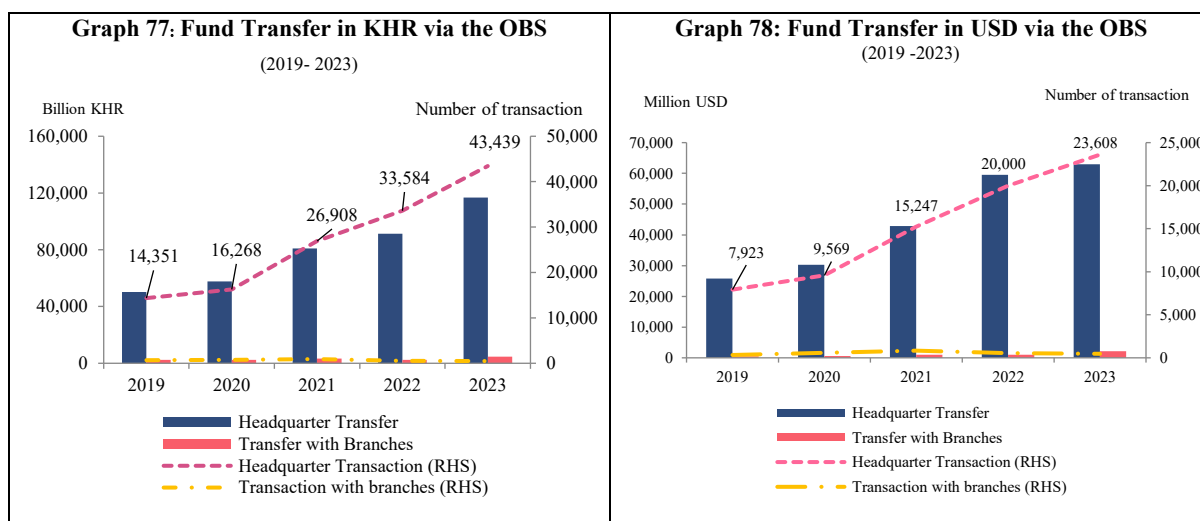
Digital payment has made significant contributions to the improvement of financial inclusion, with a wide range of new innovative products and services being launched to provide convenience and safety for consumers. These improvements have been possible because of the introduction of regulations that allow competitiveness between payment service providers and the NBC's careful monitoring mechanisms. As of 2023, a total of 33 payment service providers and two institutions have been licensed to provide payment service, with a total of 19.7 million customer-registered e-wallet accounts. Transactions by payment service providers increased 28.7% to 601.3 million transactions in 2023 compared to 2022, and transaction value grew by 18% to USD 75.8 billion, equivalent to approximately 2.4 times the GDP.

The payment system infrastructure, which was developed by the NBC, has been divided into two types: the large-value payment system and retail payment system:

##### **a. The Large-Value Payment System:**

- **The Online Banking System (OBS):** The OBS has 82 members, consisting of 56 commercial banks, 2 specialised banks, 2 microfinance deposit-taking institutions, 5 microfinance non-deposit-taking institutions, 17 payment service providers, and 1 government institution (the ministry of economy and finance). A total of 67,999 transactions were processed through the OBS, of which 43,924 (122 trillion KHR) were made in KHR and 24,075 (65 billion USD) in USD. There were 67,047 transactions at the headquarters (increased by 1.9 times), and a total of 800 transactions (decreased by -26.4%) that involved money transfer from the headquarters to capital-provincial branches. Additionally, there were 152

transactions from capital-provincial branches to the headquarters (a 100% increase compared to that in 2022).



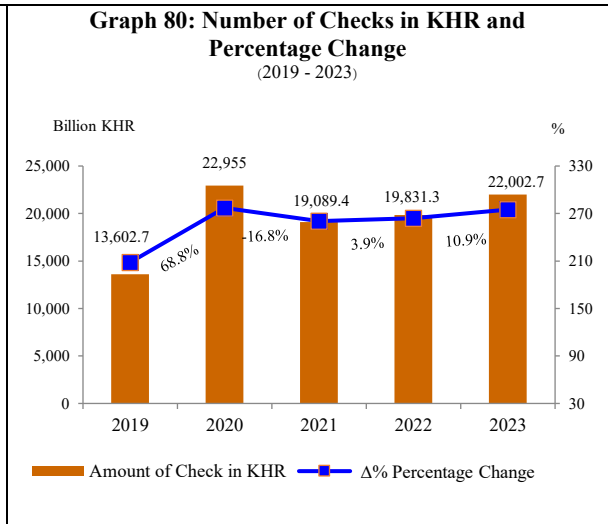
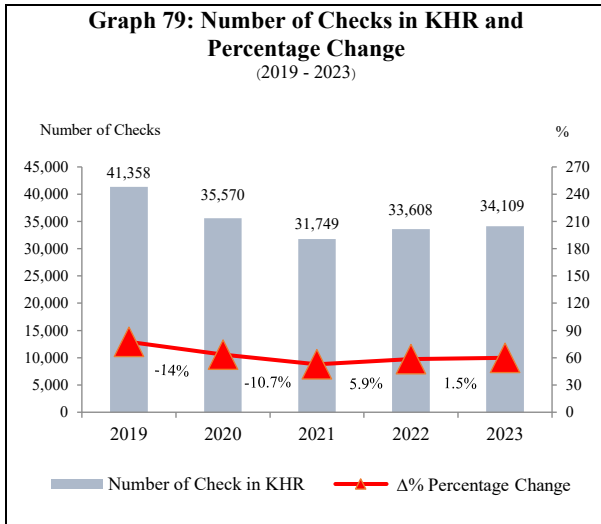
Source: NBC

**-Bakong’s Large-Value Payment System (Bakong LV):** This system is being developed to facilitate large-scale interbank payments, retail-pay net balance transactions and transactions in the financial markets.

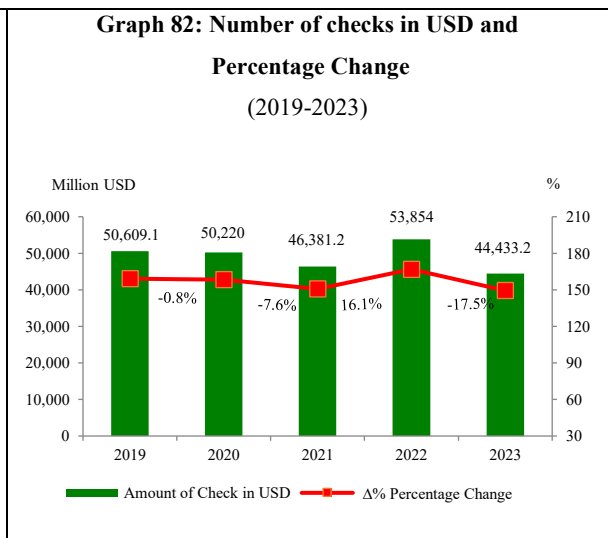
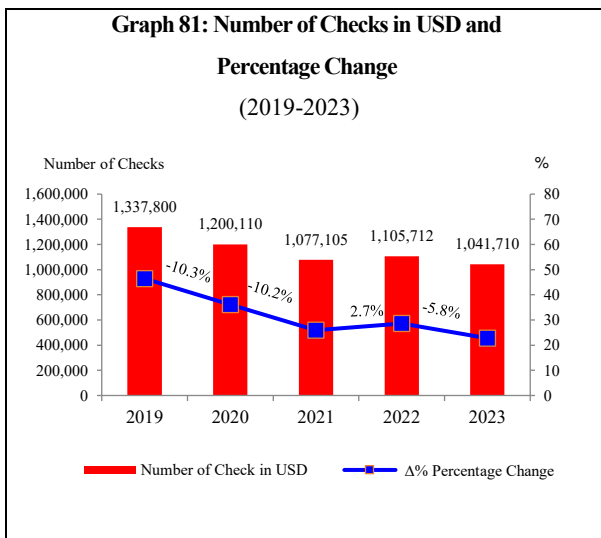
**b. Retail Payment System:** This system includes: i) the national clearing system (NCS), ii) the new fast payment system (Fast 2.0), iii) the Cambodian Shared Switch (CSS), iv) the retail pays and v) the Bakong payment system.

**i. The NCS:** The NCS is a system for check settlements and credit transfer orders. The NBC headquarter had 43 direct members and 18 indirect members, as well as seven check exchange centres, i.e. 31 members in Siem Reap, 21 in Kampong Cham, 23 in Sihanoukville, 22 in Battambang, 11 in Banteay Meanchey, nine in Svay Rieng and nine in Kampong Thom.

- **Check Payment Service:** There were 34,109 check settlement transactions made in KHR (an increase of 1.5%) in 2023, with a record settlement amount of KHR 22,002.7 billion (an increase of 10.9% compared to that in 2022). Meanwhile, 1,041,710 check settlement transactions were made in USD (a decrease of 5.8%), with a record settlement amount of USD 44,433.2 million (a decrease of 17.5%).

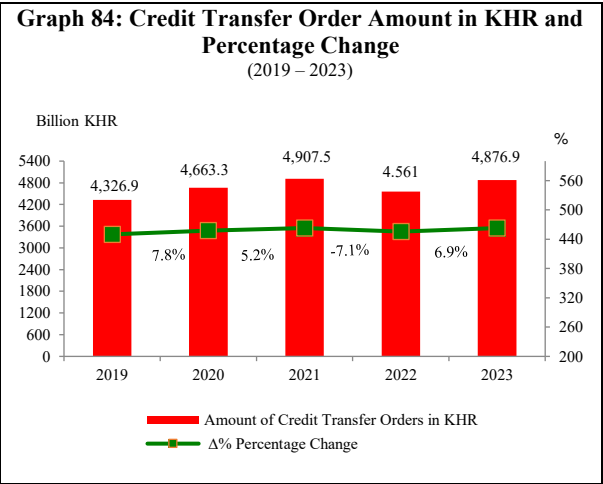
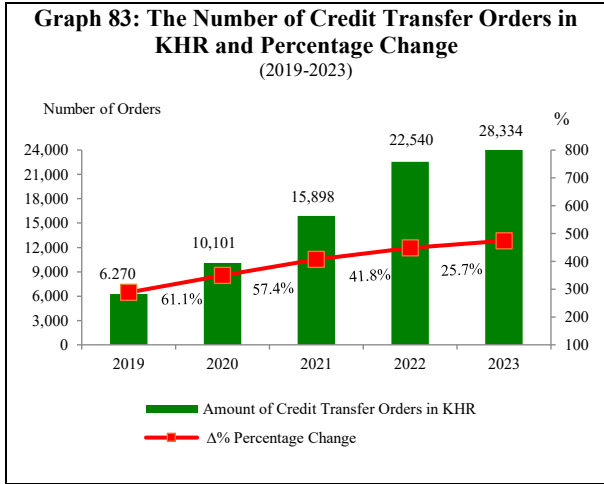


Source: NBC

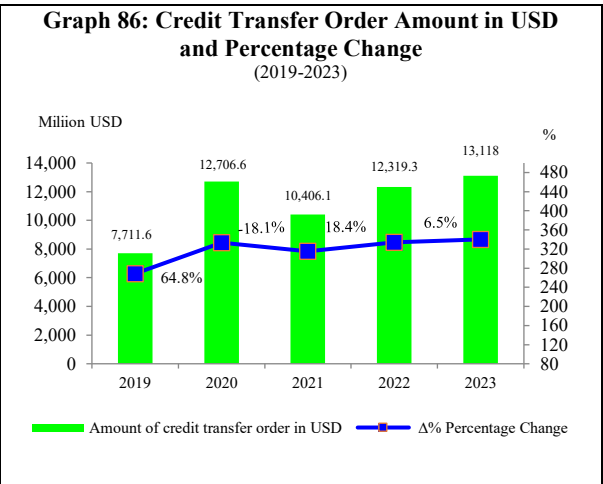
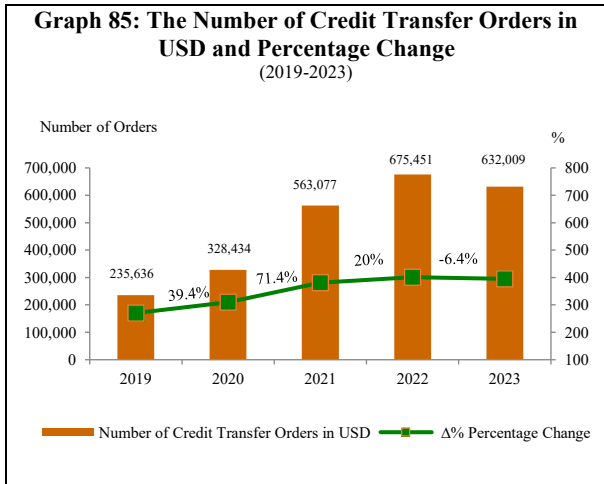


Source: NBC

- **Credit Transfer Order Service:** Credit transfer order, which is an electronic payment method, increased, with approximately 28,334 transactions recorded in KHR (an increase of 25.7% compared to that in 2022), amounting to KHR 4,876.9 billion (an increase of 6.9%), and 632,009 transactions recorded in USD (a decrease of 6.4%), amounting to USD 13,118 billion (an increase of 6.5%).

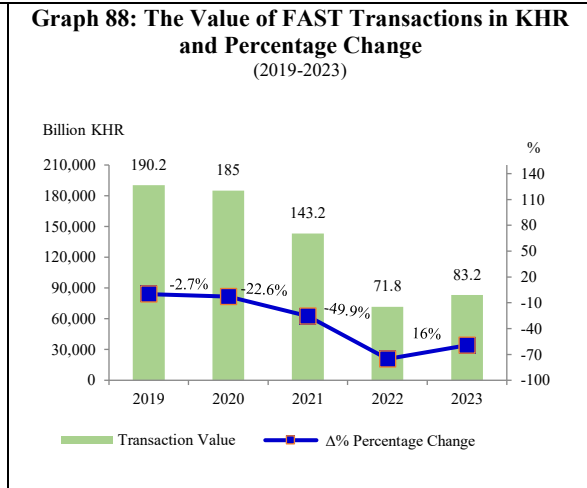
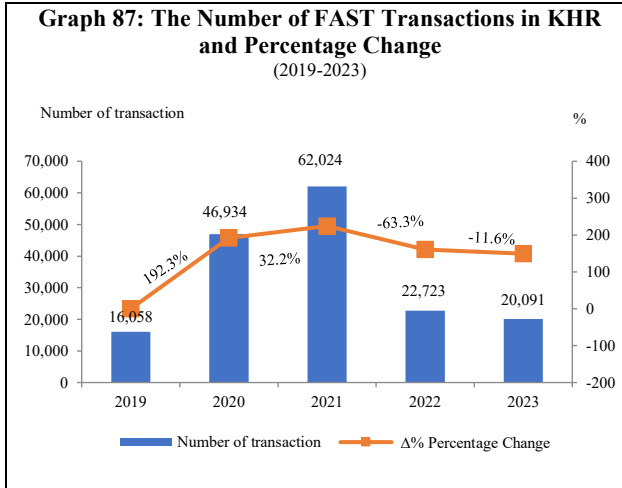


Source: NBC



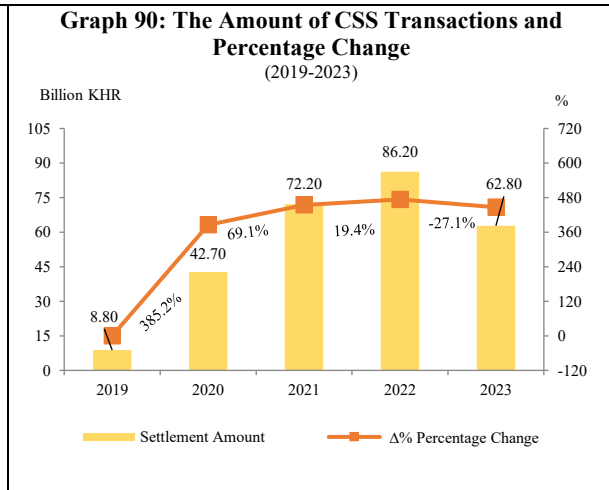
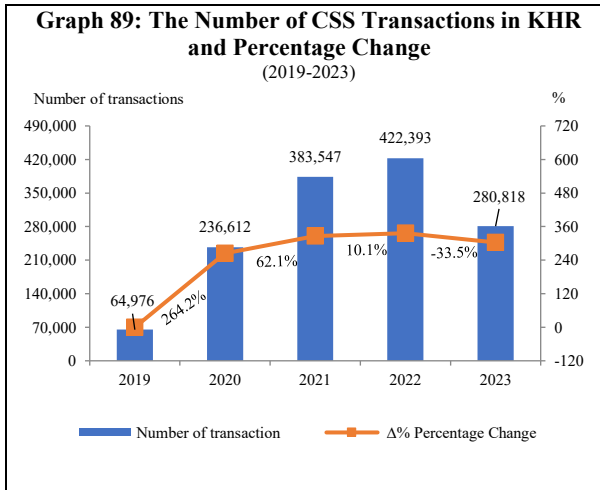
Source: NBC

**ii. FAST Payment Systems 2.0:** The FAST payment system allows fund transfer in KHR, with a maximum of KHR 40 million per transaction. FAST had a total of 57 members, 35 of which have been officially launched. A total of 29,091 fund transfers were recorded in FAST (a decrease by 11.6% compared to that in 2022) in 2023, amounting to KHR 83.2 billion (an increase of 16%).

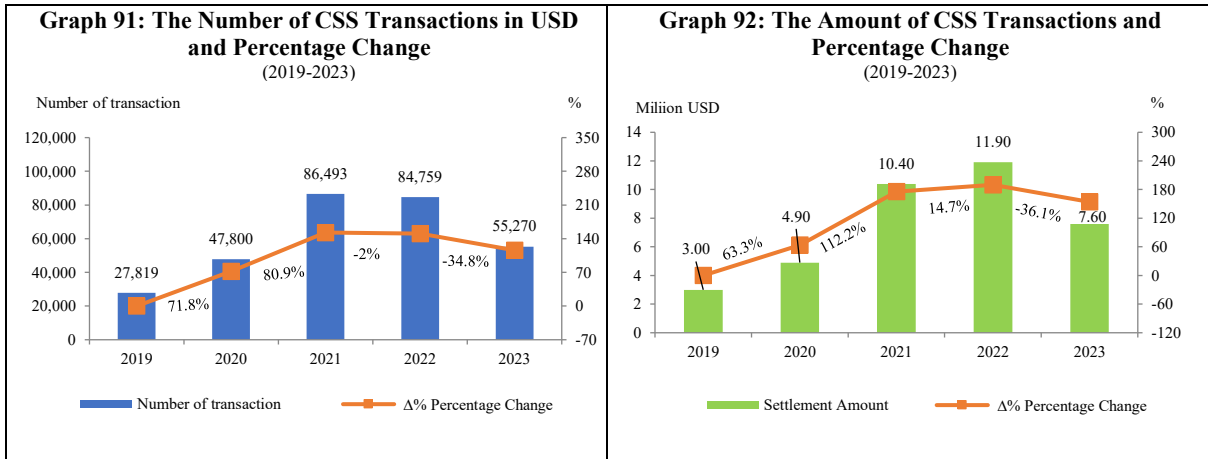


Source: NBC

**iii. The Cambodian Shared Switch (CSS) System:** This system has 60 members, with four deposit-taking institutions as direct members, four commercial banks as indirect members and 42 operating members. The CSS system settled 280,818 KHR transactions in 2023 (a decrease of -33.5% compared to that in 2022), amounting to KHR 62.8 billion (a decrease of -27.1%). Similarly, it settled 55,270 USD transactions (a decrease of -34.8%), i.e. approximately USD 7.6 million (a decrease of -36.1%).

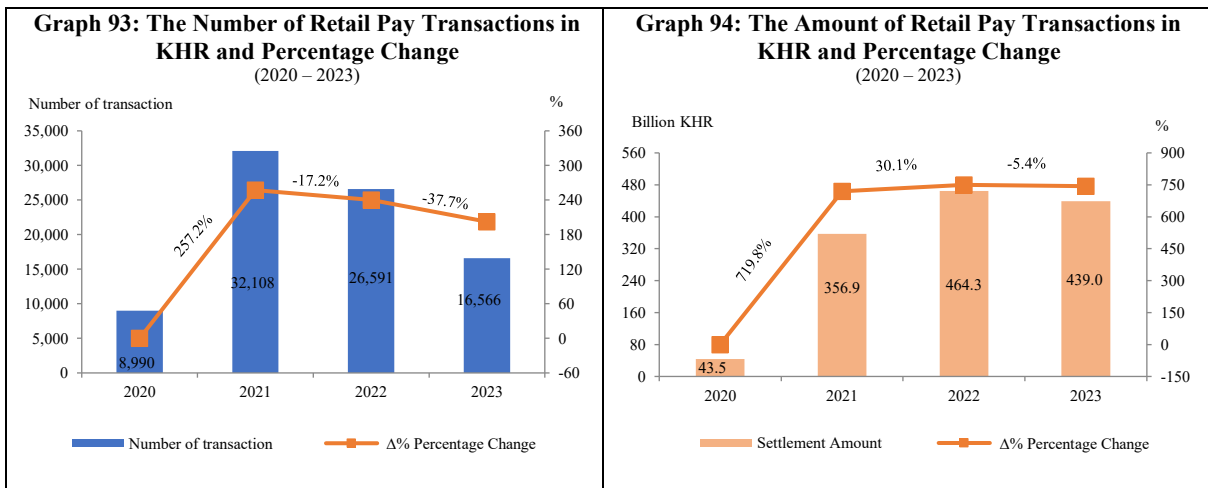


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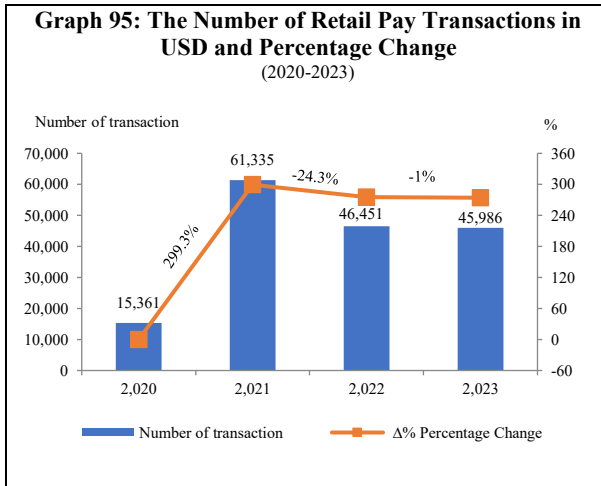
Source: NBC

**iv. Retail Pay:** The retail pay system has a total of 26 members, consisting of banks and financial institutions, with 16 members operating officially. Retail Pay was operational for 250 days and processed 16,566 KHR transactions (a decrease of 37.7% compared to that in 2022), totalling KHR 439 billion (a decrease of 5.4%). Additionally, 45,986 USD transactions were processed (a decrease of 1%), totalling USD 212 million (a decrease of 1.1%).

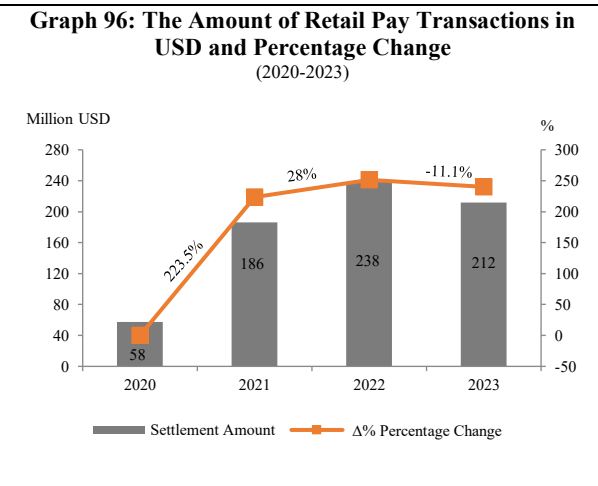


Source: NBC

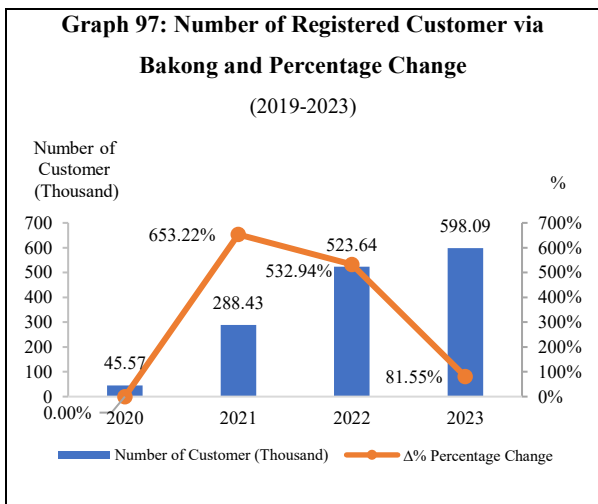




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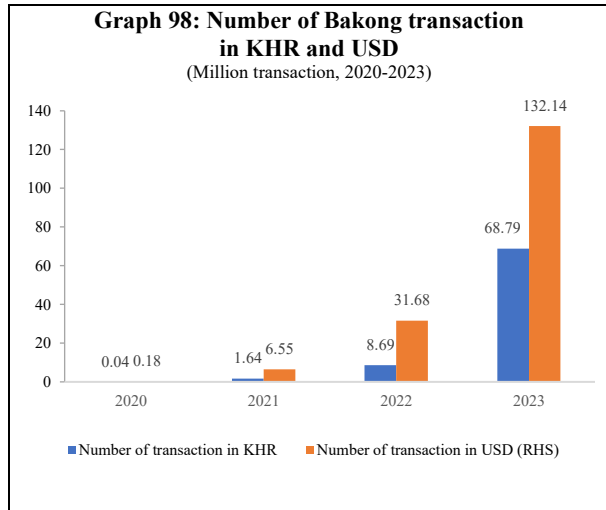


**v. The Bakong System:** Bakong is the backbone payment system and was officially launched on 28th October, 2020, with 74 members in total. It has 58 official members (an increase of 12 members compared to that in 2022), and 16 more institutions are in the integration phase. Meanwhile, customers registered through the Bakong with the total of 0.6 million (an increase of 78,000 compared to that in 2022). This system facilitates cross-institutional transactions, improves the efficiency of the payment system and promotes financial inclusion, with about 19.5 million accounts. In addition, the Bakong system offers the additional benefit of making KHR payments and money transfers with minimal transaction costs, as well as maximum efficiency and security.

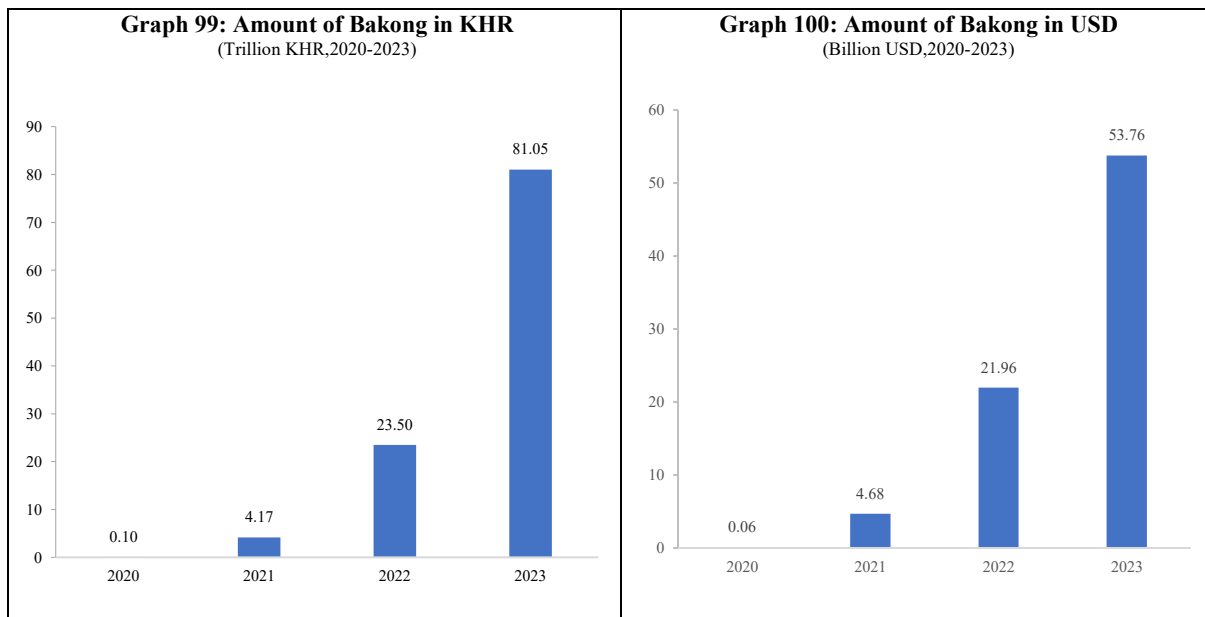


Source: Report BI, Data by 31 December 2023

By the end of 2023, 200.93 million transactions had been made through the Bakong system (more than five times of that in 2022), with 68.79 million of those transactions made in KHR and 132.14 million made in USD. The number of payments in Riel was about KHR 81.05 trillion (3.4 times increase compared to that in 2022) and that in USD was about 53.76 billion (2.4 times increase compared to that in 2022).



Source: Report BI, Data by 31 December 2023



Source: BI Report, Data by 31 December 2023

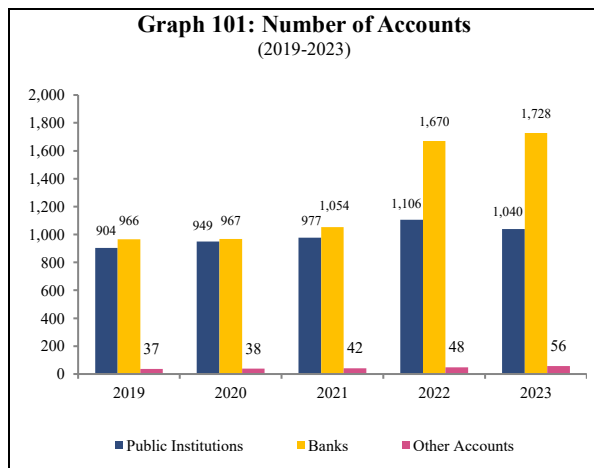
The Bakong system plays an important role as a national payment system (a national payment hub) by connecting the payment system infrastructure in Cambodia with those in the region and the globe to facilitate transfer and payment for goods at low cost for migrant workers, tourists, and businessmen. New innovations and features have also been added to the Bakong system, such as Open API, Link Account, e-KYC with CamDX and Cross Border, to meet the market demand and the constant advancement of technology, especially financial technology.



## 2. Account Management Service

### A. Number of Accounts

The NBC managed a total of 2,824 accounts (including 2,121<sup>29</sup> accounts at the headquarter and 703 accounts<sup>30</sup> at the capital-province branches), a decrease of 10 accounts compared to that in 2022; this is because 140 new accounts were open and 150 were closed)<sup>31</sup>.



Source: NBC

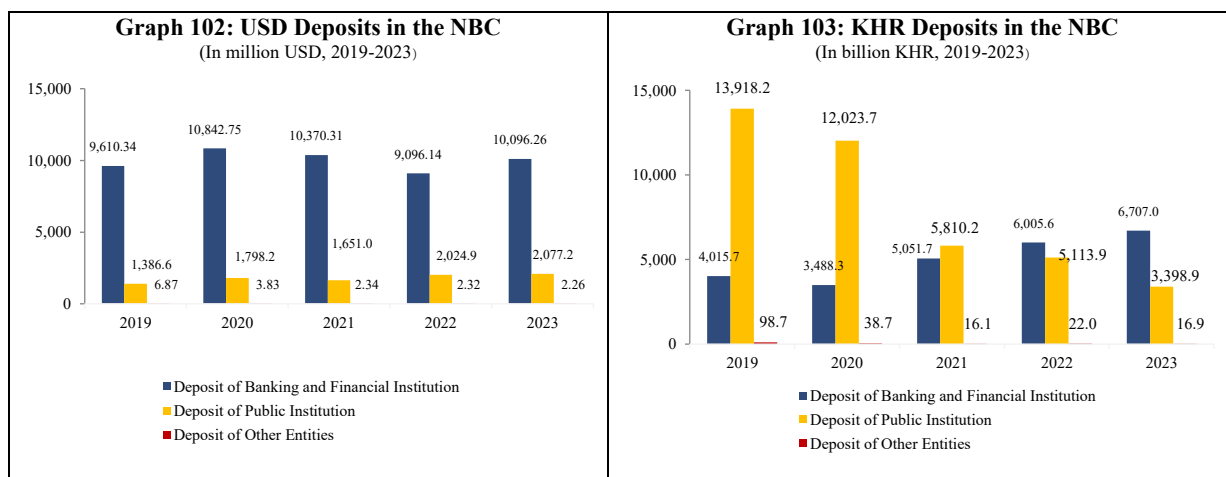
<sup>29</sup> Accounts of public institutions were 928, those of banks and financial institutions were 1,153 and those of other institutions were 40.

<sup>30</sup> Accounts of public institutions were 112, those of banks and financial institutions were 575 and those of other institutions were 16.

<sup>31</sup> Total accounts closed were 150; of these, the Ministry of Economics and Finance closed 115 accounts, including 65 accounts that were other project accounts, to facilitate account management, strengthen the procedures for revenue management and increase the efficiency of project implementation with development partners. Financial reform programs were also organised to receive direct funding from the General Department of the National Treasury.

## B. Deposit Services

The total amount deposited by banks and finance institutions, public institutions and other entities in the NBC changed in 2023 compared to that in 2022, with deposits in KHR decreasing by KHR 1.02 trillion (a decrease of 9.1%) and deposits in USD increasing by USD 1,052.4 million (an increase of 9.5%).

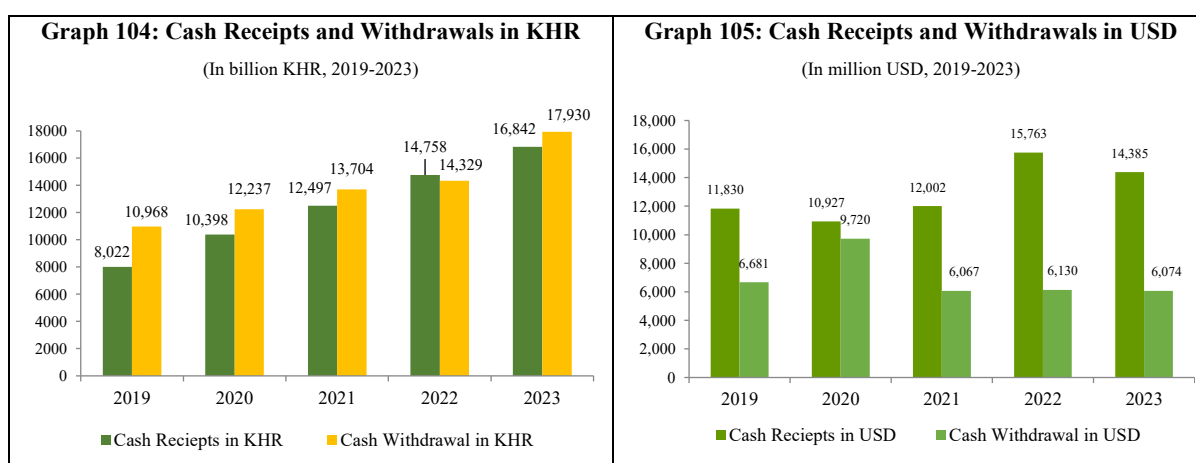


Source: NBC

## 3. Management of the Cash in Circulation

### A. Teller Operations

Cash deposits and withdrawals in KHR stood at KHR 16.8 trillion (an increase of 14.1%) and KHR 17.9 trillion (an increase of 25.1%), respectively. In contrast, cash deposits and withdrawals in USD amounted to USD 14.4 billion (a decrease of 8.7%) and USD 6.1 billion (a decrease of 0.9%), respectively.

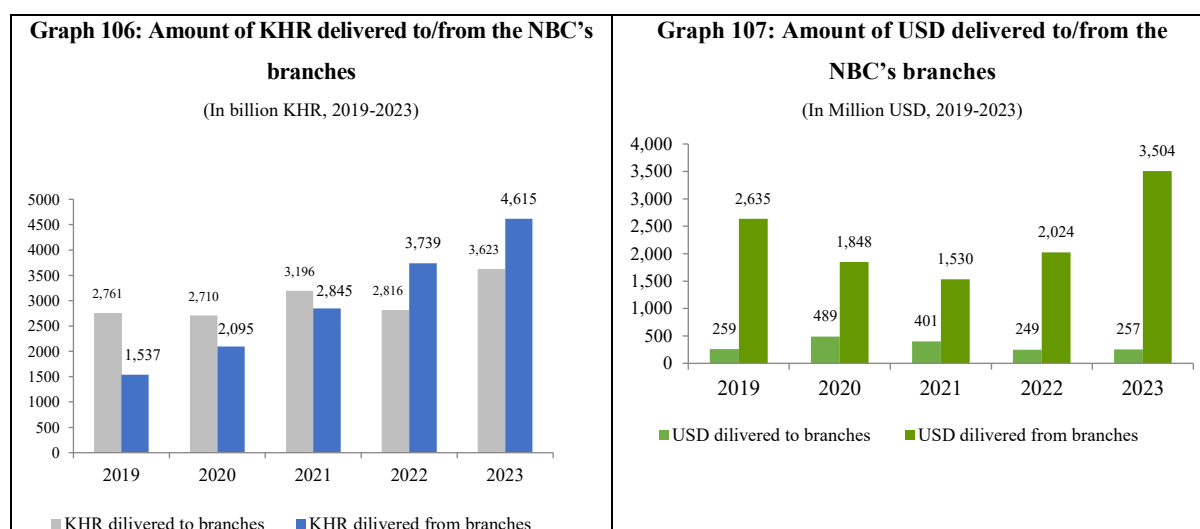


Source: NBC

## B. Cash Management

The supply of new banknotes and retrieval of old banknotes are done regularly to meet the public demand and strengthen the aesthetics; further, the quality of banknotes are examined to combat counterfeiting and encourage the use of KHR.

In 2023, the amount of KHR banknotes supplied to capital-provincial branches and the amount of old and surplus KHR banknotes returned to the NBC headquarters increased by 28.7% and 23.4%, respectively. Similarly, the amount of USD banknotes supplied to the capital-provincial branches and the amount of USD banknotes delivered to the NBC headquarters increased by 3.4% and 73.1%, respectively, in 2023 compared to that in 2022.



The NBC co-organised two training sessions on ‘Examining Counterfeit US Dollars’ with Travelex Cash Transporter and Moneycorp Bank to strengthen the ability of NBC officials and banks and financial institutions to detect counterfeit US dollars and avoid potential losses.

## 4. Conclusion

The NBC has strengthened its central bank services, supported intermediary banks and financial institutions and the financial management of the Royal Government, as well as facilitated the payment of goods and services. The payment system has been modernised, and connectivity has been expanded regionally, facilitating both domestic and international payments by Cambodian and international tourists. Simultaneously, cash flow management is also being carried out to meet demand in a timely manner and support economic growth across the country.

## VI- Anti-money Laundering and Combating the Financing of Terrorism

In 2023, the Financial Intelligence Unit of Cambodia (CAFIU) played an important role in responsibly countering money laundering and terrorist financing, particularly by facilitating the on-site mission of the Asia/Pacific International Cooperation Review Group – Joint Group (ICRG-JG) to Cambodia and refuting the report until Cambodia was removed from the ‘Gray List’ of the Financial Action Task Force (FATF) on 24th February, 2023. This achievement has been praised both nationally and internationally and was the result of the concerted efforts of the CAFIU and relevant ministries and institutions, including the private sector, with full support from top leaders in the Royal Government of Cambodia.



Meanwhile, the CAFIU has strengthened the implementation of the Anti-Money Laundering and Combating the Financing of Terrorism Law, as well as the analysis of reports, national and international cooperation, trainings and the institutional framework of the National Risk Assessment Sub-Committee on Money Laundering and the Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction.

## 1- Strengthening and Implementing the Legal and Regulatory Framework of AML and CFT

The CAFIU has strengthened its supervision of reporting entities to ensure their compliances with the laws and regulations on AML and CFT by adopting a risk-based supervision approach. The CAFIU conducted on-site supervisions on five commercial banks, four payment service providers and 19 casinos and provided them with recommendations on how to correct their shortcomings.

Moreover, the CAFIU conducted regular off-site supervisions on reporting entities by reviewing and monitoring the findings of their assessment of the risk of money laundering and terrorist financing, the results of their internal audits, progress reports of their compliance with the on-site inspection recommendations made by the CAFIU and evaluations of the qualifications of compliance officers. Currently, the CAFIU has identified a total of 313 compliance officers from various financial institutions, such as commercial banks, specialised banks, deposit-taking microfinance institutions, microfinance institutions, payment service providers, financial leasing institutions, insurance companies, security companies, real estate companies, casinos and trust service companies.



## 2- The Analysis and Submission of Reports

The CAFIU has continued to monitor, on a regular basis, the implementation of reporting obligations by reporting entities on cash and suspicious transactions, in accordance with Article 12 of the Law on Anti-Money Laundering and Combating the Financing of Terrorism. In 2023, reports of cash transactions decreased by 22.9% while reports of suspicious transactions increased by 20.2%, compared to the previous year. Meanwhile, the CAFIU has connected the reporting system for 102 institutions and instructed them to enhance their

compliance with the anti-money laundering and combating terrorism financing obligations, especially regarding timely and quality operational reporting.

### **3- Cooperation of the CAFIU**

#### **A- Domestic Cooperation**

The CAFIU organised three meetings between the National Risk Assessment Sub-Committee on Money Laundering and the Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction and 22 relevant ministries and institutions to discuss the progress and challenges faced in each module. The discussion revealed that the ministries and institutions have completed the first phase of training and have started collecting preliminary data to prepare for the analysis of risks, vulnerabilities, and threats in the relevant sectors, and they are ready to begin discussions with World Bank experts about the next phase.

In the meantime, the CAFIU also organised three other meetings with the Inter-Ministerial Technical Working Group on Anti-Money Laundering and Combating the Financing of Terrorism (TWGAML/CFT), with the aim of: 1) disseminating the outcomes of the FATF plenary meeting, 2) discussing the 6th Follow-Up Report (FUR) of Cambodia and 3) defending that 6th FUR in the Mutual Evaluation Committee (MEC) meeting.



#### **B - International Cooperation**

**The Asia/Pacific Group on Money Laundering (APG):** The CAFIU has continued cooperations with relevant ministries and institutions to upgrade the recommendations made in the 6th FUR. In 2023, the MEC only approved the upgrade of one recommendation, that is, Recommendation 7 (R.7). Overall, through the 6th FUR, Cambodia achieved 33 of the 40 FATF



recommendations, mostly ranked as ‘largely compliant’ and ‘compliant’. Therefore, Cambodia was moved from the list of countries that are in the ‘Enhanced Follow-Up’ phase to the list of countries in the ‘Regular Follow-Up’ phase (these countries are not required to prepare FURs for any annual upgrade proposal. Consequently, Cambodia can now report on its progress bi-annually.)

The CAFIU also attended the APG’s Annual Plenary Meeting in Vancouver, Canada, in July 2023 and strengthened cooperation with Laos PDR, Brunei and Thailand by supporting them in the preparation of their proposal to have their ratings upgraded. While attending the abovementioned plenary sessions, the CAFIU also met with the Donor and Providers Group (DAP) and requested for some technical assistance, especially regarding the Second National Risk Assessment from the World Bank.

The CAFIU participated in the following meetings with the APG and FATF: 1) The Mutual Evaluation Committee Meetings, 2) the Governance Committee Meetings, 3) The Operational Committee Meetings, 4) The APG’s Virtual Assets/Virtual Asset Service Providers Network Meetings and 5) The Typology Workshop of the APG and Data Analysis Workshop.

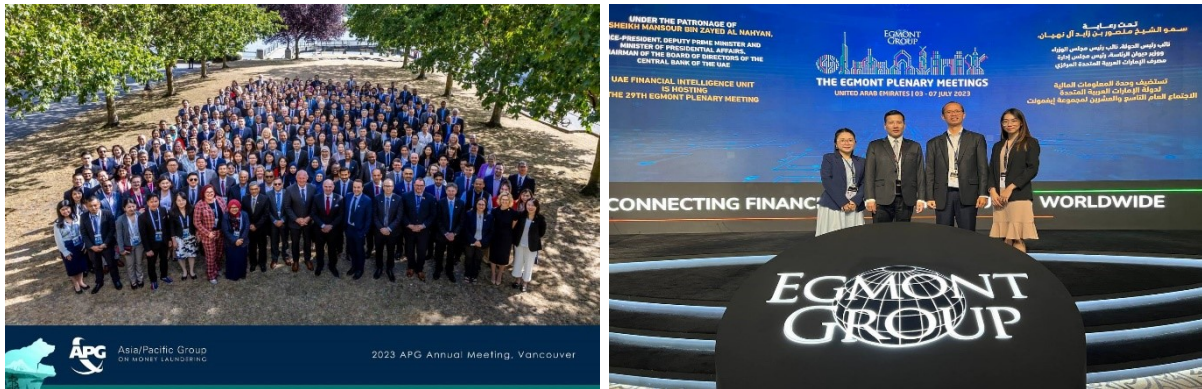
**The EGMONT Group:** As a member of the EGMONT Group, the CAFIU participated in different meetings to discuss the progress of some research projects, including: 1) The Information Exchange Working Group, 2) the Technical Assistance and Training Working Group, 3) the Membership, Support and Compliance Working Group and 4) the Working Group on Policies and Procedures. The meetings took place from 30th January to 3rd February, 2023, in Dhaka, Senegal.

Additionally, the CAFIU participated in the 29<sup>th</sup> Annual EGMONT Group Plenary Meeting themed ‘Use of Advanced IT Technologies by FIUs To Enhance Their Operations’, which took place on 3-7 July, 2023 in Abu Dhabi, United Arab Emirates. The plenary shared experiences on the use of new technologies such as the privacy enhancing technologies (PETs), artificial intelligence (AI) technology and blockchain technology. These experiences have strengthened the works on analysing financial intelligence information as well as the efficiency and security of information exchange between financial intelligence units.

The CAFIU also attended an online meeting organised by the EGMONT - Asia and Pacific Regional Group, conducted studies and provided inputs into a questionnaire for the EGMONT Information Exchange Working Group to prepare a draft business plan for 2023-2024.

Through the EGMONT Group, the CAFIU also contributed to providing inputs for evaluating the effectiveness on combating money laundering and terrorism financing and an opinion survey on quality of financial intelligence report of the Indonesian Financial Intelligence Unit.

**The Financial Intelligence Consultative Group (FICG):** The CAFIU attended the Financial Intelligence Advisory Council Meeting on 14-16 February, 2023, in Singapore. During this meeting, the progress of countering money laundering and terrorism financing was shared by ASEAN member states, including Australia and New Zealand, and the progress of research projects organised by the FICG and representatives of financial intelligence units of member countries was also ratified.



#### 4- Training and Legislation

##### A. Capacity Building and Dissemination

The CAFIU has continuously strengthened the capacity of its officials to combat money laundering and terrorism financing. The methods used for capacity building include two internal trainings on the laws and regulations on anti-money laundering and combating the financing of terrorism and the FATF recommendations, 17 local and 11 foreign seminars and some online trainings, such as the ECOFEL program, FATF e-Learning, the UNODC e-Learning program, the Spring program of the Russian Financial Intelligence Unit and the Cyber Safety Asia program of the Australian Federal Police. Through the CAFIU, the Australian

Federal Police also allowed NBC officials to learn about Cyber Safety Asia.



The CAFIU organised three seminars for reporting entities in the banking sector and one seminar for educational institutions; they also participated in information dissemination and awareness-raising through training programs and 19 awareness-raising events on topics related to the laws and regulations on anti-money laundering and combating terrorist financing for officials of relevant ministries and institutions (including law enforcement authorities) and the public.

### **B. Legislation Task**

The CAFIU has been preparing drafts of additional directives for reporting entities to comply with, in accordance with the requirements of the Anti-Money Laundering and Combating the Financing of Terrorism Law, which is a catalyst for a stronger and more effective regime of anti-money laundering and countering terrorism financing.

## **5- Conclusion**

Overall, the CAFIU has consistently undertaken its core tasks in a responsible manner, by strengthening its supervision of reporting entities, the reporting of cash and suspicious transactions and its supervision of domestic and international cooperations and organising legislation works and trainings. The CAFIU, along with the relevant ministries and institutions, has been conducting national risk assessments on money laundering and terrorist financing as well as the financing of the proliferation of weapons of mass destruction, based on their respective jurisdictions. Besides, one of CAFIU's greatest achievements this year is the effort they made, along with relevant ministries and institutions, to remove Cambodia from the FATF's Grey List in February 2023.

## VII. International Cooperation

### 1- Multilateral Cooperation

The NBC has been strengthening and expanding its cooperation with international organisations and institutions to promote good relations, exchange experiences and strengthen capacity.

- **ASEAN Cooperation:** After a successful chairmanship of ASEAN in the banking sector in 2022, the NBC strengthened ASEAN financial integration by participating in key ASEAN meetings such as the 9th and 10th ASEAN Finance Ministers and Governors Meetings in Bali and Jakarta, Indonesia, respectively; the 19<sup>th</sup> ASEAN Central Bank Governors' Meeting; and other related meetings. Key achievements of the NBC under the ASEAN cooperation include: i) defining themes and priorities in the banking and financial sector for ASEAN, ii) promoting financial integration, iii) encouraging the liberalisation of capital accounts, iv) expanding the cross-border payment system in the region by using local currency, v) promoting sustainable finance, vi) promoting financial inclusion vii) expanding business relations with the ASEAN, EU and US, viii) re-establishing the ASEAN Swap Agreements, ix) strengthening capacity building and x) hosting the 8th ASEAN Central Bank Internal Audit Committee Meeting.



#### Box 2: Cooperation with ASEAN

The progress made under the NBC's cooperation with ASEAN includes: i) defining the theme 'ASEAN Matters: Epicentrum of Growth' and supporting the three strategies of the ASEAN economic pillar to promote economic recovery-rebuilding, digital economy and sustainability; ii) defining the four priorities of the central bank, which include implementing

a policy mix to strengthen economic recovery, promoting the use of local currency to improve regional financial stability and macroeconomy, accelerating cross-border payment systems and launching joint measures to promote the digital economy; iii) promoting sustainable financial liberalisation and integration through the establishment of the ASEAN Bank integration framework and strengthening of information technology nurseries; iv) promoting trade and investment by liberalising capital accounts and increasing the use of local currency in the region; v) strengthening financing connectivity, the payment of goods and services through the survey of multilateral payment systems and the modernisation of bilateral connectivity; vi) promoting sustainable finance to support the reduction of pollution; vii) promoting financial inclusion by helping small businesses to access sources of capital, sharing information as well as excellence and experience to enhance knowledge and providing digital financial services; viii) increasing disaster financing for economic resilience despite climate change and ix) strengthening relations with the ASEAN Business Council, the CEO of ASEAN Financial Institutions, the EU-ASEAN Business Council and the US-ASEAN Business Council. Furthermore, the NBC was also involved in endorsing the principles for the resumption of the ASEAN Swap Agreement and collaborated with the Steering Committee for Capacity Building to design five ASEAN training programs for officials of ASEAN central banks. They also played a role in approving the training plan and program for 2024. In addition, the NBC hosted the 8th ASEAN Central Bank Internal Audit Committee Meeting on the topic ‘Promoting Governance in the Environment of Rapid Change’, with the aim of improving the quality of internal audits to meet professional standards and strengthen governance, risk management and the central bank’s internal audit system, as well as providing opportunities for ASEAN Central Banks’ internal audit officers to exchange experiences and further strengthen cooperation.

- **ASEAN+3 Cooperation:** In 2022, the NBC co-chaired ASEAN+3 on banking and finance with the Ministry of Economy and Finance of Cambodia, the Ministry of Finance of the People's Republic of China and the People's Bank of China. In 2023, under the co-chairmanship of the Bank Indonesia and Bank of Japan, the NBC enhanced cooperation under the ASEAN+3 framework to strengthen the financial safety net in the region, promoted the mechanisms implementation of the Chiang Mai Initiative Multilateral Agreement (CMIM), expanded the ASEAN+3 Macroeconomic Research Organization (AMRO) and promoted the Asian Bond Market Initiatives (ABMI).



### **Box 3: ASEAN+3 Cooperation**

Key achievements under the ASEAN+3 cooperation include: i) determining the future direction of the ASEAN+3 preparatory financing by developing new financing tools and reviewing the financing structure; ii) improving the financing mechanism of CMIM through dialogue on interest rate setting, participating, and achieving the 14<sup>th</sup> pilot process of the CMIM mechanism; iii) engaging with AMRO to adopt the 2030 strategic direction, update the medium-term work plan, promote a Regional knowledge hub, establish the ASEAN+3 Finance Think-tank Network and strengthen the governance of AMRO's senior management; iv) preparing financing for disaster risk; v) studying the use of local currency in cross-border payments in the ASEAN+3 region and the situation of corporate debt and SMEs in the region and improving the role of the financial sector in achieving the sustainable development goals and vi) strengthening the ABMI by adopting the new ABMI Medium-Term Roadmap 2023-2026, aimed at developing the local currency bond market.

- **The International Monetary Fund (IMF):** The IMF continues to monitor, evaluate, and provide Cambodia with recommendations on economic and financial policies, as well as provide technical assistance and capacity building to the NBC. In 2023, IMF officials carried out two missions: i) a staff visit in May and ii) the IMF Article IV Consultation in October.



These missions were aimed at monitoring and assessing the economic situation and strengthening financial and banking stability in Cambodia by providing the NBC and Royal Government of Cambodia with recommendations on key economic policies. In addition, the IMF has continued to provide technical assistance in the areas of banking supervision, financial stability, currency and exchange operations, statistics and macroeconomic monitoring and evaluation and continued to provide training for NBC officials. Moreover, senior managements of the NBC attended the 2023 Spring Meeting in Washington DC, United States; the 2023 Annual General Assembly in Marrakesh, Morocco; the conference on ‘Digital Currency’ in Seoul, Republic of Korea and so on.

- **The Asian Development Bank (ADB):** The ADB has provided technical assistance in updating the ‘Financial Sector Development Strategy 2016-2025’ to the ‘Financial Sector Development Strategy 2021-2030’. The expert group planned to complete the mission in Cambodia by the beginning of 2024 and directly discuss with ministries, institutions, and related organisations.

- **The World Bank (WB):** The delegation in charge of the WB's Reserve Advisory & Management Partnership (RAMP programme) has continued to strengthen cooperation, especially in the field of international reserve management. The NBC also participated in the Senior Roundtable Discussion titled ‘Updating the Systematic Country Assessment for Cambodia’ to discuss the prioritisation of policies that promote sustainable development as well as the challenges and solutions to mitigating poverty in Cambodia and to prepare the second-generation systematic diagnostic (SCD-2), which includes strengthening regulations and supervising the financial sector.

- **The SEACEN Centre:** In 2023, the NBC chaired the SEACEN Board of Governors and actively contributed to fulfilling the SEACEN agenda of strengthening research and knowledge sharing and fostering cooperation among member countries and strategic partners. As the chair of 2023, the NBC organised the 22nd SEACEN Executive Committee Meeting (EXCO) and the 16th High-Level Seminar, with the senior management of central banks and monetary authorities (SEACEN's members), strategic partners such as the IMF, the Bank of International Settlement and guest speakers from many renowned international universities in attendance. The NBC conducted interviews and selected candidates for the position of executive director and director in charge of financial stability, supervision and the payment system of the SEACEN Centre. Furthermore, the NBC sent officials to participate in 30 training courses at the SEACEN Centre and coordinated training courses and workshops to strengthen the capacity.



- **Cooperation with other institutions:** The NBC has strengthened its cooperation with international partners, such as the Japan International Cooperation Agency (JICA), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP), the United Nations Capital Development Fund (UNCDF), the Alliance for Financial Inclusion (AFI), the International Finance Corporation (IFC), the Korea Deposit Insurance Corporation (KDIC), the International Association of Deposit Insurers (IADI) and so on, to contribute to research, strengthen the database, support environmental protection, promote



women's entrepreneurship, ensure financial inclusion and literacy and promote the use of the local currency.

#### **BOX 4: Multilateral Cooperation with Other Institutions**

- **The Japan International Cooperation Agency (JICA):** The JICA has been cooperating with the NBC on the implementation of the Technical Cooperation Project on ‘Enhancing Capacity of Economic Analysis, Research and Operations for Monetary Policy’ in a three-years project (from January 2023 to December 2025) to enhance the effectiveness of monetary policy implementation by improving interbank money market operations and strengthening public relations and raise awareness on monetary policy implementation. Under this project, JICA has organised a training course in Japan on ‘Liquidity Forecasting’ for the NBC’s officials to: i/-strengthen capacity on forecasting government’s revenue-expenditure ii/-forecasting framework iii/-understand Open Market Operations and iv/-learn from the publication of the Bank of Japan’s liquidity report. The JICA also co-organised a public dissemination workshop titled ‘Dollarization in Cambodia: Policies for Financial Development for Least Developed Countries (LDCs)’, which is the result of a research collaboration between the NBC and JICA Ogata Sadako Research Institute.



- **United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP):** The UNESCAP co-organised training programs for women entrepreneurs in three provinces (Kampong Thom, Siem Reap and Battambang) under the ‘Catalysing Women’s Entrepreneurship’ project, which has three main objectives: i) to study the possibility of providing loans without collaterals, ii) to strengthen the knowledge of NBC officials on FinTech and banking supervision and iii) to organise training courses for women and women entrepreneurs to promote financial literacy as well as allow them access to official financial services. In collaboration with UNESCAP, the study titled ‘The Green and Sustainable Financial Market Analysis for the Financing Cambodia’s Future’ was completed in early 2023. In addition, after completing the research titled ‘Analysis of Green Financial Markets and Financial Sustainability in Cambodia’, the UNESCAP and NBC also signed a memorandum of agreement (MOA) on the development of a finance roadmap for ‘Cambodia’s sustainable finance’ to further strengthen Cambodia's financial system and make it more resilient, stable and capable of mobilising financing for climate change-mitigation activities. In addition, the NBC, UNESCAP and other development partners organised a forum on ‘Increasing Women's Financing: Tools to Accelerate Sustainable Development Goals’ in conjunction with the United Nations General Assembly. This forum encouraged UNESCAP members to continue focusing on gender climate financing and gender impact investing and strengthening mechanism and policies to reduce gender inequality. In addition, the NBC attended the 4th Macroeconomic Policy Committee meeting on poverty reduction and the development of UNESCAP’s financing, and during this meeting, the NBC developed several initiatives to support sustainable finance, including the development of a roadmap for promoting sustainable finance, the establishment of a taxonomy to support capital flows, the establishment of reporting framework and capacity building. The NBC’s senior management also held bilateral meetings with the deputy secretary-general of the United Nations and the secretary-general of UNESCAP to discuss the ongoing cooperation and agreed on some key points to boost capital flows and increase green and sustainable investment in developing countries.



- **The United Nations Environment Programme (UNEP):** The NBC collaborated with UNEP on the project ‘Empower II: Women for Climate-Resilient Societies’ to contribute to the implementation of policy recommendations on climate change and strengthen efforts to empower women and promote gender equality in areas related to climate change and renewable energy, which reduces the risk of natural disasters.
- **The United Nations Development Programme (UNDP):** The NBC partnered with the UNDP to discuss the ‘Blended Finance’ project for the health sector, using development project funding to support key sectors of the economy with the goal of achieving sustainable development, especially in developing countries. Regarding the survey on the use of local currency by factories and enterprises, the NBC and UNDP studied the level of dollarisation in Cambodia and have now completed a draft research paper entitled ‘Dollarization and its Impact on the Textile Sector in Cambodia: Towards promoting the use of the riel to pay salaries’. Furthermore, the NBC also participated in the discussion on drafting the New Country Programme 2024-2028 during the inter-ministerial verification workshop organised by UNDP to achieve the objectives of the UNDP program and the first phase of the Pentagon Strategy as well establish the United Nations for Sustainable Development Goals cooperation framework. The NBC has collaborated with the UNDP to organise the annual Macro Conference on the topic ‘Climate Risk and the Transition to a Green Economy’.

- **The United Nations Capital Development Fund (UNCDF):** The NBC and UNCDF collaborated to collect data as baseline indicators to measure the level of financial inclusion in Cambodia, focusing on the access, usage, and improvement of consumers' financial services through a study on supply and demand side. As a result, the assessment report on the promotion of the level of financial inclusion in Cambodia for 2021 was published. Meanwhile, the translation to Khmer and publication of the book titled 'Summary Results of the Consumer Survey for 2021' for public dissemination were achieved through this cooperation. This book provides some significant information on the changes that have occurred in financial inclusion in Cambodia between 2015 and 2021, including the division of samples by province/municipality, age, sex and education level, as well as the provision of financial inclusion data; financial inclusion overlapping data; financial inclusion data divided by region, age, sex and education level; data on credit usage; data on savings usage; data on insurance usage; and data on money transfer usage.
- **The Alliance for Financial Inclusion (AFI):** With the assistance of the AFI, the Financial Literacy Roadmap 2023-2028 was updated to help the NBC establish a framework for promoting financial literacy and digital finance and to boost the financial inclusion level in Cambodia by increasing the access and use of formal financial services inclusively and sustainably. The NBC and AFI also collaborated to develop a framework for the collection of data on gender-segregated financial inclusion in order to identify the gaps in the effective and accurate use of gender-segregated financial services and create policies that would promote financial inclusion for women, in line with the objectives of the National Strategy on Financial Inclusion 2019-2025. The NBC completed eight draft report forms, including a i) deposit report by category and gender; ii) report on individual deposits by gender, category, age group and province/municipality; iii) credit report by gender and category; iv) credit report by gender, credit rating and province/municipality; v) borrower report by gender, credit rating and age group; vi) payment report by gender and type of transaction; vii) other financial inclusion reports by gender; and viii) demographic report and macroeconomic indicators. These gender-segregated data collection reports on financial inclusion were submitted to banks and financial institutions for testing in the fourth quarter of

2023. Through the cooperation between AFI and the Bangko Sentral ng Pilipinas, the NBC attended the annual meeting, working group meeting and forum of global policy to discuss the policy and provide solutions to any challenges to promoting financial inclusion and maintaining financial stability and sustainability. In addition, the NBC attended the AFI Board Meeting and a bilateral meeting with the AFI and Consultative Group to Assist the Poorest (CGAP) to discuss the cooperation and outlook on promoting financial inclusion in Cambodia.

- **International Finance Corporation (IFC):** The NBC and IFC implemented the Cambodia Supply Chain Finance Market Development project with the aim of developing the financial supply chain market, increasing the access of businesses in Cambodia to finance, especially SMEs, and strengthening the production chain in Cambodia. Additionally, the IFC, in collaboration with the NBC and Securities and Exchange Commission of Cambodia, organised a workshop for regulators titled ‘The Development the Derivatives Market Tools in Cambodia: Tools for Risk Management’ to contribute to the development of the Riel derivatives market and the proper management of regulations as well as to provide an effective risk management tool to promote investment in Riel’s financial instrument as part of efforts to promote the use of Riel. The IFC and NBC also organized a workshop on Market Supervision Mechanism and Consumer Protection for NBC officials; they also supported the update of the Prakas on Resolving Customer Complaints of Banking and Financial Institutions issued in 2017 in accordance with the Consumer Protection Law issued in 2019. Furthermore, the IFC and the Association of Banks in Cambodia organised training courses for officials of the NBC, banks, and financial institutions on the development of the financial supply chain market. The NBC and IFC of Cambodia also signed a cooperation agreement on the development of Cambodia's taxonomy and green financial markets to contribute to solving the effects of climate change in Cambodia and accelerating Cambodia’s economic transformation into a green economy. This cooperation will help to promote the development of Cambodia's green financial taxonomy system, strengthen the capacity of financial institutions, create a favourable financial ecosystem for green investment projects and promote the sustainable development process.

- **The Korea Deposit Insurance Corporation (KDIC):** The NBC and KDIC signed an MoU on bilateral cooperation for the purpose of sharing knowledge and providing training and technical assistance related to deposit protection and banking solutions in order to develop deposit protection systems and solutions for banks in Cambodia.
- **The International Association of Deposit Insurers (IADI):** The NBC has been an associate member of the IADI since 2018 and has continued to provide input on the core principles of the deposit protection system as well as on capacity building for staff on deposit protection.

## 2- Bilateral Cooperation

The NBC has strengthened and expanded bilateral cooperation with central banks and monetary authorities both regionally and globally, with the following key achievements:

- The organisation of an annual bilateral meeting with the Bank of Thailand in Phnom Penh and the official launching of cross-border payment with QR code between the Kingdoms of Cambodia and Thailand—Phase II ‘Thai Scans QR Code in Cambodia’—which allows Cambodians and Thais to make payments for goods and services using QR code.



- The organisation of a bilateral meeting with the State Bank of Vietnam in Siem Reap and the official launching of cross-border payment with QR code between the Kingdom of Cambodia and Vietnam, which allows Cambodians and the Vietnamese to make payments for goods and services using QR code.



- The organisation of a bilateral meeting with the Bank of the Lao PDR in Vientiane, Laos, and the official launching of cross-border payment with QR code between the Kingdom of Cambodia and Lao PDR, which allows Cambodians and Laotians to make payments for goods and services using QR code. In addition, under a technical bilateral cooperation



with the Bank of the Lao PDR, the NBC has conducted study visits on four topics and agreed on 11 study topics in the future to strengthen capacity building and the friendship between the officials of both central banks.

- Collaboration with the Monetary Authority of Singapore to officially launch a cross-regional credit information sharing project between Cambodia and Singapore, with the aim of establishing a digital infrastructure that facilitates trade and improves SMEs' access to cross-border financial services, enhancing the business operations of these enterprises and contributing to economic development.

- The signing of an MoU with the Ministry of Economy, Trade, and Industry of Japan on 'Unified QR Code-Based Payment' during the Cambodia-Japan Summit in Tokyo, Japan. This was done to define a specific framework for cooperation and promote the use of a QR code cross-border payment system in a convenient, secure and efficient manner.



- The preparation of an MoU on bilateral cooperation between the NBC and the Bank Indonesia. Additionally, officials of the NBC visited the Bank Indonesia to gain insight into the operation of the Bank Indonesia and share experiences on central banking services; this was organised by the Bank Indonesia.



- Visiting Bank Negara Malaysia to enhance the operational capacity of the NBC by gaining insights into their operations.



- The signing of two MoUs with the People's Bank of China on i) financial innovation cooperation and payment system and ii) the establishment of payment and settlement coordination of Cambodia in Beijing, People's



Republic of China to promote innovation in the banking and payment system, improve the security and efficiency of cross-border payment between the Kingdom of Cambodia and the People's Republic of China, and capacity building of the banking sector in Cambodia to respond to the growth of trade, investment and bilateral financial flows between Cambodia and China.

- The signing of an MoU on financial innovation cooperation with the Central Bank of Solomon Islands in Phnom Penh, with the aim of strengthening cooperation in the development of financial innovation and payment systems and the



sharing of information on innovation and digital payment for financial services. In addition, the NBC shared experiences with the Solomon Islands Central Bank on licensing, supervising, auditing, cross-border credit information development and the establishment of the Bakong payment system.

- The signing of an MoU on financial innovation cooperation with the Reserve Bank of Fiji in Phnom Penh, with the aim of strengthening cooperation on financial innovation and the payment system and sharing relevant information on innovation and digital payment for financial services.



- The signing of an MoU on cooperation agreement on financial sector development with the National Bank of Rwanda, focusing on the cooperation to develop the financial innovation and payment system, share related information on innovation and digital payments for



financial services and enhance knowledge sharing on financial inclusion and literacy. Furthermore, the NBC attended the Inclusion FinTech Forum in Rwanda to showcase the progress of Bakong and the development of FinTech in Cambodia to countries in the African region, as well as seek more bilateral cooperation.

- The NBC attended the Vanduz Roundtable on the ‘2023 Financial System’ in Vaduz, Liechtenstein, to discuss and exchange views and experiences in order to promote digital innovation in the financial sector.

- Collaborating with the Bank of Korea on a joint research program in 2023 as part of the ‘Bank of Korea Knowledge Partnership (BOK-KPP)’ on the topic ‘Central Bank Communication’.



- Sharing of experiences in setting up and managing credit information sharing systems; establishing licensing, supervising, and auditing methods and developing cross-border credit information, as well as sharing the history of the Bakong payment system with other central banks, such as Papua New Guinea and Vanuatu.

Under the NBC's cooperation with central banks and embassies in Cambodia, NBC officials received a series of scholarships to study abroad, which has contributed to the development of human resources in Cambodia. In 2023, there were 23 officials studying abroad, in countries such as New Zealand, Korea, Australia, Japan, the United States, the Czech Republic, Luxembourg, China and Germany.

### **3- Conclusion**

In summary, in 2023, the NBC further strengthened and expanded its bilateral and multilateral cooperations by collaborating on many initiatives to promote deeper integration, signing MoUs to promote cooperation, sharing knowledge and experience, sending officials for study visits related to the technical work of central banking, conducting joint research and discussing policies and recommendations that are beneficial. In all its cooperation, the NBC has enhanced and built its capacity to benefit from progress and new global development, as well as promote Cambodia's reputation on the global stage and sustainably and inclusively develop national institutions and societies, in line with the target and trends of regional and global development.

## VIII- The Internal Management of the NBC

### 1. The Composition and Activities of the Board of Directors

Currently, the board of directors of the NBC consists of the following:



**H.E. Chea Serey**

Governor

Chairwoman



**H.E. Sum Sannisith**

Deputy Governor

Member



**H.E. Huot Pum**

Representative of Head of the Royal  
Government

Member



**H.E. Ros Seilava**

Representative of the Ministry of Economy  
and Finance

Member



**Mrs. Eng Netra**

Representative of Academia

Member



**Mr. Lay Mengsun**

Representative from the Private Sector

Member



**Mr. Mom Dareth**

Representative of NBC Staff

Member

The board held six meetings in 2023:

1. The 156<sup>th</sup> meeting held on 26th January, 2023, and the draft on the establishment of the audit committee for inspecting the NBC's accounting records as of 2022 was reviewed and approved.
2. The 157<sup>th</sup> meeting held on 8th February, 2023, and the drafted report on the NBC's budget for 2022 as well as the budget plan for 2023 were reviewed and approved.
3. The 158<sup>th</sup> meeting held on 10th July, 2023, and the draft of the NBC's semi-annual report as well as the work plan for the second semester of 2023 were reviewed and approved.
4. The 159<sup>th</sup> meeting held on 17th August, 2023, and the honorary and new governors of the NBC were announced.
5. The 160<sup>th</sup> meeting held on 20th September, 2023, and the members of the new board of directors of the NBC were announced. The report on the economic situation in Cambodia was also reviewed.
6. The 161<sup>st</sup> meeting held on 25th December, 2023, and the draft of the NBC's annual report for 2023 and work plan for 2024 was reviewed and approved.

On 29th July, 2023, His Majesty King Norodom Sihamoni appointed H.E. Chea Chanto as honorary governor of the NBC and H.E. Chea Serey as the governor of the NBC, both with a rank equivalent to that of a senior minister. As the governor of the NBC, H.E. Chea Serey is also the new chairwoman of the board of directors of the NBC. Simultaneously, two members of the board of directors, namely H.E. Chou Kim Leng, representative of the head of the Royal Government, and H.E. Iv Thong, representative of academia, ended their tenures and were replaced by H.E. Huot Pum and Mrs. Eng Netra, respectively.

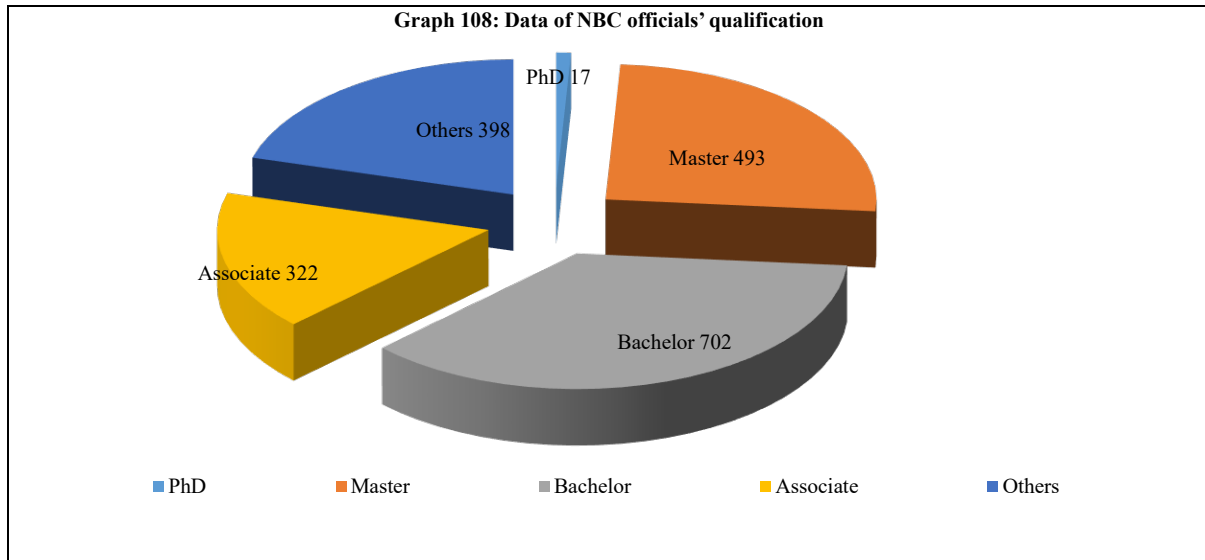
## 2. Human Resource Development

The human resource department at the NBC has developed significantly over the last decade, as reflected in the increase in the number of qualified officers and staff, as well as the



robust structure and efficient working performance. Currently, human resource management is developed in line with the needs of regional and global integration, as well as the principles of stability and efficiency.

NBC officials have been sent to study short- and long-term training courses both locally and internationally, including bachelor's, master's and PhD degrees.

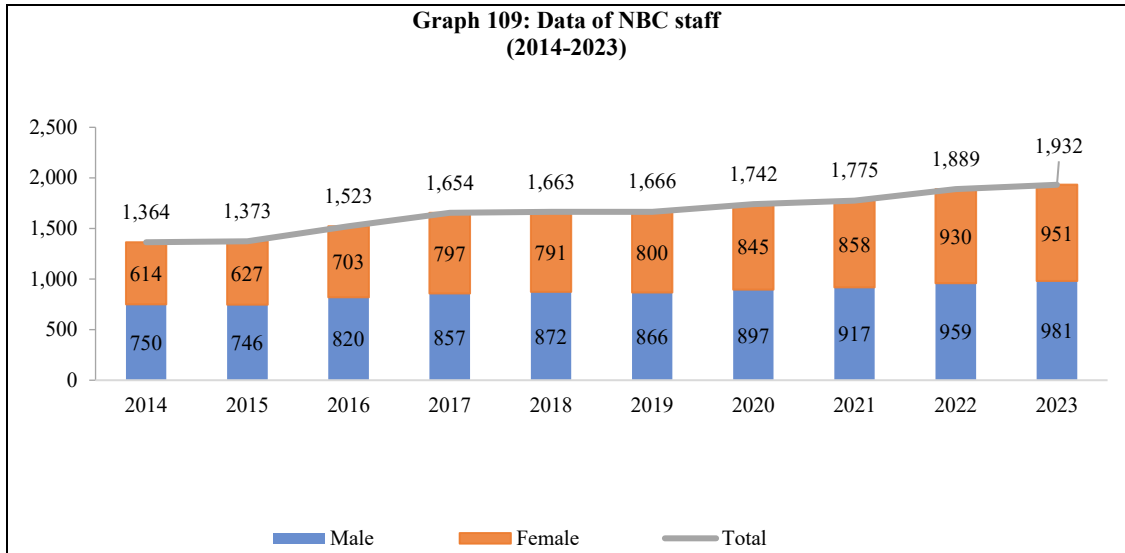


Source: NBC

Moreover, the NBC has further expanded the FSI-Connect and FPP courses as well as other internal training courses to help build the capacity, knowledge, and skills of branch staff.

#### **A. Staff Statistics**

In 2023, the number of NBC employees nationwide was 1,932 (981 males and 951 females), with 1,419 of them working at the headquarters (744 males and 675 females) and 513 working at the branches (237 males and 276 females). In 2023, the number of staff at the headquarters increased by 41, while that at the branches increased by 2.



## B. Trainings

### - Local Trainings

The NBC has promoted capacity building among its staff by organising training courses, workshops, and other meetings, inviting other ministries and institutions. These training initiatives include 40 workshops (350 participants), 15 courses (400 participants) and 80 meetings (1,100 staff participants). Also, the NBC has organised 15 internship programs for students at a higher education level (250 students have participated so far).



Meanwhile, the NBC organised three online training sessions in 2023. The first was the NBC FSI-Connect Banking Supervision course, under the program of the Financial Stability Institution (FSI) of the Bank for International Settlements (BIS), which has been organised for seven generations and has had a total of 381 students (including 25 scholarship beneficiaries). The quality of the courses was assessed through 51 consecutive online exams, where 128 staff completed the elementary level, 79 completed the intermediate level and 108 completed the advanced level. The second training session was the IMF training program on financial programming and policy (FPP), which has been organised for four generations and has had a total of 304 participants, including 51 in the first generation, 105 in the second generation, 99 in the third generation, and 49 in the fourth generation; all of them successfully completed both levels of the course via online exams. The third training session was the IMF Macroeconomic Diagnostics course, which has only been organised for one generation (with 43 participants) and was completed in December 2023.

- **The Centre for Banking Studies**

The centre for banking studies (CBS) plays an active role in building human capital in the field of banking and has contributed to the development of the banking sector in Cambodia.

Currently, the CBS has 280 students (207 females and 73 males), of which 148 (including 105 females) are in the 32<sup>nd</sup> generation and 132 (including 105 females) are in the 31<sup>st</sup>. Meanwhile, 130 students from the 30<sup>th</sup> generation graduated in 2023, and 132 students from the 31<sup>st</sup> generation have just finished their exit exams.

To develop a curriculum that adheres to the employment criteria and human capital development policies in a digital socio-economic context, the CBS is collaborating with the Louis Bachelier Institute of France to upgrade from an associate degree program in CBS to a Bachelor's degree or its equivalent program. CBS textbooks for 30 subjects were also updated, including the one on Digital Banking, which is a new subject to be taken during the second semester of freshman year.

Additionally, the CBS collaborates with strategic partners such as the Cambodia Microfinance Association (CMA), the Association of Banks in Cambodia (ABC) and the Banking Institution to organise short-term professional training courses for professional officers and branch managers and workshops for shareholders, board members and CEOs of banking and financial institutions in Cambodia.



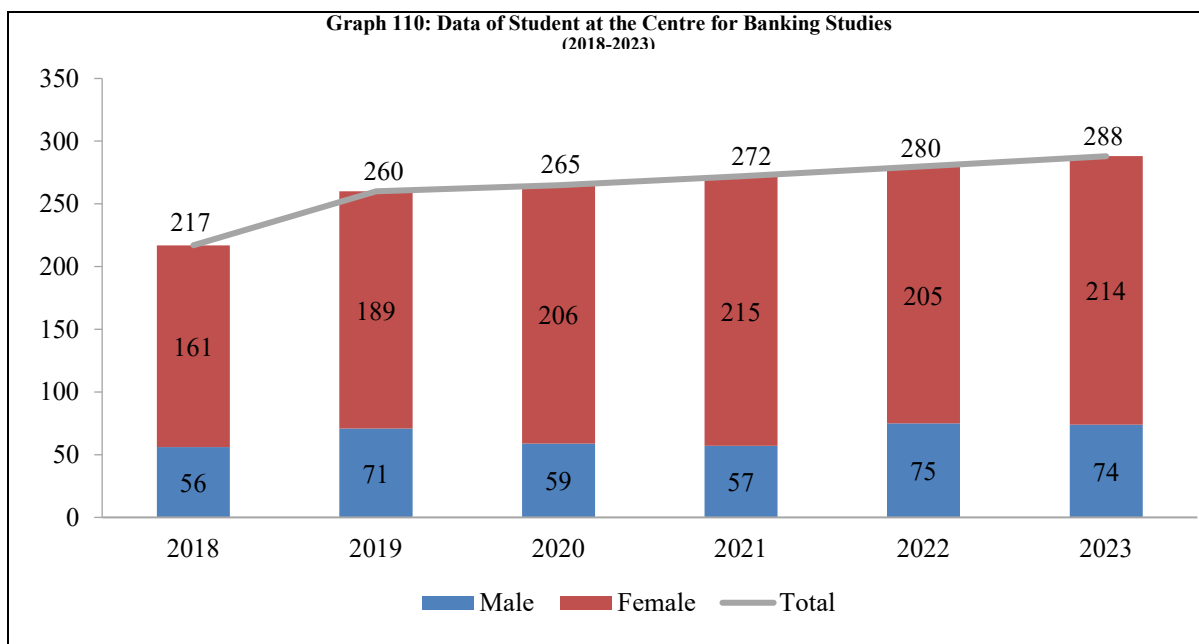
**Table 2: Data of Professors at the Centre for Banking Studies 2023**

Description	31 <sup>st</sup> Generation			32 <sup>nd</sup> Generation			Total
	Male	Female	Total	Male	Female	Total	
Bachelor's	1	1	2	0	3	3	5
Master's	25	7	32	27	6	33	65
PhD	1	0	1	1	0	1	2
Total	27	8	35	28	9	37	72
<b>Total number of students in the 31<sup>st</sup> and 32<sup>nd</sup> Generations</b>	<b>72 (55 males, 17 females)</b>						



**Table 3: Data of Student at the Centre for Banking Studies 2023**

Description	31 <sup>st</sup> Generation			32 <sup>nd</sup> Generation		
	Male	Female	Total	Male	Female	Total
Courses 58 and 59	31	107	138	43	107	150
<b>Students in the 31<sup>st</sup> and 32<sup>nd</sup> Generations</b>	<b>Total 288 Students (214 females, 74 males)</b>					



Source: NBC

#### - Overseas Training

NBC Staff have been sent abroad to attend a total of 286 online and in-person meetings (713 staff have participated), 193 online and in-person short courses (800 staffs participated) and 23 long-term masters' degree courses (23 staff have participated). Currently, two members of the NBC staff are studying for a bachelor's degree abroad, 53 are pursuing a master's degree and two are pursuing a PhD.

Overall, training activities, both local and international, have steadily increased through training programs that are conducted both online and in person.

### 3. Internal Audit, Inspection and Risk Management

Regarding internal audits, the NBC conducts audits and inspection work, in accordance with the plan to improve compliance with regulations, guidelines and work procedures and especially contribute to strengthening good inspection and risk management at the NBC.

In 2023, an internal audit was performed on the management of international reserves, the transportation of bank notes and the management of accounts at the headquarters. At the provincial branches, an audit was performed on all core banking operations in six provinces (Kandal, Kampong Speu, Sihanoukville, Battambang, Prey Veng and Ratanakiri). Meanwhile, monitoring of the banks' compliance with recommendations and guidelines was conducted on the auditee that was audited in 2022, including three departments and nine provincial branches (Svay Rieng, Siem Reap, Kampong Thom, Pursat, Kampot, Kratie, Takeo, Kampong Cham and Banteay Meanchey). Additionally, inspections were conducted in all 19 branches of the NBC, especially the inspection and destruction of old banknotes.

For audit and inspection work, the NBC regularly prepares the audit and inspection plans annually.

For risk management, the NBC's Core Banking Risk Management committee met four times to discuss the annual closure for 2022, update the core banking system users and review and revise the reporting format in the core banking system for provincial branches and other issues related to the use of the core banking system.

Within the framework of ASEAN, the NBC hosted the 8<sup>th</sup> ASEAN Central Bank Head of Internal Audit Network meeting, which took place on 26-27 October, 2023, in Siem Reap.



#### 4. NBC's Branches

Operations at the NBC's branches were strengthened, and the management of cash flow in the banking system to support regional economic growth was made more effective. The 19 provincial branches of the NBC continue to provide account management, cash deposits and withdrawals, and money transfer services to banks, financial institutions, ministries and governmental units. Branches of the NBC also actively contributed to promoting the use of the Riel by exchanging old, worn, and torn KHR banknotes for new ones and providing the public with information on the use of financial services through the hotline. In addition, all provincial branches participated in some more work, including cooperating to implement the financial management reform of the Royal Government and monitoring exchange rate fluctuations and other macroeconomic indicators that contribute to the overall economic situation in each province.



#### 5. Conclusion

Strengthening inspection and human resource development is a priority of the NBC. Internal auditing and inspection work have been enhanced to ensure good governance. The number of staff has increased steadily in line with the development of the banking sector. Local and overseas training courses have been organised, and online learning of necessary skills have been promoted. Finally, the CBS has actively contributed to the development of human resources in the banking sector.

## IX- Public Outreach

### 1. Promoting the Importance of the Riel

Public awareness on the important of using the Riel has been further enhanced. In 2023, a campaign to promote the KHR, financial literacy and the Bakong system was organised in Phnom Penh and three other provinces, including Kampong Speu, Sihanoukville and Kampong Thom where government officials, representatives of banks and financial institutions, students, and the public participated. The events attracted large audiences, with more than 13,000 participants attending physically and more than 40,000 people viewing online on the official Facebook page of the NBC. This promotional program focused on several important activities, including the free exchange of old KHR banknotes for new ones, an exhibition on the development of the Cambodian monetary system from the first century of the Funan Empire to the present, the creation of awareness about the current Bakong payment system and the promotion of banking and finance institutions' financial products and services in KHR. During the event, the participants exchanged a total of 1.2 billion old KHR banknotes for new ones. In addition, the participants opened Bakong accounts and other accounts with various banks and financial institutions and learned lectures on the importance of the KHR. The declaration of the Riel Day shows the dedication of the NBC as well as the government to promoting the use of the KHR in order to strengthen economic and monetary sovereignty, national identity and the important of the KHR.



The NBC, in collaboration with the JICA, published a book titled ‘Cambodian Dollarization: Its Policy Implications for LDCs’ Financial Development’. This book is a joint study on dollarisation over the past 10 years and has contributed to raising awareness on the level of dollarisation in Cambodia by analysing in detail the forms and mechanisms of currency circulation in all entities, including households, firms, and financial institutions, using micro-level data.

## 2. Enhancing Financial Literacy

### A. Integrating Financial Literacy into the General Education Curriculum

The NBC has been working closely with the ministry of education, youth, and sport (MOEYS) to integrate financial literacy into the general education curriculum of Grades 1 to 12. This process involves the development of educational frameworks, drafting of study results in all relevant subjects, identification and preparation of literature and preparation of instruction manuals for teachers and textbooks for students. The working group from both parties prepared the financial education framework, drafted study results in all relevant subjects and identified and prepared literature related to financial literacy. Currently, the instruction manuals for teachers and textbooks for students in Grades 4 and 7 have been reviewed and prepared by both parties. The subjects for Grade 4 students include mathematics, social studies, and basic life skills. Those for Grade 7 include mathematics, basic life skills, home economics and morality. Moreover, the working groups of the NBC and MOEYS plan to implement in the third phase of the project on the preparation of literature for the other grade.



## CAMBODIAN DOLLARIZATION

ITS POLICY IMPLICATIONS FOR LDCs'  
FINANCIAL DEVELOPMENT

Edited by  
Hidenobu Okuda and Serey Chea



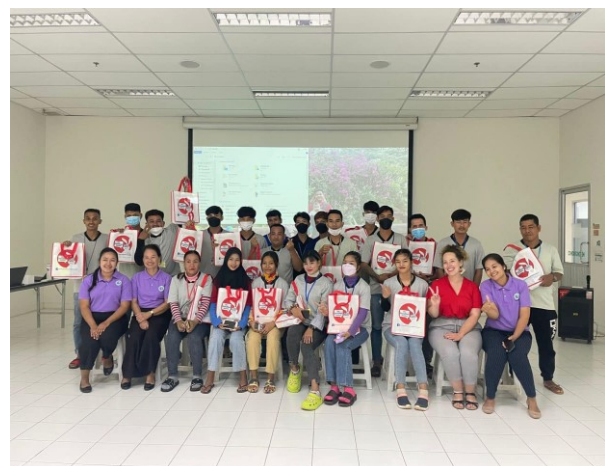
## **B. Enhancing Financial Literacy Among Women and Women Entrepreneurs**

The NBC and ministry of women's affairs have jointly signed an MoU on 'Promoting Financial Literacy for Women and Women Entrepreneurship', with the aim of providing financial training to female trainers in schools and communities to enable the selected trainers become competent enough to spread financial literacy in their communities. Both parties also collaborated to organise both in-person and virtual training programs, workshops and public forums for women entrepreneurs and college students to teach financial literacy in relation to financial management, the use of official financial services, the types of digital financial services and the protection of financial service users. Currently, the NBC and the ministry of women's affairs are reviewing an MoU that will enable cooperation and the development of action plans to further improve financial literacy among women.



## **C. The financial literacy campaign 'Let's Talk Money!'**

The NBC and Good Return collaborated to implement the financial literacy campaign 'Let's Talk Money!' in 2016. As at 2023, both parties had implemented Phase 2 of the campaign 'Let's Talk Money!', which focuses on training leaders from the CWPD to disseminate knowledge to garment workers. The campaign focused on four important approaches: i) raising the awareness on digital finance through the protection of personal information on



digital services and mobile applications and the use of ‘My Account’ to manage and record all incomes and expenses, ii) saving, iii) promoting financial discussions and decision making between men and women in the family and iv/) raising awareness, knowledge, and confidence on official financial services. The training for garment workers was carried out through the broadcasting of four short educational videos and radio programs in the factory, as well as by organising trainings in the factory and advertising on social media. In addition, 16 training sessions were held in Phnom Penh, as well as the Kandal, Kampong Speu, Kampong Cham, Takeo, Koh Kong and Siem Reap Provinces, with a total of 1,000 garment workers in attendance physically.

**D. Dissemination Seminars on the ‘Microfinance Sector in Cambodia’**

The NBC has continued to organise dissemination seminars on the ‘Microfinance Sector in Cambodia’ for local authorities and the public in the provinces and districts in order to further strengthen their knowledge regarding banks and finance, raise awareness on the use of microfinance services and ensure effective growth, stability, transparency and consumer protection. In 2023, four district level seminars on the ‘Microfinance Sector in Cambodia’ were held in the Chamkar Leu district of Kampong Cham Province, the Thma Koul district of Battambang Province, the Preah Netr Preah district of Banteay Meanchey Province and the Santuk district of Kampong Thom Province, and two province-level seminars were held in the Kampong Thom and Siem Reap Provinces. As a result, the NBC can mobilise several key inputs that are useful for further development in the banking and financial sector, improving financial literacy, promoting financial inclusion and strengthening consumer protection.



**E. The ‘Strengthening Community Financial Security’ Project**

The NBC and Cambodia Microfinance Association (CMA) initiated the ‘Strengthening Community Financial Security’ project in collaboration with CFRISE + SPTF, the Appui au



Développement Autonome (ADA), the ABC and Credit Bureau Cambodia (CBC) in order to strengthen the security in use of financial services and promote the use of formal financial services in the community, in accordance with the safe village-commune policy of the Royal Government. In the first phase, the project was piloted in four communes (the Kampong Thom, Kampong Speu, Svay Rieng and Battambang Provinces), with a focus on improving financial literacy, increasing consumer confidence, and strengthening consumer protection. The strategies implemented during this project include: i) promoting financial literacy, rights and consumer protection; ii) strengthening partnerships through resource mobilisation and participation from the Royal Government, local authorities, national and international NGOs and development partners; iii) promoting the development of rules and tools for project implementation and for improving the quality of the project; iv) compiling research findings and implementing key experiences to expanding the scope of the project; and 5) strengthening the management, monitoring and evaluation mechanisms and coordinating with relevant institutions. During the first phase of implementation, the working group conducted i) interviews with the public to determine their level of financial awareness and challenges related to the use of financial services, ii) workshops and discussions with banks and financial institutions, iii) discussions on the determinants of the project's implementation strategies, iv) four consultative workshops with local authorities and trainers in four communes that were selected for the pilot, v) a two-day training course at the NBC for 56 participants from 4 communes under the theme 'Promoting Financial Literacy, Courage and Consumer Protection', vi) five literature preparations and vii) two trainings on two topics for each commune, with a total of 1,913 participants.



**F. The Development of Financial Literacy Road Map 2024-2028**

The NBC, with assistance from AFI, has developed a roadmap on financial literacy for the years 2024 to 2028, with the aim of defining a framework for promoting financial literacy and digital finance, which is important in promoting the level of financial inclusion in Cambodia, by increasing the access to and use of formal financial services in a sustainable and inclusive manner. This road map will contribute to strengthening the financial well-being of Cambodians, equipping them with the knowledge, skills, reliability, and ability to use financial services responsibly and safely. Additionally, it will strengthen the capacity of the NBC officials to ensure the effective implementation of consumer protection framework and support banks and financial institutions in ensuring responsible financial services. This road map sets out specific goals and action plans aimed at women, youths, adults and banks and financial institutions, so that the NBC can initiate and collaborate with stakeholders to implement programs that will strengthen the financial literacy and digital finance in Cambodia, enhance financial capacity and ensure the financial well-being of consumers.

**3. Market Practices and the Mechanisms of Consumer Protection**

**A. Strengthening the Mechanism for Resolving Consumer Complaints**

The NBC has strengthened the mechanism for managing and resolving consumer complaints by facilitating the resolution of consumers’ complaints regarding the services provided by banks and financial institutions through the NBC’s hotline (five lines to the

headquarters, and 21 lines to the municipal and provincial branches) to ensure efficient, timely and consistent protection of consumers' rights. In 2023, there were 541 complaints and inquiries; of these, 529 were resolved, six are pending and six are in the court. Most of the cases involved early loan payoffs and withdrawal of collaterals, requests to change or removal credit history from credit reporting system, other requests, requests for waiver of penalties, unsuccessful withdrawal of deposits, the use of informal loans and digital fraud and inquiries about the use of financial services. In addition, the NBC has continuously strengthened consumer protection in the banking system in Cambodia using the following mechanisms, initiatives, and cooperation:

- The NBC strengthened its hotline reporting management mechanism by cooperating with the department of information technology and the CBC to establish the NBC's hotline management system, as well as by training its hotline officers through the organisation of knowledge-sharing sessions and provision of supporting documents for the officers in charge of the hotline.
- The NBC also strengthened the regulatory framework related to consumer protection by updating the Prakas on resolving consumer complaints in accordance with the law on consumer protection and the development of the banking system in Cambodia.
- Involving in preventing illegal lending and advertising in the provision of unauthorized financial services through the joint statement between the NBC and the General Commissariat of National Police in taking strict legal action against the provision of illegal financial services, illegal loans, and advertisements for the provision of unauthorized financial services.

## **B. Establishment of the Standard Loan Contract and Standard Text of Contractual**

### **Terms for Banks and Financial Institutions**

The NBC has supported and partnered with the ABC and CMA to establish the Standard Loan Contract and Standard Text of Contractual Terms for Banks and Financial Institutions, which will play an important role in protecting the rights and interests of consumers and providing fair and equal competition. Applying the Standard Loan Contract and Standard Text of Contractual Terms for Banks and Financial Institutions in a transparent and equitable manner will allow the borrower to easily understand the main terms and be able to evaluate and choose

the loan services of an institution.

### **C. The Association of Banks in Cambodia and Cambodia Microfinance Association**

The NBC has always supported the ABC and CMA in carrying out initiatives and activities that promote financial literacy and access to sustainable financial inclusion. In this regard, the NBC has authorised the financial inclusion committees of the ABC and CMA to use the NBC’s financial literacy tools, such as key documents, educational videos and slogans, to educate their member institutions during workshops, campaigns and other programs. Simultaneously, the NBC, through these associations, encourages all member institutions to continue to participate in activities related to financial inclusion, promotion of financial literacy and market practices and mechanisms of consumer protection, as well as continue to contribute to the development of a sustainable banking and financial sector. In addition, NBC officials meet quarterly with the financial inclusion committees of the ABC and CMA to discuss the committees’ progress, achievements, challenges, and action plans.

### **D. Support for the Youth Assembly**

The NBC supported the Youth Assembly of the Union Youth Federations of Cambodia (UYFC), Svay Rieng Province, on their initiative to implement the ‘Rean PiLuy’ project in 2022 and contribute to the promotion of financial literacy among youth by raising awareness on financial management and future planning. During the first phase of the project, experts from the NBC shared their views with the evaluation committee for the youth competition program themed ‘Youth and Financial Literacy’. In 2023, the Youth Assembly implemented ‘Rean PiLuy 2.0’, which is the second phase of the project, to continue to contribute to the promotion of financial literacy among the youth through teachings and the dissemination of personal financial knowledge to Grade 10 students in five public high schools in Phnom Penh and the Kandal and Svay Rieng Provinces. In the second phase, the NBC will support the personal finance literacy sharing program of the ‘Rean PiLuy 2.0’ project by participating in creating the literature and teaching (alongside the youth assembly team) the students in the selected public high schools.

#### 4. The Bakong System

In 2023, the Bakong working group of the NBC implemented several projects and programs.

i) The group presented the Bakong KHQR system to public and private institutions through face-to-face trainings and teaching sessions on the benefits of the Bakong system, KHQR code transfer and payment transactions. The trainings involved the staff and students of public and private schools in Phnom Penh (the Royal School of Administration, National University of Management, Preah Sihanouk Raja Buddhist University and others), as well as in the Battambang, Banteay Meanchey and Siem Reap Provinces.



ii) The group carried out projects to promote financial inclusion and increase the efficiency of the public payment system by setting up Bakong booths at various events and programs such as the Line Maze Solving Robot Competition. Through its cooperation with the Cambodia Association of Finance and Technology, it has organised the Cambodia Fintech Stage; ASEAN Savings Day; markets in the Kampong Thom province, the GovTech Conference themed 'Empowering Digital Transformation in the Public Sector' at the Cambodia Academy of Digital Technology campaign to promote KHR, financial literacy and the Bakong system; the Inclusive FINTECH Forum in Kigali, Rwanda; and other events. The working group also implemented a project to promote the use of KHQR in urban areas and markets to the public and merchants for the public in order to spread more knowledge on how to use payment systems more effectively to achieve the perfect payment ecosystem.



iii) The group also participated in social work and contributed to the promotion of the general knowledge and well-being of students and people in rural areas, through the following events: programmes focused on eye health that provide free checkup and treatment for people with cataract and pterygium in the Kampong Thom Province, through a collaboration with the Khmer Sight Foundation; programs on eye health that provide free treatment to people from other provinces; free treatment campaigns for cataract patients in Kampong Thom by a team of humanitarian doctors from Australia through the Australian Health Humanitarian Aid, Khmer Sight Foundation and Raksa Koma Foundation; and promotion campaigns for rural education at Banteay Meanchey Rongvorn Primary School and other social work programs.



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## 5. The Preah Srey Içanavarman Museum

The Preah Srey Içanavarman Museum of Economy and Money (SOSORO) was built after receiving valuable guidance from Samdech Akka Moha Sena Padei Techo Hun Sen, prime minister of the Kingdom of Cambodia, on the occasion of the 30<sup>th</sup> anniversary of the re-establishment of the NBC (on 8th October, 2009) to showcase the economic and currency history of Cambodia to a national and an international audience. The establishment of this museum has greatly enhanced public knowledge about the history of the Khmer economy and currency, which has rarely been documented. Situated at the heart of Phnom Penh, the SOSORO building has been refurbished from remnants of the French Protectorate. The land on which the museum stands was also the location of the former Phnom Penh Capital Hall,

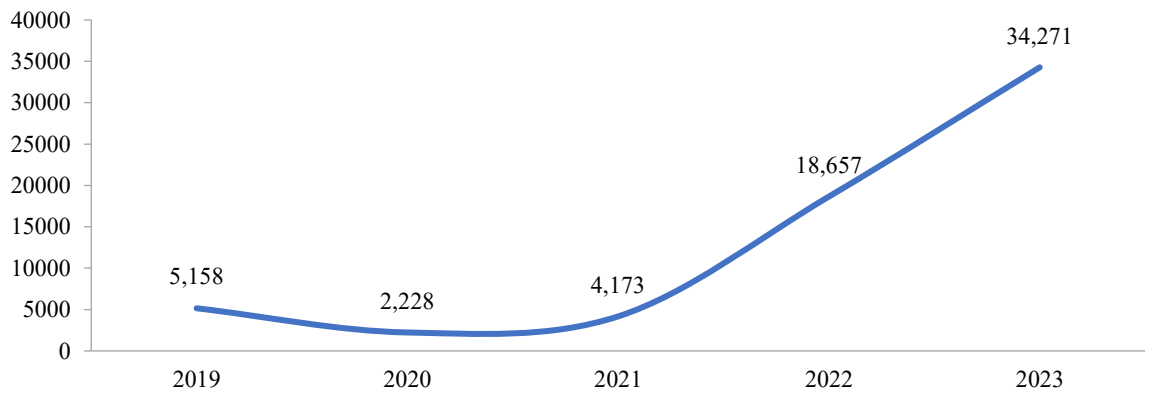
which is now located at Building 19, Street 106, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh.

In 2023, the SOSORO Museum received a total of 34,271 visitors, with 13% being international visitors and 52% being students. This marked a 184% increase in visitors compared to 2022. In addition, the museum launched a non-permanent exhibition under the theme ‘King Sisowath's visit to France’, attracting 12,000 visitors. The museum has been actively involved in enhancing and broadening the content of the exhibition on Khmer’s Independence, the Khmer Republic, and the Khmer Rouge era, with plans for completion by 2024.

Apart from providing hospitality, the SOSORO was involved in organising the Royal Ploughing Ceremony in the Kampong Thom Province, which was attended by His Majesty King Norodom Sihamoni, king of Cambodia, and organising a book fair in the Siem Reap Province and three fairs in Phnom Penh Capital to promote reading and writing in Cambodia. The SOSORO Museum has published two books: i) one is titled ‘His Majesty King Samdech Preah Sisowath, the King's Journey to France’ and was written by Neak Oknha Veang Chuon and the other is a catalogue of the exhibition non-permanent titled ‘The Journey of King Sisowath in France: A Mutual Revelation’. The museum also organised workshops with historian speakers, which were open to the public.

The SOSORO has strengthened its relationship with foreign institutions such as the French Treasury and Banking and Monetary Museum through the annual meeting of the International Committee for Money and Banking Museums of the International Council of Museum in Kuala Lumpur, attended by representatives of museums and institutions from over 20 countries. In addition, the museum also disseminates more widely through social media and communication with national and international media.

**Graph 111: Total number of visitors  
(2019-2023)**



Source: NBC





## **6. Conclusion**

Public communication is an important part of strengthening trust, and earning the cooperation and support of the public as well as relevant institutions in the implementation of policies and measures laid down by the NBC. Thus, promotion campaigns, seminars and workshop related to the KHR, financial literacy and Bakong system are organised regularly in Phnom Penh and other provinces. Simultaneously, the Preah Srey Içanavarman Museum has played an active role in providing knowledge about the history of the Khmer economy and currency, which has contributed to increasing public awareness on the importance of the national currency as well as economic and financial knowledge.

## CONCLUSION

Despite the impact of the slowdown in global economic growth, Cambodia's economy has continued to grow at a rate slightly higher than that of last year. Inflation eased to a level below 3% and the exchange rate stabilised, significantly contributing to macroeconomic stability. International reserves have recovered and remain at a sufficiently high level, supporting the effective implementation of exchange rate policies and strengthening investor confidence in Cambodia's economy.

The banking system has continued to be resilient and has achieved progressive development, playing a cardinal role in supporting the recovery of economic activities by mobilising both domestic and foreign sources of funding to meet financing needs and relaxing prudential regulations to support major sectors of the economy, despite the slowdown of the magnitude of credit growth. Regulatory oversight and consumer protection are strengthened, along with regular enhancement of financial literacy. In addition, the development of payment systems has improved the efficiency of payments, especially via electronic platforms, in line with the Royal Government's Digital Economic Development Policy, which has boosted domestic money exchange and transfer operations and supported the use of KHR. Moreover, Cambodia has linked cross-border payments with countries in the region, and this has facilitated and supported the growth of trade, investment, and tourism in the country. Similarly, the CAFIU has been actively engaged in fulfilling the necessary conditions to support Cambodia in successfully moving out of the FATF Gray List and has continuously strengthened the implementation of the law on anti-money laundering and combating the financing of terrorism.

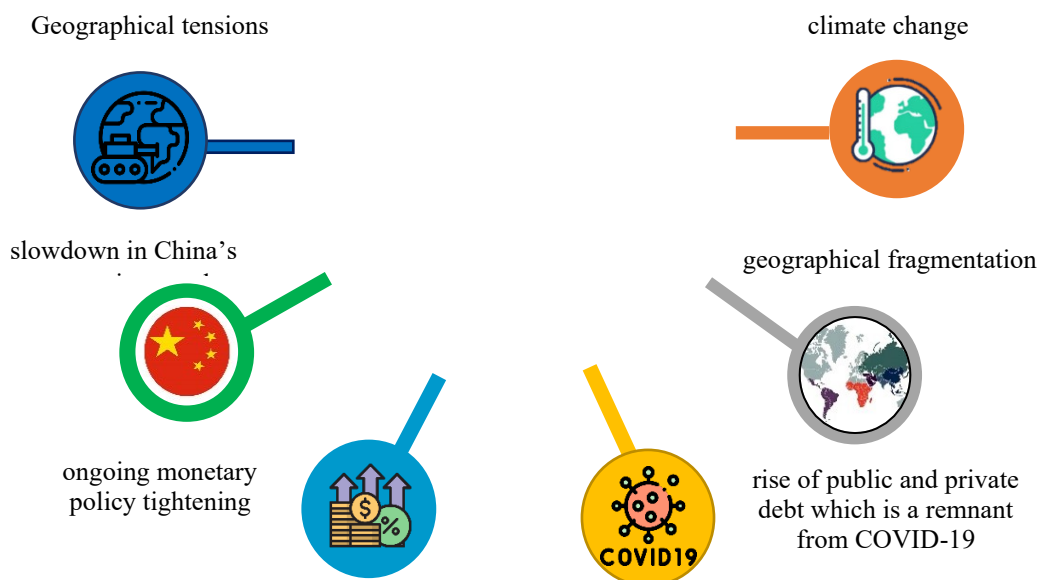
International cooperation, both under bilateral and multilateral frameworks, has been strengthened, which has elevated regional and global financial integration and safety nets, as well as financial inclusion, the digital economy and green financing. The NBC has also developed its human resource capacity and good governance, which has improved work efficiency and raised Cambodia's image in the global arena.

# **Part II – Outlooks and Target for 2024**

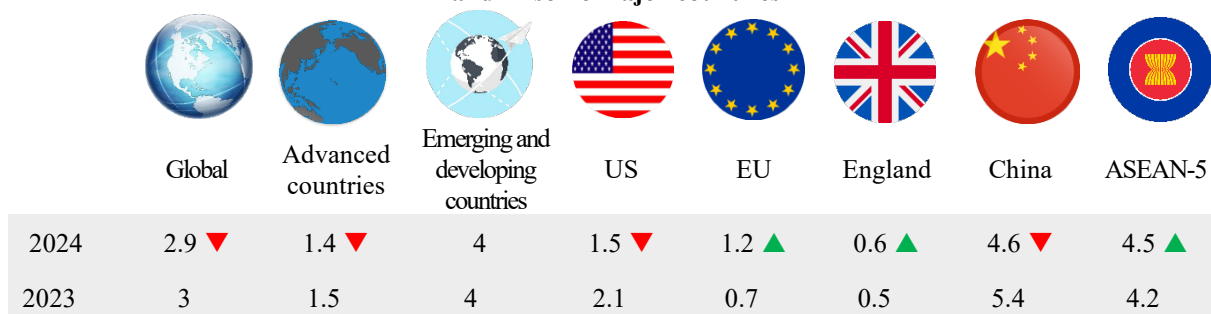
## Outlooks and Target for 2024

The global economy is projected to grow at a rate of 2.9% in 2024, a lower rate than the 3% observed in 2023; similarly, the rate of growth of advanced economies is expected to decrease from 1.5% to 1.4% in 2024, while that of emerging and developing economies will remain at 4%, and that of ASEAN-5 will increase to 4.5% from 4.2%. Moreover, the global economy may face major downsides risks, which could lower the growth. These risks include: i) geographical tensions, such as the prolonged Russia–Ukraine war and the escalation of war in the Middle East, which could affect the global supply chain and oil price; ii) the slowdown in China’s economic growth, which has adversely impacted investment, trade and tourism to other countries; iii) the ongoing monetary policy tightening, which has increased interest rates and constrained consumption and investment; iv) the rise in public and private debt with concomitant increase in market interest rates, which is a remnant effect of the COVID-19 crisis; v) the geographical fragmentation that has impeded trade and investment flow; and vi) climate change.

### Risks and Challenges of the Global Economy



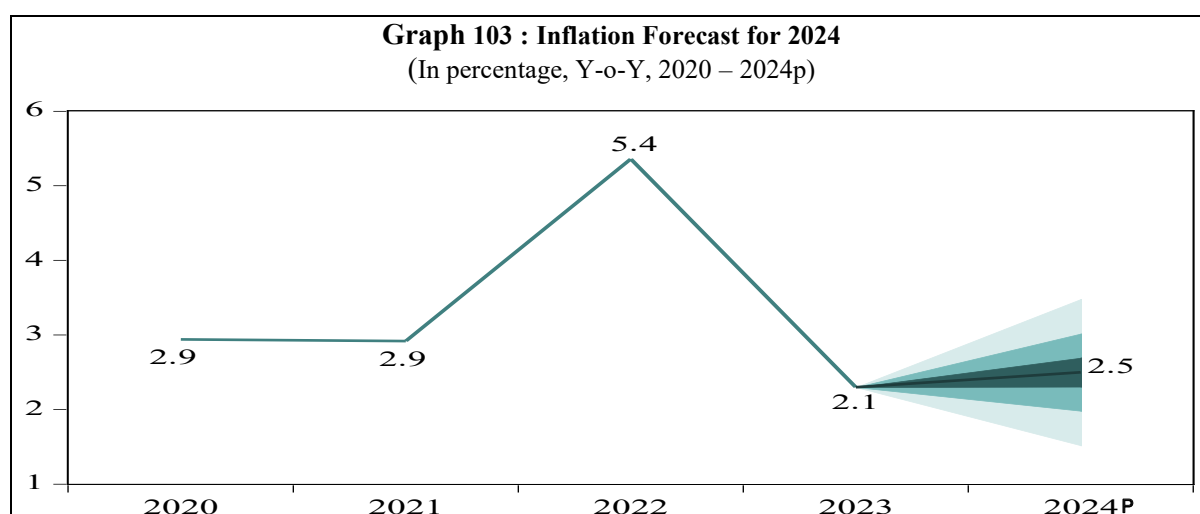
**Global economic growth, as well as economic growth in advanced, emerging and developing countries and in some major countries**



For Cambodia, the economy growth is expected to reach 6.4% in 2024, primarily fuelled by the flourishing tourism, non-garment manufacturing and agriculture sectors. The tourism sector is expected to continue to grow at a high rate of 19.5% due to the increase in flight connections to Cambodia, the recovery of the tourism sector in the region and the rollout of additional supportive measures by the Royal Government, such as ‘Visit Siem Reap 2024’. The ongoing strong growth in tourism will have a positive impact on various tourism-related sectors, such as wholesale, retail trade and transportation. Meanwhile, the economic recovery of Cambodia's main trading partners and investment incentives in manufacturing sector will boost the non-garment and garment sub-sectors, increasing their growth to 14.2% and 7.6%, respectively. The agricultural sector is projected to grow marginally at a rate of 1.3%, driven by the government's policies to promote agricultural products, find markets, stabilise agricultural prices and deploy agriculture officers to all districts and communes, while Cambodia benefits from the Regional Comprehensive Economic Partnership agreement and Bilateral Free Trade Agreement. However, the construction and real estate sectors, affected by the previous crisis, are projected to experience modest growth, driven by the ongoing development of public infrastructure, along with a gradual recovery in domestic demand mainly on affordable housing; demand for luxury housing, serving for the non-residents is expected to remain weak. Meanwhile, the banking sector is expected to experience a credit grow of 11% and continue to play an important role in supporting economic growth.

In 2024, inflation is projected at 2.5%, a slight increase from that in 2023 (2.1%), mainly due to the higher-than-expected increase in global crude oil prices. The forecast is based on the assumptions that (i) the prices of oil-related goods and services will increase by an

average of 1.2% (-2.7% in 2023) due to the expectation that OPEC member countries will reduce the crude oil supply to around 340,000 barrels per day in 2024 compared to 2023, (ii) food inflation will grow by 3.3%, similar to 2023 (3.2%), due to the slight increase in costs of production, despite the fact that the domestic agricultural product is expected to grow higher than it did in 2023 and food inflation in major importing countries is expected to decline and (iii) core inflation will slightly accelerate to 2.2% in 2024 (2% in 2023) due to the expected further improvement in demand condition as Cambodia's economy and household income is expected to grow faster than it did in 2023.



Source: NIS and NBC's calculation,

	2022 (%)	2023e (%)	2024p (%)
Agriculture	0.3	1.1	1.3
Industry	8.9	6.7	8.6
Service	3.3	6.2	6.4
<b>GDP Growth</b>	<b>5.2</b>	<b>5.5</b>	<b>6.4</b>

\*Note: e=estimation, p=prediction

	2023e (%)	2024p (%)
Government	5.6	6.6
IMF	5.3	6.1
World Bank	5.4	5.8
ADB	5.3	6

Note: e= estimation, p= prediction

# Fastest Growing Economies in 2024

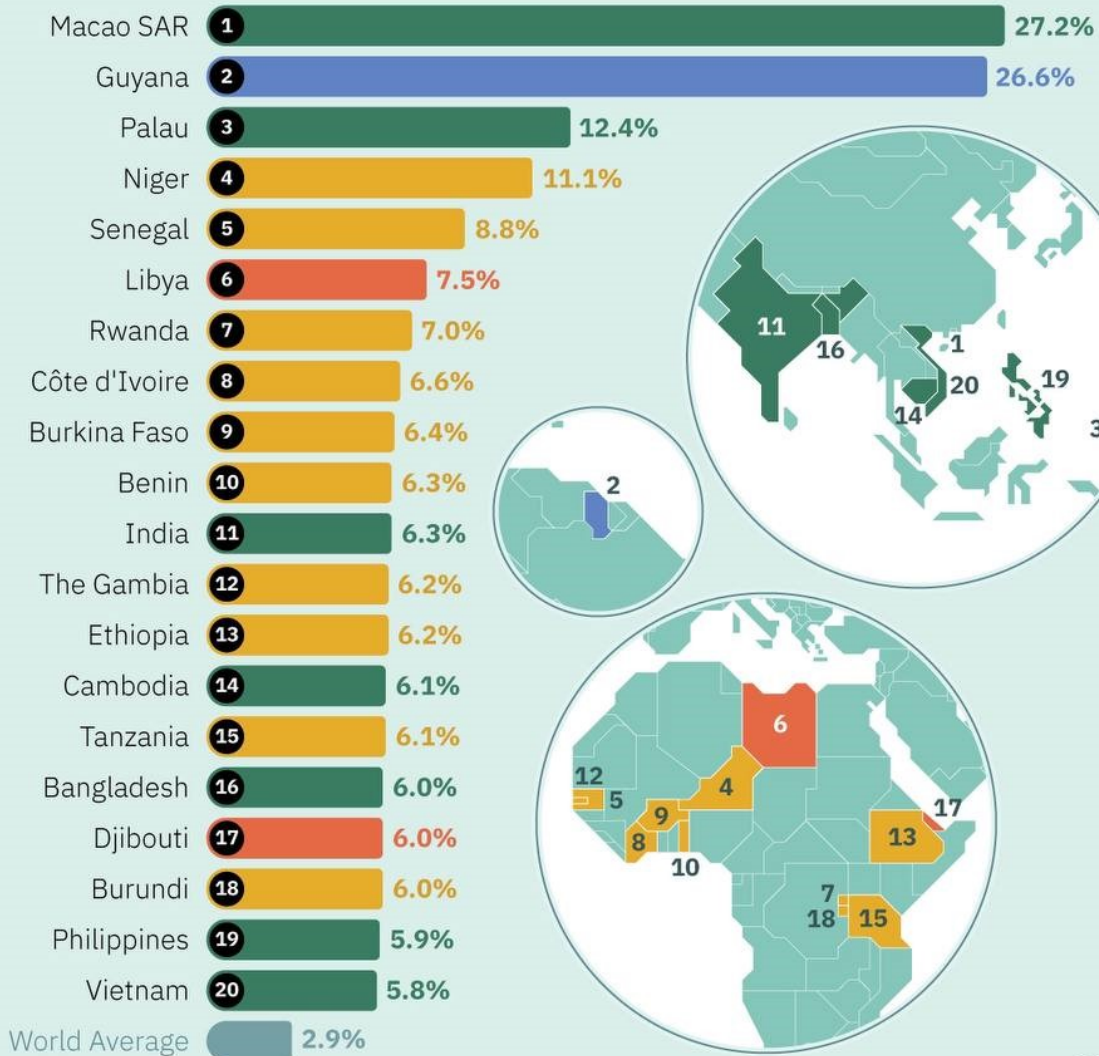
Real GDP growth projections

Asia Pacific

Sub-Saharan Africa

Americas

Middle East and North Africa

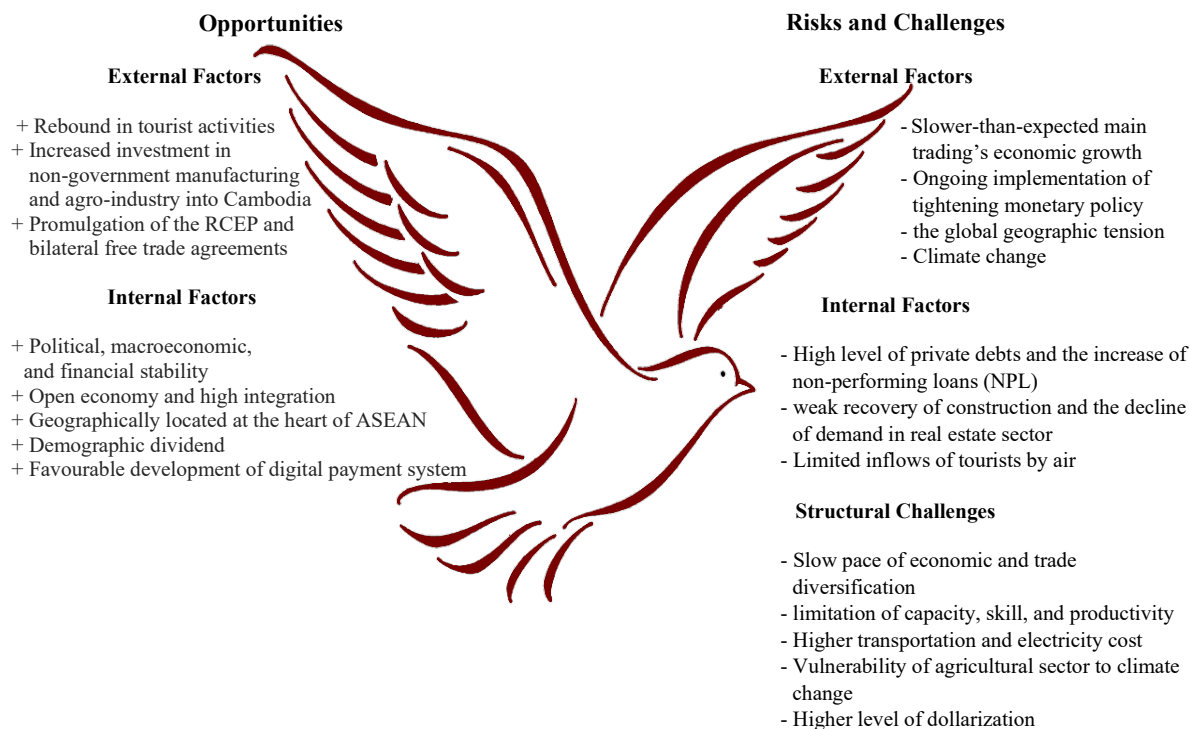


Source: IMF (Oct 2023)

For India, data and forecasts are presented on a fiscal year basis (starting April).



## Opportunities and Challenges for Cambodia's Economy



Despite the optimistic outlook on its economic growth, Cambodia is still facing several external risks, including (i) a lower-than-expected growth in its major economic partner countries such as China, the United States and Europe, potentially impacting investment, exports, tourism, construction and real estate; (ii) the ongoing monetary policy tightening in developed countries, which could lead to higher interest rates in the international markets and could exert pressure on Cambodia; (iii) escalation of global tensions and geopolitical and economic fragmentation, which is disrupting supply chains and hindering export growth momentum; and (iv) climate change, which slows agricultural growth. Further, internal risks which could hamper the Cambodian economy include: (i) the high levels of private sector debts and the rise of non-performing loans because of the COVID-19 crisis, (ii) the weak recovery of the construction sector and decreased demand in the real estate sector and (iii) the low number of tourists entering Cambodia by air. Apart from these factors, Cambodia also faces major structural issues such as the slow progress of economic and export diversifications; limited capacity, skill and productivity; high transportation and electricity costs compared to



other competitor countries; the vulnerability of the agricultural sector to climate change; and high dollarisation.

Against the regional and global economy's uncertainties and to support the Royal Government's policy to promote economic growth, maintain macroeconomic stability and further develop the banking and financial sector, the NBC has set targets for 2024 as follows:

### **1. Monetary Policy Implementation**

- Manage the money supply at an appropriate level.
- Maintain exchange rate stability through monitoring and intervention, if necessary, to stabilise price levels and strengthen public confidence.
- Promote the use of the Riel and raise awareness concerning this.
- Improve and strengthen existing monetary policy instruments and develop new monetary policy instruments.
- Develop the interest rate's corridor framework and implement the benchmark interest rate.
- Promote the development of interbank markets to enhance the effectiveness of monetary policy.
- Raise the awareness of banking and financial institutions on the monetary policy framework and instruments of the NBC.

### **2. International Reserve Management**

- Implement investment guidance for 2024.
- Conduct research on new investment instruments to diversify risk and increase revenue.
- Strengthen the measurement of the performance of the investment portfolio by researching on new models.
- Explore new opportunities to expand investment under the environment, social and governance (ESG) framework.

### **3. Payment System**

- Modernise the payment system infrastructure, including the retail and large-value payment systems.
- Strengthen and enlarge cooperation and implement cross-border payment and transfer regionally and within partner countries.

- Promote the use of the Bakong system and continue developing the Bakong system for the next phase.
- Raise awareness on financial technology literacy in accordance with the Cambodia Financial Technology Development Roadmap 2020-2025 and continue to organise financial technology forum in Cambodia.
- Strengthen the supervision of the payment system to maintain stability and strengthen public confidence.
- Monitor and supervise the payment service providers.

#### **4. Supervision of Banks and Financial Institutions**

- Regularly monitor the financial situation by conducting stress and reverse stress tests as well on-site inspection with high caution, in accordance with risk-based and forward-looking supervision, to improve the institutions' quality of operation, resilience and compliance with the laws and regulations in force.
- Conduct stress tests on the solvency and liquidity ratios of these institutions, with appropriate scenarios based on real situations.
- Monitor and assess the implementation of the institutions' exit strategy during the post-COVID-19 crisis recovery phase.
- Monitor and evaluate the effect of the increase in global interest rate on the Cambodian banking system, especially on its lending and deposit rates.
- Enhance customer protection and the handling of customer complaints by officers in charge and continue to develop and disseminate new documents for hotline management systems.
- Conduct dissemination workshops on 'Microfinance in Cambodia' to enhance the financial literacy of the public and local authorities.
- Collaborate with development partners to improve financial literacy.
- Review and update regulations for banking and financial institutions, in line with market mechanisms and international standards and practices.

## **5. Anti Money Laundering and Combating Terrorist Financing**

- Prepare and coordinate the second National Risk Assessment on Anti-Money Laundering and Combating Terrorism Financing.
- Prepare guidelines to implement the Anti-Money Laundering and Combating Terrorism Financing law as necessary.
- Monitor and instruct on the report for the reporting person.
- Conduct on-site inspections of reporting institutes, based on the level of risk detected and in at-risk areas.
- Raise awareness among reporting entities and relevant authorities to increase the effectiveness of law enforcement and existing regulations.
- Collaborate with the department of information technology to develop information systems to facilitate analytical work.
- Strengthen and expand cooperation with national and international partners through the continuation of MoUs, participation in meetings and other work.
- Work with individual APG, The Egmont Group, FICG and regional teams.
- Implement trainings for both internal and related parties.
- Collaborate with ministries, local institutions, and international partners to organise training courses and workshops to improve the knowledge of CEC officials as well as that of reporting persons and relevant authorities and increase the effectiveness of the laws and regulations in force.

## **6. Banking Operations**

- Supply liquidity to members of the National Clearing House and support the members in system reconciliation to ensure the effectiveness of its operation.
- Inject liquidity through LPCO and NCD, as scheduled.
- Promote and expand the OBS.
- Cooperate and coordinate on technical affairs related to the issuance of government bonds.
- Develop the interbank market by participating in the creation and promotion of new local financial instruments.

## **7. Issuance and Cash Vault Affairs**

- Strengthen deposit and withdrawal services at the counter.
- Strengthen the transportation and counting of banknotes.
- Promote cash management and security of the cash vault.
- Cooperate with the authorities to prevent the circulation of counterfeit banknotes.

## **8. Internal Audit, Inspection and Risk Management**

- Carry out audit and inspection work in accordance with the 2024 audit plan, as necessary.
- Participate in inspecting the destruction of old and torn banknotes.
- Strengthen the capacity to improve the quality of internal audit and inspection work, in line with current trends.
- Review and monitor risk management and the use of the core banking system of the NBC.

## **9. Branch Management**

- Strengthen the operation of NBC's branches through branch management departments, in line with the growth of economic activity in each province.
- Cooperate with local authorities to promote a more widespread use of the Riel.

## **10. Accounting**

- Cooperate and strengthen the asset management of the NBC.
- Directly inspect the book-keeping and accounting documents of NBC's capital-provincial branches to ensure accuracy of the branch's financial statements.
- Organise training courses on the core banking system, Flexcube and Red Books for NBC officers at the NBC's branches.

## **11. Human Resource Management and Training**

- Develop and improve management policies and human resource management to ensure sustainability, safety, and efficiency.

- Improve the training programs and organise training courses such as the Central Bank Operations, Banking Review and Leadership.
- Develop policies to encourage officers to strengthen specialization in banking supervision, Chartered Financial Analyst (CFA), Certified Public Accountant/Association of Certified Chartered Accountant (CPA/ACCA) and Certified Internal Auditor (CIA)
- Improve the quality of education at the CBS to keep up with national and international education standards, as well as other regional central bank training institutes by updating the curriculum and collaborating with relevant partners.
- Upgrade the level of education, from diploma in banking to bachelor's and master's degree or an equivalent degree, and develop specialised curricula and formal part-time short courses, as needed.
- Recruit new students for the 33rd batches.

## **12. International Cooperation**

- Strengthen multilateral and bilateral cooperation with central banks, financial institutions, and development partners, both regionally and internationally.
- Participate in implementing action plans in financial cooperation to strengthen regional and global financial safety nets and promote economic and financial integration of the ASEAN economic community.

## **13. Research and NBC's Economic Analysis**

- Organise the 11th Annual Macroeconomic Conference.
- Conduct business confidence surveys and periodically compile business confidence indexes to monitor and evaluate the economic condition.
- Collaborate with JICA to conduct research on monetary policy transmission mechanisms, the estimation of US dollar circulation in the market and the effect of digitalisation on the monetary system.
- Select research papers to publish in the NBC Working Paper Series.
- Strengthen the research quality to be equivalent to international standards, and collaborate with national and international institutions.

#### **14. Statistical Work**

- Update the report template of the International Transactions Reporting System (ITRS), as reported by banks and financial institutions, by adding a type of money transfer system.
- Develop methods of reducing reporting errors in the online reports of the ITRS.
- Conduct surveys on the expenditures of national and international travellers to update the revenue estimation methodology and expenditure in service account of the balance of payment.
- Increase the number of items for compiling the provincial consumer price index from 23 to 80, and increase the capacity of the reporting system to make it more secure and convenient.
- Review and improve the reporting and compilation methodology of the residential property price index under technical support from the IMF.
- Organise workshops and disseminate balance-of-payment statistics, monetary and financial statistics, residential property price indexes and international transaction reporting systems to reporters and statistical users to enhance their understanding of the development and compilation of new methodologies.

#### **15. Sosoro Museum**

- Finalize the renovation work on module 5 and module 6, and update some data on current economic situation which have been displayed at the museum.
- Enhance the cooperation with public schools with the support from banking sector in financing students from the public schools to visit the museum.
- Organize the temporary exhibition on painting at the pagoda, and publish related books
- Continue to participate in organizing the Battambang Provincial Museum and exhibition in Kampot.

## **Part III – Appendix**

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

Consumer Price Index (CPI) and Component Indices	2021	2022	2023											
	Dec	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>CPI (All Items)</b>	<b>191.98</b>	<b>197.48</b>	<b>198.78</b>	<b>199.71</b>	<b>199.96</b>	<b>200.93</b>	<b>201.34</b>	<b>202.14</b>	<b>203.02</b>	<b>204.76</b>	<b>204.80</b>	<b>204.95</b>	<b>203.62</b>	<b>202.84</b>
Food and Non-Alcoholic Beverages	236.65	245.53	246.59	247.55	248.55	249.47	250.62	251.80	253.00	254.61	255.12	256.21	254.67	253.09
Alcoholic Beverages, Tobacco and Narcotics	177.68	179.89	180.23	180.46	180.79	180.90	182.91	183.19	183.52	184.77	186.05	186.16	186.20	186.53
Clothing and Footwear	169.83	176.72	177.03	177.51	177.99	178.82	179.71	180.61	181.74	183.00	183.22	183.79	183.17	183.05
Housing, Water, Electricity, Gas and other Fuels	137.28	138.50	138.92	139.42	139.26	140.31	140.81	141.16	141.55	142.26	142.21	142.37	141.85	141.60
Furnishings, Household Maintenance	158.21	161.43	161.75	161.93	162.14	162.40	162.73	163.02	163.34	163.66	163.66	163.82	163.65	163.67
Health	140.85	141.77	141.95	142.14	142.22	142.63	143.24	143.65	143.95	144.23	143.74	143.62	142.92	142.38
Transport	121.40	123.21	125.91	127.06	126.26	127.99	125.49	125.43	125.60	129.82	129.30	127.07	124.80	125.64
Communication	66.47	66.34	66.41	66.44	66.44	66.48	66.51	66.58	66.66	66.75	66.70	66.68	66.63	66.58
Recreation and Culture	123.48	128.54	129.21	130.04	130.58	131.04	131.57	132.14	132.90	133.72	133.11	133.48	133.09	132.90
Education	167.18	170.05	170.40	170.40	170.95	170.95	170.95	171.62	172.29	172.29	172.29	172.29	172.29	173.52
Restaurants	307.41	315.28	321.27	324.90	322.56	324.18	323.92	325.99	328.65	333.11	331.53	329.25	325.77	323.88
Miscellaneous Goods and Services	164.89	167.83	168.50	168.86	169.36	169.74	170.25	170.69	171.13	171.68	171.39	171.78	171.73	171.89
<b>CPI (All Items)</b>	<b>-0.07</b>	<b>-0.41</b>	<b>0.66</b>	<b>0.47</b>	<b>0.12</b>	<b>0.49</b>	<b>0.20</b>	<b>0.40</b>	<b>0.44</b>	<b>0.86</b>	<b>0.02</b>	<b>0.07</b>	<b>-0.65</b>	<b>-0.38</b>
Food and Non-Alcoholic Beverages	0.17	-0.17	0.43	0.39	0.40	0.37	0.46	0.47	0.48	0.64	0.20	0.43	-0.60	-0.62
Alcoholic Beverages, Tobacco and Narcotics	0.17	0.23	0.19	0.13	0.18	0.06	1.11	0.15	0.18	0.68	0.69	0.06	0.02	0.18
Clothing and Footwear	0.49	-0.52	0.17	0.28	0.27	0.47	0.50	0.50	0.63	0.70	0.12	0.31	-0.34	-0.06
Housing, Water, Electricity, Gas and other Fuels	-0.48	-0.20	0.31	0.36	-0.12	0.75	0.36	0.25	0.28	0.50	-0.04	0.11	-0.37	-0.17
Furnishings, Household Maintenance	1.08	0.05	0.20	0.11	0.13	0.16	0.20	0.18	0.20	0.20	0.00	0.09	-0.10	0.01
Health	0.00	-1.31	0.13	0.13	0.05	0.29	0.43	0.29	0.21	0.19	-0.34	-0.08	-0.49	-0.38
Transport	-2.58	-2.18	2.19	0.91	-0.63	1.37	-1.95	-0.05	0.13	3.36	-0.40	-1.72	-1.79	0.68
Communication	-0.14	-0.08	0.10	0.06	0.00	0.06	0.05	0.10	0.13	0.13	-0.08	-0.02	-0.08	-0.07
Recreation and Culture	0.41	0.15	0.52	0.65	0.41	0.35	0.40	0.43	0.58	0.62	-0.46	0.28	-0.30	-0.14
Education	0.77	0.32	0.21	0.00	0.32	0.00	0.00	0.39	0.39	0.00	0.00	0.00	0.00	0.71
Restaurants	0.42	-0.84	1.90	1.13	-0.72	0.50	-0.08	0.64	0.82	1.36	-0.47	-0.69	-1.06	-0.58
Miscellaneous Goods and Services	0.30	0.57	0.40	0.21	0.29	0.23	0.30	0.26	0.26	0.32	-0.17	0.23	-0.03	0.09
<b>CPI (All Items)</b>	<b>3.70</b>	<b>2.86</b>	<b>2.96</b>	<b>2.20</b>	<b>0.70</b>	<b>1.07</b>	<b>0.48</b>	<b>0.07</b>	<b>1.88</b>	<b>3.24</b>	<b>3.75</b>	<b>3.89</b>	<b>2.69</b>	<b>2.72</b>
Food and Non-Alcoholic Beverages	2.78	3.75	3.72	3.11	2.44	2.26	2.23	2.00	3.10	4.20	4.32	4.51	3.55	3.08
Alcoholic Beverages, Tobacco and Narcotics	-0.07	1.24	1.29	1.15	1.08	0.98	1.93	1.91	2.36	3.27	3.98	3.92	3.74	3.69
Clothing and Footwear	6.49	4.06	3.56	2.78	2.04	2.08	2.14	2.15	3.41	4.20	3.83	3.81	3.11	3.59
Housing, Water, Electricity, Gas and other Fuels	5.64	0.89	0.20	-0.15	-3.01	-1.10	-1.19	-1.26	0.51	1.85	2.39	2.96	2.21	2.24
Furnishings, Household Maintenance	2.96	2.04	2.00	1.66	0.86	0.99	0.97	1.00	1.44	1.70	1.71	1.68	1.42	1.39
Health	2.32	0.65	0.30	-0.11	-0.32	-0.11	0.05	0.04	0.88	1.61	1.55	0.20	-0.52	0.43
Transport	11.54	1.49	3.43	0.18	-5.96	-3.58	-8.69	-10.91	-3.23	0.16	2.69	2.29	-0.92	1.97
Communication	-0.03	-0.19	-0.16	-0.26	-0.35	-0.17	-0.14	-0.06	0.19	0.41	0.44	0.50	0.37	0.37
Recreation and Culture	2.40	4.10	3.39	2.83	2.33	2.37	2.14	1.86	3.19	3.86	3.93	4.48	3.70	3.39
Education	1.03	1.72	1.93	1.57	1.18	1.18	1.18	1.58	1.97	1.97	1.97	1.97	1.65	2.04
Restaurants	1.77	2.56	3.52	2.84	0.82	0.92	-0.61	-1.29	0.52	2.87	4.76	5.00	2.46	2.73
Miscellaneous Goods and Services	5.15	1.79	1.82	1.39	1.34	1.27	1.33	1.37	2.31	3.02	3.26	3.59	2.90	2.42
<b>All Items</b>	<b>191.48</b>	<b>197.68</b>	<b>198.18</b>	<b>198.65</b>	<b>199.48</b>	<b>200.20</b>	<b>200.74</b>	<b>201.47</b>	<b>202.17</b>	<b>203.31</b>	<b>204.20</b>	<b>204.84</b>	<b>204.46</b>	<b>203.80</b>
Annual Percentage Change	3.48	3.24	3.01	2.67	1.94	1.32	0.75	0.54	0.80	1.72	2.95	3.62	3.44	3.10
<b>All Items</b>	<b>187.98</b>	<b>198.03</b>	<b>198.51</b>	<b>198.86</b>	<b>198.98</b>	<b>199.16</b>	<b>199.24</b>	<b>199.24</b>	<b>199.55</b>	<b>200.09</b>	<b>200.71</b>	<b>201.35</b>	<b>201.79</b>	<b>202.24</b>
Annual Percentage Change	2.92	5.35	5.25	4.90	4.35	3.83	3.27	2.62	2.34	2.20	2.15	2.18	2.14	2.13

Source: National Institute of Statistics

\* preliminary estimates



## Appendix 2

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

Currencies	2020	2021	2022	2023												% Change Dec.23/Dec.22
	Dec	Dec	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>IMF</b>																
Special Drawing Right	5,826	5,702	5,479	5,545	5,368	5,454	5,561	5,481	5,514	5,571	5,513	5,405	5,418	5,487	5,481	0.0
<b>ASIA</b>																
Australian Dollar	3,081	2,953	2,770	2,906	2,717	2,720	2,723	2,691	2,736	2,743	2,685	2,626	2,627	2,731	2,793	0.8
Hong Kong Dollar	522	522	528	524	515	516	524	526	527	530	530	527	529	528	523	-0.9
Japanese Yen	39.08	35.41	30.79	31.55	29.69	30.62	30.74	29.36	28.62	29.56	28.40	27.59	27.64	27.93	28.99	-5.8
Korean Won	3.71	3.43	3.26	3.34	3.06	3.12	3.08	3.11	3.14	3.23	3.14	3.05	3.06	3.19	3.17	-2.8
New Zealand Dollar	2,896	2,783	2,599	2,662	2,490	2,531	2,529	2,489	2,513	2,533	2,471	2,449	2,407	2,538	2,589	-0.4
Chinese Yuan	619	639	591	608	581	590	594	581	570	577	570	565	565	578	575	-2.7
Taiwan Dollar	144	147	134	136	132	133	134	134	133	132	131	128	128	132	133	-0.7
<b>ASEAN</b>																
Indonesian Rupiah	0.287	0.286	0.263	0.274	0.265	0.269	0.280	0.275	0.276	0.274	0.273	0.266	0.260	0.267	0.265	0.8
Malaysian Ringgit	1,000	977	931	967	903	918	923	894	884	907	895	876	868	885	887	-4.7
Philippine Peso	84.23	79.92	73.92	75.24	72.83	74.52	73.85	73.12	74.70	75.26	73.30	72.35	72.61	74.31	73.63	-0.4
Singapore Dollar	3,049	3,015	3,053	3,125	2,995	3,054	3,081	3,041	3,052	3,098	3,071	3,006	3,023	3,091	3,102	1.6
Thai Baht	135	122	119	125	115	118	121	118	116	121	118	112	115	118	120	0.8
Vietnamese Dong	0.175	0.179	0.174	0.175	0.170	0.173	0.175	0.175	0.175	0.174	0.172	0.169	0.168	0.170	0.168	-3.4
<b>EUROPE</b>																
Euro	4,962	4,614	4,378	4,468	4,267	4,409	4,547	4,405	4,508	4,527	4,518	4,336	4,363	4,523	4,541	3.7
<b>Other</b>																
Great Britain Pounds	5,465	5,499	4,956	5,083	4,837	5,010	5,129	5,092	5,224	5,291	5,253	5,015	5,002	5,226	5,231	5.5

- Preliminary estimates

## Appendix 3

### Table 3: Central Bank Survey\*

(In Billion Riels)

	2017	2018	2019	2020	2021	2022	Nov-23
<b>Net Foreign Assets</b>	<b>48,769</b>	<b>58,308</b>	<b>75,984</b>	<b>85,803</b>	<b>81,117</b>	<b>71,916</b>	<b>74,997</b>
Claims on Non-residents	49,254	58,780	76,460	86,296	82,561	73,304	76,387
Liabilities to Non-residents	-484	-472	-476	-492	-1,443	-1,388	-1,390
<b>Claims on Other Depository Corporations</b>	<b>93</b>	<b>470</b>	<b>3,828</b>	<b>3,867</b>	<b>2,083</b>	<b>948</b>	<b>1,051</b>
<b>Net Claims on Central Government</b>	<b>-9,894</b>	<b>-12,924</b>	<b>-19,690</b>	<b>-19,467</b>	<b>-12,662</b>	<b>-13,541</b>	<b>-11,740</b>
Claims on Central Government	270	0	0	0	0	0	0
Liabilities to Central Government	-10,164	-12,924	-19,690	-19,467	-12,662	-13,541	-11,740
<b>Claims on Other Sectors</b>	<b>199</b>	<b>204</b>	<b>201</b>	<b>125</b>	<b>44</b>	<b>43</b>	<b>46</b>
Claims on Other Financial Corporations	0	0	162	102	20	21	0
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	199	204	39	22	24	21	46
<b>Monetary Base</b>	<b>28,156</b>	<b>32,873</b>	<b>44,208</b>	<b>43,265</b>	<b>47,660</b>	<b>45,387</b>	<b>55,830</b>
Currency in Circulation	8,957	9,992	13,047	15,027	16,373	16,098	17,552
Liabilities to Other Depository Corporations	18,994	22,807	31,034	28,184	31,262	29,238	38,252
Liabilities to Other Sectors	205	74	127	54	26	52	25
<b>Other Liabilities to Other Depository Corporations</b>	<b>9,642</b>	<b>12,801</b>	<b>13,624</b>	<b>20,470</b>	<b>17,572</b>	<b>15,069</b>	<b>8,777</b>
<b>Deposits And Securities Other Than Shares Excl. Form Monetary Base</b>	<b>90</b>	<b>17</b>	<b>53</b>	<b>110</b>	<b>63</b>	<b>53</b>	<b>50</b>
Deposits Included in Broad Money	0	0	0	0	0	0	0
Securities Other Than Shares Incl. in Broad Money	0	0	0	0	0	0	0
Deposits Excl. From Broad Money	3	12	31	72	44	46	50
Securities Other Than Shares Excl. From Broad Money	87	5	21	38	19	6	0
<b>Loans</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shares and Other Equity</b>	<b>2,534</b>	<b>2,109</b>	<b>4,195</b>	<b>8,184</b>	<b>7,181</b>	<b>1,131</b>	<b>2,903</b>
<b>Other Items (Net)</b>	<b>-1,254</b>	<b>-1,743</b>	<b>-1,756</b>	<b>-1,701</b>	<b>-1,893</b>	<b>-2,273</b>	<b>-3,205</b>
<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

## Appendix 4

### Table 4: Other Depository Corporations Survey\*

(In Billion Riels)

	2017	2018	2019	2020	2021	2022	Nov-2023
<b>Net Foreign Assets</b>	<b>-10,344</b>	<b>-9,423</b>	<b>-15,801</b>	<b>-18,439</b>	<b>-24,054</b>	<b>-32,425</b>	<b>-17,050</b>
Claims on Non-residents	11,439	14,781	15,339	16,662	17,569	17,276	29,126
Liabilities to Non-residents	-21,783	-24,204	-31,140	-35,100	-41,622	-49,701	-46,177
<b>Claims On Central Bank</b>	<b>27,815</b>	<b>34,270</b>	<b>42,997</b>	<b>47,688</b>	<b>48,944</b>	<b>44,936</b>	<b>48,843</b>
Currency	822	979	1,141	1,553	1,797	1,959	2,669
Reserve Deposits and Securities Other Than Shares	26,991	33,290	41,848	46,120	47,140	42,969	46,164
Other Claims on Central Bank	2	1	8	15	7	8	10
<b>Net Claims on Central Government</b>	<b>-2,593</b>	<b>-3,296</b>	<b>-4,194</b>	<b>-5,527</b>	<b>-6,894</b>	<b>-8,394</b>	<b>-8,884</b>
Claims on Central Government	36	57	66	85	94	175	364
Liabilities to Central Government	-2,629	-3,354	-4,260	-5,613	-6,987	-8,569	-9,248
<b>Claims on Other Sectors</b>	<b>79,101</b>	<b>101,350</b>	<b>129,817</b>	<b>152,223</b>	<b>188,254</b>	<b>223,064</b>	<b>230,678</b>
Claims on Other Financial Corporations	1,442	2,434	4,225	4,423	4,548	5,186	4,639
Claims on State and Local Government	0	0	0	0	0	0	0
Claims on Public Nonfinancial Corporations	19	1	1	1	1	1	1
Claims on Private Sector	77,641	98,916	125,591	147,800	183,705	217,877	226,038
<b>Liabilities to Central Bank</b>	<b>365</b>	<b>995</b>	<b>2,895</b>	<b>2,979</b>	<b>2,857</b>	<b>3,370</b>	<b>3,687</b>
<b>Transferable Deposits Incl. in Broad Money</b>	<b>14,936</b>	<b>19,389</b>	<b>23,574</b>	<b>25,320</b>	<b>30,312</b>	<b>27,150</b>	<b>28,631</b>
<b>Other Deposits Incl. in Broad Money</b>	<b>55,933</b>	<b>71,764</b>	<b>82,829</b>	<b>97,694</b>	<b>114,026</b>	<b>130,622</b>	<b>148,528</b>
<b>Securities Other Than Shares Incl. in Broad Money</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deposits Excl. From Broad Money</b>	<b>186</b>	<b>432</b>	<b>166</b>	<b>195</b>	<b>236</b>	<b>209</b>	<b>231</b>
<b>Securities Other Than Shares Excl. From Broad Money</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loans</b>	<b>438</b>	<b>966</b>	<b>1,340</b>	<b>1,547</b>	<b>1,994</b>	<b>2,213</b>	<b>2,332</b>
<b>Financial Derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shares and Other Equity</b>	<b>22,397</b>	<b>28,162</b>	<b>35,594</b>	<b>43,211</b>	<b>51,455</b>	<b>58,515</b>	<b>61,670</b>
<b>Other Items (Net)</b>	<b>-274</b>	<b>1,193</b>	<b>6,421</b>	<b>4,999</b>	<b>5,371</b>	<b>5,104</b>	<b>8,506</b>
<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 commercial banks and MDIs

R/. Revised data

\*\* Forecasting Data

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

	2017	2018	2019	2020	2021	2022	Nov-23
<b>Net Foreign Assets</b>	<b>38,426</b>	<b>48,884</b>	<b>60,183</b>	<b>67,365</b>	<b>57,064</b>	<b>39,491</b>	<b>57,946</b>
Claims on Non-residents	60,693	73,561	91,799	102,957	100,129	90,580	105,513
Liabilities to Non-residents	-22,267	-24,676	-31,616	-35,593	-43,065	-51,089	-47,567
<b>Domestic Claims</b>	<b>66,813</b>	<b>85,334</b>	<b>106,133</b>	<b>127,353</b>	<b>168,742</b>	<b>201,173</b>	<b>210,100</b>
<b>Net Claims on Central Government</b>	<b>-12,487</b>	<b>-16,220</b>	<b>-23,884</b>	<b>-24,995</b>	<b>-19,556</b>	<b>-21,934</b>	<b>-20,624</b>
Claims on Central Government	306	57	66	85	94	175	364
Liabilities to Central Government	-12,793	-16,277	-23,950	-25,080	-19,649	-22,110	-20,987
<b>Claims on Other Sectors</b>	<b>79,301</b>	<b>101,555</b>	<b>130,018</b>	<b>152,348</b>	<b>188,298</b>	<b>223,107</b>	<b>230,724</b>
Claims on Other Financial Corporations	1,442	2,434	4,388	4,525	4,568	5,208	4,639
Claims on State and Local Government	0	0	0	0	0	0	0
Claims on Public Nonfinancial Corporations	19	1	1	1	1	1	1
Claims on Private Sector	77,840	99,120	125,629	147,822	183,729	217,898	226,084
<b>Broad Money Liabilities (M2)</b>	<b>79,209</b>	<b>100,240</b>	<b>118,436</b>	<b>136,542</b>	<b>158,939</b>	<b>171,962</b>	<b>192,069</b>
Currency Outside Depository Corporations	8,135	9,013	11,906	13,474	14,575	14,138	14,883
Transferable Deposits	15,125	19,447	23,684	25,357	30,319	27,183	28,639
Other Deposits	55,949	71,780	82,846	97,711	114,045	130,641	148,546
Securities Other Than Shares	0	0	0	0	0	0	0
<i>of which Foreign Currency (of M2)</i>	<i>66,375</i>	<i>85,869</i>	<i>99,651</i>	<i>114,565</i>	<i>131,882</i>	<i>142,705</i>	<i>159,903</i>
<b>Deposits Excl. From Broad Money</b>	<b>189</b>	<b>443</b>	<b>197</b>	<b>267</b>	<b>280</b>	<b>255</b>	<b>281</b>
<b>Securities Other Than Shares Excl. From Broad Money</b>	<b>87</b>	<b>5</b>	<b>21</b>	<b>38</b>	<b>19</b>	<b>6</b>	<b>0</b>
<b>Loans</b>	<b>438</b>	<b>966</b>	<b>1,340</b>	<b>1,547</b>	<b>1,994</b>	<b>2,213</b>	<b>2,332</b>
<b>Financial Derivative</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shares and Other Equity</b>	<b>24,931</b>	<b>30,271</b>	<b>39,788</b>	<b>51,394</b>	<b>58,637</b>	<b>59,645</b>	<b>64,573</b>
<b>Other Items (Net)</b>	<b>386</b>	<b>2,293</b>	<b>6,533</b>	<b>4,929</b>	<b>5,938</b>	<b>6,583</b>	<b>8,792</b>
<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

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

	2017	2018	2019	2020	2021	2022	Nov-23
<b>Net Foreign Assets</b>	<b>-533</b>	<b>-346</b>	<b>-981</b>	<b>-1,385</b>	<b>-971</b>	<b>-1,192</b>	<b>-1,084</b>
Claims on Non-residents	38	48	90	96	366	382	459
Liabilities to Non-residents	-571	-395	-1,071	-1,481	-1,337	-1,574	-1,543
<b>Claims on Depository Corporations</b>	<b>546</b>	<b>324</b>	<b>634</b>	<b>521</b>	<b>3,956</b>	<b>4,254</b>	<b>4,984</b>
<b>Net Claims on Central Government</b>	<b>-462</b>	<b>-528</b>	<b>-490</b>	<b>-30</b>	<b>-20</b>	<b>-25</b>	<b>-13</b>
Claims on Central Government	2	1	2	3	2	1	5
Liabilities to Central Government	-464	-528	-491	-34	-21	-26	-19
<b>Claims on Other Sectors</b>	<b>1,582</b>	<b>1,968</b>	<b>2,798</b>	<b>2,562</b>	<b>6,157</b>	<b>7,870</b>	<b>8,436</b>
Claims on State and Local Government	0	0	0	0	0	0	0
Claims on Public Nonfinancial Corporations	0	0	0	0	36	1	4
Claims on Private Sector	1,582	1,968	2,798	2,562	6,121	7,868	8,432
<b>Deposit</b>	<b>10</b>	<b>16</b>	<b>30</b>	<b>29</b>	<b>30</b>	<b>22</b>	<b>2</b>
<b>Securities Other Than Shares</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>
<b>Loans</b>	<b>52</b>	<b>119</b>	<b>129</b>	<b>210</b>	<b>3,076</b>	<b>4,264</b>	<b>5,046</b>
<b>Financial Derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shares and Other Equity</b>	<b>1,136</b>	<b>1,340</b>	<b>1,818</b>	<b>1,507</b>	<b>4,428</b>	<b>4,913</b>	<b>5,446</b>
<b>Other Items (Net)</b>	<b>-65</b>	<b>-57</b>	<b>-15</b>	<b>-78</b>	<b>162</b>	<b>-45</b>	<b>-207</b>
<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>

*\*From Jan-2021 to Present, ASG included Specialized Banks, MFIs and Insurance Companies.*

*R/. Revised Data*

*\*\*Forecasting Data*

## Appendix 7

### Table 7: Financial Corporation Survey\*

(In Billion Riels)

	2017	2018	2019	2020	2021	2022	Nov-23
<b>Net Foreign Assets</b>	<b>37,893</b>	<b>48,538</b>	<b>59,202</b>	<b>65,980</b>	<b>56,093</b>	<b>38,299</b>	<b>56,863</b>
Claims on Non-residents	60,731	73,609	91,889	103,053	100,496	90,962	105,973
Liabilities to Non-residents	-22,838	-25,071	-32,687	-37,074	-44,402	-52,663	-49,110
<b>Domestic Claims</b>	<b>66,491</b>	<b>84,342</b>	<b>104,054</b>	<b>125,360</b>	<b>170,311</b>	<b>203,809</b>	<b>213,884</b>
<b>Net Claims on Central Government</b>	<b>-12,950</b>	<b>-16,748</b>	<b>-24,374</b>	<b>-25,025</b>	<b>-19,575</b>	<b>-21,959</b>	<b>-20,637</b>
Claims on Central Government	307	58	67	89	95	177	369
Liabilities to Central Government	-13,257	-16,806	-24,441	-25,113	-19,670	-22,136	-21,006
<b>Claims on Other Sectors</b>	<b>79,441</b>	<b>101,089</b>	<b>128,428</b>	<b>150,385</b>	<b>189,887</b>	<b>225,769</b>	<b>234,521</b>
Claims on State and Local Government	0	0	0	0	0	0	0
Claims on Public Nonfinancial Corporations	19	1	1	1	37	2	5
Claims on Private Sector	79,423	101,089	128,427	150,385	189,850	225,767	234,516
<b>Currency Outside Financial Corporations</b>	<b>8,134</b>	<b>9,011</b>	<b>11,901</b>	<b>13,458</b>	<b>14,568</b>	<b>14,130</b>	<b>14,872</b>
<b>Deposits</b>	<b>70,541</b>	<b>90,495</b>	<b>105,197</b>	<b>121,277</b>	<b>142,348</b>	<b>155,512</b>	<b>174,442</b>
<b>Securities Other Than Shares</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loans</b>	<b>476</b>	<b>983</b>	<b>1,329</b>	<b>1,465</b>	<b>4,900</b>	<b>6,305</b>	<b>7,009</b>
<b>Financial Derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shares and Other Equity</b>	<b>26,066</b>	<b>31,612</b>	<b>41,606</b>	<b>52,901</b>	<b>63,065</b>	<b>64,558</b>	<b>70,019</b>
<b>Other Items (Net)</b>	<b>-833</b>	<b>779</b>	<b>3,222</b>	<b>2,239</b>	<b>98</b>	<b>-142</b>	<b>2,368</b>
<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

## Appendix 8

**Table 8: Credit Granted Classified by Ownership in the Economic Sector**

(In Billion Riels)

	2017	2018	2019	2020	2021	2022	Nov-2023
<b>1. Financial Institutions</b>	<b>1,877</b>	<b>3,014</b>	<b>5,109</b>	<b>5,920</b>	<b>7,222</b>	<b>8,300</b>	<b>7,829</b>
National Bank of Cambodia (NBC)	0	0	0	0	0	0	0
Depository Institutions	1,189	2,059	3,104	3,922	5,203	6,151	5,985
Other Financial Institutions	688	954	2,005	1,997	2,020	2,149	1,844
<b>2. Non-Financial Institutions</b>	<b>54,345</b>	<b>64,979</b>	<b>79,319</b>	<b>94,137</b>	<b>117,068</b>	<b>139,808</b>	<b>159,384</b>
Agriculture, Forestry and Fishing	7,065	7,524	7,907	9,858	12,858	15,597	19,256
Mining and Quarrying	241	233	254	533	699	924	1,054
Manufacturing	4,272	4,537	4,701	5,259	6,386	8,208	9,317
Utilities	514	571	985	1,641	2,053	1,943	2,492
Construction	6,381	7,787	10,197	12,783	15,347	18,244	20,201
Wholesale Trade	8,368	9,655	11,819	12,735	15,452	18,609	19,192
Retail Trade	12,133	13,673	16,548	20,230	26,020	30,864	37,347
Hotels and Restaurants	3,055	3,998	4,705	5,161	7,312	8,422	8,456
Transport and Storage	1,268	1,668	2,060	3,469	4,413	4,984	6,059
Information Media and Telecommunications	560	717	945	1,130	1,239	1,030	1,085
Rental and Operational Leasing Activities, excluded Real Estate Leasing and Rentals	1,567	2,666	3,837	3,567	2,704	2,771	2,864
Real Estate Activities	4,005	6,210	9,006	10,925	14,157	18,161	20,909
Other Non-Financial Services	4,915	5,739	6,355	6,847	8,429	10,051	11,151
<b>3. Personal Essentials</b>	<b>11,061</b>	<b>15,707</b>	<b>21,878</b>	<b>30,258</b>	<b>37,986</b>	<b>43,562</b>	<b>49,417</b>
Personal Lending	4,612	6,979	9,408	12,803	15,209	15,489	20,079
Credit Cards	152	189	230	246	357	528	690
Mortgages, Owner-Occupied Housing only	6,297	8,540	12,240	17,209	22,420	27,545	28,647
<b>4. Other Lending</b>	<b>989</b>	<b>1,037</b>	<b>1,292</b>	<b>1,116</b>	<b>2,253</b>	<b>2,587</b>	<b>3,937</b>
<b>Total Gross Loan</b>	<b>68,271</b>	<b>84,736</b>	<b>107,598</b>	<b>131,431</b>	<b>164,529</b>	<b>194,257</b>	<b>220,567</b>

\* preliminary estimates

## Appendix 9

### Table 9: Deposits with Deposit Money Banks

(In Billion Riels)

	2017	2018	2019	2020	2021	2022	Nov-23
<b>Deposits in KHR</b>							
Demand deposits	1,383.9	1,694.2	2,545.7	2,830.6	3,968.9	4,530.2	4,288.0
Savings deposits	1,207.3	1,516.3	1,978.1	2,176.4	2,912.3	3,609.1	4,168.4
Fixed deposits	1,494.2	2,149.2	2,890.8	4,406.9	6,587.1	8,921.4	12,298.3
Others	46.2	86.1	92.9	135.2	221.4	279.7	420.3
<b>Total</b>	<b>4,131.7</b>	<b>5,445.9</b>	<b>7,507.4</b>	<b>9,549.0</b>	<b>13,689.7</b>	<b>17,340.4</b>	<b>21,175.0</b>
<b>Deposits in Foreign Currency*</b>							
Demand deposits	14,421.6	19,246.4	23,192.4	24,586.1	29,937.3	26,829.6	28,344.2
Savings deposits	20,967.8	29,692.6	31,202.4	35,701.4	40,237.2	39,641.9	40,047.7
Fixed deposits	29,135.2	33,266.3	40,496.2	50,016.6	57,383.5	69,261.8	93,681.6
Others	1,028.2	1,025.8	1,159.9	1,457.9	1,676.3	1,955.5	2,846.8
<b>Total</b>	<b>65,552.8</b>	<b>83,231.0</b>	<b>96,050.9</b>	<b>111,762.1</b>	<b>129,234.3</b>	<b>137,688.8</b>	<b>164,920.3</b>
<b>Grand Total</b>	<b>69,684.4</b>	<b>88,676.9</b>	<b>103,558.3</b>	<b>121,311.0</b>	<b>142,923.9</b>	<b>155,029.3</b>	<b>186,095.3</b>

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

*R/. Revised data*

*\* Forecasting Data*



**Appendix 10**  
**Table 10: Cambodia Balance of Payments**

	2019	2020	2021	2022	2023 <sup>E</sup>
<b>CURRENT ACCOUNT</b>					
<b>Balance on trades</b>	-7,255	-2,544	-11,205	-8,826	-2,792
Credit	14,986	18,522	19,521	23,179	23,564
o/w: Garment, footwear, and other textiles	10,792	9,871	11,390	12,990	11,281
Electrical, vehicle part and bicycle	772	1,432	1,999	2,711	3,389
Debit	22,242	21,066	30,726	32,005	26,356
o/w: Garment materials	4,280	4,032	5,047	5,059	4,707
Construction materials	2,301	2,020	2,568	1,910	2,000
Vehicle	2,268	1,520	1,599	1,947	1,247
Petroleum	2,427	2,064	2,930	4,500	4,262
Food and beverage	1,116	1,135	1,136	1,321	1,456
<b>Net services</b>	2,812	-257	-1,432	-436	1,328
Credit	6,086	1,767	657	2,318	4,189
o/w: Travel services	4,773	1,023	184	1,415	3,083
Debit	3,274	2,025	2,090	2,754	2,861
o/w: Travel services	911	169	49	482	799
<b>Primary income</b>	-1,645	-1,109	-1,490	-1,551	-927
Credit	651	610	331	346	504
o/w: Interest	369	411	297	256	325
Debit	2,296	1,718	1,820	1,897	1,432
o/w: - Interest payable	113	115	119	117	129
- Income on equity	2,002	1,451	1,532	1,595	1,079
<b>Secondary income</b>	3,153	3,029	3,234	3,231	3,178
o/w: Government	532	449	510	479	500
Others	2,622	2,580	2,724	2,752	2,678
<b>CURRENT ACCOUNT BALANCE</b>	-2,935	-881	-10,893	-7,582	787
<b>CAPITAL BALANCE</b>	355	259	204	209	140
o/w: Capital transfers, net	355	259	204	209	140
<b>CURRENT AND CAPITAL ACCOUNTS BALANCE</b>	-2,580	-622	-10,689	-7,373	926
<b>FINANCIAL ACCOUNT BALANCE</b>	-6,370	-3,016	-12,056	-6,807	-671
Direct investment, net*	-3,561	-3,498	-3,391	-3,428	-3,977
Portfolio investment, net*	12	96	51	126	387
Other investment, net*	-2,821	385	-8,717	-3,504	2,919
<b>Net errors and omissions</b>	-1,123	-1,757	-1,285	912	-1,371
<b>OVERALL BALANCE</b>	2,668	637	83	346	226
<b>FINANCING</b>	2,668	637	83	346	226
Change in reserve assets	2,668	637	83	346	226
Use of IMF credit	--	--	--	--	--
Allocation of SDRs	--	--	--	--	--

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

## Appendix 11

**Table 11: Banks and Financial Institutions' Network Information 2018-September 2023**

Banks and Financial Institutions	2018	2019	2020	2021	2022	SEPTEMBER 2023
<b>COMMERCIAL BANKS</b>						
<b>LOCAL BANKS– LOCAL MAJORITY OWNERSHIP</b>						
NUMBER OF BANKS	7	11	12	13	17	17
NUMBER OF BRANCHES AND HEAD OFFICES	403	441	467	479	506	522
NUMBER OF STAFFS	18,171	19,102	19,605	20,596	22,407	23,023
ATMS TERMINALS	825	1,032	1,234	1,579	1,904	2,180
<b>LOCAL BANKS– FOREIGN MAJORITY OWNERSHIP</b>						
NUMBER OF BANKS	6	6	9	11	11	10
NUMBER OF BRANCHES AND HEAD OFFICES	201	207	427	576	588	458
NUMBER OF STAFFS	5,473	5,341	11,667	17,208	18,689	14,629
ATMS TERMINALS	201	307	523	558	622	747
<b>FOREIGN SUBSIDIARY BANKS</b>						
NUMBER OF BANKS	17	17	18	18	19	20
NUMBER OF BRANCHES AND HEAD OFFICES	239	255	358	361	366	695
NUMBER OF STAFFS	8,817	11,511	14,071	14,976	16,584	32,273
ATMS TERMINALS	769	935	1,035	1,267	1,622	2,162
<b>FOREIGN BRANCHES BANKS</b>						
NUMBER OF BANKS	12	13	12	12	11	11
NUMBER OF BRANCHES AND HEAD OFFICES	33	38	37	38	36	37

NUMBER OF STAFFS	713	818	869	907	875	910
ATMS TERMINALS	23	23	24	24	17	18
<b>TOTAL COMMERCIAL BANKS</b>						
NUMBER OF BANKS	43	47	51	54	58	58
TOTAL NUMBER OF BRANCHES AND HEAD OFFICES	876	941	1,289	1,454	1,496	1,712
NUMBER OF STAFFS	33,174	36,772	46,212	53,687	58,555	70,835
ATMS TERMINALS	1,818	2,297	2,816	3,428	4,165	5,107
<b>SPECIALIZED BANKS</b>						
<b>STATE OWNED SPECIALIZED BANKS</b>						
NUMBER OF BANKS	1	1	0	0	0	0
NUMBER OF BRANCHES AND HEAD OFFICES	1	1	0	0	0	0
NUMBER OF STAFFS	101	101	0	0	0	0
ATMS TERMINALS	0	0	0	0	0	0
<b>LOCAL BANKS – LOCAL MAJORITY OWNERSHIP</b>						
NUMBER OF BANKS	6	6	7	6	5	5
NUMBER OF BRANCHES AND HEAD OFFICES	11	11	14	13	12	13
NUMBER OF STAFFS	573	695	286	283	291	298
ATMS TERMINALS	0	2	0	0	0	0
<b>LOCAL BANKS – FOREIGN MAJORITY OWNERSHIP</b>						
NUMBER OF BANKS	7	8	5	4	4	4
TOTAL NUMBER OF BRANCHES AND HEAD OFFICES	18	27	18	19	20	23
NUMBER OF STAFFS	1,250	1,660	1,741	1,203	1,378	1,528
ATMS TERMINALS	0	0	2	0	0	0
<b>TOTAL SPECIALIZED BANKS</b>						

NUMBER OF BANKS	14	15	12	10	9	9
TOTAL NUMBER OF BRANCHES AND HEAD OFFICES	30	39	32	32	32	36
NUMBER OF STAFFS	1,924	2,456	2,027	1,486	1,669	1,826
ATMS TERMINALS	0	2	2	0	0	0
<b>MICROFINANCE INSTITUTIONS</b>						
<b>MICROFINANCE DEPOSIT-TAKING INSTITUTIONS (MDIs)</b>						
NUMBER OF INSTITUTIONS	7	7	6	5	5	4
NUMBER OF BRANCHES AND HEAD OFFICES	928	946	753	624	626	445
NUMBER OF STAFFS	23,285	27,399	24,106	21,998	22,834	13,191
ATMS TERMINALS	355	373	225	284	359	219
<b>MICROFINANCE NON-DEPOSIT-TAKING INSTITUTIONS (MFIs)</b>						
NUMBER OF INSTITUTIONS	74	76	75	79	82	84
NUMBER OF BRANCHES AND HEAD OFFICES	495	507	418	442	483	468
NUMBER OF STAFFS	6,897	7,770	6,425	6,610	7,803	8,192
<b>TOTAL MICROFINANCE INSTITUTIONS</b>						
NUMBER OF INSTITUTIONS	81	83	81	84	87	88
TOTAL NUMBER OF BRANCHES AND HEAD OFFICES	1,423	1,453	1,171	1,066	1,109	913
NUMBER OF STAFFS	30,182	35,169	30,531	28,608	30,637	21,383
ATMS TERMINALS	355	373	225	284	359	219
<b>RURAL CREDIT INSTITUTIONS</b>						
NUMBER OF INSTITUTIONS	273	245	245	232	223	114
TOTAL NUMBER OF NETWORK OPERATIONS	2,936	2,635	2,202	1,790	1,689	4,045
NUMBER OF STAFFS	4,468	4,010	1,951	1,727	1,561	1,733
<b>FINANCIAL LEASING COMPANIES</b>						

<b>TOTAL NUMBER OF INSTITUTIONS</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>17</b>	<b>16</b>	<b>16</b>
<b>CREDIT BUREAU COMPANY</b>						
<b>TOTAL NUMBER OF CREDIT BUREAU COMPANY</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>FOREIGN BANK REPRESENTATIVE OFFICES</b>						
<b>TOTAL NUMBER OF INSTITUTIONS</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

## Appendix 12

### List of the NBC's Hotlines to Accommodate Consumers' Enquiry and Complaints on the Usage of Financial Services

#### National Bank of Cambodia – Head Office

085 600 002	085 600 003	098 220 001
098 220 002	097 278 3030	

#### Provincial Branches

Phnom Penh	016 568 433
Kandal	016 568 490
Kampong Cham	016 568 412
Battambang	016 568 114
Prey Veng	016 568 420
Siem Reap	016 568 175
Kampong Thom	016 568 542
Takeo	016 568 162
Svay Rieng	016 568 425
Pursat	016 568 499
Kampong Chhnang	016 687 220
Kampong Speu	016 687 229
Kampot	016 687 330
Sihanouk	016 687 194
Koh Kong	016 687 340
Preah Vihear	016 687 298
Kratie	086 354 070
Rattanakiri	096 7181 453
Mondulkiri	096 7178 264
Stung Treng	096 7179 414
Banteay Meanchey	096 7467 699

