Session 6: Financial inclusion

Presentation

Challenges on Financial Inclusion in Cambodia

by

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The National Bank of Cambodia

Challenges on Financial Inclusion in Cambodia

Mrs. NEAV CHANTHANA
Deputy Governor of The National Bank of Cambodia
11 June 2014, Jakarta

Overview of Cambodia and the Banking System

- Population: 15 million (63.6% is under the age of 30)
- Rural population 80%
- Economy: projected 7.6 percent growth in 2013
- Poverty rate 19.8% in 2011
- GDP per capital is $1,036 compared to $200 in 1992

Banking System in Cambodia as of April 2014

National Bank of Cambodia

- 35- Commercial Banks
- 9- Specialized Banks
- 25- Local Banks
- 10- Foreign Branch Banks
- 1- State-owned Banks
- 8- Local Banks
- MFIs
- Leasing

21 NBC Branches

- 3- Licensed
- 40- Licensed
- 35- Registered
- NGOs over 60
Banks and MFIs Branches and Electronic Banking
April 2014

Money Remittance

<table>
<thead>
<tr>
<th></th>
<th># of Agent</th>
<th># of Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>WING</td>
<td>1,456</td>
<td>499,799</td>
</tr>
<tr>
<td>Western/MoneyG</td>
<td>245</td>
<td>154,213</td>
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Banking penetration rate: about 5% (7-8 million)
Telephone-Mobile Cellular: 19.1 million (2012)

Microfinance Operational Network

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</thead>
<tbody>
<tr>
<td>DISTRICTS</td>
<td>367</td>
<td>474</td>
<td>668</td>
<td>510</td>
<td>440</td>
<td>513</td>
<td>541</td>
<td>655</td>
<td>818</td>
<td>1,046</td>
<td>1,277</td>
<td>1,509</td>
<td>1,805</td>
<td>2,121</td>
<td>2,282</td>
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<tr>
<td>COMMUNES</td>
<td>1,400</td>
<td>2,089</td>
<td>1,536</td>
<td>2,912</td>
<td>2,289</td>
<td>2,504</td>
<td>4,096</td>
<td>4,152</td>
<td>5,314</td>
<td>6,820</td>
<td>8,189</td>
<td>9,730</td>
<td>11,602</td>
<td>13,485</td>
<td>16,184</td>
</tr>
<tr>
<td>VILLAGES</td>
<td>7,166</td>
<td>9,016</td>
<td>8,916</td>
<td>12,594</td>
<td>8,841</td>
<td>12,373</td>
<td>13,479</td>
<td>19,450</td>
<td>33,963</td>
<td>42,729</td>
<td>52,322</td>
<td>63,514</td>
<td>76,187</td>
<td>88,821</td>
<td>93,618</td>
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Number of Borrowers

<table>
<thead>
<tr>
<th></th>
<th>Dec_2013</th>
<th>Mar_2014</th>
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</thead>
<tbody>
<tr>
<td>Total Borrowers</td>
<td>1,571,157</td>
<td>1,658,622</td>
</tr>
<tr>
<td>Total Female</td>
<td>1,280,310</td>
<td>1,345,383</td>
</tr>
<tr>
<td>Total Female (percent)</td>
<td>81.49%</td>
<td>81.11%</td>
</tr>
</tbody>
</table>
Success of Microfinance Development

1. **Financial Sector Development Strategy 2001-2010 and 2011-2020** to implement Financial Inclusion
2. Government Commitment to develop rural finance through Financial Education such as seminars & workshop on financial products
3. Create an enabling environment facilitating competition and foster innovation such as mobile banking and electronic banking.
4. Supportive regulatory framework. Only big MFIs are regulated. Smaller one are simply registered.
5. Customer protection - transparency of interest rate and loan conditions
6. Support from Credit Bureau to improve quality credit growth and enhance access to finance
Challenges and Issues

- Rapid expansion of microfinance credit, a concern for financial stability
- Strengthening supervision capacity and regulatory framework, especially for MFI Deposit Taken.
- Growing diversity and complexity of Microfinance products requires further enhancement on financial literacy (risks and benefits).

Thank You