



**NATIONAL BANK OF CAMBODIA**

Riel. Stability. Development.

# Workshop and Stakeholders Consultation on Enhancing MSMEs Financing in Cambodia with Comparative Perspectives from Nepal and Republic of Korea

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*The views expressed in this presentation are those of the author and do not necessarily represent the views of the NBC.*

# Overview

SMEs are less likely to be able to obtain bank loans than large firms; instead, they rely on internal funds, or cash from friends and family, to launch and initially run their enterprises. About half of formal SMEs don't have access to formal credit. Overall, approximately 70% of all micro, small and medium-sized enterprises (MSMEs) in emerging markets lack access to credit.

*Source: The World Bank, <https://www.worldbank.org/en/topic/smefinance>*

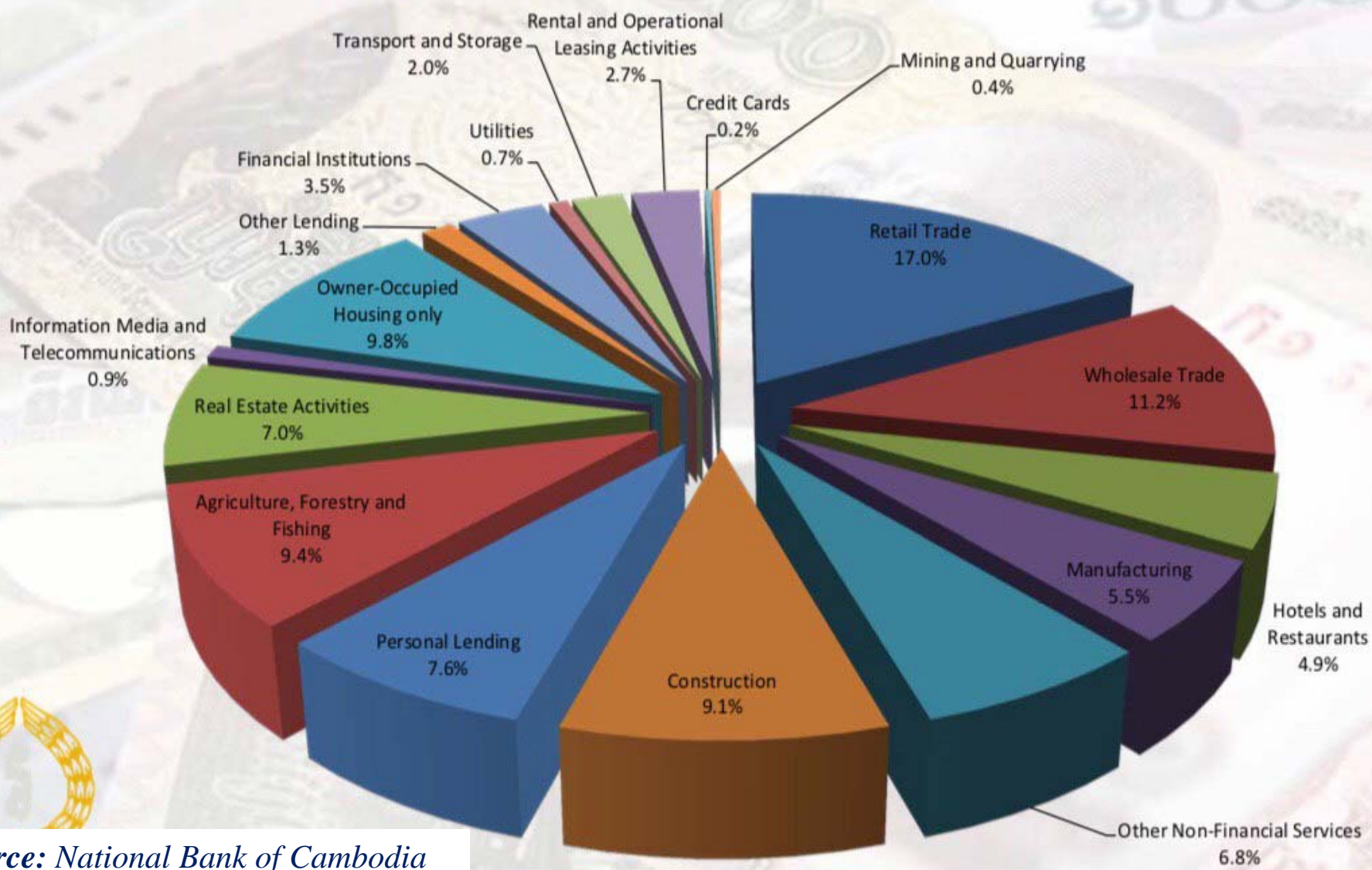


# SMEs in Cambodia

With SMEs accommodating for around 40% to 50% of total employment in the Kingdom, these businesses play an important role in job creation, generating income for low-income individuals and vulnerable populations and fostering economic growth, social stability, and contributing to growth of a dynamic private sector as well. There are more than 500,000 SMEs covered in various sectors including agriculture, manufacturing, trade and service.

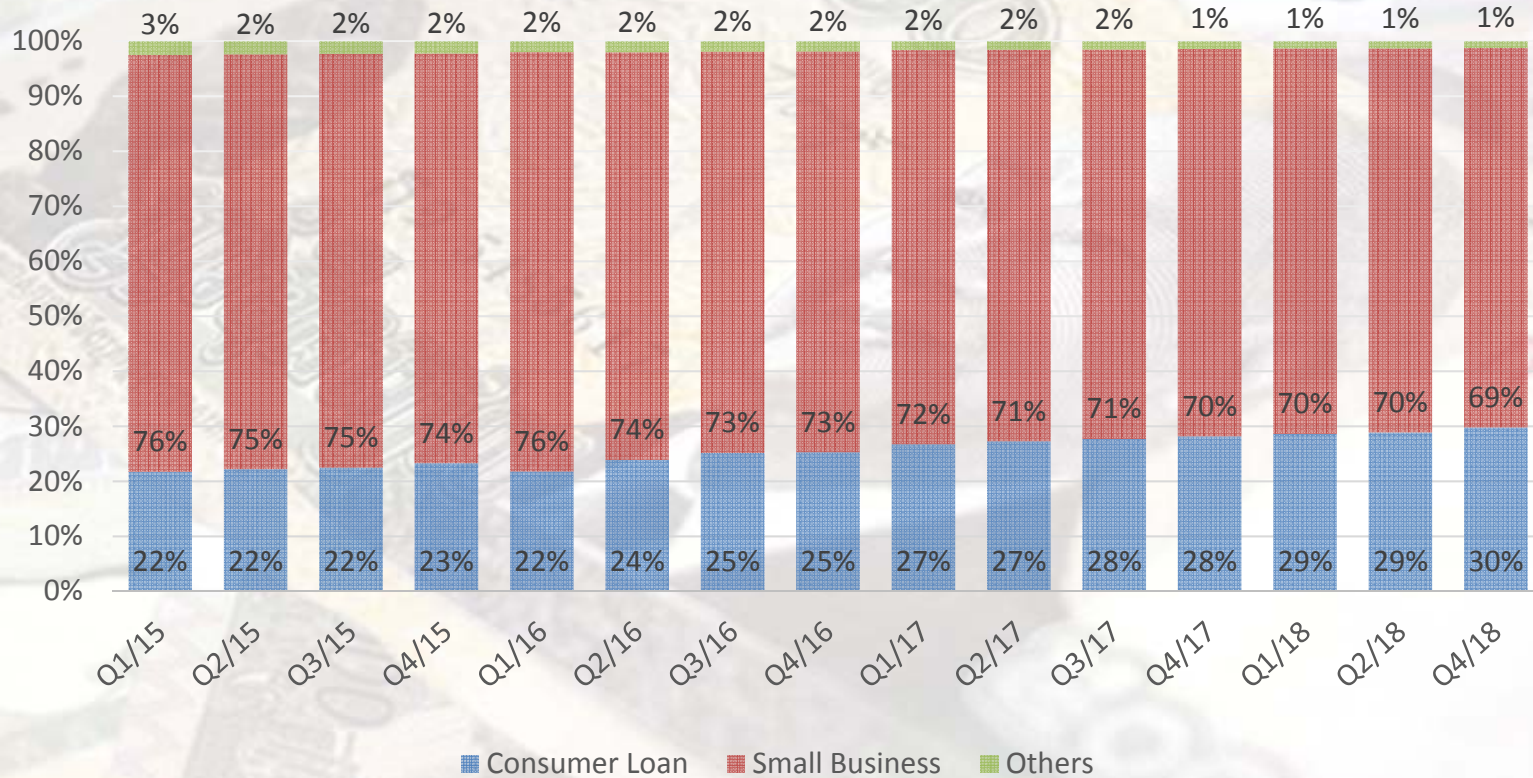


# Credit by sector



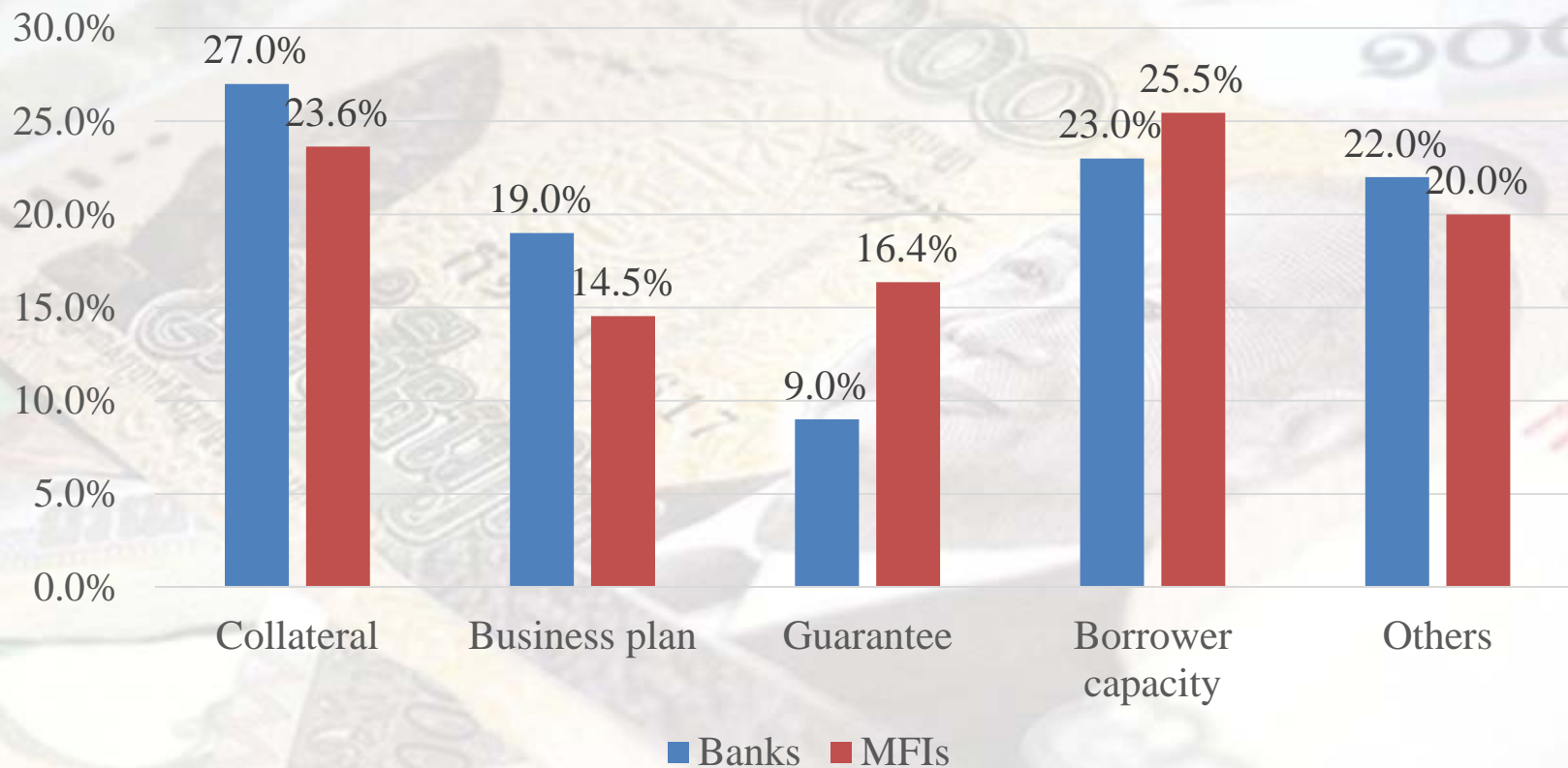
*Source: National Bank of Cambodia*

# Credit to Small Business



*Source: Credit Bureau Cambodia (CBC)*

# Lending Criteria



*Source: National Bank of Cambodia, 2016. Research paper on Agriculture Financing.  
[https://www.nbc.org.kh/download\\_files/research\\_papers/english/Agriculture\\_Financing\\_in\\_English\\_VENG.pdf](https://www.nbc.org.kh/download_files/research_papers/english/Agriculture_Financing_in_English_VENG.pdf)*

# Bakong Project

## What is Bakong?

- Bakong is the backbone for real-time retail payment in Cambodia.
- Bakong connects FIs and payment providers together.
- Bakong enables participants to provide service to their end users directly from payment gateway/client module.
- Bakong allows end users to make transactions (send, pay, deposit, and receive) through NBC generic app or/and participants existing app.





# Bakong Project

## What can Bakong project do?

- Promote the use of electronic
- Collect physical cash into the system
- Decrease demand for physical cash
- Provide an advance payment infrastructure
- Make deposit/loan with FIs
- FIs may play the role as KYC agents distribution channel
- FIs may attract more users with the price

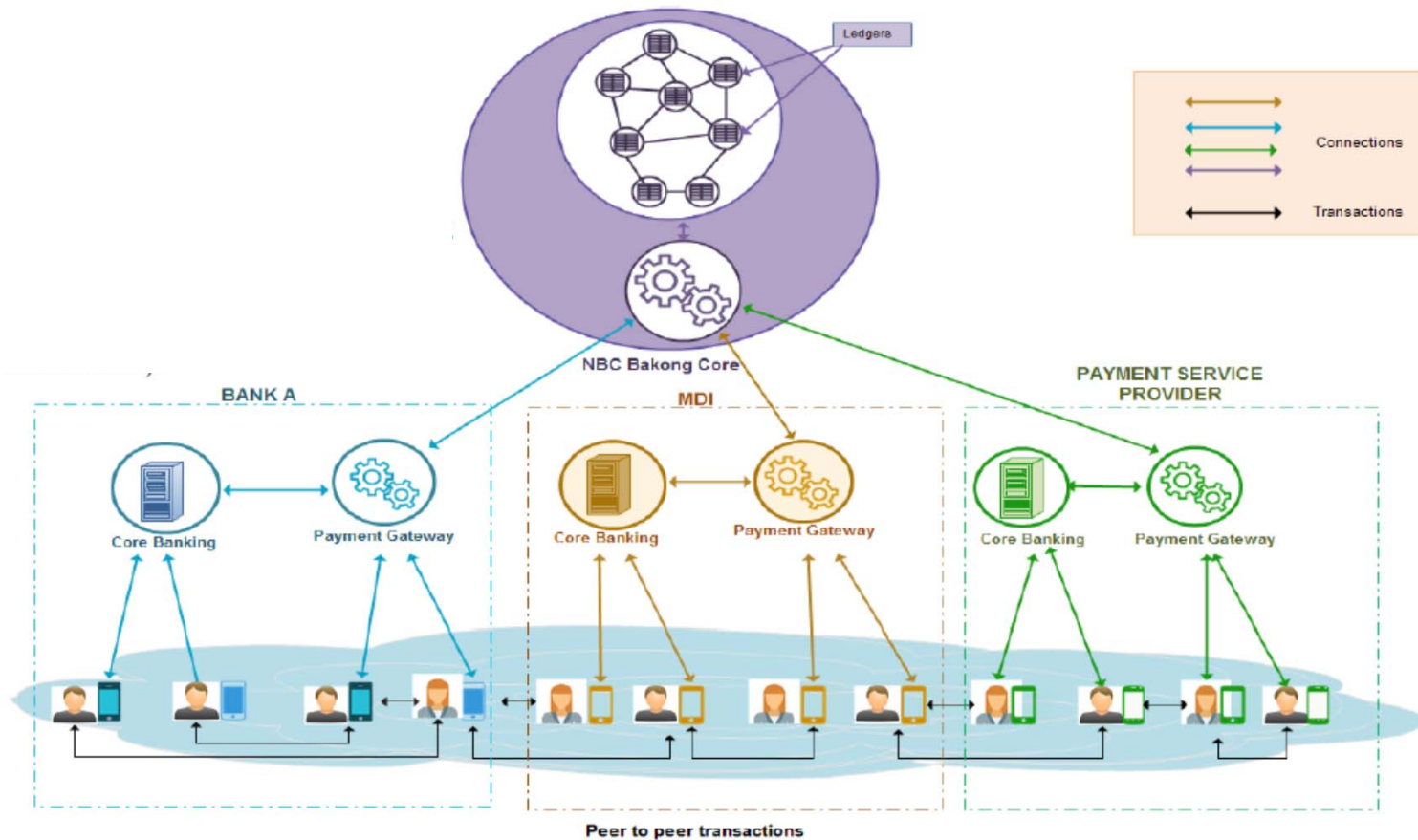
Each participant (Financial institution) needs to register at central bank to obtain permission to join the network. After successful register with Bakong, participants can top up their money to their Bakong settlement accounts.

Participants can send money to each other via Bakong Desktop app.

- Each participant can create accounts for it customers (users)
- Participants are responsible in managing their customers' accounts (including KYC)



# Bakong Project



# National Financial Inclusion Strategy

**Increase access to quality formal financial services, reduce the financial exclusion of women by 50%(from 27% to 13%), and diversify usage of formal financial services from 59% to 70% by 2025 as well as improve household welfare and support economic growth through the following priority activities:**

- 1. Encourage savings in formal financial institutions
- 2. Promote innovative credit products for consumers and MSMEs
- 3. Enable the expansion of payment system capabilities
- 4. Prioritize the development of a well-functioning insurance market
- 5. Strengthen the capacity of the financial sector regulators
- 6. Increase consumer empowerment and sector transparency



# National Financial Inclusion Strategy

## Increase access to credit for SMEs

- Promote and support banks in developing non-collateralized SME lending products (cash-flow based and other methodologies)
- Support and promote inventory, receivable and factoring lending for SMEs
- Review which selected sectors and credit segments could be covered by the credit guarantee scheme
- (Agriculture, renewable energy, women-owned SMEs etc.)

## Increase access and offer of targeted lending products for micro and small enterprises

- Promote the development of non-collateralized loan products (cash-flow based lending) for Micro & Small Enterprises
- Study ways to adapt group lending new processes and mechanisms to meet emerging clients' requirements.
- Feasibility study for Warehouse collateral management development and financing
- Promote inventory, receivable, factoring and value chain financing for MSEs
- Promoting access to financial services for women underserved segments
- Develop guidelines and promote commercial warehouse financing systems at regional level with third party collateral management companies and at local level with local value chain actors in relation with MFIs/MDIs

# What is the next steps?



- SME Big Data
- Credit Infrastructure
- Regulation on Fintech
- Financial Literacy
- Cooperation between related stakeholders





តោះ! និយាយពីលុយ



បណ្ណាគ្រឹះស្ថានជាតិ នៃ កម្ពុជា  
ព្រះករុណា ព្រះបាទ ហ៊ុន សែន

good return



# Thank You!

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