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**Remarks by
H.E. Dr. CHEA Serey**

Governor of the National Bank of Cambodia at the Bankers' Annual Dinner 2025
Shangri-La Phnom Penh Hotel, Friday, December 12th, 2025

- **Mr. Rath Sophaan, Chairman of the Association of Banks in Cambodia (ABC)**
- **Mr. Sok Voeun, Vice-Chairman of the Board of Directors of the Cambodia Microfinance Association (CMA)**
- **Excellencies, Neak Oknha, Oknha, Distinguished Guests, Ladies and Gentlemen!**

Before I speak about anything else today, I would like us all to pause... and remember.

Remember the brave sons and daughters of Cambodia who have fallen on the front lines. Remember their courage. Remember their sacrifice. And let us reflect with gratitude that the peace we enjoy today, in the comfort of our homes, was secured through their devotion and ultimate sacrifice.

We owe an immeasurable, eternal debt to these heroes. They stood firm when danger stood before them. They gave everything — their strength, their youth, their future — so that our nation could stand tall, free, and sovereign. For this, we bow our heads in the deepest respect and gratitude.

And to the soldiers who continue to defend our borders at this very moment — far from home, far from their children, facing uncertainty each day — I want you to know this:

The Cambodian people stand with you.

We honour you.

We thank you.

Your courage protects our land.

Your sacrifice protects our peace.

Your determination protects the future of our beloved nation.

In moments like these, we are reminded not only of the price of peace, but of the strength of our unity as Cambodians. Our hearts may be heavy, but our spirit remains unbroken.

I also express my full support for the Royal Government of Cambodia, under the wise leadership of Samdech Moha Borvor Thipadei Hun Manet, in its tireless efforts to find a peaceful and just resolution to this long-standing conflict. Peace is not the absence of struggle — it is the outcome of courage, wisdom, and unwavering commitment to our national dignity.

Today, as we honour our heroes and stand with the families who bear the greatest pain of loss, let us reaffirm our unity. And let us move forward together — with strength, with compassion, and with the enduring pride of being Cambodian.

May the memory of our fallen heroes live forever in the heart of our nation. May their courage inspire us. And may peace prevail for the generations to come.

May I invite you to join me in observing a minute of silence in memory of our fallen soldiers.

This evening, I am delighted to attend the 2025 Annual Dinner of our Banker family under the theme “Solidarity and Unwavering Commitment to Supporting Our Nation.” This gathering is not only an opportunity for the management teams of banks and financial institutions to meet and exchange ideas to strengthen cooperation, but also a chance to reinforce unity and solidarity between financial institutions and supervisors. Moreover, this is an important occasion for us to reflect on and review, in an informal way, the progress achieved by the banking sector in past years, to identify new challenges we are facing, and to set a shared direction to address them so that we can continue building a stronger and more resilient banking system.

Before reflecting on our achievements in the banking sector, I would like to begin with a brief overview of the economy. This year, our economy is expected to grow slower than initially anticipated. The slower growth is mainly due to weaker-than-expected performance in the tourism, construction, and real estate sectors. However, inflation and the exchange rate remained relatively stable, creating a favorable environment for economic activity and reinforcing consumer trust in our monetary system. At the same time, the National Bank of

Cambodia continues to pursue an accommodative monetary policy to foster growth and stability.

The slower growth of our economy has been affected by a series of consecutive shocks, including the COVID-19 pandemic, the Russia–Ukraine war, US tariffs, and now the ongoing border conflicts with Thailand. These shocks have disrupted trade, investment, and overall economic activities, creating challenges for businesses, financial institutions, and households. The armed clashes along the border have further disrupted cross-border trade, tourism, and labor flows, causing significant economic losses and hardship for civilians along the border and beyond. Supply chains have been interrupted, and many families face displacement, reduced income, and limited access to basic goods and services, with the potential for long-term impacts if tensions continue. In this regard, I would like to express my sincere appreciation to the banking and microfinance communities for their swift action in writing off loans for our fallen and injured soldiers, as well as for providing various forms of debt relief to those affected by the border clashes, especially the families of our frontline soldiers who sacrificed their lives for our nation. I look forward to your continued support on this matter.

On the banking sector, it is evident that its performance is closely linked to the health of the broader economy. Over recent years, the slowdown in our economy has had a noticeable impact on our banking sector. This year, we continue to face several key challenges, including slow credit growth, rising non-performing loans, and declining profitability among banks and financial institutions. Credit growth remained slow at 3.1%.. In addition, global economic uncertainties and geopolitical tensions have contributed to fluctuations in financial markets, placing pressure on both banking institutions and many Cambodian households. Of greater concern are the rise of cybercrime, online scams, and unregulated shadow-banking activities that present growing challenges for financial stability, consumer protection, and anti-money laundering efforts. These risks impact not only the stability of financial institutions but also have the potential to weaken public and investor trust in the financial system. These challenges need to be addressed collectively by all stakeholders, regulators and the private sector. I hope that with constructive sharing and dialogue, like we are doing tonight, we can strengthen the resilience of our financial system.

On the positive side, our banking system has continued to maintain resilience despite being affected by external uncertainties and domestic challenges. Banking assets increased by 9.2%, and deposits showed strong growth of 14.6%, reflecting continued confidence in the banking system. Meanwhile, capital and liquidity levels remained well above regulatory requirements. The capital adequacy ratio remained as high as 22% for deposit-taking institutions and 31.5% for non-deposit-taking institutions. The liquidity ratio stood at 179.1% for deposit-taking institutions.

The resilience of the Cambodian banking system today is largely the result of the regulations and prudential measures that have been put in place over the years. These include capital adequacy requirements, liquidity standards, and risk management guidelines, all of which have helped banks withstand shocks, maintain stability, and build public confidence in the financial system. Building on this strong foundation, we have further strengthened our on-site supervision by adopting a risk-based and forward-looking approach. This approach allows our supervisory activities to focus on identifying potential risks before they materialize, enabling us to take preventive measures to safeguard the stability and resilience of the banking and financial system. As you are all aware, we are aiming to normalize prudential standards. The goal is to rebuild resilience while conditions still allow. The future is uncertain, and the sooner we prepare, the stronger our system will be. I understand the pressure you face in meeting shareholders' expectations, but if we don't accept short-term pain, we cannot secure sustainable gains in the long run. For this reason, I ask each of you to be truthful with us — and with yourselves — about what must be done. Strengthening prudential standards is not a burden; it is an investment in your institution's future.

On our part, the National Bank of Cambodia is studying the application of SupTech (supervisory technology) to modernize banking supervision. Through real-time data monitoring, advanced analytics, automated reporting, and AI, the new platform will enable us to identify risks more quickly, ensure compliance, and reinforce the stability and resilience of our banking system. In this regard, significant investment in technology will be required both on our end and yours.

- **Excellencies, Neak Oknha, Oknha, Distinguished Guests, Ladies and Gentlemen!**

The upcoming year may continue to pose challenges for our economy and banking sector, and we anticipate that the road ahead will not be smooth. First, Cambodia still faces several structural constraints that could limit long-term economic growth and development. These include an over-reliance on a few traditional sectors such as garments, tourism, and construction; limited industrial diversification; and low productivity in both agriculture and manufacturing. Infrastructure gaps, particularly in logistics and transport, continue to hinder trade and investment, while skills shortages and insufficient technical and vocational training affect workforce readiness and this is even before factoring in the growing impact of climate change.

Second, the banking sector, which is an essential pillar supporting Cambodia's economic growth, faces its own set of challenges. These include slow credit expansion in some segments, rising non-performing loans, and lower profitability among certain banks and financial institutions. Access to financial services in rural areas and for small and medium-sized enterprises (SMEs) also remains limited. At the same time, the sector is responding to emerging risks associated with online scams, digital banking, cybercrime, and the growth of shadow-banking activities, all of which underline the need for stronger risk management and more robust regulatory oversight.

Addressing these challenges is vital not only to reinforce financial resilience, but also to advance financial inclusion and support the country's broader economic development. As the banking sector remains the dominant pillar of Cambodia's financial system, we have a central role to play in driving sustainable growth. This requires us to channel more capital toward productive and high-potential sectors, support innovation, and promote investment that can help diversify our economic base. By strengthening our lending to agriculture, manufacturing, SMEs, and green industries, we can help create new engines of growth that are less vulnerable to external shocks. I strongly believe that there is still significant room for the banking community to contribute to economic diversification, and that with the right strategies and commitment, we can help build a more dynamic, resilient, and inclusive Cambodian economy for the years ahead.

The National Bank of Cambodia, as the monetary authority and supervisory authority of Cambodia's banking system, will continue to play our role in supporting national economic

development in alignment with the Royal Government's economic and financial policies. To realize this vision, the National Bank of Cambodia will further strengthen its efforts to safeguard financial stability by enhancing the resilience of the banking system. At the same time, we will advance a number of key priorities as follows:

- **1/- Improving the effectiveness of monetary policy instruments:** We will continue to strengthen the use of key tools such as the interest rate corridor, reserve requirements, and other monetary instruments to enhance liquidity management, guide market interest rates, and support overall macroeconomic stability. We welcome suggestions from the industry on how to promote the country's money market and improve the liquidity safety net for the financial system. The NBC will also conduct regular knowledge-sharing sessions on money markets for ABC and CMA members, delivered either internally by our staff or by international partners such as BlackRock, as we have done before.
- **2/- Promoting greater use of the Riel:** We will continue implementing measures that encourage wider acceptance of our national currency across both the public and private sectors, thereby strengthening monetary independence and enhancing economic stability. This includes the adoption of the National Strategy for Riel Promotion. Tonight, we will award those banks with the highest achievement in term of loans in KHR to total loans as an encouragement. But I hope to see more banks putting greater efforts into this initiative as an institutional strategy to increase resilience. The NBC is also considering normalizing our regulation on capital requirement which so far has been lenient on the type of currency paid in.
- **3/- Reinforcing risk-based supervision:** We will continue strengthening our supervisory framework by placing greater emphasis on early risk identification, forward-looking assessments, and timely corrective actions. This approach will help ensure that banking and financial institutions remain resilient, well-managed, and capable of withstanding emerging challenges.

- **4/- Expanding financial inclusion:** We will intensify efforts to improve access to quality financial services for all segments of the population, especially SMEs, women, youth, and rural communities, through the adoption of the National Financial Inclusion Strategy Phase II, which aims to promote broader access to credit, savings, and digital financial services.
- **5/- Strengthening financial literacy and protecting consumers:** Our financial literacy campaigns remain one of the top priorities, while we continue to ensure strong consumer protection measures to safeguard rights, build trust, and foster confidence in the financial system.
- **6/- Modernizing the payment system:** Even though the current payment system is advancing, we will continue to improve Cambodia's payment infrastructure, including the large-value Bakong System, to enable real-time, secure, and efficient transactions for both businesses and consumers, supporting the country's broader financial modernization and digital economy goals.
- **7/- Adopting green practices:** Building on our understanding of green finance, the next step is to further promote green financing, support sustainable projects, and contribute to Cambodia's transition toward a low-carbon and environmentally resilient economy; and
- **8/- Establishing a deposit protection mechanism:** We will launch a formal deposit protection scheme to safeguard depositors' funds, strengthen public confidence in the banking system, and enhance overall financial stability.

In light of recent uncertainties, particularly the ongoing border tensions, the National Bank of Cambodia stands ready to act with flexibility when needed to support liquidity, protect depositor confidence, and ensure that credit continues to flow to the economy's productive sectors, while carefully managing downside risks. We will work closely with investors and

international partners to foster long-term partnerships and remain committed to strengthening macro-financial stability while advancing reforms that promote inclusive growth. At the same time, we will continue to enhance coordination among banking institutions, regulators, and relevant authorities to respond promptly and effectively to emerging risks. This includes sharing information, aligning supervisory practices, and fostering transparency to maintain and strengthen public confidence in the financial system.

We urge all banks and financial institutions to fully comply with regulatory requirements, strengthen their consumer protection practices, and uphold the highest standards of lending practice, transparency and governance. By working together, we can preserve financial stability, protect our people, and continue supporting Cambodia's economic resilience during this challenging period.

Before concluding, I would like to extend my heartfelt gratitude to all stakeholders, especially our bankers, for your dedication and unwavering commitment to supporting the country's economic growth. I also want to sincerely thank you for standing by the Cambodian people during the difficult times caused by the ongoing border conflicts. Your constant support has been crucial in helping our communities remain resilient and maintain hope amid these challenges. I am confident that our banking and financial sector will continue to thrive. By working hand in hand, we can overcome any challenges ahead and build a stronger, more resilient economy for Cambodia.

To conclude, I would like to extend my heartfelt congratulations and high appreciation for the achievements of Cambodia's financial institutions over the past year. I sincerely thank the Association of Banks in Cambodia and the Cambodia Microfinance Association for organizing this year's annual gathering in such a splendid manner.

I wish Your Excellencies and distinguished guests good health, happiness, and success in all your endeavors. Wishing you a joyful Christmas and a prosperous New Year! Thank you!