



**Remarks by
H.E. Dr. CHEA Serey
Governor of the National Bank of Cambodia
at the “Banker’s Annual Dinner 2024”**
Sofitel Phnom Penh Phokeethra, Friday, December 13th, 2024
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- **Mr. Rath Sophoan, Chairman of the Association of Banks in Cambodia**
- **H.E. Dith Nita, Chairwoman of the Cambodia Microfinance Association**
- **Excellencies, Neak Oknha, Oknha, Distinguished Guests, Ladies and Gentlemen!**

Today, I am delighted to participate in this Banker’s Annual Dinner 2024 of the Banking and Financial Community family in Cambodia. This gathering is not only an opportunity for the management of banks and financial institutions to meet and interact to enhance cooperation but also a chance to strengthen bonds of solidarity and collaboration between banks and financial institutions and supervisory authorities. Additionally, it serves as an opportunity to reflect on past achievements, identify new challenges, and set collective objectives to address these issues in order to build a more robust and prosperous banking system.

This year, as in previous years, our banking system has continued to maintain stability, but it faces key challenges such as slow credit growth, rising of non-performing loans, increasing capital costs, and declining profitability for banks and financial institutions. Global economic uncertainty, inflationary pressures, disruptions in supply chains, and geopolitical tensions have also caused fluctuations in the financial markets and have affected market interest rates, which in turn have put pressure on banks and financial institutions in Cambodia as a whole, as well as certain segments of the Cambodian population. At the same time, the rise in shadow banking activities, online scams, and cybercrime poses risks to the banking system, requiring us to increase vigilance, particularly in protecting customers' interests in the banking sector from potential losses.

Despite facing some challenges, the banking sector in Cambodia plays a role as a trusted financial intermediary. This progress is reflected through the trust of the public and investors, both domestic and foreign, in the banking sector, as well as the stability and sustainability of Cambodia's economy, which has been underpinned by peace, political stability, and development under the

wise leadership and vision of **Samdech Akka Moha Sena Padei Techo Hun Sen** in the previous mandate and **Samdech Moha Borvor Thipadei Hun Manet**, Prime Minister of the Kingdom of Cambodia in this 7th mandate.

The National Bank of Cambodia, as the monetary and supervisory authority of Cambodia's banking sector, will continue to contribute to promoting national economic development in line with the government's economic and financial policies. To achieve this vision, the National Bank of Cambodia will continue to implement and strengthen measures focused on maintaining financial stability by strengthening the resilience of the banking system, and implementing various initiatives, such as: (1) increasing the effectiveness of monetary policy tools, (2) promoting the use of the Riel, (3) strengthening risk-based supervision of banking and financial institutions, (4) enhancing financial inclusion, (5) promoting financial literacy, (6) protecting consumers, (7) modernizing payment systems, (8) organizing measures to protect savings, (9) combating money laundering and financing of terrorism, and (10) continuing building capacity for human resources to align with the growth of the economic and financial sectors. In parallel, the National Bank of Cambodia will continue to preserve and improve the achievements resulting from the efforts and contributions of **His Excellency Chea Chanto**, former Honorary Governor of the National Bank of Cambodia, in developing and modernizing the banking system to be prosperous and stable as it is today.

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In the context of Cambodia's economic recovery and to alleviate the burden of customers facing financial difficulties, as well as to help banks and financial institutions maintain sufficient liquidity, the National Bank of Cambodia has introduced new measures for banks and financial institutions including: (1) to allow the continuation of the capital conservation buffer at 1.25% until the end of 2025, (2) to allow the implementation of the reserve requirement rate at 7% until the end of 2025, and (3) to allow loan restructuring for customers facing financial difficulties.

The National Bank of Cambodia encourages banks and financial institutions to cooperate with the National Bank of Cambodia in maintaining financial stability and promoting the sustainable development of the banking system by adhering to prudent regulatory standards. As the banking system remains a crucial pillar supporting national economic growth, we must look forward, adapt and address emerging challenges in order to continue fostering economic growth and preserving public and investor confidence in the banking system. In this regard, I would like to give some recommendations that I believe are essential for banks and financial institutions to achieve great future success:

1. Building and Strengthening Capacity

In a world undergoing unprecedented rapid changes, institutions should strive to strengthen their organizational capacity through the development of human resources, investment in robust infrastructure, and, especially, advancing digital transformation and technological innovation.

2. Embracing Sustainable Finance

Environmental, Social, and Governance (ESG) factors are no longer buzzwords or aspirations, because today, banks and financial institutions play a leading role in promoting financial sustainability. Therefore, I encourage all institutions to provide services and create new products or services that prioritize sustainability, especially those aimed at supporting the green environment, in line with Cambodia's sustainable finance principles.

3. Risk Management and Cybersecurity

With new opportunities comes new risks, especially in the realm of cybersecurity, as operational risk and financial vulnerability become significant concerns for financial institutions. In this regard, I urge banks and financial institutions to enhance their risk management capabilities to prevent and protect against the threat of cyberattacks, fraud, and systemic disruptions that could affect the assets of both the institutions and their customers.

4. Compliance and Transparency

In the past, banks and financial institutions have demonstrated good compliance practices, for which I would like to take this opportunity to commend and highly appreciate their efforts in adhering to the laws and regulations set forth by the National Bank of Cambodia. I encourage all institutions to continue adhering to various compliance principles and ensuring high transparency to strengthen public trust and confidence in the banking system.

5. Strengthening Cooperation and Public Relations

As Cambodia's economy continues to recover amid uncertainties, strengthening cooperation among institutions, and between institutions and authorities is crucial. In this regard, engagement with the public and relevant stakeholders is equally necessary, as good relations enhance transparency and trust in the banking system. Therefore, we must focus on clear interpretations and explanations of policies or measures to customers and the public, particularly in addressing misinformation to prevent instability and social chaos.

6. Consumer Protection

As the banking system continues to develop, new financial products are being created with more conditions and increased complexity. This can cause confusion for customers, which requires institutions to clearly define terms, ensure transparency, and explain these products clearly, with the aim of promoting financial stability, enhancing long-term trust in the banking system, and protecting customers. Responsible lending not only reduces the risks of default and financial difficulties, but also helps maintain a healthy credit market by encouraging borrowers to develop sustainable financial habits. In this regard, I urge institutions to carefully assess the borrowing capacity of customers and provide transparent and fair terms to avoid over-lending or lending beyond customers' repayment capabilities, which could lead to over-indebtedness.

Before concluding, I would like to pay tribute to **His Excellency Chea Chanto**, our late Honorary Governor and former Governor, who played a pivotal role in the reform and transformation of Cambodia's financial sector. His leadership, vision, and tireless efforts guided the sector from its early stages to becoming the vibrant, modern financial system we have today—one that significantly contributes to the nation's economic growth.

The introduction of the Law on Banking and Financial Institutions in 1999 was a landmark achievement for banks and financial institutions. The decisive actions of **His Excellency Chea Chanto**, our former Governor, including the restructuring of the banking system by raising minimum capital requirements and the difficult decision to close 17 commercial banks, were critical in shaping a stronger and more resilient financial sector. Furthermore, the establishment of robust supervisory and regulatory functions within the National Bank of Cambodia laid the foundation for the banking system's development into a key pillar of the economy.

His commitment to building human capital within the sector, and by extension, strengthening the nation's human resources, serves as an enduring example of leadership and dedication. His vision of creating a financial system that meets international standards and best practices has left a legacy, one that will be honored by the management and staff of the National Bank of Cambodia, as well as by the broader financial community.

In the video that follows, you will hear personal testimonies about the profound impact of his leadership on the industry. I invite you all to watch and reflect on his remarkable legacy.

In conclusion, I would like to extend my congratulations and high regard for the achievements made by banking and financial institutions in the past. I also would like to express my gratitude to the Association of Banks in Cambodia and the Cambodia Microfinance Association for organizing this wonderful Banker's Annual Dinner 2024, and I would like to extend my best wishes to your Excellencies, Neak Oknha, Oknha, Distinguished Guests, Ladies, and Gentlemen of the four Buddhist blessings: longevity, nobility, health, and strength.

Thank You!