

Roles of the Central Bank & Her Monetary Policy

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June 7, 2017



NATIONAL BANK OF CAMBODIA

Riel. Stability. Development.

Disclaimer

- The information presented herein can by no means be considered complete and error-free.
- The opinions expressed in this presentation do not necessarily reflect the views of the National Bank of Cambodia.



CONTENT

Role of the Central Bank

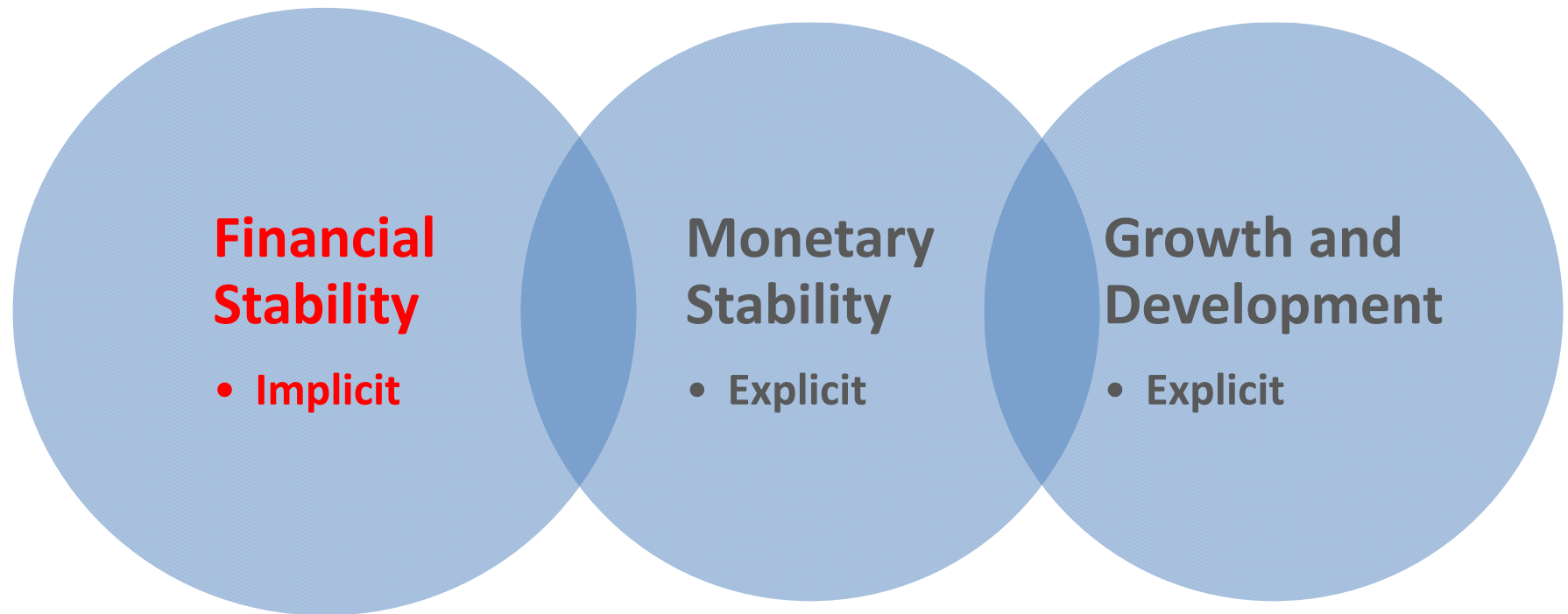
- 👉 Financial Stability
- 👉 Monetary Stability
- 👉 Growth & Development



Role of the Central Bank



The principal missions of the NBC are ...

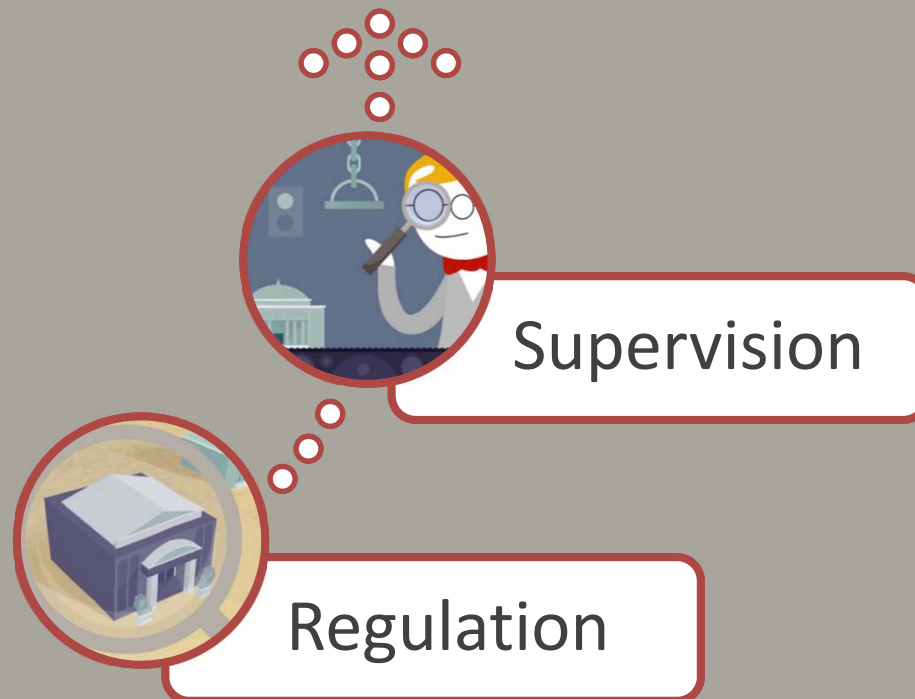


Financial Stability

Financial system is considered as a heart of the economy



To ensure stability in the banking system:

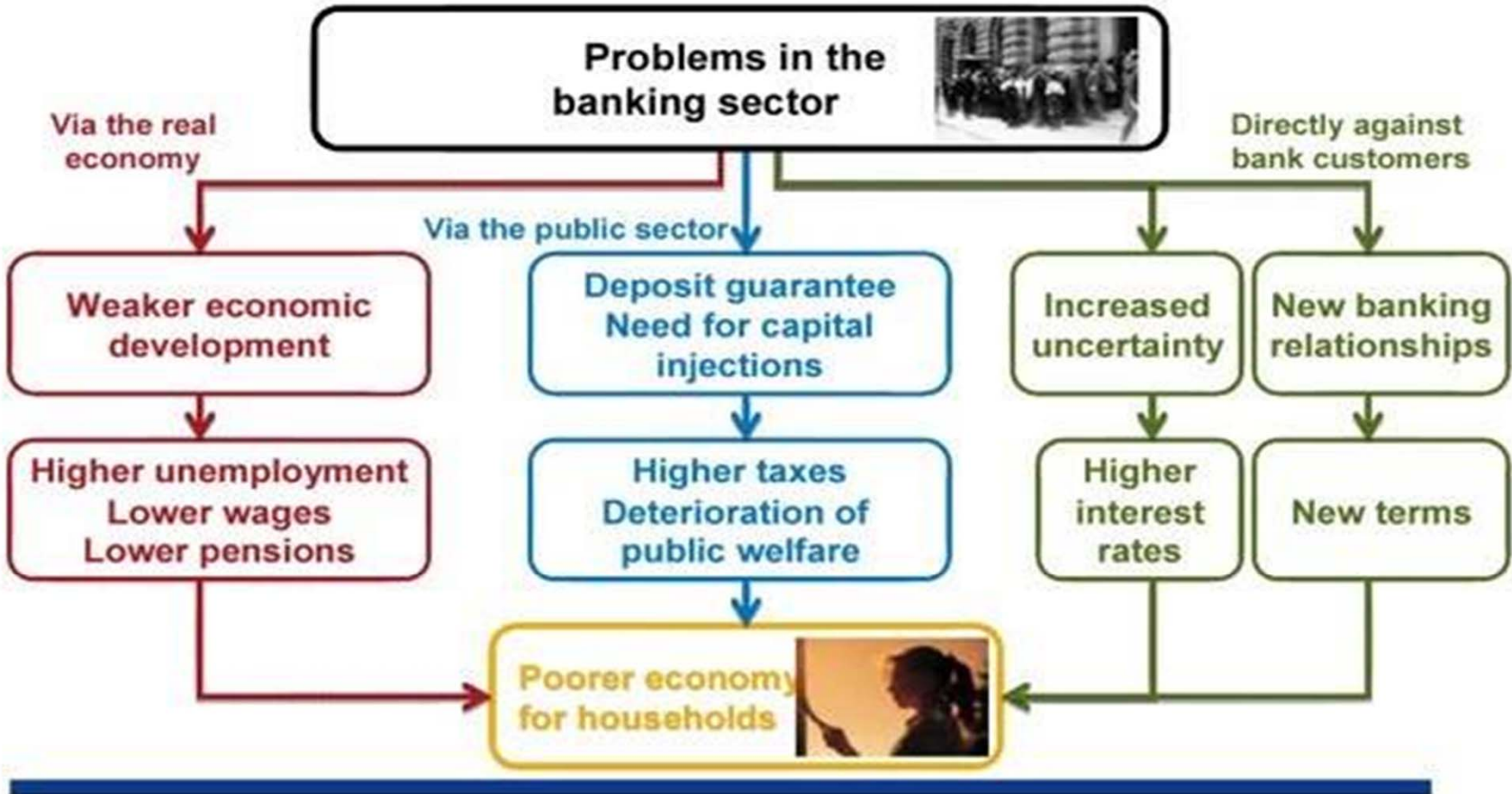


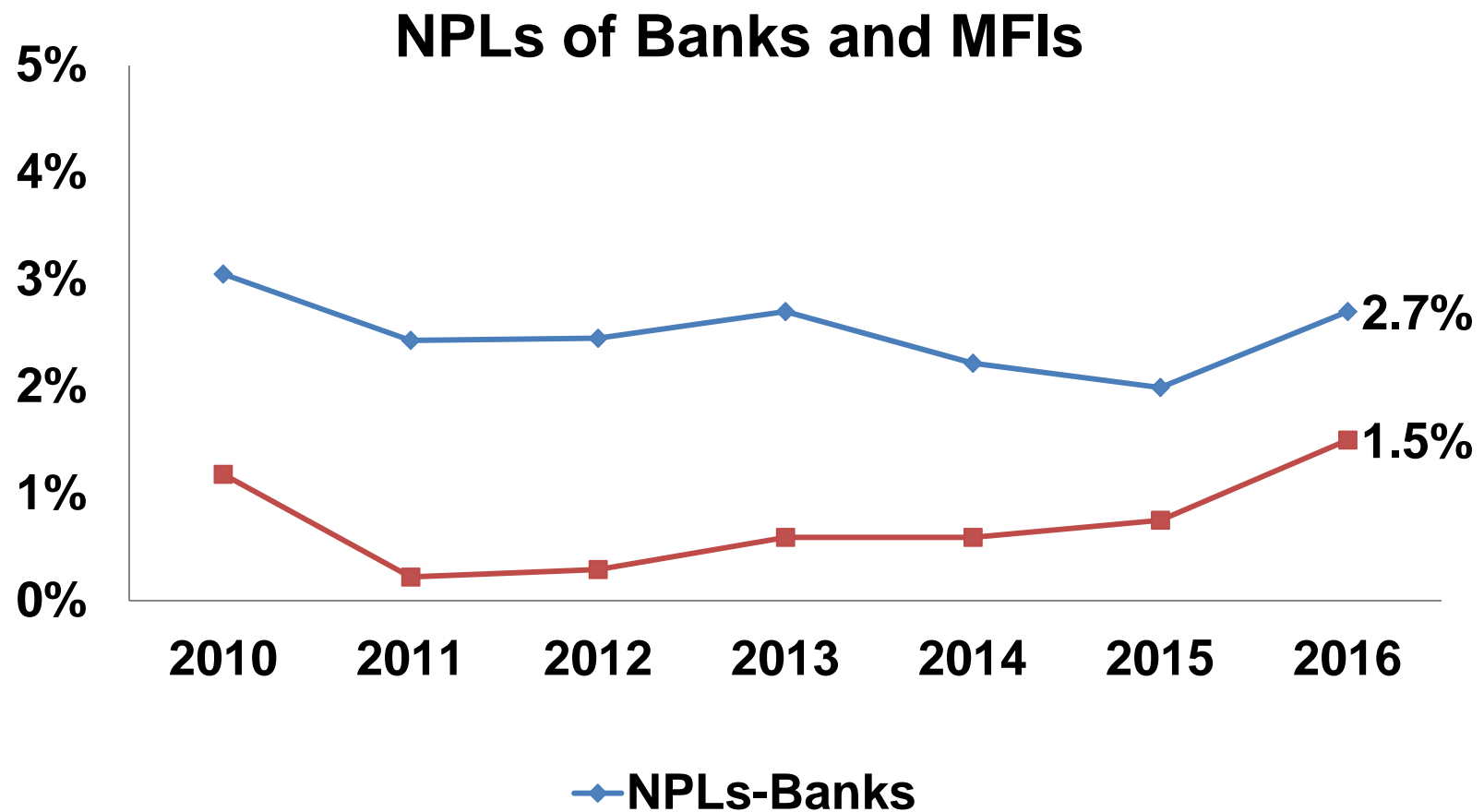
PAYMENT SYSTEMS





Problems in the banking sector impact the country's citizens in many ways





❖ Non-performing Loan of Banks and MFI increased slightly in 2016 to 2.7% and 1.5% respectively.

Monetary Stability

Currency issuance



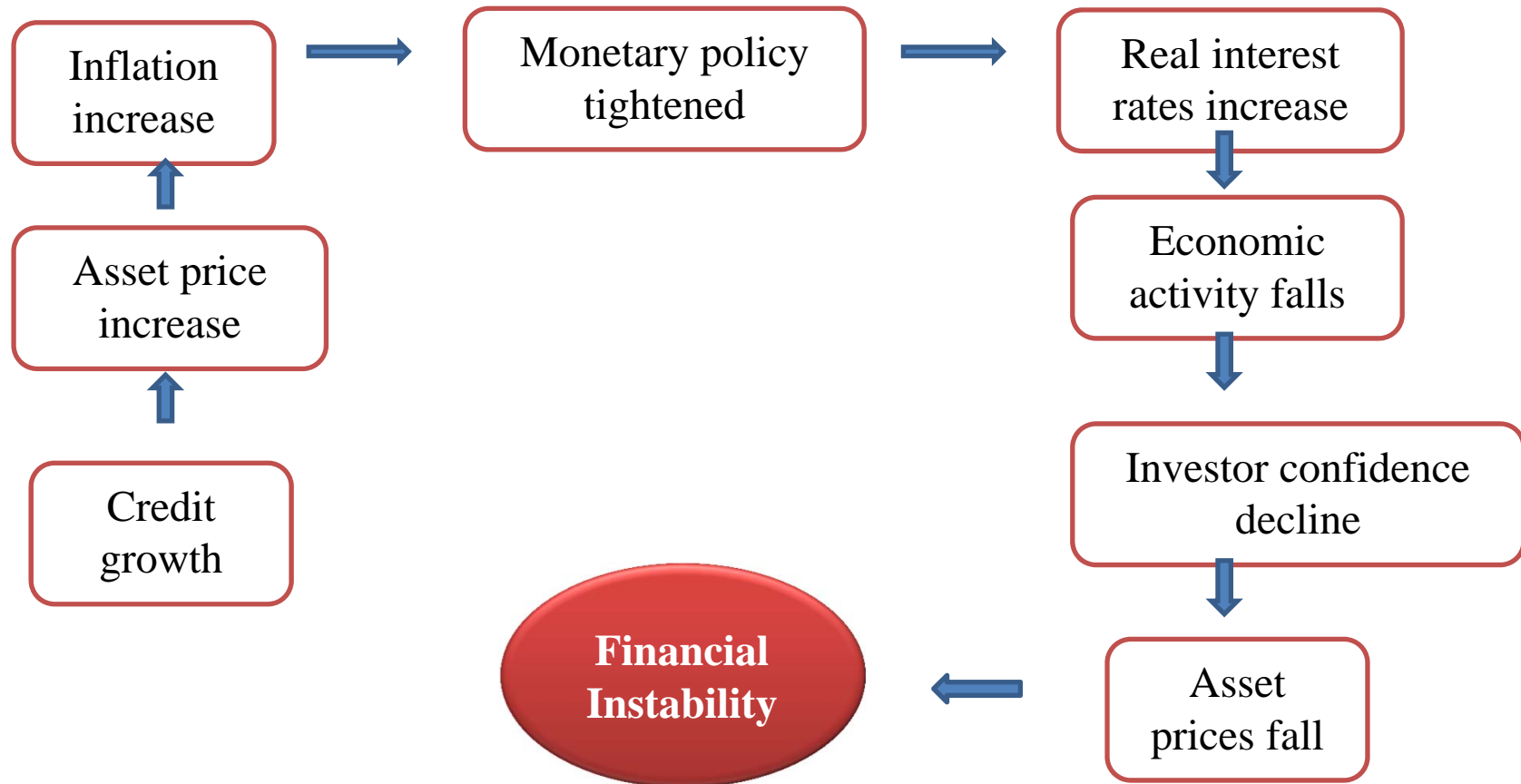
Monetary Policy



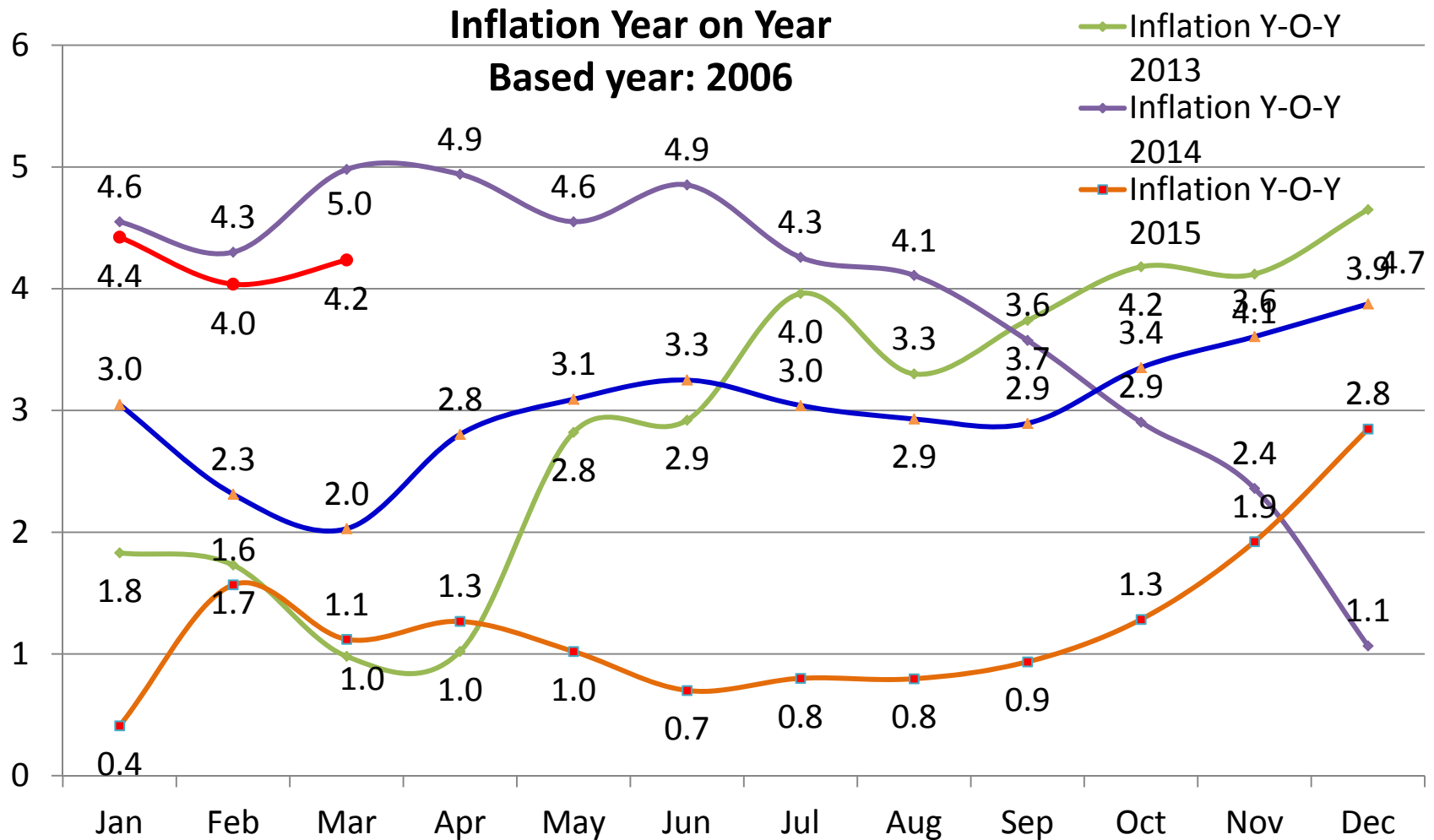
Tighten or Loosen Money Supply?



Why Monetary Policy Matters ?



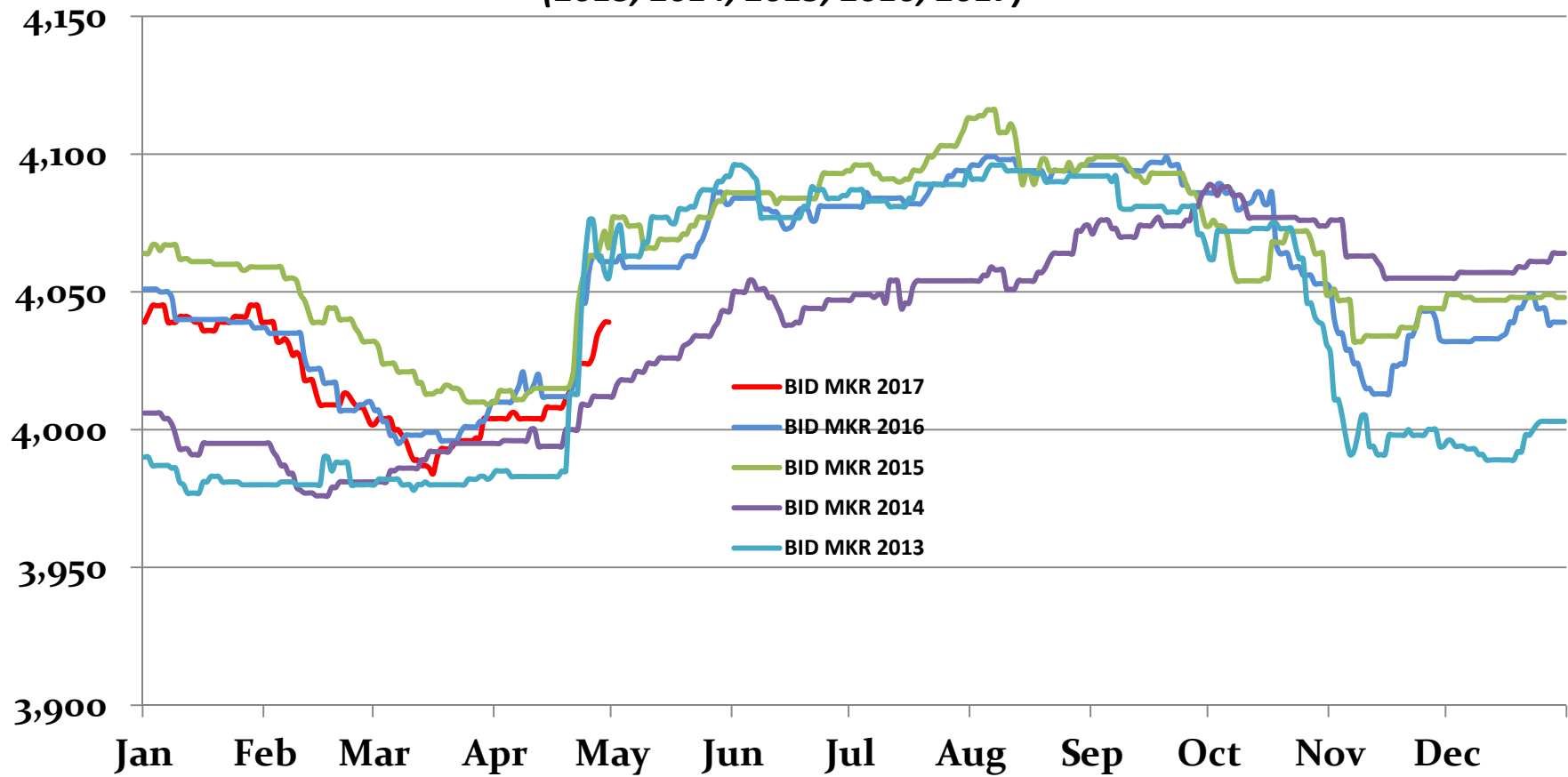
Price Stability



Average inflation from 1995 to 2017 (exclude regional and global crisis period) : 2.76%

Stable Exchange Rate

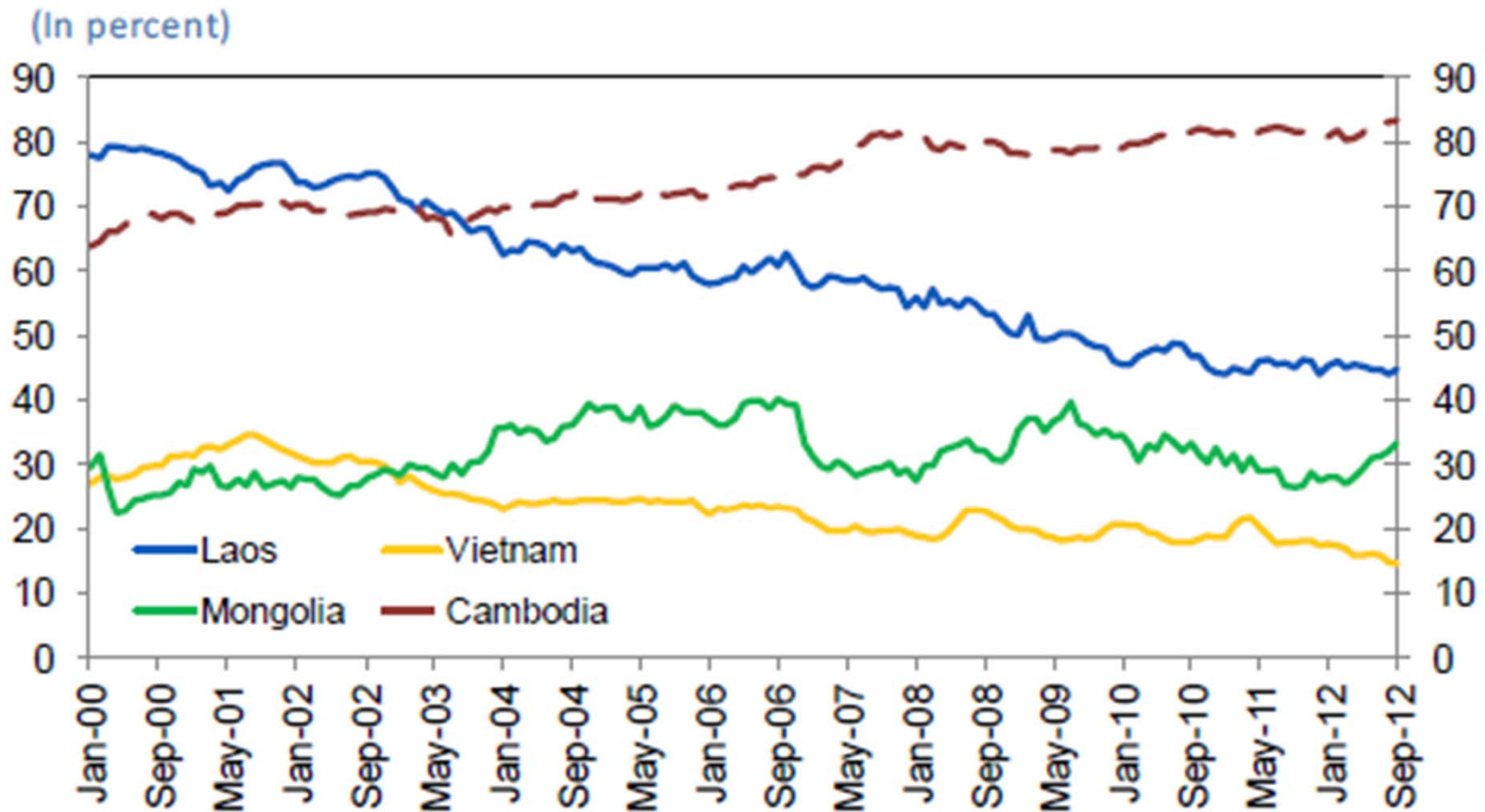
*Exchange Rate Movement of Riel against USD
(2013, 2014, 2015, 2016, 2017)*



The exchange KHR/USD moved less than +/-2% from 2000 to 2017

Dollarization remains persistently high

Ratio of Foreign Currency Deposits to Broad Money (M2), 2000-12



Dollarization → Should we maintain the status quo?



10 Reasons Why We Should Use RIEL ???

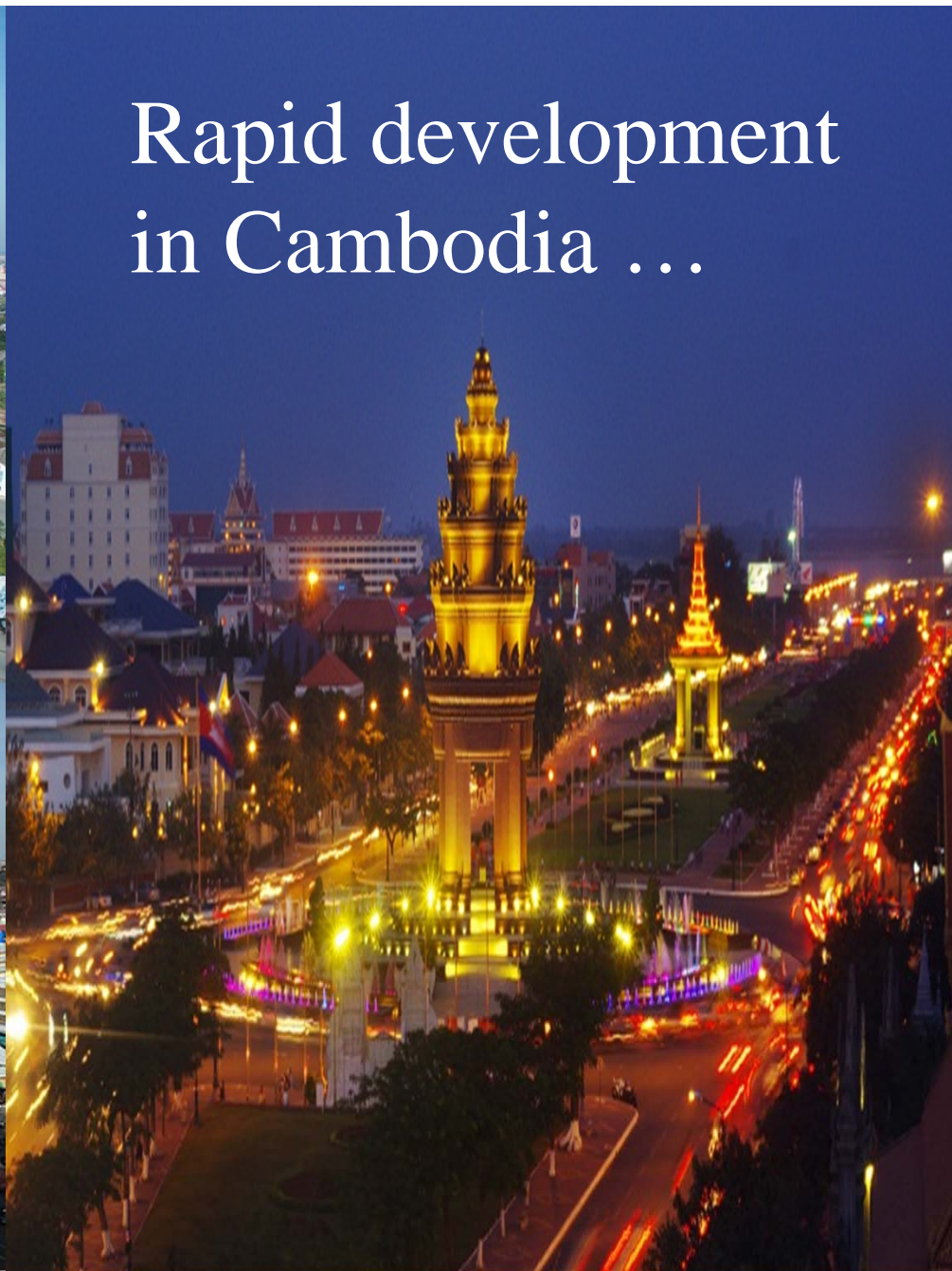
- i. Enhance National Pride and Solidarity
- ii. Promote Price Stability
- iii. Reduce Transaction Costs
- iv. Promote Trade
- v. Increase Investments & Job Creation
- vi. Promote Infrastructure & Social Welfare
- vii. Promote Financial Inclusion
- viii. Accumulate Foreign Reserves
- ix. Gain Seigniorage
- x. Prevent Counterfeiting

Measures put in place by the Government and the Central Bank:

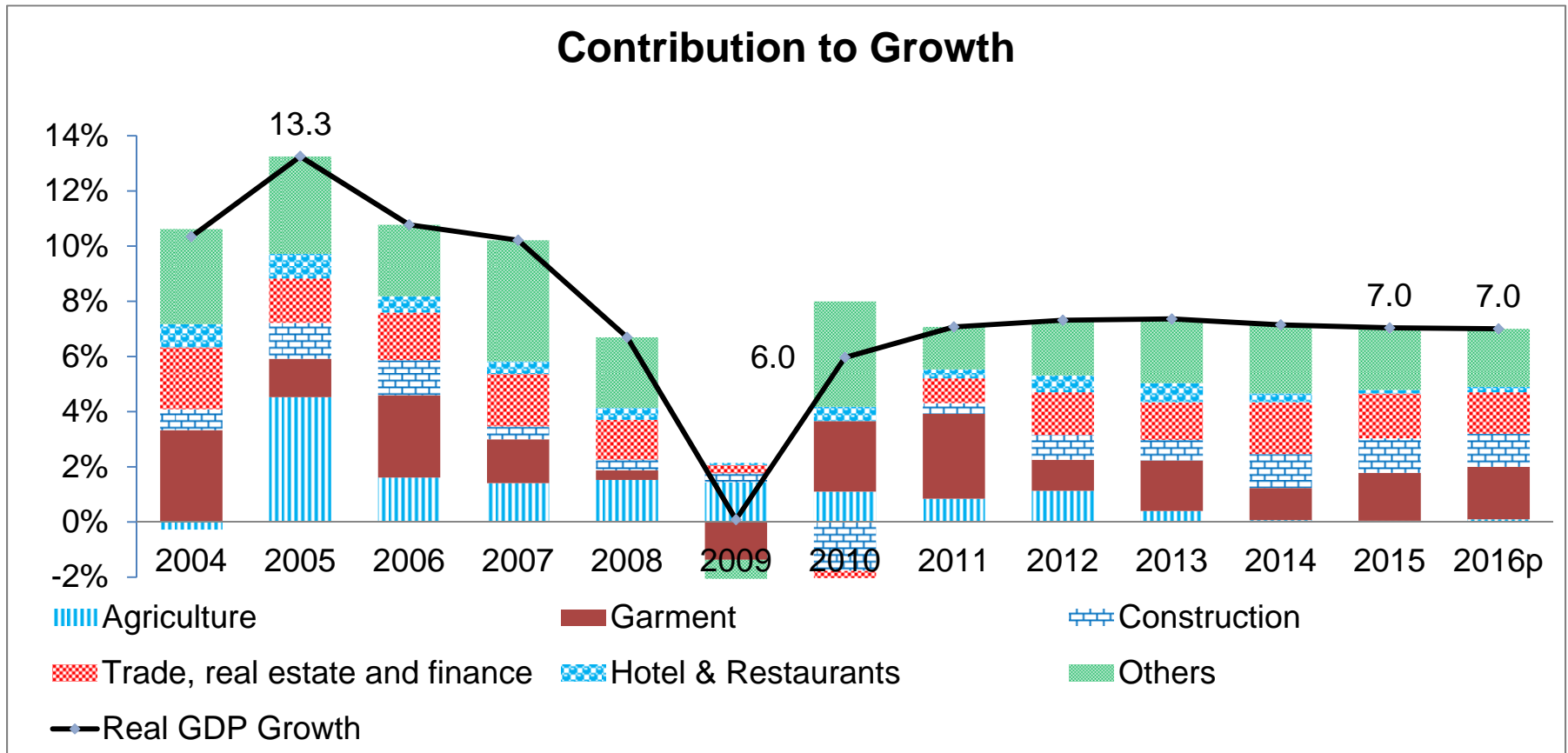
- Payroll of government officers & central bank staff in KHR
- Utilities billed in KHR
- Promote quality of banknotes
- 10% KHR in bank assets
- FAST payment system
- Liquidity Providing Collateralized Operations (LPCO)
- Government services charged in KHR
- Tax in KHR
- Stock market listed in KHR
- Etc.

Growth & Development

Rapid development in Cambodia ...

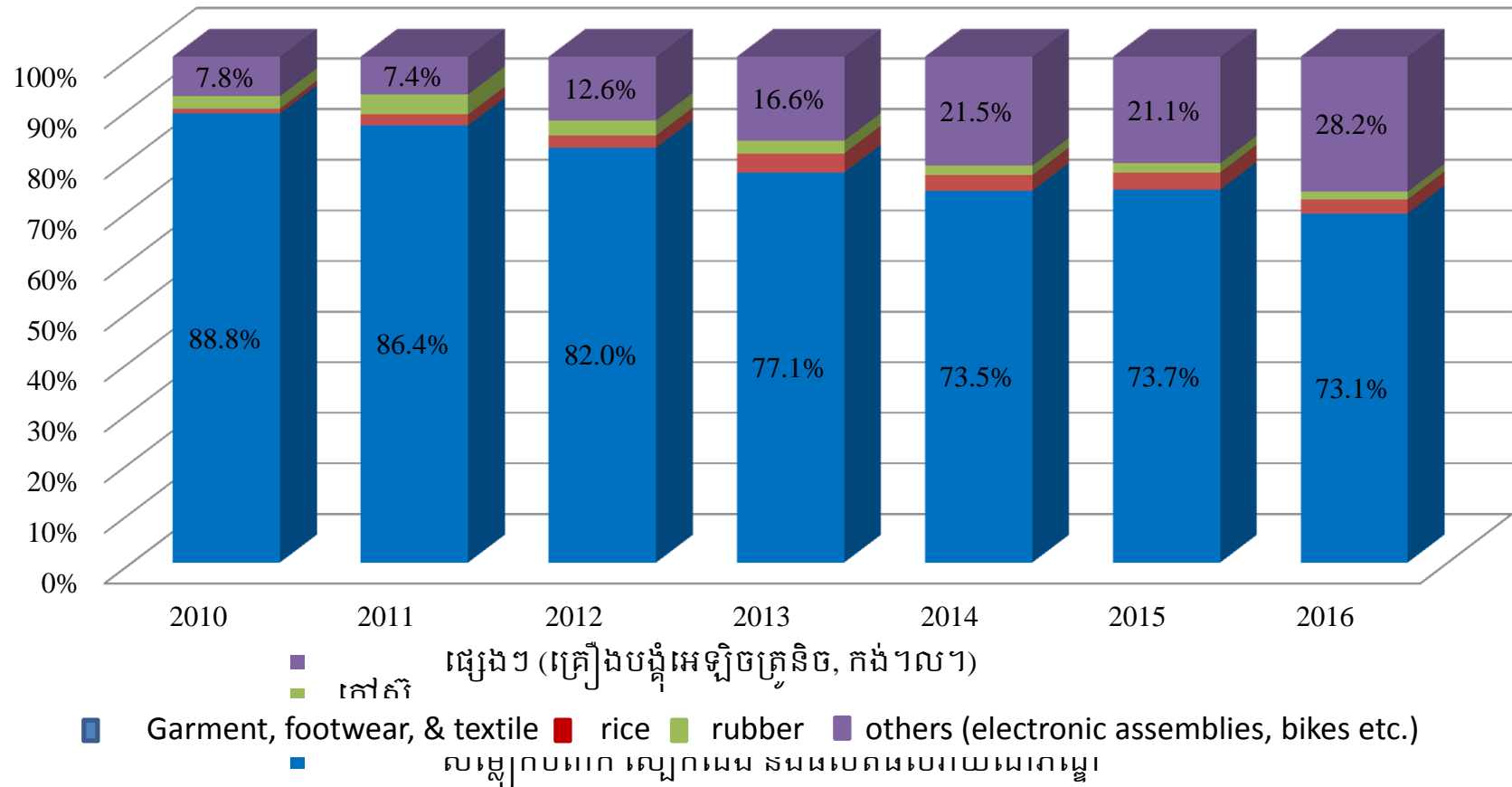


Robust growth & stable macro conditions (over 7%, last two decades)



- ❖ Cambodian economic growth remained robust at around 7%, supported by robust growth in garment, construction & real estate, and tourism, while agricultural sector has slightly improved.

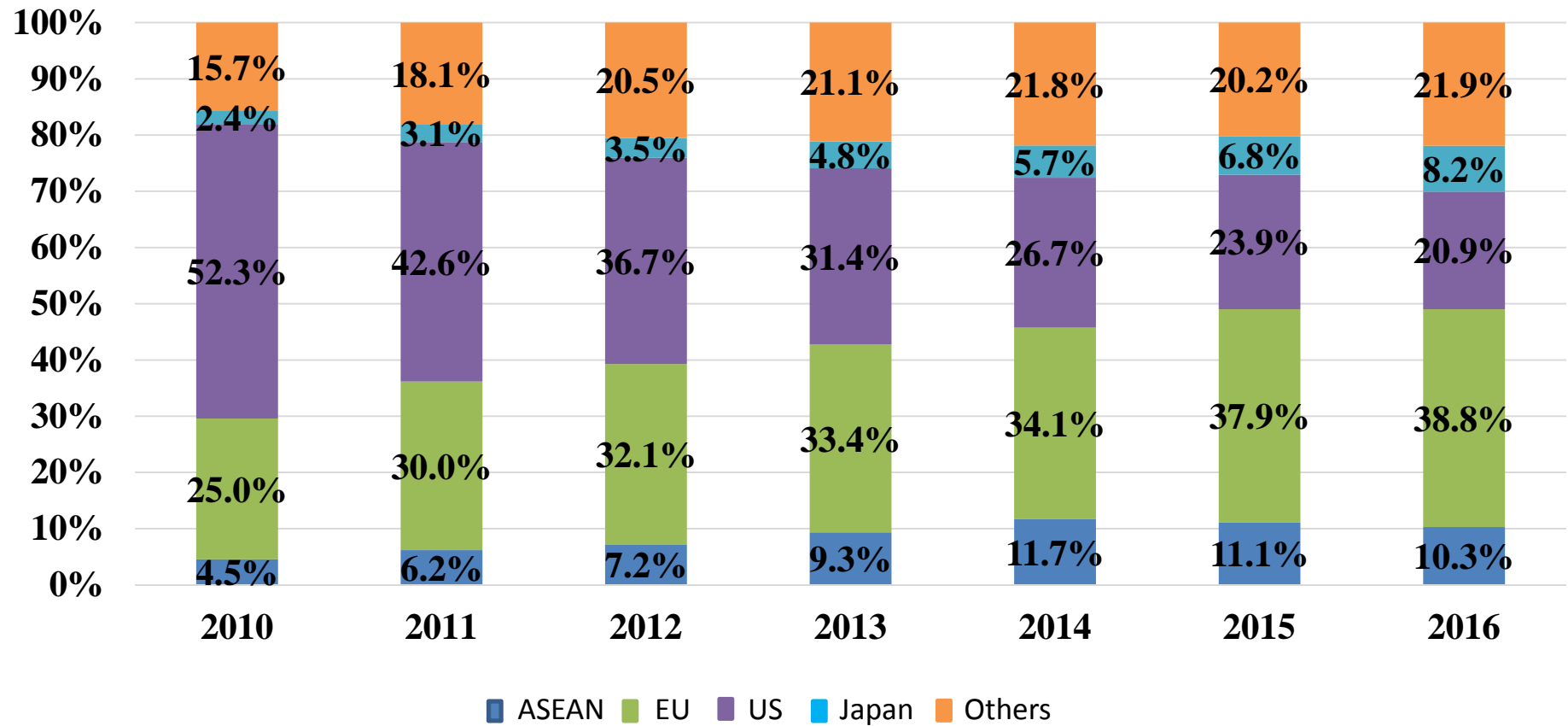
Diversifying Types of Export Products



Source : Ministry of Economy & Finance

- ❖ The proportion of footwear, textile, and garment export is getting smaller, while that of rice, electronic assemblies is getting larger.

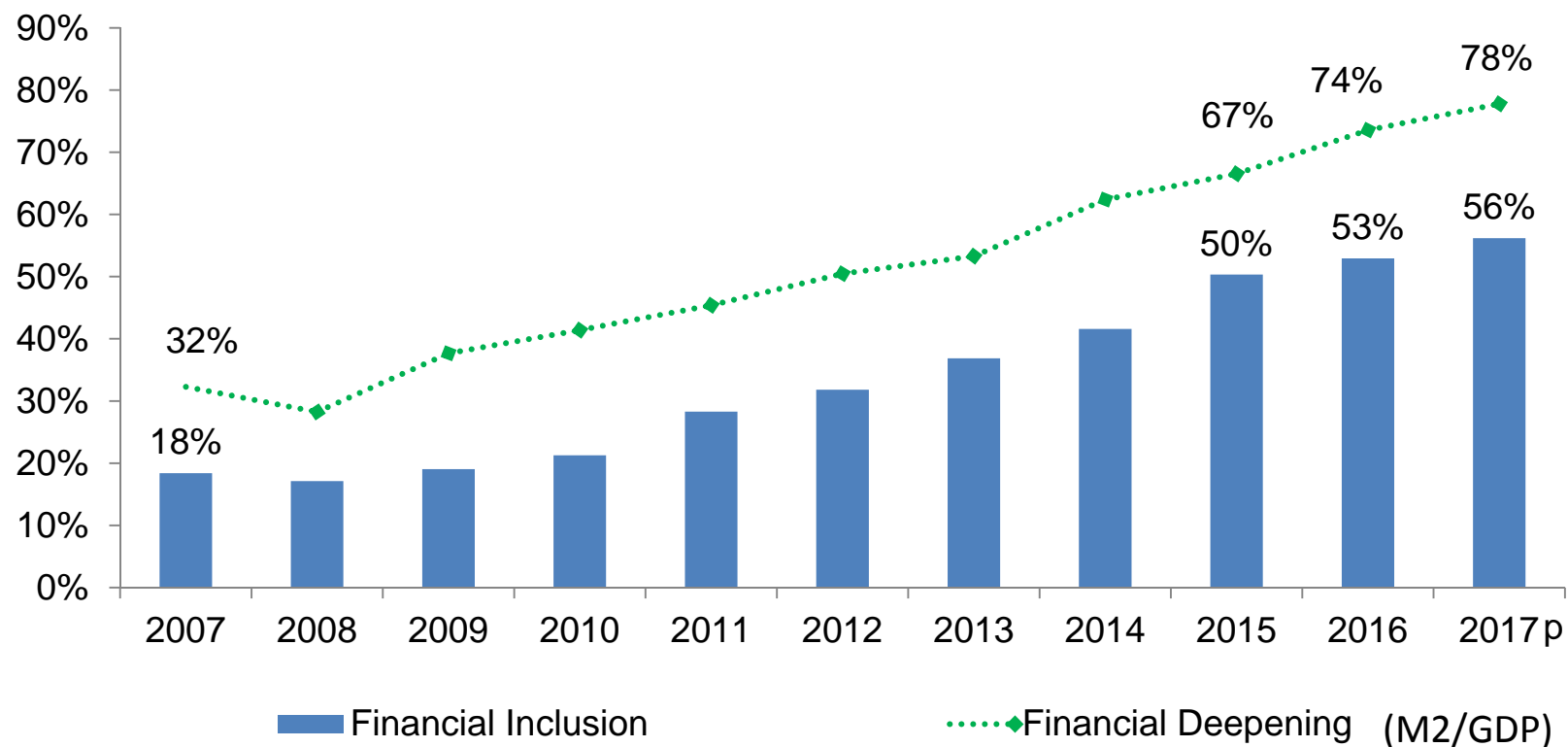
Diversifying Export Destination



Source : Ministry of Economy & Finance

- ❖ The proportion of export to the US is decreasing, while that to the EU, Japan is increasing.

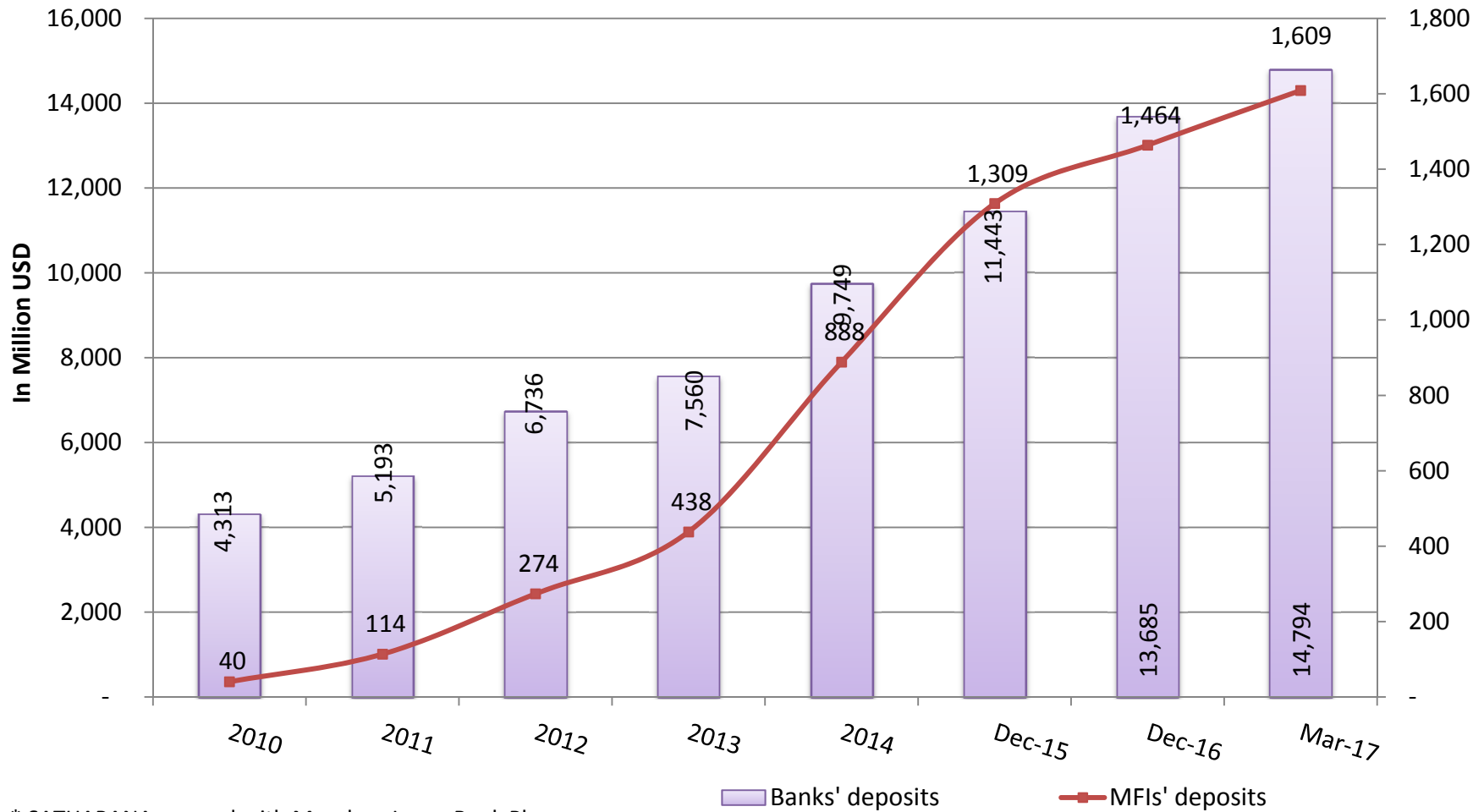
Financial Inclusion and Financial Deepening (M2/GDP)



- ❖ Financial sector is expanding and more inclusive.
- ❖ In 2016, M2/GDP increased to 74% and 53% of adult population has access to financial services.

Deposit with Banks and MFIs

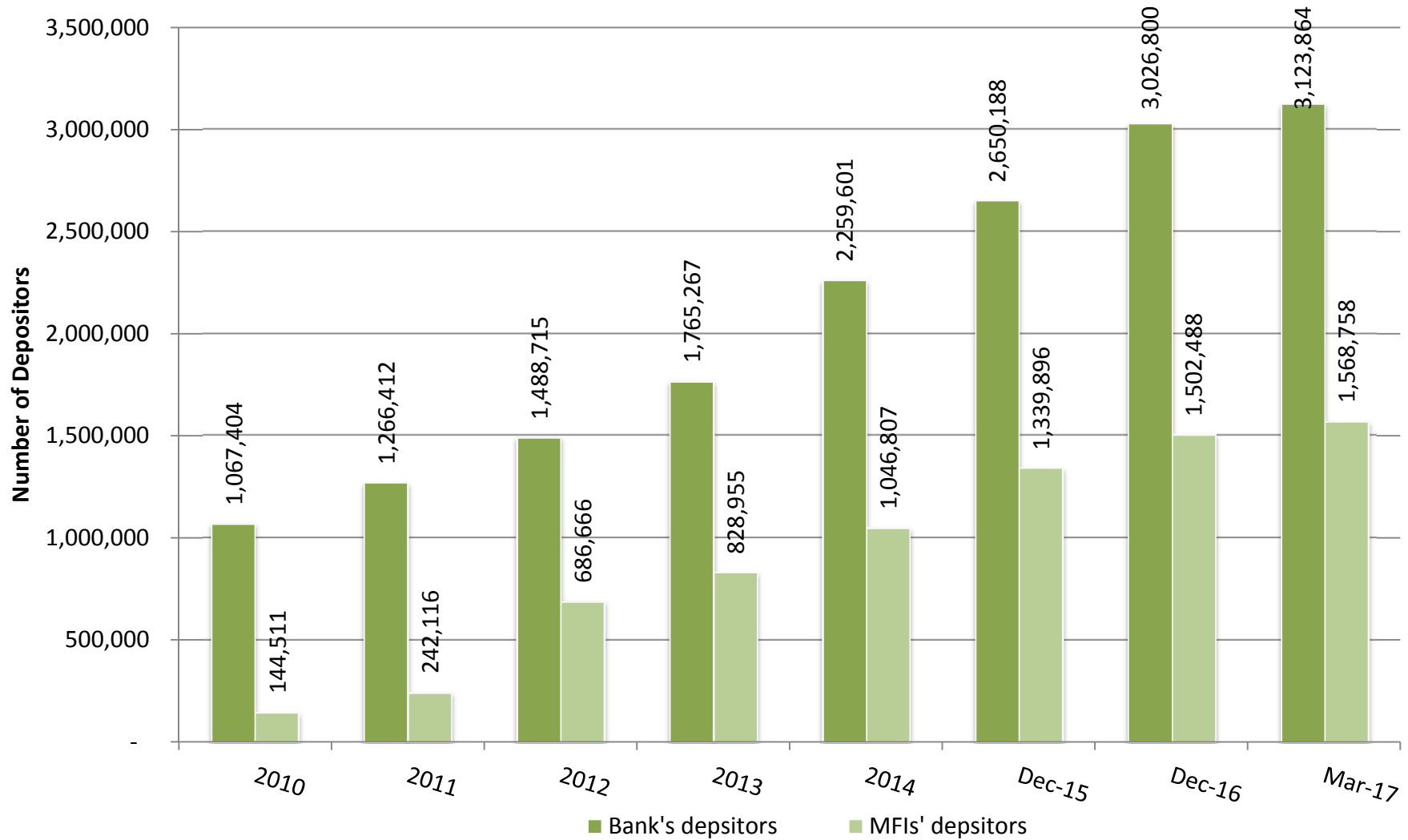
March 2017



* SATHAPANA merged with Maruhan Japan Bank Plc.

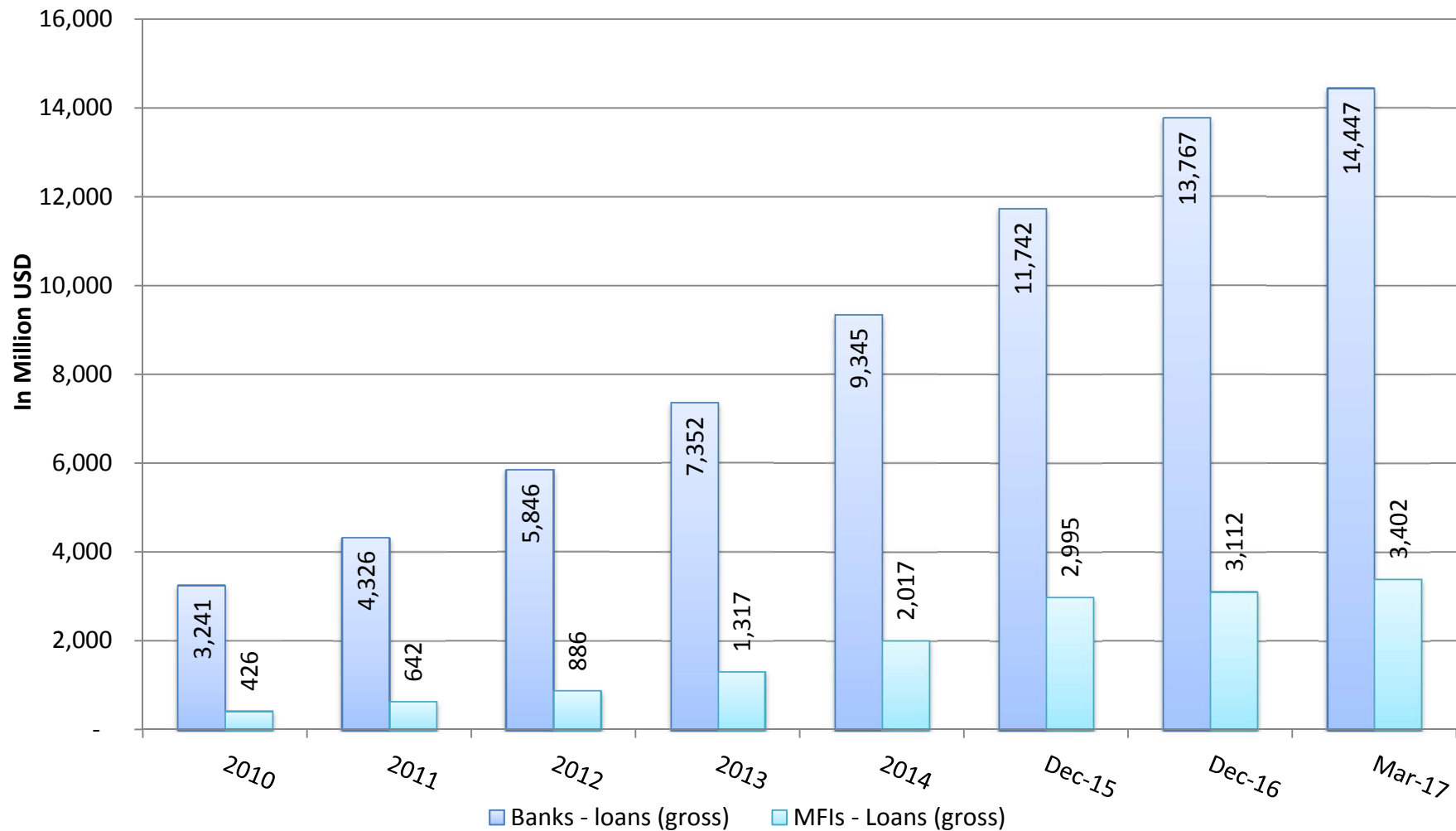
Number of Depositors

March 2017



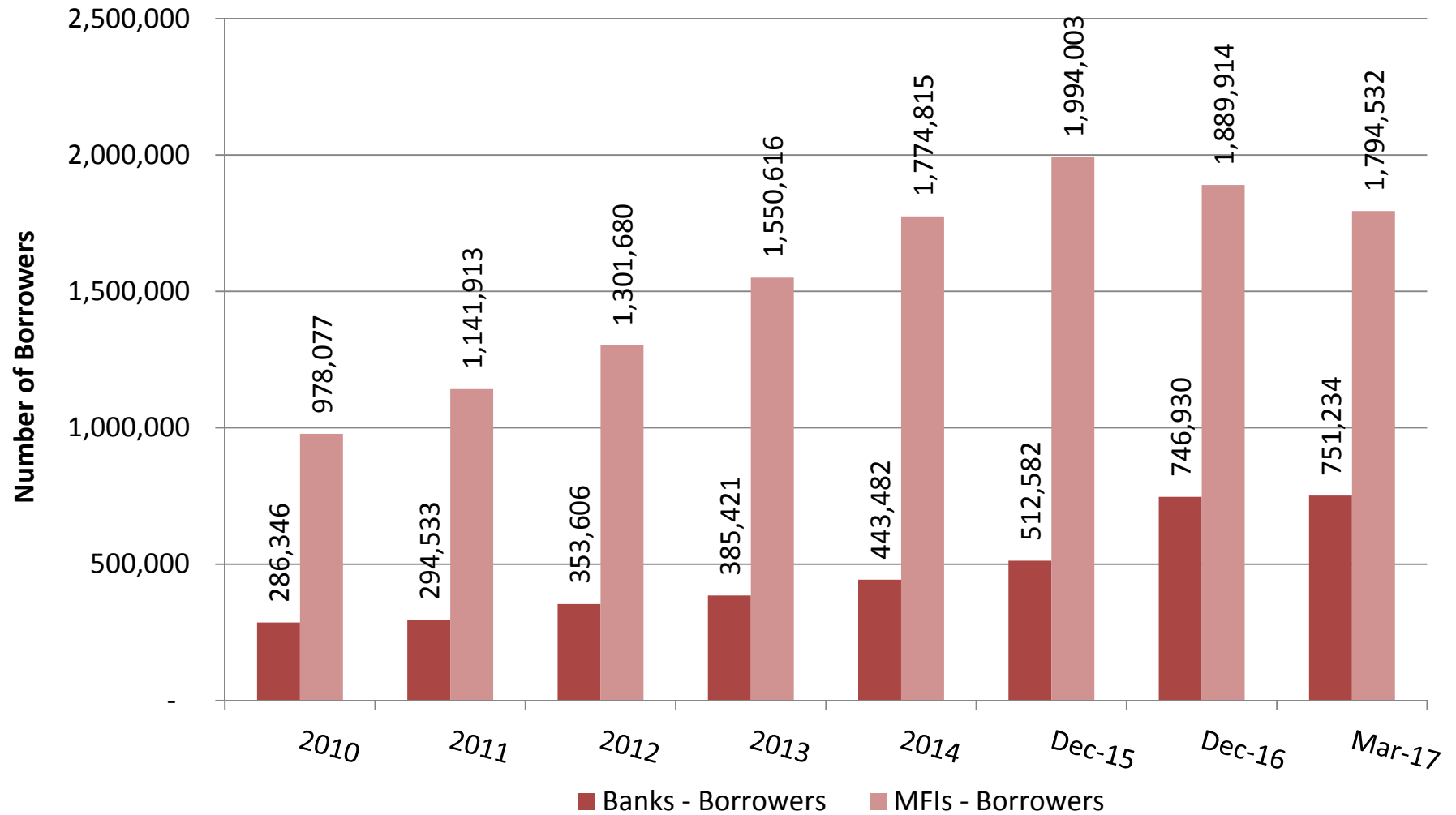
Financial Institutions – Loans to Customers

March 2017



Number of Borrowers

March 2017





**THANK YOU FOR YOUR
KIND ATTENTION**