



JOINT STATEMENT

PHNOM PENH, CAMBODIA (16 September 2022)—The Association of Banks in Cambodia (ABC) and the Cambodia Microfinance Association (CMA) are aware of a report on “Micro” Finance in Cambodia: Development, Challenges, and Recommendations commissioned by the Federal Ministry for Economic Cooperation and Development (BMZ).

The study stated microfinance in Cambodia contributes greatly and has positive impact on borrowers’ livelihood, especially increasing their income and their land ownership. The study addressed that “The majority of all respondents attribute a good effect to the current loan, above all in the economic domain. Income increases are mentioned first...”. Furthermore, this study clearly illustrates that “the majority of all loans have positive to very positive effects from the borrowers’ perspective. They also consider the cooperation with the lending institutions to be rather unproblematic on the whole.”

Besides the massive impact stated above, the study also confirmed the credit was almost never the main cause for child labor or migration. In contrast, majority of borrowers experienced positive impact from their credit facilities; increase in their personal income as well as increase in land ownership as stated above.

The study has also pined some negative cases on loan assessment, aggressive marketing, and land sales. However, regarding to 1.2% p.a. of land sales, the author clearly states, “Not all land sales represent a profound economic and social collapse for the hh [Household], partly due to the progression of land prices in Cambodia.”

The associations understand and respect concerns raised in the study, but we believe that the limitation of the study does not reflect the whole sector and that they could be caused by the different definition of “over indebtedness” or the different context of microfinance in Cambodia.

We regret that some stakeholders have solely drawn attention to negative points, disregarding the full context of the report, to amplify their statement which is very misleading to the public.

First and foremost, please be assured of our continued commitment to responsible lending which has always been the core agenda of the financial industry. ABC, CMA, and other relevant stakeholders have put a lot of efforts to ensure the sustainable growth of the industry and a positive impact on clients. This is clearly evidenced through introducing the Lending Guidelines, the Banks and Financial Institution Codes of Conducts, Regional Branch Manager Trainings, Standard Loan Contract, and Responsible Lending Certification program as well as client empowerment through financial literacy programs.

On top of the above steps and initiatives that we have taken, we will be engaging an international independent external party to conduct an in-depth impact study on the microfinance sector..

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For inquiries, please contact:

Mr SOK Chan, ABC’s Head of Financial Inclusion and Public Relations via Tel: 092 68 3330 or abc_fi@abc.org.kh

Mr KAING Tongngy, CMA’s Head of Communications Department via 095 262 111 or hcd@cma-network.org