



សហមណោធាកម្ពុជា
THE ASSOCIATION OF BANKS IN CAMBODIA



សហគមហ្មុតិវណ្ណកម្ពុជា
Cambodia Microfinance Association

Press Release

Cambodia Launches Standard Loan Contract and Standard Text of Contractual Terms to Strengthen Consumer Protection and Fair Competition in Banking and Financial Sector

Phnom Penh, August 30, 2023: The Industry-wide Standard Loan Contract (SLC) and Standard Text of the Contractual Terms have been officially declared for use in the Kingdom's banks and financial institutions by the Association of Banks in Cambodia, and Cambodia Microfinance Association on August 29, 2023, at the Centre for Banking Studies (CBS).

The launching ceremony of the first-ever financial sector Standard Loan Contract was presided over by H.E. Dr. CHEA Serey, Governor of the National Bank of Cambodia (NBC), accompanied by Mr. Rath Sophoan, Vice-Chairman of the Association of Banks in Cambodia, Mr. Sok Voeun, Chairman of Cambodia Microfinance Association (CMA), Mr. NGET Chek, deputy director general of Consumer Protection Competition and Fraud Repression Directorate-General (CCF) bankers and stakeholders for more than 300 participants.

The purpose of Standard Loan Contracts and Standard Text of Contractual Terms is to improve transparency, effectiveness, and consumer protection. It also allows all members to have a unified standard loan agreement and standard text of contractual terms in their respective financial institutions' loan contracts when BFIs communicate and provide loans to the public and their clients. It will apply to commercial banks, specialized banks, microfinance deposit-taking institutions, Microfinance institutions, rural lending institutions, and financial leasing companies.

For loans up to USD 50,000, all banks and financial institutions are required to use the same format and terms in the four categories of the Standard Loan Contract, including (1) Standard loan contract on Secured Loan, 2) Standard Loan Contract on Clean Loan, 3) Standard Loan Contract on Financial Leases, 4) Standard Loan Contract on Group Loan) which were issued by the Association of Banks in Cambodia and the Cambodia Microfinance Association.

Whereas loans range from more than USD 50,000 up to USD 100,000, all banks and financial institutions are required to incorporate only the Standard Text of Contractual Terms provided by the Association of Banks in Cambodia and the Cambodia Microfinance Association in their credit agreements. The Association of Banks in Cambodia and the Cambodia Microfinance Association do not establish any Standard Loan Contracts with loan amounts greater than USD 100,000.

Addressed to 300 participants during the launching ceremony, H.E. Dr. Chea Serey, Governor of the National Bank of Cambodia, congratulated the Working Group of the National Bank of Cambodia (NBC), the Association of Banks in Cambodia (ABC), the Cambodia Microfinance Association (CMA), and other stakeholders for their cooperation in preparing Standard Loan Contract and Standard Text of Contractual Terms for Banks and Financial Institutions. This is another new achievement in contributing to consumer protection as well as financial inclusion in Cambodia.

H.E. Dr. Serey added that the Standard Loan Contract and Standard Text of Contractual Terms for Banks and Financial Institutions is a contribution to the implementation of the first phase of the Royal

Government's Pentagon Strategy for the seventh mandate. "I would like to encourage all banks and financial institutions, the Association of Banks in Cambodia, the Cambodia Microfinance Association, and all stakeholders to promote and support the implementation of SLC," she said. The Standard Loan Contract, which demonstrates the contribution of the National Bank of Cambodia as well as the Royal Government in supporting consumer protection, as well as strengthening financial inclusion in Cambodia, is reflected through the provision of a responsible manner, and ethical competition. "

Mr. RATH Sophoan, Vice Chairman of the Association of Banks in Cambodia, said that this standard loan contract will contribute to promoting transparent competition, improving customer protection, and contributing to the development of the banking and financial sector in Cambodia in a stable, sustainable, and inclusive manner.

He went on to add that the standardized loan contract and standard text of contractual terms also contribute to strengthening the mechanism for resolving consumer complaints. The hotline numbers of BFIs and associations are also included in the standard loan contract and in the standard text of contractual terms. Mr. Sophoan added that the association will issue a client complaint management framework within the association, and a Financial Client Center will be established in the future, he added.

"The achievements of the collaboration between all members and the support of the National Bank of Cambodia will contribute to the development of the banking system and increase the trust of the people, investors, and stakeholders in the banking system," said Mr. Sophoan.

Mr. SOK Voeun, Chairman of CMA's Board of Directors, said that SLC and STCT are essential for both customers and all banking and financial institutions because they will help maintain sustainability for the banking and financial sector as a whole.

"SLC and STCT will provide convenience to customers by ensuring transparency between customers and banking and financial institutions. The standardized format and terms of the loan contract for loans up to USD 50,000 will also ensure customer protection and fair competition among the banking and financial institutions. This is a minimum standard that is jointly implemented and can help to keep the sustainability of the sector", said Mr. SOK Voeun.

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