



Joint Statement

Between

The Association of Banks in Cambodia and Cambodia Microfinance Association

On September, 16, 2016 a meeting was convened between National Bank of Cambodia’s (NBC) senior management, and the executive committees of both the Association of Banks in Cambodia (ABC) and the Cambodia Microfinance Association (CMA). The meeting addressed recent concerns over developments in the rice industry in Cambodia. We reconfirmed the different avenues by which financial institutions can continue and expand their support to the various entities involved in the agriculture industry. The meeting agreed on the following:

1. According to Cambodia Rice Federation, rice prices in Cambodia has fallen below the regional price, raising concern over the welfare of farmers and sustainability of the rice industry. We believe that such phenomenon is regional specific contributed by bad weather conditions and stiff competition in the rice industry in the region.
2. The ABC and CMA strongly compliment the various government agencies for their pro-active role in addressing the structural challenges in the rice industry, especially the Ministry of Commerce for their continuous search for new markets and increased import quotas for Cambodian rice, the EDC for their flexible stance on electricity prices provided to the rice miller industry as well as the efforts by Cambodian Rice Traders to buy rice and establish a floor on prices.
3. While preserving a safe and sound financial system with prudent lending practice, we believe that financing the agriculture sector is equally important to the Cambodian economy and its people given that the majority live in the rural area and live off their agriculture harvest. With the encouragement from the Royal Government as well as the NBC, the financial industry has been actively supporting the agriculture sector through our loans to every level of the rice production supply chain from farmers, to rice millers and rice traders. Loans to the agriculture industry stand at USD 2.460billion constituting 15% of the total banking industry portfolio. Depending our members’ expertise in the sector, loans to agriculture based businesses have been provided based on financial strengths, cash-flows, future receipts, past repayment and behavior history through CBC reporting, and not solely rely on fixed assets collateral as has been commonly misunderstood. Our members strive to assist the rice millers to cope with their financing need which in turn assists the farmers.
4. The ABC and CMA commend proactive and strong leadership of the NBC. The many measures put in place by the NBC, namely the recent raise in the minimum capital and liquidity requirements, will further strengthen the industry capital base and the NBC prudent supervision and enforcement will ensure that the financial industry remains strong and continues to provide the ability to fund the economy.
5. Going forward, the financial industry commits to continue providing capacity building for all the members of the rice industry to better help them manage their cash flow and be qualified for bank loans. At the farmer’s level, CMAs members strongly commit to Smart Campaign’s client protection principles: appropriate product design and delivery, prevention of over-indebtedness, responsible pricing, transparency, fair and respectful treatment of clients, privacy of client data, and mechanism for complaint resolution.
6. Mindful of this difficult time, ABC and CMA members and will continue to provide loans to qualified farmers, rice millers and traders and support them in their business. We will continue to closely monitor our loans to agriculture oriented borrowers and will continue to work with those in need of our support. We believe that our success depends on the success of our customers.