



សហគមន៍ធនាគារកម្ពុជា
THE ASSOCIATION OF BANKS IN CAMBODIA



សហគមន៍ហិរញ្ញវត្ថុកម្ពុជា
Cambodia Microfinance Association

Guidelines

On

Implementation of Key Terms of Standard Loan Contract
for Banks and Financial Institutions

Date: October 2022

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I. Introduction

1. The objective of the key terms of Standard Loan Contract

The key terms of Standard Loan Contract (SLC) is established in line with priority activities from 99-104 stated in the National Financial Strategic Plan 2019-2025. It also aligns with the Banks and Financial Institutions' Code of Conduct (BFI's Code) adopted on March 4, 2022, and responds to the recommendation from the National Bank of Cambodia during the NBC-Financial Inclusion Committee's meeting on February 22, 2022.

2. Structure

ABC Council agreed to establish a Working Group on Standard Loan Contract (WG-SLC), which is under the Financial Inclusion Committee. The Working Group on SLC has been tasked to consult and to guide and draft the key terms and guidelines for the industry loan contract in order to enable the members to have consistent key terms in their individual financial institutions' loan contracts. The WG-SLC consists of Commercial Banks, Specialized Banks, Microfinance Deposit-Taking Institutions (MDIs), and Microfinances. The WG-SLC consists of ACLEDA Bank, a Chair of WG, and AMK Microfinance, a Vice-Chair of Working Group, followed by another 8 members, including ABA Bank, AEON Specialized Bank, Canadia Bank, Cambodia Public Bank, J Trust Royal Bank, Prince Bank, Sathapana Bank, and LOLC Microfinance.

3. Scope of the key terms of Standard Loan Contract

The key terms of Standard Loan Contract are created to set guidance for Banks and Financial Institutions (BFIs) to apply a common standard to their loan agreement, push for the development of the Banking and Financial sector, promote fair and healthy competition, and promote consumer protection.

4. Rules of Governing Key Terms of Standard Loan Contract (CB/SB/MDI/MFI)

4.1. Lock-in period

The maximum lock-in period is 1/2 of the loan tenure which cannot be over 3 years for a Term Loan, with the amount up to \$100,000, applying on an account-by-account basis. Overdraft Facility, Revolving Facility, Credit Card, and Trade Finance Facility are excluded.

4.2. Notice period for early settlement in part or in full during the lock-in period

Notice period for early settlement in part or in full during the lock-in period shall not be over 30 days (calendar day) prior to the repayment date. For those borrowers who make early settlements in part or in full during the lock-in period, s/he will pay early settlement fee in the amount of not over 3% of the partial or full pre-payment amount.

4.3. Notice period for early settlement in part or in full after the lock-in period

Notice period for early settlement in part or in full after the lock-in period shall not be over 30 days (calendar day) prior to the repayment date. For those borrowers who fail duly serve such a notice, the borrowers will pay the pre-payment fee in the amount of not over 1% of the partial or full prepayment amount.

4.4. Collateral Release after paid-off

Collateral shall be released to the borrower within 7 working days after full settlement, not including the period for discharging encumbrance.

4.5. Hotline Number

Shall use the same word “hotline” and in case there are complaints occurring, [Customer/Borrower] can file a complaint to [Bank] via a phone number[Bank Complaint Handling Number] or to the customer complaint working group of the Association of Banks in Cambodia via the phone number (023 238 760 /092 771 881) on the loan contract/loan agreement, letter of offer, terms and conditions, and repayment schedule or

In case there are complaints occurring, [Customer/Borrower] can file a complaint to [Microfinance] via a phone number[MFI Complaint Handling Number] or to the customer complaint working group of the Cambodia Microfinance Association via the phone number (015 365 222) on the loan contract/loan agreement, letter of offer, terms and conditions, and repayment schedule.

5. Rules governing Key Terms of Standard Loan Contract (Leasing Companies)

5.1. Lock-in period

The maximum lock-in period is 1/2 of the leasing term which cannot be over 3 years.

5.2. Notice period for early settlement in part or in full during the lock-in period

Notice period for early settlement in part or in full during the lock-in period shall not be over 30 days (calendar day) prior to the repayment date. For those borrowers who make for early settlement in part or in full during the lock-in period, s/he will pay the early settlement fee in the amount of not over 3% of the partial or full and 10% VAT obligation on the amount of principal paid off (if there is any).

5.3. Notice period for early settlement in part or in full after the lock-in period

Notice period for early settlement in part or in full after the lock-in period shall not be over 30 days (calendar day) prior to the repayment date. For those borrowers who fail to duly serve such notice, the borrowers will pay a prepayment fee in the amount of not over 1% of the partial or full prepayment amount of principal paid off and 10% VAT obligation on the amount of principal paid off (if there is any).

5.4. Releasing Documents for Ownership transfer

Not over 7 days (working days) after the paid off. The client will receive documents for ownership transfer.

5.5. Hotline number

Shall use the same word “hotline” and in case there are complaints occurring, [Customer/Borrower] can file a complaint to [Bank] via a phone number

.....[Bank Complaint Handling Number] or to the customer complaint working group of the Association of Banks in Cambodia via the phone number (023 238 760 /092 771 881) on the loan contract/loan agreement, letter of offer, terms and conditions, and Term Loan repayment schedule or

In case there are complaints occurring, [Customer/Borrower] can file a complaint to [Microfinance] via a phone number[MFI Complaint Handling Number] or to the customer complaint working group of the Cambodia Microfinance Association via the phone number (015 365 222) on the loan contract/loan agreement, letter of offer, terms and conditions, and Term Loan repayment schedule.

II. Applicability

This SLC is applicable to all:

- Commercial Banks
- Specialized Banks
- Microfinance Deposit-Taking Institutions
- Microfinance
- Leasing Companies

The key terms of Standard Loan Contract are to be introduced in **October 2022** after receiving the endorsement from ABC Councils. From **October to December**, all members of ABC and CMA will have another three months to prepare their internal procedure and add the key terms of Standard Loan Contract into their Loan agreement respectively.

III. Review and Effective Date

This Standard Loan Contract is **effective from 1st January 2023**. This SLC shall be periodically reviewed when necessary or as the banking and financial sector in Cambodia develops or when the material changes take place and/or are required by applicable laws and regulations, in order to ensure continued compliance with the relevant applicable legal and regulatory framework.

IV. Appendix

To implement and add the contractual texts, terms, and conditions to the BFIs' loan agreements, members can refer to the Annex: **Standard Loan Contractual Texts**.

Approved by:

Approved by:

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