



Prospect of banking opportunities in Cambodia

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Statistics Snapshot



	Cambodia	Taiwan
Country Rating (Moody's)	NR (S & P); B2 (Moody's)	AA- (S& P); Aa3 (Moody's)
FX Reserve	US\$5.5 billion	US\$410.0 billion
Population	15.2 million	23.0 million
Space	180,000 square KM	36,500 square KM
GDP	US\$15.6 billion (2013)	US\$511.3billion (2013)
GDP growth rate	7.46%	3.74 %
Per Capita Income	US\$1,088 (2013)	US\$22,362 (2013)
Unemployment Rate	1.3% (2013)	3.96% (2014)
Inflation Rate	2.94%	1.20%
Main Exports	US\$ 6.9 billion	US\$313.7 billion
Main Imports	US\$ 9.0 billion	US\$274.0 billion



Statistics Snapshot



Key Industries	Trading, garment, textile, tourism, agriculture	IT, petrochemical, textile, machine tools, autos,....
Financial Institutions	35 commercial banks, 38 microfinance, 11 specialized banks, 5 insurers	40 local bank, 25 foreign, 27 insurers
Loan Spread	4.0 - 6.0% p.a.	1.3% p.a.
Corporate Loan Tenor	Avg. 1 - 3 yr, max. 5 yr.	Avg. 3 - 7 yr, max. 15 yr.
Collaterals	Mostly secured	Mostly unsecured for S/T
Main Banking Products	Plain vanilla lending, L/C	All commercial lending products
FX Market	NA	Yes
Interbank Market	NA	Yes
Money Market	NA	Yes
Companies Listing	2	1,502
Credit & Debit Cards	1.2 million	37.5 million
Loan Syndication	Very few	Very common



CUBC Experience Sharing in Cambodia:



- ❖ Ensure employees & clients stability, and earn their trust & commitment.
- ❖ Maintain active dialogues and secure supports from local government.
- ❖ Clean up legacy, review/update policies, market learning;
- ❖ Clarify differences in regulations and market practice.
- ❖ Update job description and revise delegation of authority.
- ❖ Study actual work requirements and update IT system.
- ❖ Simplify operational procedures, and modify HR policy.
- ❖ Formulate business strategies, and decide market positioning.
- ❖ Conduct trainings periodically to improve employees' skill set.
- ❖ Enhance budgeting, and increase Accounting & Finance roles.
- ❖ Strengthen Risk Management & Operational controls.
- ❖ Set risk acceptance criteria & target right market segments.



Business situation in Cambodia



- Local corporations have great difficulties to access to bank financing.
- Lack of good infrastructure and transportation to support business growth.
- No sufficient incentives, clear laws & rules to encourage foreign investment.
- Need to enlarge manufacturing industries to reduce reliance on imports.
- Agricultural products need better technology & processing capability to add value.
- In spite of competitive wage, labor force need trainings & coaching to enhance productivity.
- Sihanouk ville & Angkor Watt are good selling points for developing tourism industry.
- AEC initiative by 1/1/2016 would increase trade & investment flows dramatically.



Business situation in Taiwan:



- ❖ Already actively invest in PNH housing development projects.
- ❖ Cash-rich enterprises are chasing after investment targets in Asian countries.
- ❖ Eager to make overseas investment and relocate manufacturing base to ASEA.
- ❖ Famous for good agricultural technology & strong manufacturing skills.
- ❖ Banks are specialized at trade finance & international banking.
- ❖ Entrepreneurs may consider to invest in hotel and retailing industry in Cambodia.



Industries where Taiwan and Cambodia could work together:



- Financial services industry
- Agriculture
- Manufacturing
- Tourism



Present and future banking development in Cambodia:



- Residential & office construction financing
- Mortgage financing
- SME Lending/Microfinance
- Leasing
- FX/derivatives
- Trade finance
- Retail banking/credit cards
- Project finance
- ECA guarantee/direct funding program
- Mobile banking?
- Venture capital fund?



Taiwan could assist Cambodian banking development :



- Joint Credit Information Center (JCIC)
- SME Guaranteed Fund under Ministry of Economic Affairs
- Academy of Banking & Finance (TABF)
- FX market
- Trade Finance
- Loan Syndications



Phenomenons/Barriers may hinder Cambodian banking progress:



- Most corporations' financial statements remain unaudited.
- Limited financial transparency and disclosures.
- Questionable quality of appraisal firms.
- Law restriction for foreigners to own land and 1st floor building.
- Lengthy & bureaucratic government approval process.
- Inefficient and time-consuming court litigation procedures.
- Labor skills and English literacy need extensive trainings.
- Laws & rules with vague wordings discourage innovation.
- Banks still adopt asset-based lending concept rather than cash flows lending.



Thank You