Digital Finance in Financial Inclusion
The Role of Accounting to Help Company to Access Finance and Improve Transparency in the Banking Sector

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Outline

• Why Financial Inclusion?
• SME Financial Inclusion
• National Financial Inclusion Strategy
• Challenges of SME in Accessing Credit
• The Role of Accounting for SME to Access Credit
• Digitalization in Accounting
• Challenges for SME in adopting Accounting
• Development of Payment System Infrastructures
Why Financial Inclusion

Access and usage of formal Financial Services

- Deposit
- Credit
- Payment
- Insurance

Financial Inclusion

- Reduce inequality
- Reduce national overall poverty rate
- Mobilize resources for investment

Economic Growth
SME Financial Inclusion

• There are potential benefits of SME Financial Inclusion

- Job Creation
- Macroeconomic Policy Effectiveness
- Financial Stability
- Economic Growth
National Financial Inclusion Strategy

Rectangular Strategies Phase IV
- Promote the development of financial and banking sector
  - Continue to develop diversified, resilient, and inclusive financial sector

Financial Sector Development Strategy 2016-2025
Financial Inclusion strategy is stated as priority activity and the NBC is designated as a coordinated and leading agency.

National Financial Inclusion Strategy 2019-2025
- Promoting innovative credit product for SME is among six priorities to enhance financial inclusion in Cambodia.
Challenges of SME in Accessing Credit

**Supply Side**
- Lack of Credit Information
- Risky and costly lending to SME
- Regulatory restriction on lending activities by the authority

**Demand Side**
- Lack of proper financial infrastructures - accounting and auditing standard, SME rating agency, credit reporting system
- Lack of guarantee or collateral
Role of Accounting for SME to Access Credit

Encourage lending based on Financial statement: improve quality of SME information

Improve transparency for SME and Banks as they can track the business performance and make better decision.
Digitalization in Accounting

- Paperless Accounting
- Automation Process
- Instant access to Data
- Real Time Reporting
- Data Analysis and Decision Making
- Transparency
Challenges for SME in Adopting Proper Accounting Standard

- Cost burden in adopting accounting standard and system
- Lack of skill and expertise in understanding sophisticated accounting standard and producing financial statement
Development of Payment System Infrastructures

Inclusive Payment Service

- Cost effective
- Convenience
- Innovation
- Expansion
- Transparency

FAST Payment System: Process inter-bank near real time fund transfer

Cambodian Shared Switch: Process inter-bank transaction using debit card

Retail Pay: Process real time fund transfer (account based and phone number based) and QR code payment
Development of Payment System Infrastructures (cont)

**BAKONG System**
A new generation of payment system

1. **Send**: send money to each other
2. **Pay**: Pay any bill
3. **Deposit**: allows customer to deposit money to any bank account
4. **Receive**: for showing QR Code to sender (options including amounts and reference)

**Why Bakong?**
- It is developed using Blockchain technology which is believed to be more secure
- Promote cashless economy through the use of electronic paymentS
- Promote financial inclusion:
  - Expand channel and access to financial services
  - Low fee for end users
  - Low investment for financial institutions
- Fast, convenience, and innovative

![Diagram](image-url)
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