

បច្ចុប្បន្នភាពនៃបច្ចេកវិទ្យាហិរញ្ញវត្ថុ  
និងការប្រើប្រាស់បច្ចេកវិទ្យា  
របស់សហគ្រាសធុនតូច និងមធ្យម  
នៅកម្ពុជា

**Current Status of Cambodian  
Financial Technology (FinTech)  
and MSMEs digital adoption**

**Sim Chankiroth**  
FCCA, CPA, CGMA, ACMA

1

បច្ចេកវិទ្យាហិរញ្ញវត្ថុ  
នៅកម្ពុជា ២០១៩  
**Financial Technology**  
(FinTech) in Cambodia

2

ការប្រើប្រាស់បច្ចេកវិទ្យា  
របស់សហគ្រាសនៅកម្ពុជា  
២០១៩  
**Cambodian MSMEs**  
Digital Adoption

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**Implications for**  
Accounting  
Profession in  
Cambodia

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# Some background information

## 1. Membership of Professional Bodies

**FCCA, CPA, CGMA, ACMA**

## 2. Roles in Professional Bodies

**Governing Council Member of**



វិទ្យាស្ថានគណនេយ្យកម្ពុជា  
ដំណាក់ និងសវនករកម្ពុជា  
Kampuchea Institute of Certified  
Public Accountants and Auditors

**Member of The ACCA Global Forum for SMEs**



Think Ahead

3. Regional Speaker/panelist in the leading FinTech conference

11  
15  
NOV  
2019

**SINGAPORE FINTECH FESTIVAL**

13-15 MARCH 2018  
**Money ASIA 20/20**

34<sup>TH</sup> ABA GENERAL MEETING & CONFERENCE  
**ASIA'S TURN TO TRANSFORM**

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Top 10 FinTech in Asia 2016



The Best Startup - Cambodian ICT Awards 2018



Selected as one of the leading Startups in ASEAN by



One of the 10 Winners of UNCDF/UNESCAP Women MSME FinTech Innovation Fund 2019



One of the 37 Asian startups selected in 2018 for



**eFounders Fellowship**

Shaping Champions of the New Economy

An initiative of Jack Ma



One of the 7 Cambodian in technology sector selected for the program in 2017



**International Visitor Leadership Program**  
U.S. Department of State

1

# បច្ចេកវិទ្យាហិរញ្ញវត្ថុ នៅកម្ពុជា ២០១៩

## Financial Technology (FinTech) in Cambodia

> **50**  
ACTIVE FINTECH  
PLAYERS

Reported in Cambodia  
Vibrant Tech Startup  
Ecosystem in 2018  
report.

It is important to note that the verticals' list in this presentation are not exhaustive. The functions of the financial service industry will be the main focus.

PAYMENT & REMITTANCE	LENDING & CROWDFUNDING
SAVING & INVESTING	VALUE-ADDED SERVICES & ENABLERS
INSURANCE	

This section is an update from the original report in 2017 by: Chankiroth Sim. (2017). "FinTech In Cambodia 2017". Available at <http://www.mekongbiz.org/wp-content/uploads/2017/08/FinTech-in-Cambodia-by-MBI-published-Aug2017.pdf> on 16 December 2019

# DIGITAL READINESS

**16.52 million**

**POPULATION** (1.236 million migrants working abroad)  
24% urban

**53%** under the age of 25 with high adoption rate of technology

# FINANCIAL PARAMETERS

(% age 15+. The Global Findex Database 2017 Data)

**78%**

**UNBANKED**

17.8% with Financial Institution Account. 5.7% with Mobile Money Account

**12.5M**

**INTERNET SUBSCRIBERS**

+56% from 2018 (+5million) with **76%** penetration rate.

**12.05M** mobile internet connections, 74% penetration

**14.34 MBPS**

Average Speed of Mobile Internet Connections

Mobile money account **5.7%**

Digital Payments in the past year **15.6%**

Credit in the past year **26.7%**



**153%** **MOBILE PENETRATION**  
25.04 MILLION

**8.8M** **ACTIVE SOCIAL MEDIA USERS**  
51% Penetration. 8.1 MILLION mobile social media users

% of commercial bank, specialized banks and deposit taking MFIs have

**47%** Internet Banking  
**23%** Mobile Banking  
**9%** Gateway, wallet and remittance

2018 Mobile Banking Registered users (thousands)

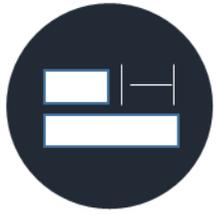
Based on Aceda & ABA Bank 2018 Annual Report



**757** (3x growth from 2017)



**240** (2.4x growth from 2017)



## >\$24 Billion Gap

between financial services needs & formal supply

**Customer Needs**  
(Products)

The potential impact of **Digital Finance Applications**



PAYMENTS/  
TRANSFERS

>**\$2B** Additional electronic payment flows



SAVINGS

>**\$3B** Additional Saving Mobilization



CREDITS

>**\$1B** Additional credit uptake



INSURANCE

Formal Supply | 0.001  
Needs | 0.04–0.06



## Support Infrastructure in National Strategy for Financial Inclusiveness 2019-2025 (implication for FinTech):

1. Encourage **savings** in financial institutions
2. Promote **innovative credit products** for consumers & MSMEs
3. Enable the expansion of **payment system capabilities**
4. Increase consumer empowerment and sector transparency

Note: The National Strategy for Financial Inclusiveness 2019 -2025 is approved by the Council of Ministers on 12 July 2019

Source: ADB. (2017). *Accelerating Financial Inclusion in South-East Asia with Digital Finance*. It is important to note that this research focuses on financial exclusion in three segments: base of pyramid (BoP); women; and micro, small, and medium enterprises (MSMEs). Hence, the gap and impact might be bigger if all constituents are included

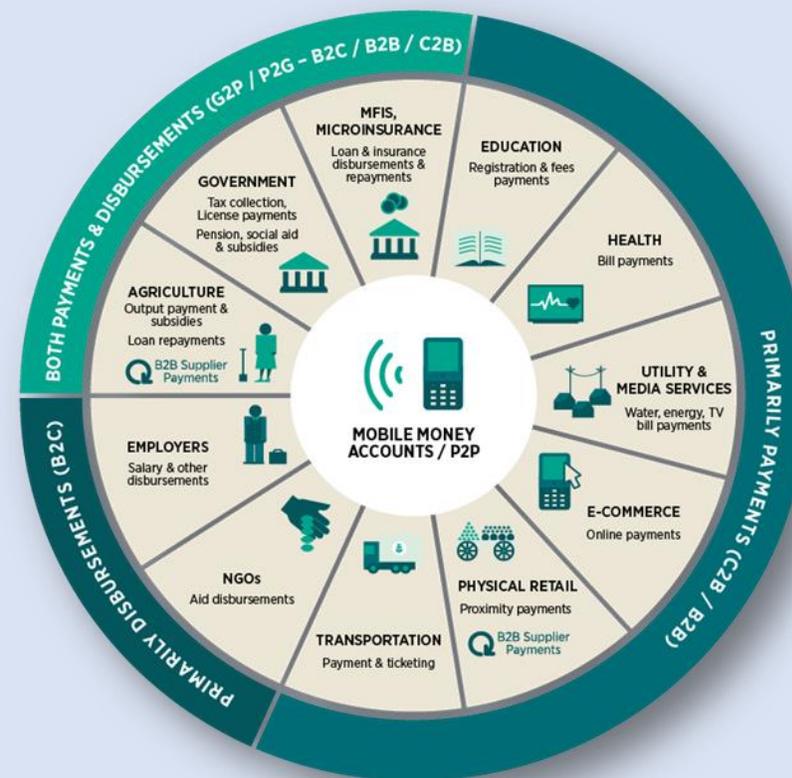
# PAYMENT, DISBURSEMENT & REMITTANCE



>30

It is importance to note that not all of these companies have the payment service institutions license from the National Bank of Cambodia at the time of this report (as of 24 October 2019). Based on NBC, in 2018, there are 16 licensed PSPs.

International Players' Presence in Cambodia



Invoice/ Bills Aggregators

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## LENDING & CROWDFUNDING



It is importance to note that we have not obtained the information regarding their licenses from respective regulators

## SAVING

This is mainly covered with mobile wallets and mobile bank

## INVESTING CSX – Mobile Trading System (MTS)

## INSURING



## VALUE-ADDED SERVICES & ENABLERS

Credit Information Sharing



Alternative Credit Decision & MSMEs Solutions



Local Innovative Core banking for MFIs & Operators



Analytics/ Identity (AML/KYC)/ Risk

0

Blockchain *cryptoasia*



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Reflection

# 1. Inclusive FinTech dominates the Cambodian FinTech scene

Payment and Mobile wallet lead fintech offerings in emerging ASEAN. This will remain the same for Cambodia in a foreseeable future.

Drivers of Financial Access



**C2B** Dominate the payment transactions in Cambodia. B2B & B2C are gaining momentum.

Reflection

# 2. Digitizing the banking services vs Providing Digital Banking Experience

% of Commercial Bank, Specialized banks, and Deposit-taking MFIs have



2018 Mobile Banking Registered users (thousands)



**757** (3x growth from 2017)



**240** (2.4x growth from 2017)

Based on Acleda & ABA Bank 2018 Annual Report

The Trends

### 3. Collaborative Partnership between incumbent and FinTech have become crucial

>50

collaborative partnerships among incumbent financial institutions, fintech and merchants/acquiring partners to co-create innovative solutions.

A more strategically innovative partnership between FinTech and Bank will be forged.

Based on the CFA Institution regarding the roadmap for FinTech development, The Cambodian FinTech is now entering its the third stage of development, which is the Power of Collaboration.

The Trends

### 4. Emergence of key technology and business model

#### Open Banking Platform

Banking As A Service with an open API to connect bank physical and digital channels and FinTech to Bank Core Banking.

#### Consolidation of QR Payment

The possible introduction the standardized QR Code for Payment in Cambodia

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Cambodian MSMEs  
Digital Adoption



# CAMBODIA MSMEs DATA

# 513,759

ENTERPRISES (NIS, 2015)

11.62% employed more than 5 person and over



# 42,068

registered entity (8.19% of total enterprises) as of 17 Dec 2019 (Opencorporates.com) 437 business registered in the last 30 days. Active company is 41,700.

# ~300+

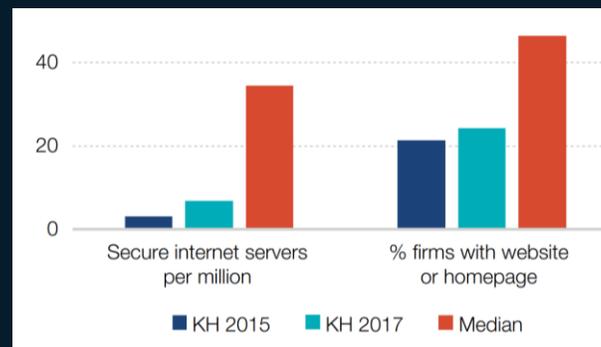
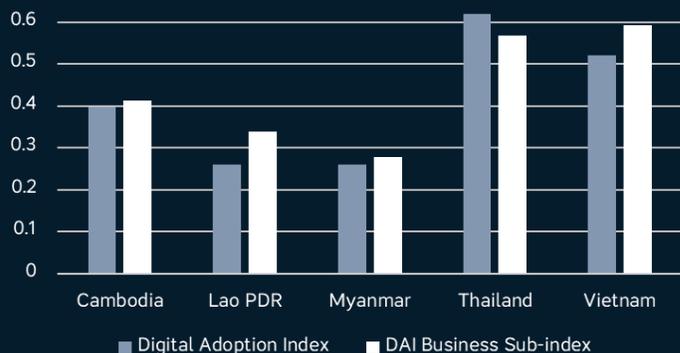
## STARTUP

Technology startups in 2018

# USD 7.7B

**MSME FINANCING GAP** (IFC, 2019)  
(60.329% SMEs, 39.68% Micro Entities)

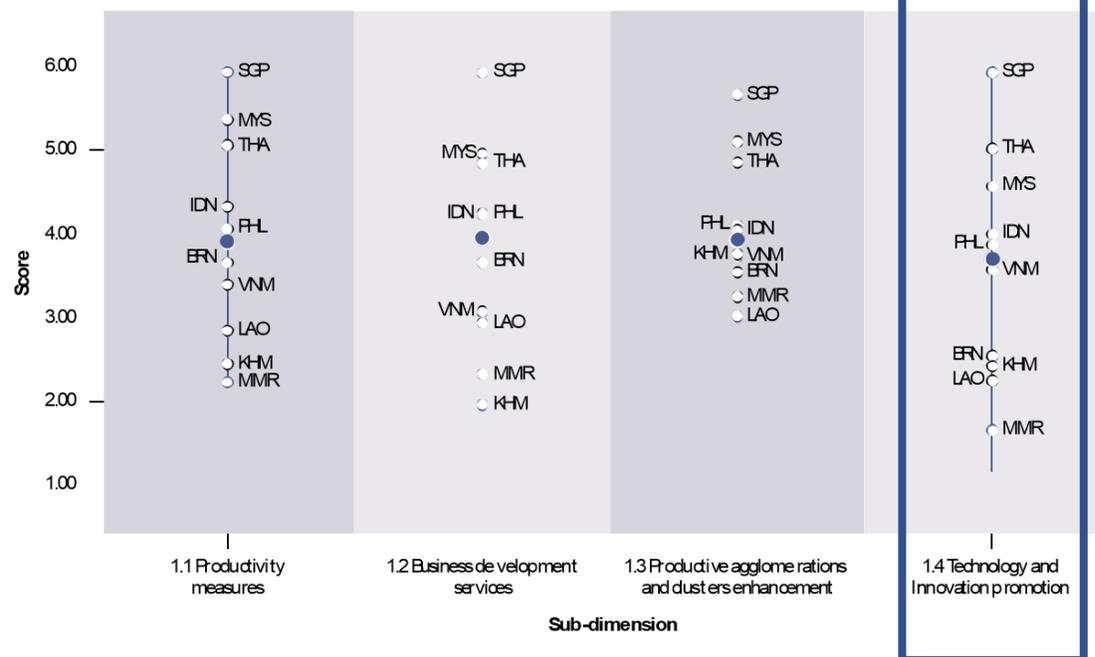
## Digital Adoption index - firm subcomponents (World Bank, 2018)



- IFC. (2019). "Exploring the Opportunities for Women-owned SMEs in Cambodia", International Finance Corporation, Washington, DC.
- IFC. (2017). "MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprise in Emerging Markets", International Finance Corporation, Washington, DC.
- NIS. (2015). "Cambodia Inter-censal Economic Survey 2014". National Institute of Statistics, Ministry of Planning
- Open Corproates. (2019). "Company in Cambodia Jurisdiction" available at <https://opencorporates.com/companies/kh?q=&utf8=%E2%9C%93> (accessed on 23 Nov 2019)

# ASEAN SME POLICY INDEX 2018

Weighted score of Dimension 1: Productivity, Technology & Innovation  
(On of the eight Dimension)



OECD/ERIA, (2018), "SME Policy Index: ASEAN 2018: Boosting Competitiveness and Inclusive Growth", OECD Publishing, Paris/Economic Research Institute for ASEAN and East Asia, Jakarta.

# ~300+ STARTUP

Technology startups in 2018

MSP, Raintree. (2018). "Startup Kingdom: Cambodia's Vibrant Tech Startup Ecosystem in 2018" Phnom Penh. Cambodia

**FINTECH**

Digital payments, SaaS for financial institutions, digital banking and access to finance.

Eg: Morakot | Banhji | Pi Pay | BongLoy | SmartLuy

**MATURITY** Adopted & growing market | **ACTIVE #** **>50**

**DIGITAL MEDIA & ADVERTISING**

Digital content delivery/streaming, advertising and gaming, news media.

Eg: Direxplay | Khmerload | Sabay | Soyo

**MATURITY** Adopted & growing market | **ACTIVE #** **>40**

**E-COMMERCE & LOGISTICS**

E-commerce, social selling, inventory management systems and delivery services.

Eg: Joonak | Nham24 | LaRue | Little Fashion

**MATURITY** Market demand validated scaling & refining market fit | **ACTIVE #** **>30**

**DIGITAL MARKETPLACES**

Digital classifieds and booking platforms.

Eg: | BookMeBus  
| BongPheak  
| Khmer24  
| Realestate.com.kh  
| Last2ticket  
| Camboticket

**MATURITY** Adopted & growing market | **ACTIVE #** **>20**

**DEVELOPMENT SERVICES**

Web development and applications outsourcing for domestic and international clients.

Eg: | Codingate  
| Web essentials  
| Biz Solutions  
| Pathmazing  
| BiKay

**MATURITY** Maturing & facing competition | **ACTIVE #** **>30**

**OTHER DISRUPTOR MODELS**

**Transportation:** Local Taxi, Tuk Tuk applications operating before Grab/Uber.  
Eg: PassApp | WeGo | Exnet  
**Maturity:** Widely adopted with growing market base. **Active # > 10**

**Internet-of-things & hardware** Hardware manufacturing, IOT solutions & smart device software. Eg: Koompi | Demine Robotics | ArrowDot | Angkot E&C  
**Maturity:** Early product and early adoption. **Active # > 5**

**Edtech:** E-learning, university management systems, student information services.  
Eg: Sala Enrollment | Edemy **Maturity:** Early product and early adoption. **Active # > 5**

**Healthtech:** Healthcare information, management systems and services.  
Eg: Healthogo | Sokhakrom  
**Maturity:** Early product and early adoption. **Active # > 5**

**Agriculture-tech:** Platforms for agricultural information and innovative farming practices Eg: Agribuddy **Maturity:** Early product and early adoption. **Active < 5**

**MATURITY** Various | **ACTIVE #** **>30**

\*Note this is not exhaustive of all unregistered 'long-tail' startups emerging from academic courses, hackathons and other similar programs.  
Source: MSP & Raintree estimates.



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**SIEM REAP'S  
INVESTMENT GUIDE**  
Opportunity . Innovation . Growth



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Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Agency for Development  
and Cooperation SDC

## Digital Adoption Survey 2018

618 Business Establishment Survey in Siem Reap (69% with less than five employee)

**16%**

Technology Adoption

**3.23%**

Usage of Point of Sale and/or Accounting Software

553 Business Establishment Survey in Kampong Cham (69.8% with less than five employee)

**27.8%**

Technology Adoption

**8.5%**

Usage of Point of Sale and/or Accounting Software

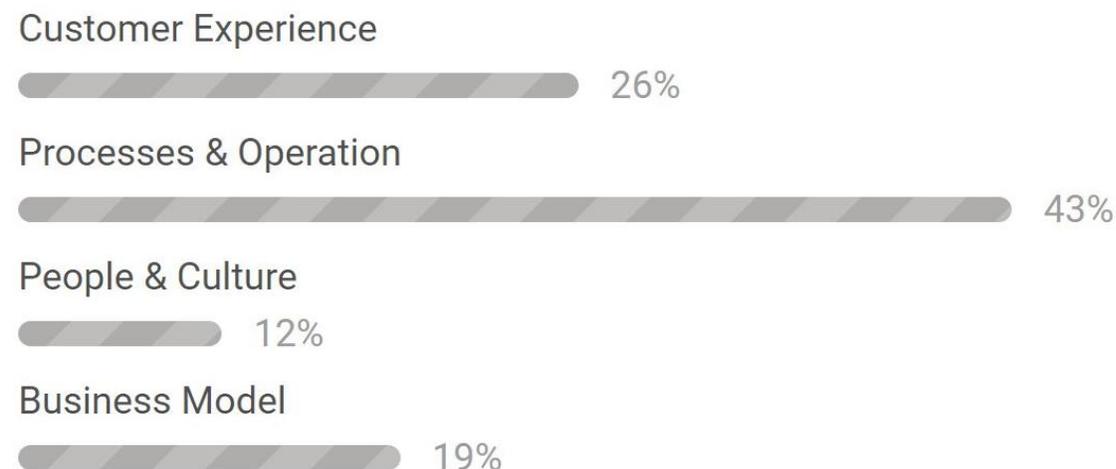
Mainly Customer Touchpoint related technology

## Some key finding of Nov 2019 Pilot Study on the Digital Adoption among members\*

### What are your challenges in digitizing your business?



### Which aspects of your business have you digitized?



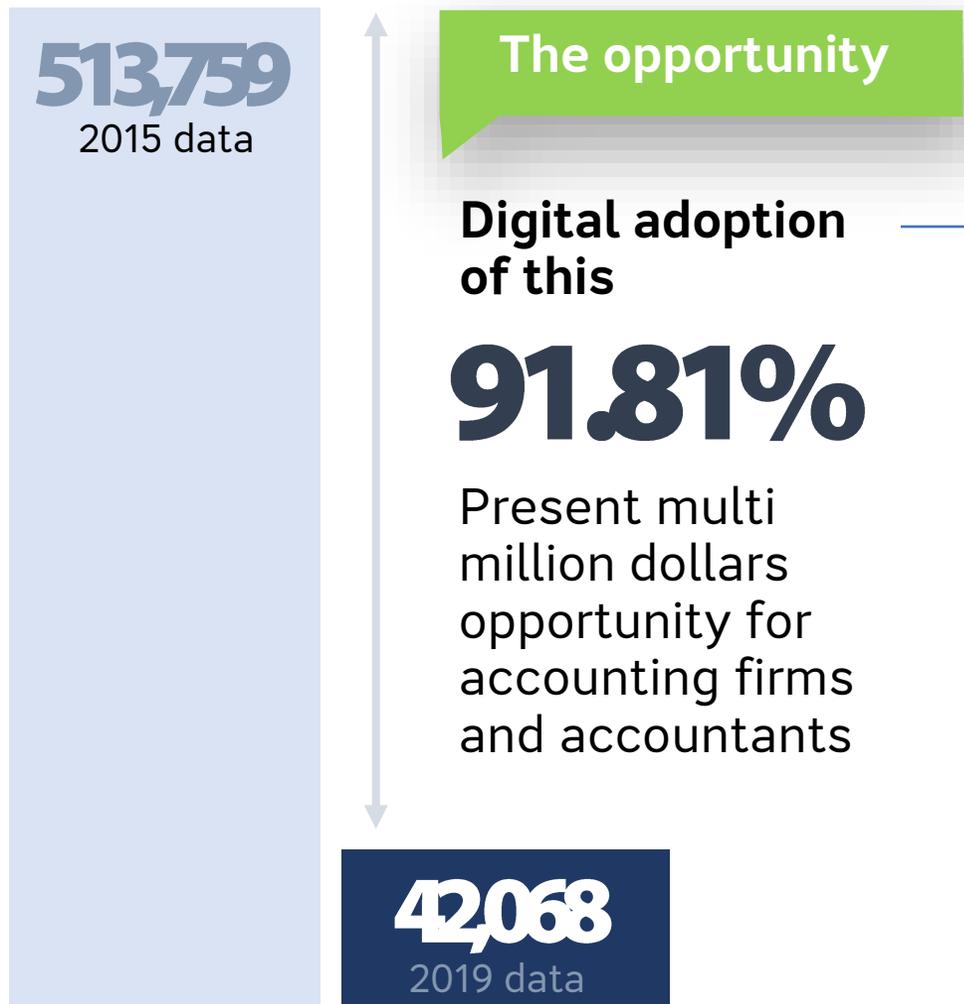
This pilot study will be used to inform the design of a comprehensive MSMEs' Digital Maturity study in 2020

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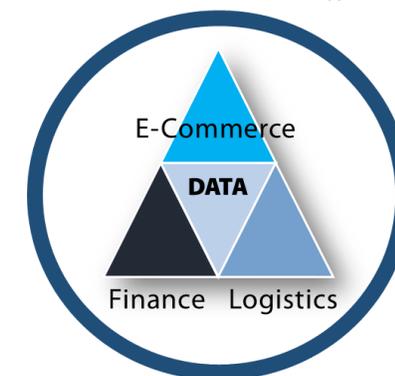
## Implications for Accounting Profession in Cambodia

None of us knows for certain what the future will hold, but we all have a responsibility to be thinking about what's likely to happen, and to prepare for it.





**Opportunity to substantially contribute to MSMEs Financial Inclusion and Digital Economy**



The Iron Triangle of Alibaba

**Business Model Innovations of the accountancy in serving Micro and Small entities, such as:**

- Shared Economy: BanhJi Accountant (uber for accountant)
- Access to Digital Lending via (but not limited to) alternative credit scoring using financial data, smart contract, and triple entry accounting record (blockchain)
- Integration between ERP and MSMEs accounting software along the value chain

**Limitation:** The quality of this analysis would be more reliable, should 2019 Total Business Establishment data

## The opportunity

**The convergence of Accounting, Tax, and Finance with technology** will bring about billions dollar opportunities in the three core aspects (saving, payment and credit)

## Potential impacts:

- **Affordable audit and Continuous Audit & Assurance:** integration between audit software with accounting software
- **Accounting Automation:** In-depth, Seamless and real-time integration between financial institutions and accounting software
- **Compliance:** Connection between Tax and Accounting software

**Business model and technology innovation impact on accountancy**

**Implication**

## **The Finance Automation**

Transactions will be touchless as automation and machine learning reach deeper into finance operations.

## **The Changing focus Finance Function**

With finance automation, the role of finance will need to fundamentally shift to value-added service, rather than transactional based service.

## **Finance goes real time**

Period reporting will no longer drive operations & decision. When both actuals and forecasts can be produced instantly on demand, traditional cycles become less relevant.

## **Finance Self-service for non-finance**

Less need for hand-holding for business people when it comes to basic finance.

Some of the consulted document:

ACCA. (2016). "Professional Accountants – the future: Drivers of change and future skills". Available at <https://www.accaglobal.com/content/dam/members-beta/docs/ea-patf-drivers-of-change-and-future-skills.pdf> accessed on 17/12/2019

IFAC. (2019). "Future-Fit Accountants: CFO & Finance Function Roles for the Next Decade". Available at <https://www.ifac.org/publications-resources/future-fit-accountants-roles-next-decade> accessed on 17/12/2019

UNCTAD. (2019). "Digital Economy Report 2019 - Value Creation and Capture: Implications for Developing Countries". Available at: [https://unctad.org/en/PublicationsLibrary/der2019\\_overview\\_en.pdf](https://unctad.org/en/PublicationsLibrary/der2019_overview_en.pdf) accessed on 17/12/2019

# 1

## The Finance Automation

Transactions will be touchless as automation and machine learning reach deeper into finance operations.

### WORK

Automated convergence of business & finance process (rule-based work)

### WORKFORCE

Premium on talent that understand technology, business and finance. The rise of hybrid workforce.

### WORKPLACE

Finance Function will become a command center, where small groups of professionals can monitor the full array of processes.

# 2

## The Changing focus Finance Function

With finance automation, the role of finance will need to fundamentally shift to value-added service, rather than transactional based service.

### WORK

Working in close partnership between finance and business partners

### WORKFORCE

The ability to answer the following questions “What does this tell me about the business? And How can the business close gaps in performance expectation?”

### WORKPLACE

Agility will become a prized quality as finance organizations.

# 3

## Finance goes real time

Period reporting will no longer drive operations & decision. When both actuals and forecasts can be produced instantly on demand, traditional cycles become less relevant.

### WORK

Users' expectation for information and insight will demand continuous and real time report.

### WORKFORCE

Financial data scientists and design professional will be in demand to automated reporting, forecasting, and end to end process,

### WORKPLACE

Finance Function will be flatter and more distributed.

# 4

## Finance Self-service for non-finance

Less need for hand-holding for business people when it comes to basic finance.

### WORK

Finance transaction are embedded and automated in most of the business process. Strong collaboration among business people, technology teams and finance.

### WORKFORCE

The customer experience, cross functional teams and constant collaboration are the key competency

### WORKPLACE

Exposure of finance data lake to new business users.

“The best way  
to predict the  
future is to  
create it.”

- Peter Drucker