



FINANCIAL Technology

FinTech

in Cambodia

2019

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1

The key enablers of Cambodian FinTech Firms

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2

FinTech Players in Cambodia

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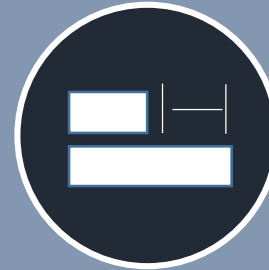
The Trends & Implications



1

The Perfect Storm

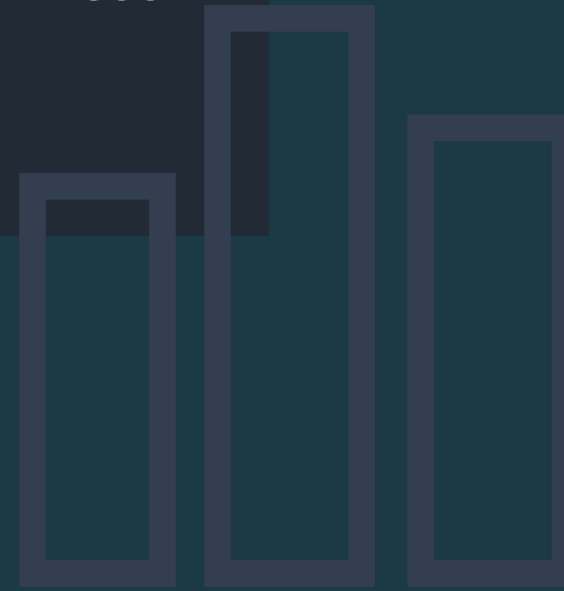
The key enablers of Cambodian FinTech Firms

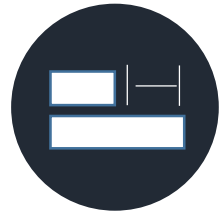


**Financial Gap &
Government
Priority**



**Digital Readiness
& Financial
Parameters**





>\$24 Billion Gap

between financial services needs & formal supply

Customer Needs
(Products)

The potential impact of **Digital Finance Applications**



>\$2B Additional electronic payment flows



>\$3B Additional Saving Mobilization



>\$1B Additional credit uptake



| | |
|---------------|-----------|
| Formal Supply | 0.001 |
| Needs | 0.04–0.06 |



National Financial Inclusion Strategy

Increase access to quality formal financial services, reduce the financial exclusion of women by 50% (from 27% to 13%), and diversify usage of formal financial services from 59% to 70% by 2025 as well as improve household welfare and support economic growth through the following priority activities:

1. Encourage **savings** in formal financial institutions
2. Promote **innovative credit products** for consumers & MSMEs
3. Enable the expansion of **payment system capabilities**
4. Prioritize the development of a **well-functioning insurance market**
5. Strengthen the capacity of the financial sector regulators
6. Increase consumer empowerment and sector transparency

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

DIGITAL READINESS

12.5M

INTERNET SUBSCRIBERS

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

12.05M mobile internet
connections, 74% penetration

16.36 million

POPULATION 24% urban

53%

under the age of 25
with high adoption
rate of technology

14.34

MBPS

Average Speed of Mobile
Internet Connections

FINANCIAL PARAMETERS

78%

UNBANKED
(% age 15+)

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

153%

**MOBILE
PENETRATION**

25.04 MILLION

8.4M

**ACTIVE SOCIAL
MEDIA USERS**

51% Penetration. 8.1 MILLION
mobile social media users

DIGITAL ADOPTION

At both individual
and MSMEs level
remains

LOW

2 FinTech players in Cambodia

>50
ACTIVE FINTECH PLAYERS

reported in Cambodia's Vibrant Tech Startup Ecosystem in 2018 Report.

Not all of them are included in this presentation.

Limitation of this presentation

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

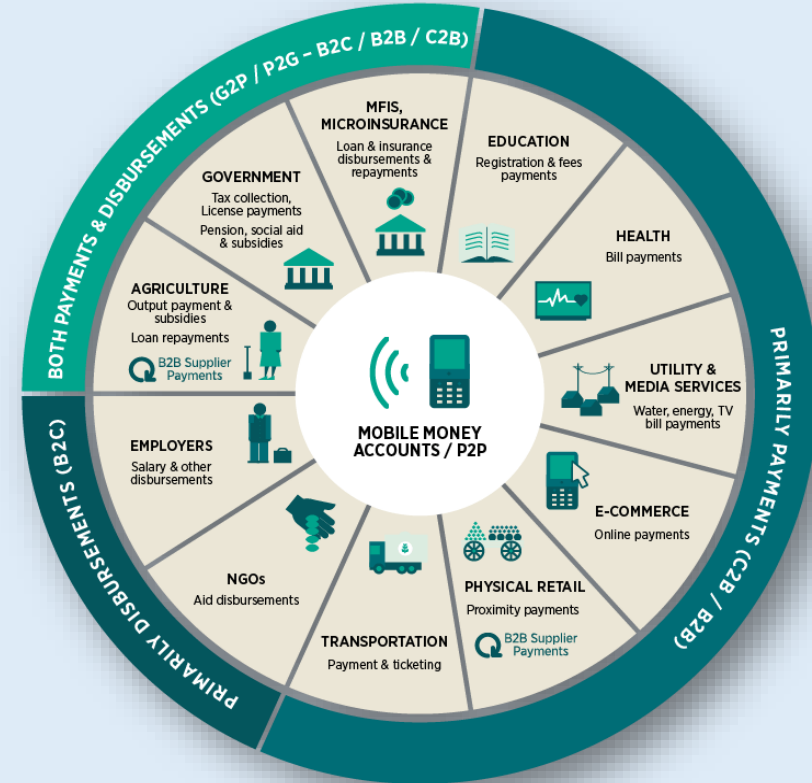
PAYMENT, DISBURSEMENT & REMITTANCE



>27

It is importance to note that not all of these companies have the Payment Service Provider License from the National Bank of Cambodia at the time of this report (as of March 15 2019) or launch their product yet.

International Players' Presence in Cambodia



Invoices/ 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



Blockchain *cryptoasia*

Analytics/ Identity (AML/KYC)/ Risk

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3

SO!

The Trends & Implications



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

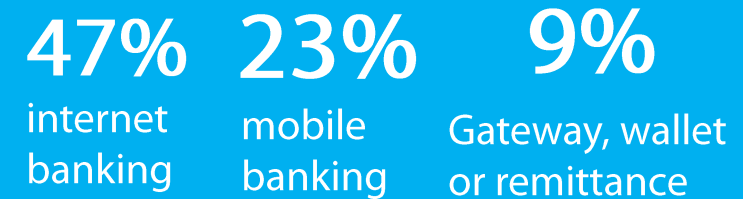


C2B Dominate the payment transactions in Cambodia. B2B & B2C are gaining momentum.

Reflection

2. Digitizing the banking services vs Providing Digital Banking Experience

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



Digital Access vs Digital Adoption

The Trends

3. Collaborative Partnership between incumbent and FinTech have become crucial

>25

Collaborative partnerships among MFIs, Banks, and FinTech in 2017 and 2018 in Cambodia. Payment & transfer partnership represent the majority of these.

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

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

The Trends

4. Emergence of key technology and business model

Open Banking Platform

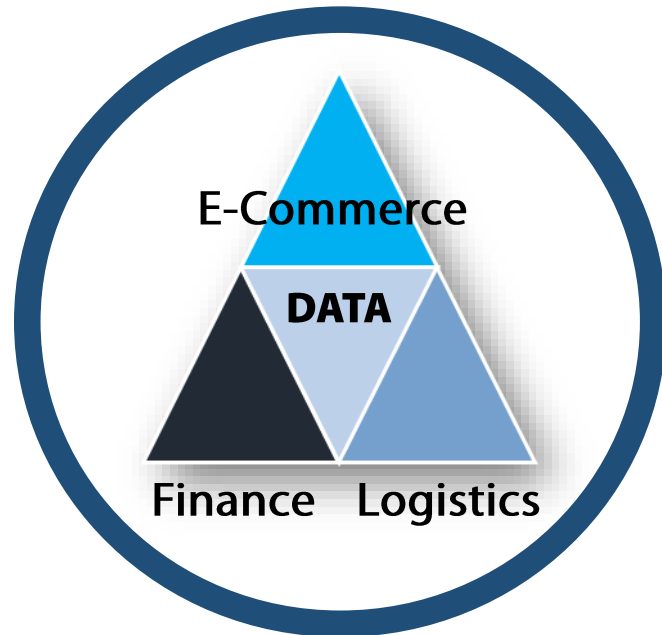
Banking As A Service with an open API to connect bank physical and digital channels and FinTech to Bank Core Banking.

Consolidation of QR Payment

The possible introduction the standardized QR Code for Payment in Cambodia

The Implications

5. FinTech provides platform for other industries' growth



The Iron Triangle of Alibaba

The Implications

6. FinTech Policy Development is needed more than ever. In addition, FinTech Sandbox initiatives should be core to the development process

FinTech is not disrupting
Cambodia's financial services,
it is joining its development