



**KINGDOM OF CAMBODIA
NATION RELIGION KING**



ROYAL GOVERNMENT OF CAMBODIA

**CAMBODIA FINANCIAL TECHNOLOGY
DEVELOPMENT POLICY
2023 - 2028**



“Developing the Financial Technology (FinTech) based on the enhancement of financial inclusion, the maintenance of the financial sector stability, and the promotion of financial innovation to take maximum advantage of digital transformation in the financial sector and to provide opportunities for all actors, aiming to contribute to the acceleration of the development of Cambodia’s vibrant digital economy and society”

**Prepared by Digital Economy and Business Committee
July 2023**

PREAMBLE

In the last 25 years, Cambodia has realized many major achievements that have historical significance for her economic and social development and has proudly revitalized her image through successful implementation of the Triangle Strategy, the four-phase Rectangular Strategies, and other relevant policies and strategic plans. Under the shade of peace brought about by the **“Win-Win Policy”**, Cambodia has been able to attain high economic growth at an average rate of about 7% per annum over the last two decades in a sustainable, inclusive, resilient, and equitable manner. These accomplishments allowed Cambodia to become a lower middle-income country in 2015 and was considered as a new Asian economic tiger in 2016. Although the spread of Covid-19 had pushed the Cambodian economy to a negative growth of -3.1% in 2020, the economy rapidly recovered at a rate of 3% in 2021, with an estimated growth of 5.2% in 2022 and is expected to register a 5.6% growth rate in 2023 since the Royal Government has proactively responded to this crisis by employing the **“Blossom Strategy”** as a vaccination campaign to build **“Herd Immunity”** as well as implementing key policies and other relevant strategies to support the recovery of the economic and social development during and after the global health crisis.

The above achievements have been encouraging the Royal Government to continue to increase the efforts and look forward with hope, confidence, and strong will to achieve the vision of transforming Cambodia into an upper middle-income country by 2030 and a high-income country by 2050 under the motto: **“Regaining the National Pride, Building a Vibrant Nation”**. In building the foundations for achieving these visions, the Royal Government has been paying close attention to the economic and social transformation of Cambodia as a whole in response to the Fourth Industrial Revolution and the future transformation of the economic architecture by launching the **“Cambodia Digital Economy and Society Policy Framework 2021-2035”** with the vision of **“building a vibrant digital economy and society by laying the foundations to promote digital adoption and transformation in all social actors including the state, citizens, and businesses, to accelerate new economic growth and promote social welfare in the new normal”**. This policy framework is an overall policy pathway of the Royal Government to transform all areas of Cambodia’s digital economy and society including digital transformation in the financial sector to complement policies that support digital transformation-embracing policies and financial sector development strategies, aimed at shaping FinTech development. FinTech development contributes to the promotion of new economic growth, the well-being of consumers of a smart society, and the productivity, diversity and efficiency of other sectors by enhancing access to and the use of quality financial services and products, maintaining macroeconomic

and financial stability, and fostering the development and innovation of the financial industry.

In response to the **Cambodia Digital Economy and Society Policy Framework 2021-2035** as well as in line with the experiences and trends of regional and global FinTech development that are compatible with Cambodia’s situation, the Royal Government has decided to launch the “**Cambodia Financial Technology Development Policy 2023-2028**” with a long-term vision: “**Developing FinTech based on the enhancement of financial inclusion, the maintenance of financial sector stability, and the promotion of financial innovation to take maximum advantage of digital transformation in the financial sector and to provide opportunities for all actors, aiming to contribute to the acceleration of the development of Cambodia’s vibrant digital economy and society**”. In this consideration, maximizing the benefits of digital transformation in the financial sector is associated with managing and mitigating risks to a minimum level. In the new phase of Cambodia’s economic and social development in the medium term, this policy will support the Royal Government’s “**Political Program**” over the next five years for deep transformation to achieve the “**Cambodia Vision 2050**”. To ensure the success of this policy implementation, the ministries and institutions responsible for implementing the policy measures need to fully engage and cooperate as a united force, with the coordination and strengthening of inter-institutional cooperation in the manner of utmost proactivity, interactivity, synergy, and joint responsibility, in the spirit of the whole-of-government approach and the dynamics of stakeholder system.

On behalf of the Royal Government of Cambodia, I would like to commend and highly appreciate the efforts of **His Excellency Akka Pundit Sopheacha AUN PORNMONIROTH, Deputy Prime Minister, Minister of Economy and Finance, and Chairman of the Digital Economy and Business Committee**, who led the preparation of this draft policy into complete fruition. I would also like to thank Excellencies, Lok Chumteavs, Ladies and Gentlemen, who are the chairs, deputies, and members of this Policy Drafting Working Group and the Technical Working Group, as well as all relevant ministries and institutions for their active and responsible cooperation.

Phnom Penh, July 7, 2023

Prime Minister

(Signed and Stamped)

Samdech Akka Moha Sena Padei Techo HUN SEN

PREFACE

Under the wise leadership of **Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia**, who is the outstanding statesman of peace, political, economic, and financial stability, and modern state architect, the Royal Government has achieved many profound economic and social developments for the nation and the people, based on the values of the Constitution. On this basis, the Royal Government has been ambitiously setting her own “**Policy Agenda**” to implement the political program to build the foundation towards achieving the Cambodia Vision 2030 and Cambodia Vision 2050. In this regard, the Royal Government has set out the “**Cambodia Digital Economy and Society Policy Framework 2021-2035**” as a guide to building Cambodian vibrant digital economy and society, which will contribute to the construction of a “**New Growth Model**” complementing the existing growth model and promoting the well-being of a smart society through “**building digital foundation-digital adoption-digital transformation**”.

In this regard, to capture the enormous opportunities and potentials of digital transformation in the financial sector in response to future changes in international trade and economic architecture, the Royal Government has entrusted the Digital Economy and Business Committee to lead the preparation of the “**Cambodia Financial Technology Development Policy 2023-2028**” following international practices as well as trends of globalization and regionalization in FinTech development. Although the policy is designed to be implemented over a five-year period, it has a long-term vision to develop FinTech to take maximum advantage of digital transformation in the financial sector and to provide opportunities for all actors, aiming to contribute to the acceleration of the development of Cambodia’s vibrant digital economy and society based on three main principles: (1)-enhancing financial inclusion, (2)-maintaining the financial sector stability, and (3)-promoting financial innovation. To support this long-term vision, this policy aims to develop a vibrant FinTech ecosystem to improve access to financial services, trustworthiness, and quality of life for consumers in the digital age by setting main goals, which are the four parts of the Cambodia’s FinTech Tree: (1)-developing policy enablers represented by “**Soil**”, (2)-developing digital enablers represented by “**Roots**”, (3)-promoting the use and development of enabling technologies represented by “**Trunk**”, and (4)-promoting the development and innovation of FinTech activities represented by “**Branches**”. In line with these four main goals, all FinTech development policy measures are designed in the spirit of integration and harmonization of policy measures in the banking sector and non-bank financial sector. The implementation of these policy measures must adhere to three approaches: (1)-adoption, (2)-adaptation, and (3)-further innovation with the concept of “**maximizing the benefits of the digital**”.

transformation in the financial sector and mitigating risks to a minimum level” based on the common stance of **“nurturing the tree to grow well to be able to enjoy its fruits requires fertile soil that is conducive for the root absorption; strong and abundant roots that can absorb nutrients well to support the strength of the trunk; strong trunk to support good growth of branches; and branches that produce abundant fruits that can be enjoyed”**. For the implementation of this policy to be successful, relevant ministries and institutions must be fully involved with a spirit of proactivity, interactivity, synergy, ownership, joint responsibility, and cohesion as well as must adhere to the institutional values and fulfill duties in line with the whole-of-government approach and the dynamics of stakeholder system.

Finally, on behalf of the Digital Economy and Business Committee and myself, I would like to convey my deepest gratitude to **Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia**, who is a phenomenal statesman and an exceptional guardian with a sharp political will toward reform, and his leadership in development and the constant revitalization of Cambodia’s image with a long-term vision. I would also like to express my profound thanks to all the ministries and institutions for their active participation and cooperation with the Digital Economy and Business Committee until the completion of this policy preparation. In addition, I would also like to thank His Excellency **ROS SEILAVA**, Secretary of State of the Ministry of Economy and Finance and Chairman of the Policy Drafting Working Group, His Excellency Dr. **KONG MARRY**, Under Secretary of State of the Ministry of Economy and Finance and Secretary General of the General Secretariat of the Digital Economy and Business Committee, as well as chairs, deputies, and members of the Technical Working Group who have worked hard to prepare this policy document until its finalization.

Phnom Penh, 7 July, 2023

**Deputy Prime Minister, Minister of Economy and Finance,
and Chairman of the Digital Economy and Business Committee**

(signed and stamped)

Akka Pundit Sopheacha AUN PORNMONIROTH

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ABBREVIATIONS

ADB	Asian Development Bank Institute
AI	Artificial Intelligence
APIs	Application Programming Interfaces
CamDigiKey	Cambodia Digital Key
CamDL	Cambodia Distributed Ledger
CamDX	Cambodia Data Exchange
CCAF	Cambridge Centre for Alternative Finance
CSS	Cambodian Shared Switch
dApp	Decentralized Application
DeFi	Decentralized Finance
e-KYC	Electronic Know-Your-Customer
FinTech	Financial Technology
GPCA	Global Private Capital Association
ML	Machine Learning
MSMEs	Micro, Small, and Medium Enterprises
NCS	National Clearing System
NLP	Natural Language Processing
OBS	Online Banking System
P2P Financing	Peer-to-peer Financing
P2P Lending	Peer-to-peer Lending
RegTech	Regulatory Technology
SupTech	Supervisory Technology

EXECUTIVE SUMMARY

The financial sector is one of the sectors that has been profoundly affected, both positively and negatively, by technological advances, particularly in the last few decades when the world has been under the influence of the Fourth Industrial Revolution. Technology has been transforming how businesses are conducted and how traditional financial services are provided, leading to the emergence of “**Financial Technology (FinTech)**”. Many new technologies, including artificial intelligence, data analytics technology, cloud technology, and blockchain technology that are used in the financial sector, are accelerating the development or transformation of FinTech at a faster pace than expected. FinTech has been facilitating the daily lives of consumers, businesses, as well as the overall economic and social development, especially during and after the Covid-19 crisis.

In recent years, Cambodian FinTech has developed significantly. Recognizing the enormous opportunities and potentials of FinTech in contributing to the acceleration of Cambodia’s digital economic and social development, the Royal Government has been placing high emphasis on FinTech development by setting relevant policies, strategies, and roadmaps. However, Cambodia has not yet defined a common framework and mechanism for coordinating and promoting FinTech development. In addition, FinTech development in Cambodia still faces some challenges, such as the lack and uncertainty of laws and regulations, the lack of proportionality in laws and regulations, and the lack of digital enablers.

In this regard, to define a common framework as well as address the above challenges, the Royal Government of Cambodia has decided to prepare and launch the “**Cambodia Financial Technology Development Policy 2023-2028**”. The policy aims to “**develop a vibrant FinTech ecosystem through the development of policy enablers, the development of digital enablers, the promotion of the use and development of enabling technologies, and the promotion of the development and innovation of FinTech activities to improve access to financial services, trustworthiness, and quality of life for consumers in the digital age**”. To achieve this goal, the implementation of this policy must be based on three approaches: **(1)-adoption, (2)-adaptation, and (3)-further innovation** based on the concept of “**maximizing the benefits of the digital transformation in the financial sector and mitigating risks to a minimum level**”.

A total of **52 policy measures** are set out and subdivided into individual goals and are to be achieved in five years. Among them, the development of policy enablers

covers **19 measures**; the development of digital enablers covers **12 measures**; the promotion of the use and development of enabling technologies covers **12 measures**; and the promotion of the development and innovation of FinTech activities covers **9 measures**.

To accelerate the implementation of the policy measures set out to achieve the vision, objective, and goals of FinTech development, the preparation of the implementation framework and coordination, monitoring, and evaluation mechanisms must fall under the existing institutional mechanisms, namely the National Bank of Cambodia, the Non-Bank Financial Services Authority, and relevant ministries and institutions. Separately, the Digital Economy and Business Committee will be responsible for researching any newly emerging FinTech activities, which do not fall under the purview of any specific institution, as a basis for review and coordination. Afterwards, these activities are to be handed over to the relevant institutions which are determined to be the implementing agencies. In addition to the implementation of the policy measures, the Digital Economy and Business Committee is also responsible for leading, coordinating, monitoring, and evaluating the policy implementation.

This policy is designed as a “**living document**” which is subjected to further revision in the future, in line with the international practices and trends of FinTech development in the regional and global contexts, especially the emergence of new technologies to transform the financial sector and the evolving situation in Cambodia.



1. INTRODUCTION

In line with regional and global trends, digital transformation is considered to be the main driving force in accelerating the growth of the digital economy in the 21st century by promoting the adoption of and maximizing the benefits from the advancement in information and communication technology (ICT) and digital technology. During the global crisis of Covid-19, digital technology has played an increasingly important role in providing effective solutions and facilitating the normalization of the activities and operations of the public sector, private sector, and consumers.

“**Financial Technology (FinTech)**” comes from a combination of two words: “**Technology**” and “**Finance**”. Although there is no common definition, according to the Cambodia Digital Economy and Society Policy Framework 2021-2035, the coined term “**FinTech**” refers to technology and innovation in the financial sector, both banking and non-banking, designed to use, deliver, and access financial services broadly and inclusively.

Although the term “**FinTech**” has recently become more widely known, FinTech has a history dating back to 1866 and has evolved through many stages to the present. In the early stages, FinTech was used to support the internal processes of banking and financial institutions, not used to provide services to consumers. However, in the subsequent stages, FinTech has expanded the scope of its functions by providing better services and financial products to consumers. FinTech is indispensable in helping to enhance financial inclusion by streamlining financial services and products to people of all ages everywhere as well as reducing fees and making it easier to access financial services. In addition, FinTech can also contribute to maintaining the stability of the financial sector through financial decentralization and diversification, enhancement of financial services efficiency, increasing financial transparency, and strengthening sovereignty in the financial sector.

The adoption and use of FinTech are gaining momentum, as evidenced by the increasing use of mobile banking for digital payment. During the global crisis of Covid-19, FinTech development in the banking sector accelerated significantly, especially in the use of digital payment systems, the launch and deployment of the Bakong system and KHQR standard, as well as the widespread use of other mobile banking services. At the same time, FinTech development in the non-bank financial sector has been accelerating, especially the growth in the insurance and securities sectors. The acceleration of these developments has been becoming a new

opportunity to promote the development of digital innovation systems and FinTech startups, which is a vital part of building a Cambodia's vibrant digital economy and society.

In recent years, Cambodian FinTech has developed significantly, especially in digital payment. However, FinTech development in Cambodia still faces several challenges, including: (1)-the lack and uncertainty of some laws and regulations, (2)-the lack of proportionality in laws and regulations, (3)-the lack of digital enablers, (4)-the lack of FinTech innovations, and (5)-the lack of FinTech talented individuals or human capital and the limitations of digital literacy and financial literacy of consumers. The advances of FinTech services or products per se are not adequate to maximize the benefit out of FinTech. Thus, the diversification of FinTech services and products in the market is crucial in the development of the financial sector. Those services and products include peer-to-peer lending (P2P Lending), digital savings, digital banking, peer-to-peer financing (P2P Financing), crowdfunding, invoice trading, and so on. These FinTech services and products also play an important role in meeting the needs in daily lives and in improving the financial services for the public, startups, and micro, small, and medium enterprises (MSMEs).

In the current digital globalization and regionalization as well as the digital transformation movement, FinTech development is a priority policy agenda in response to the Fourth Industrial Revolution and the future transformation of international trade and economic architecture. At the same time, for Cambodia, the Royal Government has set out to implement the Cambodia Digital Economy and Society Policy Framework 2021-2035, in which FinTech is also considered a priority strategy for building a digital economy and society that requires further consideration. In response to the Cambodia Digital Economy and Society Policy Framework as well as to address the above challenges, the Royal Government has launched the **“Cambodia Financial Technology Development Policy 2023-2028”**, setting out a long-term vision for Cambodia's FinTech development by **“developing FinTech based on the enhancement of financial inclusion, the maintenance of the financial sector stability, and the promotion of financial innovation to take maximum advantage of digital transformation in the financial sector and to provide opportunities for all actors, aiming to contribute to the acceleration of the development of Cambodia's vibrant digital economy and society”**.

2. FINTECH DEVELOPMENT AND LANDSCAPE

2.1. FinTech Development

As a general assessment, the level of FinTech development in regional and global contexts is changing and varying in characteristics. According to the report on the Global Findex Database 2021, five countries with leading global FinTech development are the United States, the United Kingdom, Israel, Singapore, and Switzerland. Singapore and Indonesia had the highest proportion of FinTech firms up to 50% according to a 2019 study, conducted with FinTech firms operating in the ASEAN region, by the Cambridge Center for Alternative Finance (CCAF), Asian Development Bank Institute (ADBI), and FinTech Space. Countries with the number of FinTech firms operating in the region that follows Singapore and Indonesia are Malaysia (11%), Thailand (10%), the Philippines (7%), Cambodia (4%), Vietnam (3%), and Myanmar (1%). The other 18% are FinTech firms from other countries which are not in the ASEAN region. Although FinTech activities are increasing globally and regionally, according to a report by Google, Temasek, and Bain & Company 2022, FinTech activities that are prominent in the ASEAN region concentrate in five segments: (1)-digital payment, (2)-investment, (3)-digital lending, (4)-remittance, and (5)-InsurTech. FinTech has gained enormous attention from investors in recent years. According to data from the Global Private Capital Association (GPCA), investment size in technology in the ASEAN region had soared from USD 4.2 billion in 2017 to USD 12.9 billion in 2022, of which the amount of investment in FinTech rose sharply to USD 4.1 billion.

2.2. Positive Impacts and Risks of FinTech

Based on international experiences and best practices, FinTech development offers many positive impacts: (1)-enhancing financial inclusion, (2)-maintaining the financial sector stability, and (3)-promoting financial innovation. In enhancing financial inclusion, FinTech can democratize access to financial services, foster the use of financial services, and improve the quality of services with reduced costs and time. According to the FinTech Times published in 2021, 1.2 billion previously unbanked adults had gained access to financial services, leading the unbanked population to decrease by 35%, which was primarily boosted by the increase in mobile money accounts. In maintaining the financial sector stability, FinTech fosters financial decentralization and diversification, promotes transparency, improves the efficiency and effectiveness of financial services, and strengthens sovereignty in the

financial sector by leveraging some enabling technologies. In promoting financial innovation, FinTech requires the development of a FinTech regulatory sandbox, the diversification of FinTech activities, the promotion of FinTech innovation or startups, the establishment of FinTech innovation centers or FinTech innovation labs, and other FinTech innovation initiatives.

However, FinTech can also pose risks to economic stability as well as sovereignty in the financial and social spheres. Among them, FinTech can pose a risk to the economy through several factors, including market monopoly by a few FinTech firms, the increasing use of digital assets, and the significant growth of lending institutions, digital payment systems, and other FinTech services or products which are not banking and financial institutions. FinTech may also pose a risk to sovereignty in the financial sector, especially surrounding digital payment. For instance, if a country relies almost entirely on international companies, especially giant tech firms to provide digital payment services, sovereignty in the country's financial sector may be exposed to threats. For risks to the society, FinTech can lead to a lack of financial inclusion through algorithmic bias and predatory lending practices, which will bring about negative impacts on vulnerable people such as women, the poor, the elderly, and the people living in the remote areas, etc. For data security and privacy, some of the data that consumers perceived to be irrelevant to financial aspects including their online search history, behavior in using social media, and mental health information, could be used or monetized without consent.

Along with the process of taking advantage of and mitigating the risks of FinTech, countries in the region and around the world have been developing FinTech in various modalities. To serve as a common model for FinTech development, *Ehrentraud et al.* developed a FinTech tree model in 2020 that can be subjected to digital adoption, digital adaptation, and further innovation, when necessary. The FinTech tree model is the taxonomy of the FinTech environment, which comprises of three components including: (1)-policy enablers, (2)-enabling technologies, and (3)-FinTech activities.

2.3. FinTech Landscape in Cambodia

To take maximum advantage of digital transformation in the financial sector, the Royal Government has set out policy frameworks, strategies, and roadmaps, including the Rectangular Strategy Phase IV, Cambodia Digital Economy and Society Policy Framework 2021-2035, E-Commerce Strategy, and FinTech Development Roadmap 2020-2025 to promote FinTech development.

Meanwhile, in 1996, the Law on the Organization and Functioning of the National Bank of Cambodia was enacted to empower the National Bank of Cambodia to lead and manage the banking sector, including FinTech development in the banking sector. In 2021, the Non-Bank Financial Services Authority was established by integrating the management and supervision mechanisms in the non-bank financial sector, aimed to strengthen and ensure the effectiveness of management, supervision, and development of the non-bank financial sector, including promoting the development and the use of FinTech in the non-bank financial sector which has six subordinate regulators under its purview and a FinTech Center as secretariat. In 2021, the National Digital Economy and Society Council, comprised of three committees as technical secretariats including the Digital Economy and Business Committee, Digital Government Committee, and Digital Security Committee, was established to lead, facilitate, and foster the building and development of a vibrant digital economy and society.

In addition, to develop a legal ecosystem that supports the financial sector development and fosters digital transformation, several laws and regulations have been formulated. Among them, the laws and regulations in the banking sector include the Law on the Organization and Functioning of the National Bank of Cambodia (1996), amended in 2006, the Law on Foreign Exchange (1997), the Law on Banking and Financial Institutions (1999), the Law on Negotiable Instruments and Payment Transactions (2005), the Law on Financial Leasing (2009), the Law on Anti-Money Laundering and Combating the Financing of Terrorism (2020), and other relevant regulations. The laws and regulations in the non-bank financial sector include the Law on the Issuance and Trading of Non-Government Securities (2007), the Law on Insurance (2014), the Law on Accounting and Auditing (2016), the Law on Social Security Schemes (2019), the Trust Law (2019), the Law on the Organization and Functioning of the Non-Bank Financial Services Authority (2021), and other relevant regulations. In addition, other laws and regulations have been prepared to promote digital transformation through developing digital infrastructures, digital trustworthiness, digital citizens, digital government, and digital businesses. Currently, the Royal Government has also been preparing major draft laws which have implications for FinTech development including the draft Law on Real Estate Development and Real Estate Service, the draft Law on the Management of Pawn and Pledge Business, the draft Law on Cyber Security, the draft Law on Cyber Crimes, and the draft Law on Personal Data Protection.

Moreover, to develop digital infrastructures and digital enablers that support FinTech development, the Royal Government launched the Bakong system and KHQR standard, FAST Payment, National Clearing System (NCS), Cambodian Shared Switch (CSS), Retail Pay and Online Banking System (OBS), Cambodia Data Exchange (CamDX), Cambodia Digital Key (CamDigiKey), verify.gov.kh, and Cambodia Distributed Ledger (CamDL) for testing Web 3 applications to foster the use and innovation of emerging technologies. In addition, to foster the development of the FinTech ecosystem, the Royal Government has supported several events such as the Reverse Innovation Acceleration Program, the Cambodia FinTech Forum, the Global FinTech Fest, the FinTech Stage of Cambodia Tech Expo, and the “Let’s Talk Money” Campaign.

With the support of the Royal Government with a long-term vision, Cambodian FinTech has a high potential for the future development. Sizable pools of young people, the increase in the coverage of broadband internet, as well as the growing use of social media and digital platforms will speed up the adoption and use of technologies as well as FinTech. In addition, FinTech in the banking sector is highly innovative while innovation in the non-bank financial sector is also growing significantly. The increase in the use of digital payment in the public and private sectors, and by the people, has surged significantly. In fact, as of 2022, in the banking sector, the number of payment transactions increased to about one billion transactions equivalent to USD 272.5 billion; the number of e-wallet accounts was at 17.9 million; the number of credit accounts was at 3.7 million; and the number of deposit accounts was at 14.3 million.

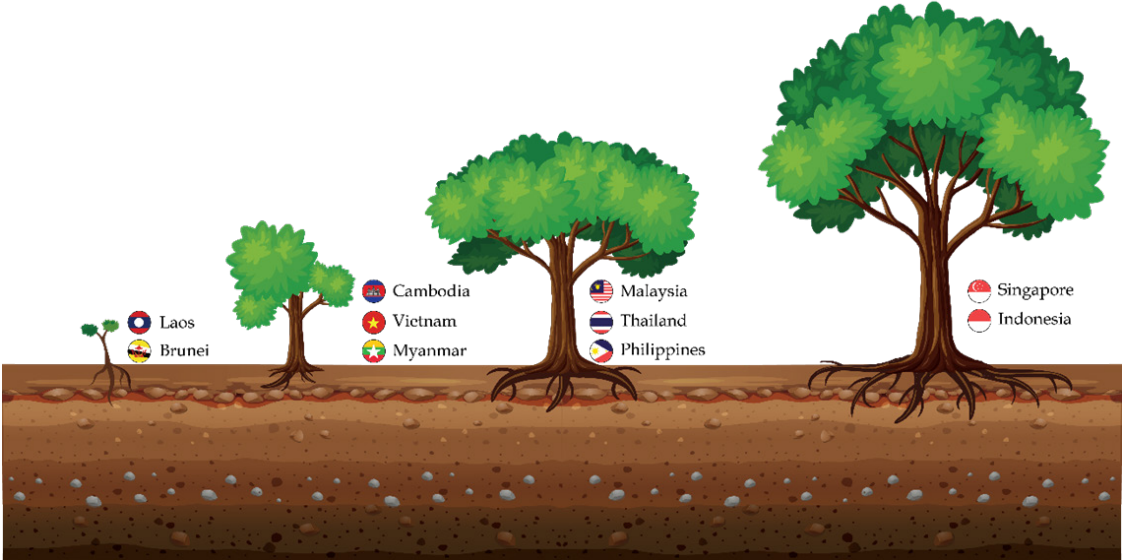
Besides the banking sector, the non-bank financial sector has also developed significantly, especially during and after the global crisis of Covid-19 following the strong support from the Royal Government for the integration of institutional mechanisms and development of this sector. Notably, the Cambodian non-bank financial sector has been making a significant contribution to the promotion of national economic growth. For instance, as of 2021, the insurance sector contributed 1.11% of GDP with an insurance density of USD 18.61 per person, which was also attributed to InsurTech. In addition, the insurance sector had a total premium of USD 300 million and total assets of USD 850 million. For the securities sector, market capitalization for the stock market totaled USD 1.87 billion; the cash collection from the securities market amounted to USD 317.55 million; and the trading volume of the derivatives market totaled USD 300.51 million in 2022. These achievements are the contributions of FinTech in the securities sector through the introduction of (1)-the

Mobile Trading System and CSX Trade Application, (2)-Investor ID Online System, (3)-Derivatives Trading Systems and Application, (4)-Online Securities Trading Account System and (5)-Online Derivatives Trading Account System. Currently, regulators and entities under the Non-Bank Financial Services Authority have been working to foster digital transformation within its purview using Supervisory Technology (SupTech) and Regulatory Technology (RegTech). To promote financial innovation, the regulatory sandbox for securities and insurance sectors has been launched.

However, the development of Cambodian FinTech still faces some challenges, including: (1)-the lack of policy enablers, the lack and uncertainty of laws and regulations, as well as the lack of proportionality in laws and legal documents, (2)-the lack of digital enablers, (3)-the lack of adoption and use of enabling technologies, and (4)-the lack of development and innovation of FinTech activities. In this regard, Cambodia may be exposed to FinTech risks, particularly, those caused by a lack of financial inclusion. The lack of financial inclusion can be caused by the limited digital literacy and financial literacy of consumers in the country. Given the limited digital literacy and financial literacy among the citizens, the risks in the forms of security and data privacy also prevail through stealing or illegal usage of data which will create a violation of consumer data privacy.

Overall, based on the above-mentioned data and assessment, despite the remarkable growth of FinTech in the past years in Cambodia, Cambodian FinTech is in the nascent stage of growth and is not yet balanced between the banking sector and non-bank financial sector, which requires additional systematic and comprehensive consideration. In this sense, if compared to a tree, the state of Cambodian FinTech is like a tree sapling that has not yet grown well because the soil is not sufficiently fertile for root absorption. Meanwhile, the number of roots is still limited and has not yet grown as a solid foundation. The trunk is small, not yet strong, and fragile, which can be easily broken by various impacts. The branches, on the other hand, although growing in some forms, appear to be uneven; there are large branches on one side and small on the other, as shown in **Figure 1**. If compared to other countries in the region, Cambodia's FinTech status is not considered lagging behind, but among the countries that have not yet been able to take maximum advantage of FinTech. Going forward, this policy will improve the status of Cambodian FinTech to become a large tree that can provide fruits and a far-reaching shade.

Figure 1: Comparison of FinTech Development among ASEAN Countries



3. POLICY FRAMEWORK

Cambodia Financial Technology Development Policy is formulated to be implemented over a five-year period from 2023 to 2028 in response to the rapid FinTech development in Cambodia as well as in the region and the world. This policy defines the overall concept and policy measures for Cambodia’s FinTech development following international best practices and trends of FinTech development that are compatible with the Cambodian context.

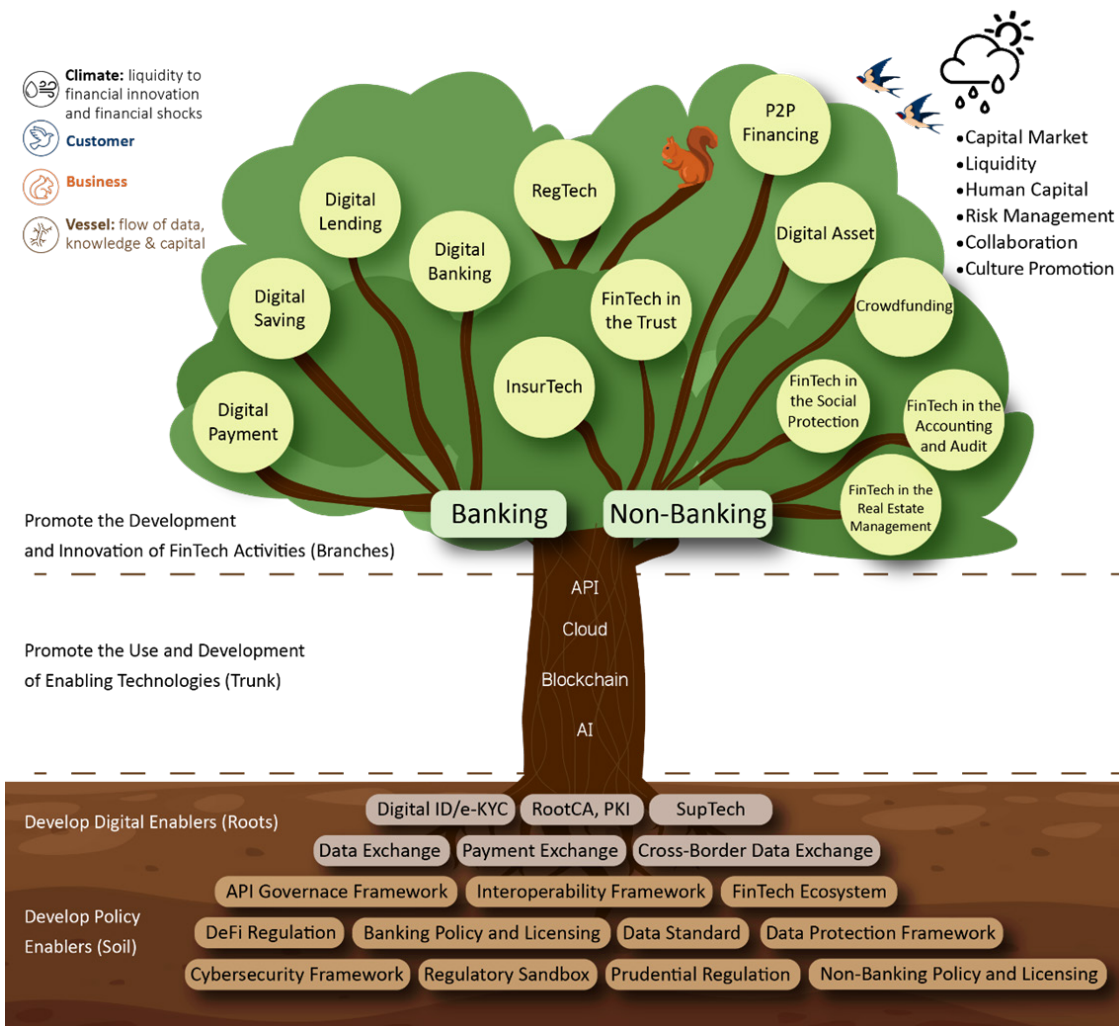
3.1. Vision, Objective, and Goals

In response to the Cambodia Digital Economy and Society Policy Framework 2021-2035, the Royal Government sets out a long-term vision for FinTech development in Cambodia: “developing FinTech based on the enhancement of financial inclusion, the maintenance of the financial sector stability, and the promotion of financial innovation to take maximum advantage of digital transformation in the financial sector and to provide opportunities for all actors, aiming to contribute to the acceleration of the development of Cambodia’s vibrant digital economy and society”.

To serve this long-term vision, the Cambodia Financial Technology Development Policy 2023-2028 aims to “develop a vibrant FinTech ecosystem through the development of policy enablers, the development of digital enablers, the promotion of the use and development of enabling technologies, and the promotion of the development and innovation of FinTech activities to improve access to financial services, trustworthiness, and quality of life for consumers in the digital age”.

To achieve the above vision and objective, this policy sets out the main goals that correspond to the four parts of the FinTech Tree as shown in *Figure 2* below:

Figure 2. Cambodia’s FinTech Tree



1)- **Development of Policy Enablers represented by “Soil”:** focuses on developing a conducive environment including the formulation of policy frameworks, preparation and amendment of legal or regulatory frameworks, and formulation of interoperability frameworks; promoting trustworthiness; strengthening collaboration and cooperation amongst stakeholders; and initiating other FinTech innovations. In the same way that fertile soil is favorable for root absorption and supportive foundation to the entire tree, the development of policy enablers supports the development of digital enablers, the promotion of the use and development of enabling technologies, as well as the development and innovation of FinTech activities.

- 2)- **Development of Digital Enablers represented by “Roots”**: focuses on promoting the use of existing digital enablers and developing other necessary digital enablers to support FinTech development on one hand, and the digital development on the other. Digital enablers are comparable to several vigorous roots that can absorb nutrients well from the soil to maintain trunk sturdiness and branching. Regardless of how fertile the soil is, if the roots are not plentiful and not strong enough to absorb nutrients from the soil to the trunk, the tree will not be able to grow and bear fruits for any beneficiaries. Therefore, the development of digital enablers is crucial in promoting FinTech development.
- 3)- **Promotion of the Use and Development of Enabling Technologies represented by “Trunk”**: focuses on research and development, literacy promotion, and technology-related skill training to foster the adoption and use of technology in the public and private sectors. Equivalent to how the strong trunk supports good growth and branching, promoting the use and development of technology is necessary to support the development and innovation of FinTech activities.
- 4)- **Promotion of the Development and Innovation of FinTech Activities represented by “Branches”**: focuses on promoting diversification of FinTech activities in an innovative manner in the banking sector and non-bank financial sector that can keep pace with regional and global trends as well as respond to market demands. Identical to the branches with abundant fruits that can be reaped, a diversity of FinTech activities in the market improves access to financial services, trustworthiness, and consumers’ quality of life.

In addition, other points related to FinTech development are small “Veins” in the trunk that represent the flow of data, knowledge and capital, and an indispensable part of promoting the development and innovation of FinTech. “Squirrel” represents FinTech businesses while “Sparrows” represent FinTech consumers. In the meantime, the “Climate” that influences the growth of a tree, including capital markets, liquidity, collaboration, risk management, and human capital, can influence FinTech development.

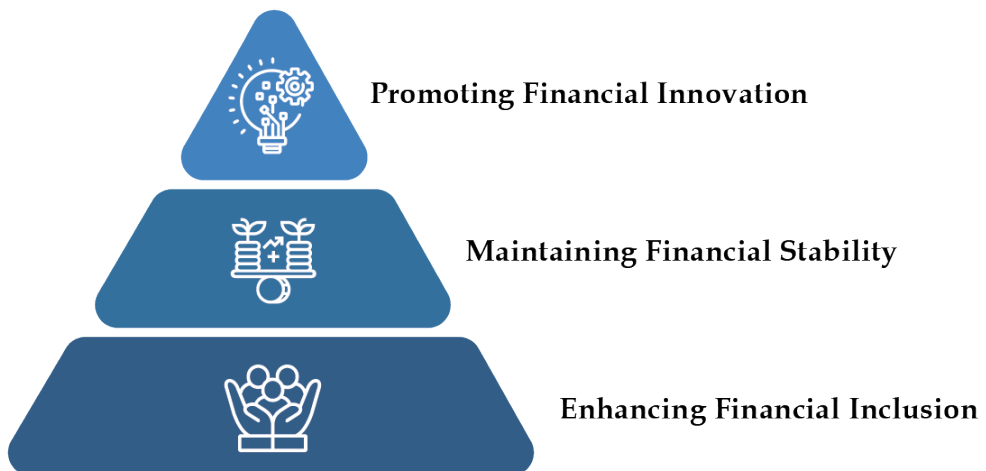
3.2. Principles and Approaches

For the implementation of this policy, the Royal Government adopts three main principles: (1)-the enhancement of financial inclusion, (2)-the maintenance of the financial sector stability, and (3)-the promotion of financial innovation as shown in *Figure 3* below.

To develop FinTech in Cambodia based on the above principles, the implementation of this policy exercises the following three approaches:

- 1)- **Adoption:** refers to the acquisition of knowledge, experiences, and international best practices in FinTech development, which serve as a basis for FinTech development in Cambodia;
- 2)- **Adaptation:** refers to the modification of knowledge, experiences, and international best practices in FinTech development that Cambodia has adopted by ensuring they are in line with the actual condition of Cambodia's digital economy and society; and
- 3)- **Further Innovation:** refers to any further innovation in addition to knowledge, experiences, and international best practices in FinTech development that Cambodia has adopted and adapted ingeniously to create new opportunities for FinTech development in Cambodia.

Figure 3. Principles of Cambodian FinTech Development



3.3. Policy Measures

Policy measures are designed in line with the above four main goals: (1)-development of policy enablers, (2)-development of digital enablers, (3)-promotion of the use and development of enabling technologies, and (4)- promotion of the development and innovation of FinTech activities.

3.3.1. Development of Policy Enablers

Development of policy enablers refers to the design and enhancement of measures and initiatives that are conducive to the development of digital enablers, the promotion of the use of enabling technologies, as well as the development and innovation of FinTech activities. For developing policy enablers, the Royal Government has set out the following policy measures:

- 1)-Examine the possibility of implementing regulatory frameworks for data protection and data sharing in the financial sector;
- 2)-Study the feasibility to prepare and launch or implement a supporting governance framework of Application Programming Interfaces (APIs) and interoperability and interconnectedness between stakeholders in the FinTech industry, particularly between the regulators and relevant ministries and institutions;
- 3)-Combat financial crimes, including anti-money laundering and financing of terrorism as well as the financing of proliferation of weapons of mass destruction;
- 4)-Examine the possibility of launching an Open Banking Framework;
- 5)-Promote bilateral and/or multilateral cooperation with other countries in the region to support cross-border payment or cross-border money transfer;
- 6)-Revise or amend some laws and regulations in the financial sector which can hinder or complicate FinTech development and innovation in the market;
- 7)-Prepare, revise, or amend prudential regulations, which apply to FinTech as necessary, and participate in the promotion of IT security protection in FinTech;
- 8)-Develop a framework or regulation related to FinTech risk assessment and management;
- 9)-Support and promote the implementation of various relevant laws and regulations, especially on digital security, as well as prepare other relevant regulations as necessary to develop legal or regulatory ecosystems to enhance the trustworthiness in FinTech;

- 10)-Study and develop mechanisms to promote consumer protection, including data protection and privacy;
- 11)-Study the feasibility of preparing, launching, and developing a FinTech regulatory sandbox and regularly monitor the operations of individuals participating in the FinTech regulatory sandbox and exchanging experiences related to the management of FinTech regulatory sandbox with foreign regulators;
- 12)-Develop a master plan for capacity building and FinTech skills for all stakeholders, especially the capacity of institutions in charge of implementing policy measures;
- 13)-Build a relationship network with the private sector that operates FinTech to promote its participation in a good partnership in building and developing FinTech effectively and efficiently;
- 14)-Build a relationship network with international financial regulators or companies that operate FinTech to study, explore, and promote the exchange of ideas as well as the sharing of knowledge, experiences, and best practices;
- 15)-Prepare, revise, and promote the implementation of institutional development plans of the regulators and subordinate units under the purview of the Non-Bank Financial Services Authority, highlighting FinTech development in the non-bank financial sector;
- 16)-Develop a strategic plan for FinTech development in the non-bank financial sector after the launching of Cambodia Financial Technology Development Policy 2023-2028 by the Royal Government;
- 17)-Study the feasibility of preparing laws and regulations related to FinTech in the non-bank financial sector by harmonizing the FinTech functions through a clear division of functions between relevant institutions and without altering the existing structures of the institutions, classification of FinTech in the banking sector and non-bank financial sector; ensure the legality of FinTech activities in the non-bank financial sector in the market; and set other important regulatory and supervisory principles;
- 18)-Develop a mechanism for cooperation, coordination, and internal cooperation between the Non-Bank Financial Services Authority and the National Bank of Cambodia to enhance synergy, co-innovation, joint responsibility, cohesion, and harmonization of FinTech regulatory functions; and
- 19)-Develop regulations related to the licensing and management of digital asset businesses and regulations governing P2P financing.

3.3.2. Development of Digital Enablers

The development of digital enablers aims to increase the use of existing and develop new digital enablers, including RegTech and SupTech, by promoting data exchange as well as open data and digital transformation in the institution. In developing digital enablers for Cambodian FinTech, the Royal Government has set out the following policy measures:

- 1)-Develop and launch the CamDigiKey platform for the financial sector;
- 2)-Promote research, piloting, and use of existing digital enablers, as well as the development of other digital enablers for decentralized finance (DeFi);
- 3)-Develop and modernize the digital payment system infrastructures to support services and enhance the interoperability of digital payment;
- 4)-Develop the FinTech regulatory and supervisory frameworks that include the use of the RegTech to assist and strengthen the regulatory compliance more effectively than existing capabilities and the use of SupTech to assist in the digitization of reporting and regulatory processes, which are intended to support the process of risk and compliance monitoring in a proactive and efficient manner;
- 5)-Study the feasibility of sharing and opening data to provide new opportunities for the development and innovation of FinTech activities;
- 6)-Promote the use of existing electronic Know-Your-Customer (e-KYC) system, such as the CamDigiKey platform for authentication, verification, and use of e-KYC data to improve the quality, trustworthiness, efficiency, and effectiveness of delivery, accessibility, and use of digital financial services;
- 7)-Promote the use of digital signatures to enhance the security and efficiency of the use of FinTech;
- 8)-Promote the use of verify.gov.kh to verify and validate digital documents issued by relevant ministries and institutions of the Royal Government;
- 9)-Strengthen and expand the use of CamDX platform to promote FinTech development and modernize the digital financial system into an inter-institutional system based on “the Once-only Principle”;
- 10)-Develop a program to promote the development of digital enablers that support FinTech development to promote the adoption, utilization, adaptation, innovation, and diversification of FinTech;
- 11)-Promote digital transformation in the financial sector through the establishment and modernization of institutions such as administrative

management systems, registration systems, data collection, and management systems or platforms, analysis and early warning systems, public services delivery platforms, and other platforms; and

12)-Conduct research on data infrastructures to support FinTech development.

3.3.3. Promotion of the Use and Development of Enabling Technologies

The promotion of the use and development of enabling technologies aims to encourage the public and private sectors to adopt, use, and develop enabling technologies by promoting research and development, strengthening collaboration and cooperation between relevant stakeholders, and promoting technology-related literacy and skill development that supports the development and innovation of FinTech activities. In promoting the use and development of enabling technologies in Cambodian FinTech, the Royal Government has set out the following policy measures:

- 1)-Organize public forums, events, competitions, exhibitions, or other campaigns to raise awareness regarding the FinTech benefits and opportunities by collaborating, coordinating, and cooperating with stakeholders as needed;
- 2)-Collaborate with all relevant social stakeholders to launch programs on financial literacy, digital literacy, and FinTech development for the public and entrepreneurs;
- 3)-Establish a FinTech portal to disseminate and share data, information, documents, and knowledge to support the effective and efficient FinTech development;
- 4)-Promote the adoption and use of key enabling technologies such as artificial intelligence (AI), machine learning (ML), big data, cloud computing, blockchain technology, smart contract, natural language processing (NLP), virtual reality technology, and data analysis technology to drive innovation in the financial sector;
- 5)-Promote and enhance technology literacy for businesses, entrepreneurs, and the public to change attitudes and enhance trustworthiness in FinTech;
- 6)-Promote and improve technology literacy for leaders and officials to build and develop FinTech leadership and competencies;
- 7)-Establish a FinTech literacy platform to create, store, transfer, or share knowledge of digital technology and FinTech;
- 8)-Promote the development of training programs and enhance FinTech literacy in education and vocational training institutions;

- 9)-Prepare and update the FinTech lexicon to improve FinTech literacy;
- 10)-Promote research and development and technological innovation that support FinTech development, including starting from technical and vocational education and training institutions;
- 11)-Develop and implement competency-based training packages in line with the Cambodian National Qualifications Framework Level 1, 2, 3, 4 on digital skills for FinTech as well as enhance the technical capacity of the trainers; and
- 12)-Study the feasibility of setting up customer welfare support systems, such as customer care and support, and complaints handling using technology.

3.3.4. Promotion of the Development and Innovation of FinTech Activities

The development and innovation of FinTech activities aims to diversify FinTech activities in the banking sector and non-bank financial sector, including DeFi or emerging technologies. In promoting the development and innovation of Cambodian FinTech activities, the Royal Government has set out the following policy measures:

- 1)-Introduce regulations and guidelines for safe and efficient digital lending operations;
- 2)-Strengthen the prudential regulatory framework and security mechanisms in digital payment transactions;
- 3)-Promote the use of digital payment within the public and private sectors;
- 4)-Promote innovative digital banking products and services;
- 5)-Encourage banking and financial institutions to introduce digital lending or savings;
- 6)-Promote the development and use of FinTech products and services and decentralized applications (dApps) that use blockchain technology;
- 7)-Encourage fiscal incentives, financial support, and other support to FinTech activities;
- 8)-Promote research and development to enhance innovation of services and products and to diversify new FinTech activities; and
- 9)-Promote the development of FinTech entrepreneurship ecosystems through forums, seminars, and other programs, including FinTech startup incubation and acceleration programs.

4. IMPLEMENTATION FRAMEWORK AND MECHANISM FOR COORDINATION, MONITORING, AND EVALUATION

The preparation of policy implementation mechanisms is based on existing institutional mechanisms in the banking sector and non-bank financial sector as well as within certain relevant ministries and institutions under the coordination and leadership of the Digital Economy and Business Committee. The responsible institutions for implementing the policy measures need to develop a clear action plan and a budget plan. These plans will be utilized to carry out the activities outlined in the action plan, following the performance-informed budgeting mechanism in accordance with the Law on Public Finance System and other relevant regulations. At the same time, the responsible institutions for implementing the policy measures must diligently execute the established plan and demonstrate budget accountability.

The Digital Economy and Business Committee is responsible for setting up the monitoring and evaluation mechanism for implementing this policy, including monitoring and evaluation, activities execution, outcome-based indicators, and impact-based indicators that follow the timeframe in the matrix of policy measures in the Annex. The responsible institutions for implementing the policy measures must closely cooperate with the Digital Economy and Business Committee in regularly providing data and reports for the Committee to consolidate and submit to the Royal Government.

Despite the advancement of FinTech, which has offered enormously positive impacts on the economy and society, FinTech also poses various risks. Therefore, with a proactive spirit, the ministries and institutions responsible entrusted with implementing the policy measures need to study and develop a framework for assessing and managing risks that may arise from FinTech as a preparation to mitigate risks to a minimum level.

5. CONCLUSION

In response to the Cambodia Digital Economy and Society Policy Framework 2021-2035, the Royal Government has launched the “**Cambodia Financial Technology Development Policy 2023-2028**” in line with the international best practices and trends of FinTech development in the regional and global contexts, which is compatible with the Cambodian situation. In this regard, the policy sets out the long-term vision of “**developing FinTech to take maximum advantage of digital transformation in the financial sector and to provide opportunities for all actors, aiming to contribute to the acceleration of the development of Cambodia’s vibrant digital economy and society**” based on three main principles: (1)-the enhancement of financial inclusion, (2)-the maintenance of the financial sector stability, and (3)-the promotion of financial innovation.

This policy aims to “**develop a vibrant FinTech ecosystem through the development of policy enablers, the development of digital enablers, the promotion of the use and development of enabling technologies, and the promotion of the development and innovation of FinTech activities to improve access to financial services, trustworthiness, and quality of life for consumers in the digital age**”. This objective can be achieved by implementing policy measures according to four main goals: (1)-developing policy enablers, (2)-developing digital enablers, (3)-promoting the use and development of enabling technologies, and (4)-promoting the development and innovation of FinTech activities. A total of 52 policy measures has been set out to achieve the above goals. The implementation of this policy is based on existing institutional mechanisms in the banking sector and non-bank financial sector as well as in the relevant ministries and institutions. Those institutions in charge of implementation must prepare action plans, implement activities, and prepare regular performance reports. In this regard, the Digital Economy and Business Committee is responsible for coordinating, promoting, leading, monitoring, and evaluating the implementation of this policy.

Successful implementation of this policy will further the development of Cambodian FinTech, which will be reflected in the vibrancy of the FinTech ecosystem, the increase in the financial inclusion, adoption of FinTech, trustworthiness, and the mitigation of risks posed by FinTech. The advancement of Cambodian FinTech will greatly contribute to the development of Cambodia’s digital economy and society in a sustainable, inclusive, resilient, and equitable manner.



ANNEX 1. MATRIX OF POLICY MEASURES

Note: Short-term (under 2 years) and Medium-term (2-5 years)

No.	Policy Measures	Responsible Institutions	Timeframe
I. DEVELOPMENT OF POLICY ENABLERS			
1	Examine the possibility of implementing regulatory frameworks for data protection and data sharing in the financial sector	<ul style="list-style-type: none"> - National Bank of Cambodia - Regulators under the Non-Bank Financial Services Authority - Ministry of Post and Telecommunications - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term
2	Study the feasibility to prepare and launch or implement a supporting governance framework of Application Programming Interfaces (APIs) and interoperability and interconnectedness between stakeholders in the FinTech industry, particularly between the regulators and relevant ministries and institutions	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term

3	Combat financial crimes, including anti-money laundering and financing of terrorism as well as the financing of proliferation of weapons of mass destruction	<ul style="list-style-type: none"> - National Bank of Cambodia - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)
4	Examine the possibility of launching an Open Banking Framework	<ul style="list-style-type: none"> - National Bank of Cambodia 	Medium-term
5	Promote bilateral and/or multilateral cooperation with other countries in the region to support cross-border payment or cross-border money transfer	<ul style="list-style-type: none"> - National Bank of Cambodia 	Medium-term
6	Revise or amend some laws and regulations in the financial sector which can hinder or complicate FinTech development and innovation in the market	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term
7	Prepare, revise, or amend prudential regulations, which apply to FinTech as necessary, and participate in the promotion of IT security protection in FinTech	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - Ministry of Post and Telecommunications - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term

8	Develop a framework or regulation related to FinTech risk assessment and management	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term
9	Support and promote the implementation of various relevant laws and regulations, especially on digital security, as well as prepare other relevant regulations as necessary to develop legal or regulatory ecosystems to enhance the trustworthiness in FinTech	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)
10	Study and develop mechanisms to promote consumer protection, including data protection and privacy	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)

11	Study the feasibility of preparing, launching, and developing a FinTech regulatory sandbox, and regularly monitor the operations of individuals participating in the FinTech regulatory sandbox and exchanging experiences related to the management of FinTech regulatory sandbox with foreign regulators	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center 	Short- to Medium-term
12	Develop a master plan for capacity building and FinTech skills for all stakeholders, especially the capacity of institutions in charge of implementing policy measures	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short-term
13	Build a relationship network with the private sector that operates FinTech to promote its participation in a good partnership in building and developing FinTech effectively and efficiently	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)

14	Build a relationship network with financial international regulators or companies that operate FinTech to study, explore and promote the exchange of ideas, as well as the sharing of knowledge, experiences, and best practices	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)
15	Prepare, revise, and promote the implementation of institutional development plans of the regulators and subordinate units under the purview of the Non-Bank Financial Services Authority, highlighting FinTech development in the non-bank financial sector	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center 	Short- to Medium-term
16	Develop a strategic plan for FinTech development in the non-bank financial sector after the launching of Cambodia FinTech Development Policy 2023-2028 by the Royal Government	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center 	Short-term

17	Study the feasibility of preparing laws and regulations related to FinTech in the non-bank financial sector by harmonizing the FinTech functions through a clear division of functions between relevant institutions and without altering the existing structures of the institutions, classification of FinTech in the banking sector and non-bank financial sector; and ensure the legality of FinTech activities in the non-bank financial sector in the market; and set other important regulatory and supervisory principles	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center 	Short- to Medium-term
18	Develop mechanisms for cooperation, coordination, and internal cooperation between the Non-Bank Financial Services Authority and the National Bank of Cambodia to enhance synergy, co-innovation, joint responsibility, cohesion, and harmonization of FinTech regulatory functions	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center 	Short- to Medium-term (Regularly Implemented)

19	Develop regulations related to the licensing and management of digital asset businesses and regulations governing P2P financing	- Securities and Exchange Regulator of Cambodia	Short- to Medium-term
II. DEVELOPMENT OF DIGITAL ENABLERS			
1	Develop and launch the CamDigiKey platform for the financial sector	- National Bank of Cambodia - Ministry of Economy and Finance - Relevant Ministries and Institutions	Medium-term
2	Promote research, piloting, and use of existing digital enablers, as well as the development of other digital enablers for decentralized finance (DeFi)	- Ministry of Economy and Finance - Regulators under the Non-Bank Financial Services Authority - FinTech Center	Short- to Medium-term
3	Develop and modernize the digital payment system infrastructure to support services and enhance the interoperability of digital payment	- National Bank of Cambodia	Regularly Implemented

4	<p>Develop the FinTech regulatory and supervisory frameworks that include the use of the RegTech to assist and strengthen the regulatory compliance more effectively than existing capabilities and the use of SupTech to assist in the digitization of reporting and regulatory processes, which are intended to support the process of risk and compliance monitoring in a proactive and efficient manner</p>	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center 	Short- to Medium-term
5	<p>Study the feasibility of sharing and opening data to provide new opportunities for the development and innovation of FinTech activities</p>	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term

6	Promote the use of existing electronic Know-Your-Customer (e-KYC) system, such as the CamDigiKey platform for authentication, verification, and use of e-KYC data to improve the quality, trustworthiness, efficiency, and effectiveness of delivery, accessibility, and use of digital financial services	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term
7	Promote the use of digital signatures to enhance the security and efficiency of the use of FinTech	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term
8	Promote the use of verify.gov.kh to verify and validate digital documents issued by relevant ministries and institutions of the Royal Government	<ul style="list-style-type: none"> - Ministry of Post and Telecommunications - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)

9	Strengthen and expand the use of CamDX platform to promote FinTech development and modernize the digital financial system into an inter-institution system based on “the Once-only Principle”	<ul style="list-style-type: none"> - Ministry of Economy and Finance - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term
10	Develop a program to promote the development of digital enablers that support FinTech development to promote the adoption, utilization, adaptation, innovation, and diversification of FinTech	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term
11	Promote digital transformation in the financial sector through the establishment and modernization of institutions such as administrative management systems, registration systems, data collection, and management systems or platforms, analysis and early warning systems, public services delivery platforms, and other platforms	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)

12	Conduct research on Data Infrastructures to support FinTech development	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term
III. PROMOTION OF THE USE AND DEVELOPMENT OF ENABLING TECHNOLOGIES			
1	Organize public forums, events, competitions, exhibitions, or other campaigns to raise awareness on the FinTech benefits and opportunities by collaborating, coordinating, and cooperating with stakeholders as needed	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - National Bank of Cambodia - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)
2	Collaborate with all relevant social stakeholders to launch programs on financial literacy, digital literacy, and FinTech development for the public and entrepreneurs	<ul style="list-style-type: none"> - National Bank of Cambodia - Ministry of Economy and Finance - FinTech Center - Relevant Ministries and Institutions 	Regularly Implemented
3	Establish a FinTech portal to disseminate and share data, information, documents, and knowledge to support the effective and efficient FinTech development	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center 	Short- to Medium-term (Regularly Implemented)

4	Promote the adoption and use of key enabling technologies such as artificial intelligence (AI), machine learning (ML), big data, cloud computing, blockchain technology, smart contract, natural language processing (NLP), virtual reality technology, and data analysis technology to drive innovation in the financial sector	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)
5	Promote and enhance technology literacy for businesses, entrepreneurs, and the public to change attitudes and enhance trustworthiness in FinTech	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)
6	Promote and improve technology literacy for leaders and officials to build and develop FinTech leadership and competencies	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)
7	Establish a FinTech literacy platform to create, store, transfer, or share knowledge of digital technology and FinTech	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)

8	Promote the development of training programs and enhance FinTech literacy in education and vocational training institutions	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Medium-term (Regularly Implemented)
9	Prepare and update the FinTech Lexicon to improve FinTech literacy	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center 	Short- to Medium-term
10	Promote research and development and technological innovation that support FinTech development, including starting from technical and vocational education and training institutions	<ul style="list-style-type: none"> - Ministry of Labor and Vocational Training - Ministry of Economy and Finance - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)
11	Develop and implement competency-based training packages in line with the Cambodian National Qualifications Framework Level 1, 2, 3, 4 on digital skills for FinTech as well as enhance the technical capacity of the trainers	<ul style="list-style-type: none"> - Ministry of Labor and Vocational Training 	Short- to Medium-term (Regularly Implemented)

12	Study the feasibility of setting up customer welfare support systems, such as customer care and support, and complaints handling using technology	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term
IV. PROMOTION OF DEVELOPMENT AND INNOVATION OF FINTECH ACTIVITIES			
1	Introduce regulations and guidelines for safe and efficient digital lending operations	- National Bank of Cambodia	Medium-term
2	Strengthen the prudential regulatory framework and security mechanisms in digital payment transactions	- National Bank of Cambodia	Medium-term
3	Promote the use of digital payment within the public and private sectors	- National Bank of Cambodia	Medium-term
4	Promote innovative digital banking products and services	- National Bank of Cambodia	Medium-term
5	Encourage banking and financial institutions to introduce digital lending or savings	- National Bank of Cambodia	Medium-term

6	Promote the development and use of FinTech products and services and decentralized applications (dApps) that use blockchain technology	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center 	Medium-term
7	Encourage fiscal incentives, financial support, and other support to FinTech activities	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term
8	Promote research and development to enhance innovation of services and products and diversify new FinTech activities	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)
9	Promote the development of FinTech entrepreneurship ecosystems through forums, seminars, and other programs, including FinTech startup incubation and acceleration programs	<ul style="list-style-type: none"> - Regulators under the Non-Bank Financial Services Authority - FinTech Center - Relevant Ministries and Institutions 	Short- to Medium-term (Regularly Implemented)

ANNEX 2. GLOSSARY

No.	Keywords	Definitions
1	Algorithmic Bias	Systemic errors and recurring errors in the computer system, resulting in uneven results. For Example: "granting privileges" to one group over another that differs from the intended function of the algorithm.
2	Application Programming Interfaces (APIs)	The interface of interactions in data sharing between two or more ICT systems.
3	Artificial Intelligence (AI)	The technology allowing computers to learn, think, analyze, and understand specific issues through the emulation of the human brain.
4	Bakong	A backbone payment system developed by the National Bank of Cambodia with the aim of providing cross-institutional payment capabilities, streamlining payment transactions, boosting the financial inclusion, and promoting Riel payments.
5	Big Data	A large volume of data – diverse in shapes but in general with unclear structure – that is used in analyzing the patterns, trends, and associations from one point to another.
6	Blockchain Technology	The distributed ledger technology infrastructure that records the digital asset unalterable; those data are copied and spread in a decentralized way across the network of mainframe computers.

7	Cambodia Data Exchange (CamDX)	The information sharing platform initiated by the government for data exchange by using APIs across the ICT systems of relevant ministries and institutions and the private sector in a standardized and secure way over the Internet or other digital networks.
8	Cloud Computing Technology	The technology infrastructure which can provide services of data storing and resources computing for the operations of ICT system over the internet.
9	Crowdfunding	Fund raising operations through Collective Investment Scheme or through intermediation of Fund Management Company between securities offering entity and investors.
10	Cybersecurity	The practice of preventing, responding, and protecting the information technology (IT) systems including infrastructure networks, operating systems, and programs from all forms of invasions and attacks, especially over the Internet.
11	Decentralized Application (dApp)	Application that operates using blockchain technology and smart contracts.
12	Decentralized Finance (DeFi)	A financial ecosystem that allows the trading of digital assets based on blockchain technology without intermediaries.
13	Digital Asset	Valuable digital units created on distributed ledger technology or similar technology or associated with a smart contract or contract in the various forms between digital asset holders and counterparts and can be traded or transferred, including Bitcoin. These digital assets are financial instruments, which are a type of securities.

14	Digital Literacy	Skills that promote digital capabilities and the use of information and telecommunications technology for learning, entertainment, work, and communication.
15	Digital Signature	The signature created by electronic process be used to determine the identification of the signer, including the electronic signature, biometric signature, and other signatures.
16	Financial Inclusion	The ability of all citizens to get access and use quality financial services.
17	Financial Literacy	Ability to understand and apply relevant financial skills such as managing personal finances and investments effectively.
18	Financial Technology (FinTech)	The technology and innovation in the financial sector – banking and non-banking – established to improve the use, delivery, and access to financial services broadly and inclusively.
19	FinTech Regulatory Sandbox	An environment for FinTech institutions to experiment their services and products with real customers, but within a certain size and time before launching and promoting widespread use.
20	Invoice Trading	The company's activities in borrowing money from investors through unpaid or overdue invoices.
21	KHQR	QR system developed for domestic retail payments and cross-border payments.
22	Liquidity	The extent to which an asset or bond can be bought or sold in a market without affecting the value of the asset. Liquidity reflects the ability to convert an asset into cash.

23	Machine Learning (ML)	An artificial intelligence (AI) technology that enables machines to study, recognize, and predict results or achievements more accurately and efficiently with autonomy based on data processing without being explicitly programmed to do so.
24	Mobile Banking	Banking and financial transactions through banking and financial institutions applications using mobile devices such as mobile phones and tablets.
25	Open Banking	The practice that provides third-party financial service providers open access to consumer banking, transaction, and other financial data from banking and non-bank financial institutions using application programming interfaces (APIs).
26	Peer-to-peer (P2P) Financing	Digital platform for individuals or institutions to provide financing for other individuals.
27	Predatory Lending Practices	Setting conditions for lending practices that are unfair, deceptive, or abusive to borrowers, including high service fees, high-interest rates, or lending at low credit rates to borrowers with high credit scores.
28	Proportionality	Proportional nature of laws and regulations in which regulatory requirements correspond to business size, systemic importance, and risk profile.
29	Prudential Regulations	Regulations that focus on security and financial stability of the financial institutions and financial systems.

30	Regulatory Technology (RegTech)	FinTech that facilitates, strengthens, and enhances the compliance or regulatory requirements in the financial industry more efficiently and effectively than the existing capacity.
31	Smart Contract	Codes that run on blockchain to inspect, operate, and execute legal contracts or agreements reliably without the involvement of third parties.
32	Startups	The institutions or the processes of establishing and managing businesses which harness the innovations in establishing business models under unclear conditions with higher risks but with great potential to rapidly grow.
33	Supervisory Technology (SupTech)	FinTech that supports and facilitates regulators and supervision entities in digitization of reporting and regulatory processes aimed at strengthening efficiency and effectiveness of risk management and monitoring and compliance of financial institutions.

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