

## Foreign banks eye Kingdom's prospects



*Reposted from Phnom Penh Post, January, 19 2012  
By Brennan Stark*

Two more Vietnamese banks have announced they will apply for licences to operate in Cambodia, according to media reports.

If accepted, Maritime Bank and Saigon-Hanoi Commercial Bank (SHB) would bring the number of Vietnamese banks in Cambodia to six, National Bank of Cambodia officials said yesterday.

Experts say the banks' entry is well timed to cater to the influx of Vietnamese businesses to Cambodia.

"The many Vietnamese businesses starting up in Phnom Penh are an attraction for the banks," Cambodian Economic Association president Chan Sophal said. "These establishments will need a bank, and will likely feel more comfortable with one from back home."

Separate target markets could alleviate strain among competitors, Chan Sophal said, because these new banks would most likely not be competing for the same clients.

Nguon Sokha, director-general and spokesperson of the NBC, said Cambodia's increasing economic interactions with nearby countries were attracting the attention of their banks.

"The more trade and economic transactions the two countries have with each other, the more likely companies from those countries are to set up business across the border," she said.

Thirty-three banking corporations already catered to the Kingdom's population of only 14 million, barely more than a million of whom had bank accounts, Nguon Sokha said.

Experts say banking investments in the Kingdom may also have increased dramatically in recent years in response to the country's accelerated economic growth, which the IMF estimates will reach seven to eight per cent this year.

Gaps in Cambodia's banking services might have attracted the banks, and could potentially help further develop some areas of the market, ACLEDA Bank CEO and president In Channy said yesterday.

"As Cambodia's economy strengthens, the demand for loans will soon surpass the current banking system's ability to supply them. Foreign banks see this, and realise there will soon be much untapped potential in Cambodian markets," he said, adding that the Cambodian government's business policies were also attractive.

"It is rare to find a country that allows a foreign company to own 100 per cent of its investment, or that requires a capital-reserve requirement as low as US\$37 million."