

CLIENT UPDATE 2016 MARCH

BANKING AND FINANCIAL INSTITUTIONS

New Minimum Registered Capital Requirements for Banking and Financial Institutions

As the banking and financial sector of the Kingdom of Cambodia has gradually improved in the last decades, the National Bank of Cambodia (“NBC”) recently set out new minimum requirements for registered capital for all banks and micro-finance institutions licensed by the NBC to operate in Cambodia.

On 22 March 2016, the new Prakas No.B7.016.117P on New Determination of Minimum Registered Capital for Banking and Financial Institutions in Cambodia was issued by the NBC. The NBC has clearly determined and classified the new requirements as follows:

- Commercial bank, being the branch of a foreign bank having its investment-grade rated by an International Credit Rating Agency, must have a minimum registered capital of **KHR 200,000,000,000** (two hundred billion Khmer Riels), being approx. **US\$50,000,000** (fifty million US Dollars);
- Commercial bank, being the branch of a foreign bank which does *not* have its investment-grade rated by an International Credit Rating Agency, must have a minimum registered capital of **KHR 300,000,000,000** (three hundred billion Khmer Riels), being approx. **US\$75,000,000** (seventy five million US Dollars);
- Commercial bank, being the local bank or a subsidiary of a foreign bank, must have a minimum registered capital of **KHR 300,000,000,000** (three hundred billion Khmer Riels), being approx. **US\$75,000,000** (seventy five million US Dollars);
- Specialized bank, being the local bank, must have a minimum registered capital of **KHR 60,000,000,000** (sixty billion Khmer Riels), being approx. **US\$15,000,000** (fifteen million US Dollars);
- Deposit-taking microfinance institution must have a minimum registered capital of **KHR 120,000,000,000** (one hundred and twenty billion Khmer Riels), being approx. **US\$30,000,000** (thirty million US Dollars); and
- Microfinance institution must have a minimum registered capital of **KHR 6,000,000,000** (six billion Khmer Riels), being approx. **US\$1,500,000** (one million and five hundred thousand US Dollars).

After this new determination, all banking and financial institutions mentioned above must comply with the new requirements set out above within **two years** from the date of the Prakas.

This Prakas also repeals the following provisions:

- Art. 4 of Prakas No.B7.00.06P dated 11 January 2000 on Licensing of Microfinance Institution;
- Art. 2 (3) of Prakas No.B7.07.163P dated 13 December 2007 on Licensing of Deposit-Taking Microfinance Institution; and
- Art. 7, Art. 8 and Art. 10 of Prakas No.B7.08.193P dated 19 September 2008 on New Determination of Registered Capital and Licensing Conditions for Banks.

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ASEAN Economic Community Portal

With the launch of the ASEAN Economic Community (“AEC”) in December 2015, businesses looking to tap the opportunities presented by the integrated markets of the AEC can now get help a click away. Rajah & Tann Asia, United Overseas Bank and RSM Chio Lim Stone Forest, have teamed up to launch “Business in ASEAN”, a portal that provides companies with a single platform that helps businesses navigate the complexities of setting up operations in ASEAN.

By tapping into the professional knowledge and resources of the three organisations through this portal, small- and medium-sized enterprises across the 10-member economic grouping can equip themselves with the tools and know-how to navigate ASEAN’s business landscape. Of particular interest to businesses is the “Ask a Question” feature of the portal which enables companies to pose questions to the three organisations which have an extensive network in the region. The portal can be accessed at <http://www.businessinasean.com/>.

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