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Banking & Finance

## Disadvantages of Dealing with Unlawful Lenders

### Announcement No. B17-018-007 P.A on Disadvantages of Using Unlawful Loans

Recently, the National Bank of Cambodia (“NBC”) noticed that there are many active loan providers that are operating without the license and hence, unlawful, and have been advertising themselves as lawful loan providers through different forms of media such as social media, leaflet and text messages. As a result, many have become victims of these unlawful loan providers.

On 29 June 2018, NBC issued Announcement No. B17-018-007 P.A to spread awareness to the public about these types of loans, by pointing out the disadvantages of seeking financial support from unlawful or unregulated loan providers. These disadvantages include the following:

- The debtor will be in default on his loans due to interest rates and other service charges that are higher than those charged by licensed financial institutions;
- The method of calculation of interest rate is not accurate and unlawful;
- The debtor might be threatened in many forms by the lender in order to force the debtor to repay the loan;
- There are unlawful or unreasonable damages incurred under the agreement; and
- The collateral of the debtor will be unlawfully confiscated by the lender in violation of the legal procedure prescribed by the applicable laws and regulations.

NBC would like the public to become aware of the disadvantages set out above, and avoid any future involvement with unlawful loan providers. NBC currently is cooperating with the competent authorities to take action against unlawful loan providers.

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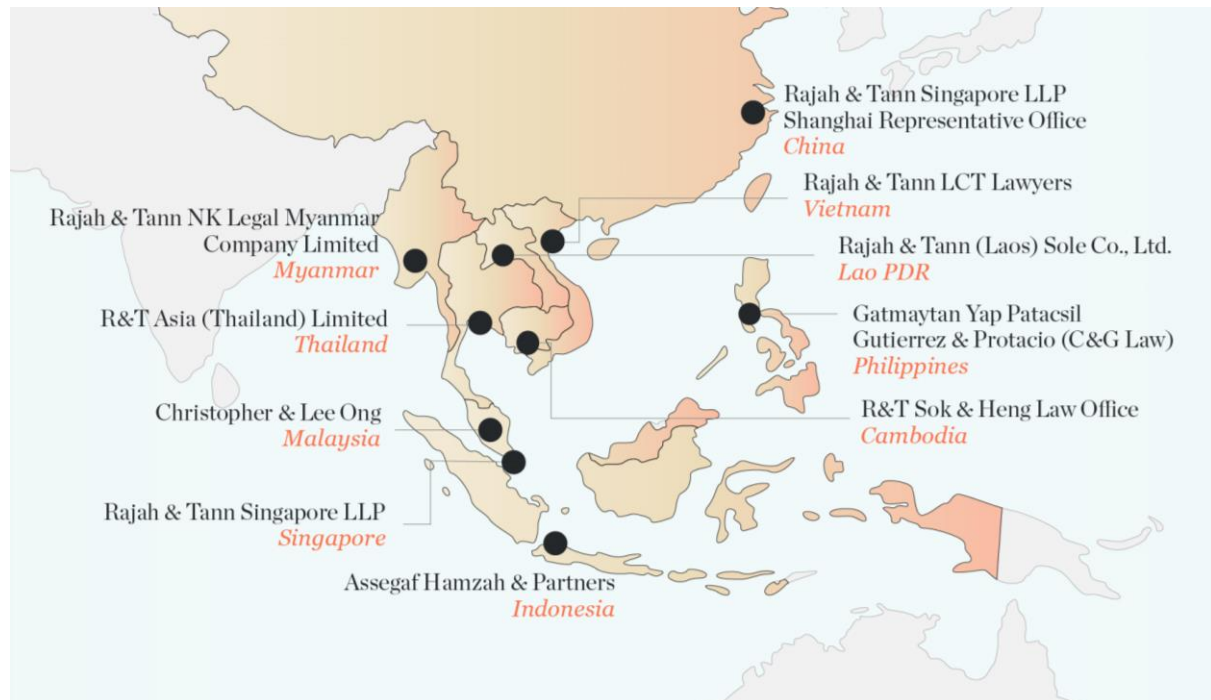
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