
Banking & Finance

ID Cards or Family Books and Residential Books Cannot be used as Collaterals for Loans

Notification No. B7-018-008 N.I on Prohibition of Accepting Identification Card or Family Book and Residential Book as Securities for Granting Loan dated 17 July 2018

Recently, the National Bank of Cambodia (“NBC”) has noticed that some banks, financial institutions and rural credit operators are still accepting Identification cards or family books and residential books as securities or collaterals for granting loans to the public even though the NBC had prohibited such unlawful practice through its notification dated 11 March 2016. Therefore, the above-mentioned Notification No. B7-018-008 N.I dated 17 July 2018 serves as a reminder to all banks, financial institutions and rural credit operators to strictly comply with the provisions of Notification No. B7.016.210.N dated 11 March 2016 strictly prohibiting the acceptance of ID cards or family books and residential books as securities or collaterals for granting loans.

Notification No. B7-018-008 N.I also spells out the severe sanctions or penalties for non-compliance with its provisions. It stipulates that in the event any bank, financial institution and rural credit operator continues such practice by violating this notification, the errant institution will face hefty penalties that may include the withdrawal of business license in accordance with Articles 52 and 56 of the Law on Banking and Financial Institution.

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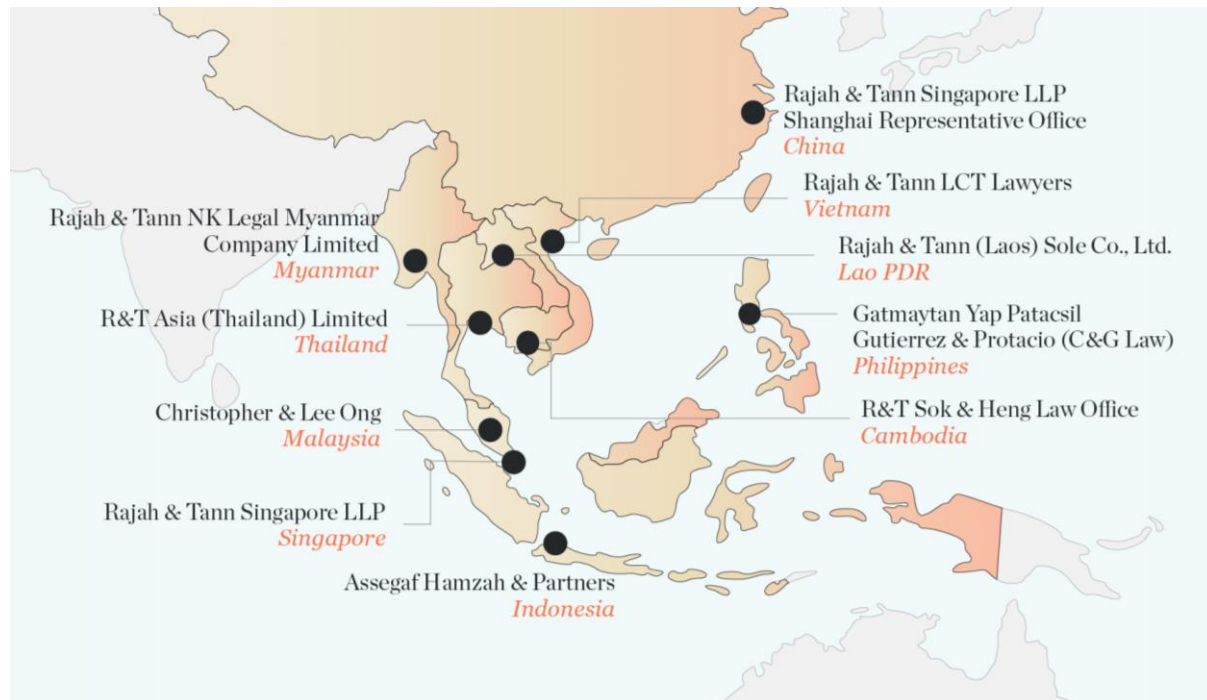
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Client Update: Cambodia

2018 JULY

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