

PRAKAS

ON

LICENSING OF MICROFINANCE DEPOSIT TAKING INSTITUTIONS

Article 1

Issuing a license to licensed microfinance institutions, hereby referred to as “Institution”, to collect deposits from the public.

Article 2

An Institution requesting a license to collect deposits from the public shall have the following qualifications:

- 1- hold a license to carry out microfinance operations from the National Bank of Cambodia for a duration of no less than three (3) years;
- 2- have a good financial condition and sound management as judged by the internal rating of the National Bank of Cambodia, at a safety level for at least two years before submitting the application;
- 3- have a minimum paid up capital equal to 10,000 million riels;
- 4- have an effective Management Information System (MIS);
- 5- implement NBC’s uniform chart of accounts; and
- 6- have sustainable profitability of at least two consecutive years in primary operations.

Article 3

After receiving a license to collect deposits from the National Bank of Cambodia, the Institution shall meet the following requirements:

- 1- Institution can only collect saving and fixed deposits; the amount of savings of an individual client shall not exceed 3 percent of Institution’s net worth;
- 2- Institution cannot lend to an individual client at a rate exceeding 2 percent, nor to a group of related clients at a rate exceeding 3 percent of Institution’s net worth;
- 3- Institution shall maintain at all times a solvency ratio of no less than 15 percent of the Institution’s net worth;
- 4- Institution shall have a liquidity ratio of at least 50 percent;
- 5- Institution shall permanently deposit the capital guarantee of at least 10 percent of its registered capital into an account maintained with the NBC; and
- 6- Institution shall deposit the reserve requirement of at least 8 percent of its client deposits into an account maintained with the National Bank of Cambodia.

Article 4

Institutions that want to collect deposits from the public shall apply to the National Bank of Cambodia for a separate license to complement their existing license for collecting deposits from the public. Based on the qualifications mentioned in Article 2 of this Prakas, the National Bank of Cambodia will make the judgment on issuing a license to collect deposits from the public. The License to collect deposits shall be disclosed to the public at all times in tandem with the existing license.

Article 5

Any Institution not having a license to collect deposits, and any other microfinance operators, are not allowed to collect deposits from the public.

Article 6

Institutions and other microfinance operators that are not in compliance with this Prakas will be penalized according to Article 52 of the Law on Banking and Financial Institutions.

Article 7

Second sentence of an Article 2 of Prakas B700-06 dated January 11, 2000, on the Licensing of microfinance institutions that permitting microfinance institutions to provide saving service is hereby repealed; and any other contents in the same Article remain valid.

Article 8

The General Director, the General Secretariat, the General Inspection, the General Cashier, all Departments of the National Bank of Cambodia, and all Banks and Financial Institutions under the National Bank of Cambodia's supervisory authority shall strictly implement this Prakas.

Article 9

This Prakas shall take effect from this signing date.

Phnom Penh, 13 December 2007

The Governor

Signed and Sealed: **Chea Chanto**