



Welcoming Remarks
by
H.E. CHEA Chanto, Governor of National Bank of Cambodia
On the occasion of the 30th Anniversary of the Re-establishment of
National Bank of Cambodia

Chaktomuk Conference Hall, 8 October 2009



- Samdech Akak Moha Sena Padei Decho HUN SEN, Prime Minister of Kingdom of Cambodia,
- Excellencies, Lok Chumteav, National Assembly and Senate members,
- Excellencies, Lok Chumteav, Deputy Prime Ministers, Ministers, Secretaries of State, as members of the government,
- Excellencies Ambassadors, representatives of international financial institutions,
- Excellencies, Lok Chumteav, Neak Oknha, Ladies and Gentlemen, as representatives of all banking and financial institutions

Today is a historically important event bringing great pleasure and honor to the National Bank of Cambodia through the celebration of the 30th Anniversary of the Re-establishment of the National Bank of Cambodia, presided over by Samdech Akak Moha Sena Padei Decho HUN SEN, Prime Minister of the Kingdom of Cambodia. This honorary event is held in order to celebrate the achievements of the banking sector, which has contributed to the development of the national economy during these 30 years since the victory day of 7 January 1979.

On behalf of the management and staff of the National Bank of Cambodia at all levels, and on my behalf, I would like to warmly welcome Samdech Prime Minister for spending his invaluable time to honor us by presiding over this event.

The auspicious presence of Samdech Prime Minister is a salutary boost for all officials of the National Bank of Cambodia, making the event historically more splendid, pleasing and meaningful.

I would also like to welcome Excellencies, Lok Chumteav, Neak Oknha, members of the Senate, the National Assembly, and the Royal Government, provincial and municipal authorities, and representatives of banking and financial institutions operating in Cambodia who are attending this event.

Samdech Prime Minister, Excellencies, Lok Chumteav, Neak Oknha, Ladies and Gentlemen,

Taking this precious opportunity, I would like to highlight the development and progress of the National Bank of Cambodia and the objectives in celebrating this 30th Anniversary of the Re-establishment of the National Bank of Cambodia as follows:

In fact, the National Bank of Cambodia was established on 23 December 1954. Unfortunately, on 17 April 1975, Pol Pot's genocidal regime came to kill innocent people, destroy social and economic structures such as schools, hospitals, administrative institutions, commercial buildings, and pagodas, and turned Cambodia into a backward slave society. Within one day, the banking sector, monetary system, and banks all over the country were demolished. The building of the National Bank of Cambodia was also destroyed. The national currency was not permitted to circulate. Private ownership was diminished and markets were closed because they perceived that money was the source of social class division and exploitation.

On 7 January 1979, the Cambodian Liberation Front, led by **Samdech Akak Moha Thormak Poothisal CHEA Sim, Samdech Akak Moha Ponhea Chakrei HENG Samrin, and Samdech Akak Moha Sena Padei Decho HUN Sen**, along with Vietnamese volunteer troops, rescued the Cambodian people and the country from Pol Pot's genocidal regime. After the victory day, the People's Republic of Cambodia was born as the successor to the Cambodian Liberation Front, protecting both the Cambodian people and the

country, preventing the Democratic Kampuchea regime from returning, solving the problem of natural disasters, and allowing the people to return to their hometown and meet their family members, especially building state organizations in every sector and at all levels from empty hands in order to manage and redevelop the country so that the people could manage to live in peace and development until today. Consequently, the Cambodian people have since then considered the super victory day of 7 January as the day of the rebirth of the Cambodian people.

On 10 October 1979, the Cambodian Revolutionary Council re-established the National Bank of Cambodia, which was then called "the People's Bank of Cambodia." Six months later, to ensure monetary sovereignty and independency, the new Riel was issued on 20 March 1980 with cooperation and support from the alliance countries in order to re-activate national economic activities in the forms of credit lending to solidarity groups and state enterprises, means of payment, trade settlement and so on. The People's Bank of Cambodia was actively involved in credit lending to revive economic activities, including the agricultural land re-fertilization, rice and crop growing, craftsmanship, fishing, rubber plantation, tree plantation etc, especially, the purchase of agricultural products, helping the agricultural sector to grow rapidly. The re-issuance of Riel was greatly appreciated and warmly welcomed by the public all over the country. This is an important historical event after the victory day of 7 January 1979.

Before 1989, we adopted centrally planned economy. After 1989, the government reformed the economy from a centrally planned economy to a free market economy, and then the government adopted the centrally planned-mixed free market economy. During this period, the government acknowledged private land ownership and private transportation means, reformed the state enterprises, and so on. At the same time, the government separated the function of the state budget cashier from the National Bank of Cambodia, and established the National Treasury under the management of the Ministry of Economy and Finance. Also, the banking system was reformed by changing the name of

provincial-municipal banks to specialized provincial-municipal banks to operate under self-governance in their local areas.

In 1992, the Law on Monetary Institutions changed the name of the People's Bank of Cambodia to today's National Bank of Cambodia, and enlarged the banking business activities, which allowed for the establishment of commercial banks in the form of locally incorporated banks or foreign bank branches.

The banking sector improved remarkably during this period. Next came the Law on the Conducts and Functioning of the National Bank of Cambodia, approved in 1996 by the National Assembly to strengthen the operational efficiency and functions of the central bank in formulating and managing monetary policy. This law defines the functions of the National Bank of Cambodia as the central bank of the country and as the supervisory authority of the whole banking system. The main mission is to formulate and manage monetary policy with an aim to maintain price stability in order to support macroeconomic stability and develop the country in a sustainable manner.

The Law on Banking and Financial Institutions was approved in 1999 as a legal base for managing and supervising the healthiness of banking and financial institutions in Cambodia. In order to strengthen the health of the banking system and point out the direction for the development of Cambodia's financial sector, the Royal Government of Cambodia approved the Financial Sector Development Blueprint for 2001-2010 in 2001 to define steps and be the guiding manual for the continuous strengthening and development of the health and effectiveness of the banking sector in Cambodia. Then, the government updated the blueprint to the Financial Sector Development Strategy 2006-2015 to roll over and thereby to implement other programs more accurately.

Currently, the banking sector in Cambodia has improved remarkably in both scale and scope, and played a key role in developing the national economy. In particular, the microfinance sector has been recognized by local and international communities as the key sector in contributing to the poverty reduction of the Cambodian people. At present, this sector is very progressive and strong in terms of both its structural network and its operational expansion to

rural areas after Samdech Akak Moha Sena Padei Decho HUN Sen, Prime Minister of Kingdom of Cambodia, declared the year 2006 as 'the Year of Microfinance in Cambodia.' The public has understood the advantage of accessing and utilizing loans for making their own living standard better.

Samdach Prime Minister, Excellencies, Lok Chumteav, Neak Oknha, Ladies and Gentlemen,

The main objective in celebrating this 30th Anniversary of the Re-establishment of the National Bank of Cambodia is to congratulate the achievements and improvements of the banking sector, which has contributed to national economic development through the strengthening of price stability during the last 30 years. These achievements have come from the hard work and high responsibility of the Board of Directors and officials of the National Bank of Cambodia at all levels, and with the involvement and cooperation of other relevant entities, authorities, as well as the cooperative support of international financial institutions such as the International Monetary Fund (IMF), Asian Development Bank (ADB), and so on. The win-win policy of Samdech Akak Moha Sena Padei Decho HUN Sen, Prime Minister of Kingdom of Cambodia, has brought political stability and peace for the whole country, allowing for development in all sectors, especially the banking sector, which has improved remarkably.

Once again, on behalf of the management, Board of Directors, and officials of the National Bank of Cambodia at all levels, I would like to thank you very much and express my deep gratitude to Samdech Akak Moha Sena Padei Decho Prime Minister, who always continuously and wisely provides recommendations to me to manage monetary policy aiming at maintaining price stability and strengthening macroeconomic stability in order to develop the national economy in a sustainable manner — in line with the Financial Sector Development Strategy and the Rectangular Strategy of the Royal Government. Moreover, Samdech Prime Minister is also now honoring us by attending this historical event.

I would also like to thank **H.E. CHAN Phin, H.E. CHA Reang,** and **H.E. THOR Pingleat,** the former governors who built the strong foundation,

and thank the Board of Directors and officials of the National Bank of Cambodia at all levels, the management of ministries and entities, local authorities, local and international organizations who have been involved in our banking system's development until today. These are our proud achievements for the country.

I would like to thank Excellencies, Lok Chumteav, Neak Oknha, Ladies and Gentlemen for attending this ceremony, and wish you the four Buddhist blessings of longevity, gracefulness, health, and strength forever.

We, the management and officials of the National Bank of Cambodia at all levels, would like to wish Samdech Prime Minister and Lok Chumteav, as well as beloved children and grandchildren, good health, strength, intelligence, and success in all duties to continue leading us, the Cambodian people, and the country to the harmony, richness, and sustainable development.

In order for our attendees to see the importance and achievements that the banking sector has contributed to the national economic development for the last 30 years, I would be honored to invite Samdech Prime Minister to deliver a speech and provide high recommendations for us to further perform the duties more effectively.

Thank you!