



CAMBODIA'S BANKING CONFIDENCE CHALLENGES:

Why Independent Research and Transparent
Ratings Can No Longer Be Optional !



Cambodia's banking sector is confronting one of the most important tests of confidence in its modern history.

After more than a decade of rapid lending, institutional expansion and digital transformation, the industry is now facing a difficult combination of rising non-performing loans, slower credit growth, pressure on borrowers, regulatory intervention, institutional liquidations and serious reputational concerns surrounding parts of the financial sector.

In his recent article,

“Crisis or (Mere) Challenge? The State of Cambodia's Banking Industry,” Mr. Raymond Sia, Group Managing Director, Canadia Bank, presents an appropriately measured conclusion:

Cambodia is facing a challenge to confidence, but not yet a crisis of system-wide collapse. The foundations of the banking system remain relatively resilient, but cracks have become sufficiently visible that they can no longer be dismissed as temporary difficulties.

That distinction is important.

The central question, is whether Cambodia is experiencing a systemic banking collapse or a severe but manageable crisis of asset quality, governance and confidence.

Cambodia needs credible information that distinguishes financially resilient institutions from those experiencing material financial, governance, regulatory or reputational problems.

A system that remains resilient but is under unmistakable pressure

The National Bank of Cambodia's *Financial Stability Review 2025* presents a clear picture.

Cambodia's banking system held approximately US\$100.2 billion in assets at the end of 2025. Assets grew by 8.2%, deposits increased by 12.4%, and credit expanded by a more moderate 5.4%. Deposit-taking institutions collectively maintained a total capital ratio of approximately 22%, while their liquidity coverage ratio remained around 179%.

These figures do not describe a system wide banking failure.

However, the same report shows significant deterioration in asset quality. The gross non-performing loan ratio among deposit-taking institutions reached approximately 8.3%, while the net NPL ratio after provisions stood at approximately 2.7%. Particularly high levels of stress were recorded in accommodation and food services, retail trade and agriculture.

Cambodia also has a credit-to-GDP ratio of approximately 128%. This illustrates the scale of the banking sector's importance to the economy, but it also means that prolonged borrower distress, property-market weakness or employment disruption can quickly be transmitted through bank balance sheets and into the wider economy.



The IMF has similarly identified elevated private-sector debt, increasing non-performing loans, weak credit growth and governance vulnerabilities as important downside risks. Regional analysis has warned that delayed recognition of distressed loans and repeated restructuring may obscure the true financial position of some borrowers.

The crisis is therefore not simply about whether banks possess sufficient liquidity today. It concerns the quality of their assets, the credibility of their financial reporting, their provisioning, governance standards, ownership structures, risk controls and ability to withstand continuing economic pressure.

Recent events have changed the confidence equation

Institution-specific events have made these risks more visible.

Recent regulatory interventions involving several financial institutions including licence revocations, liquidation proceedings and restrictions imposed by overseas authorities have heightened concerns about financial stability. However, these developments do not mean that every Cambodian bank is unsafe.

They demonstrate something more important: **system-wide averages cannot tell depositors, investors, counterparties or regulators everything they need to know about an individual institution.**

A strong aggregate capital ratio does not establish that every bank is strongly capitalised. Robust system liquidity does not mean that every institution has equally stable funding. Deposit growth across the market does not eliminate the possibility of institution-specific deposit withdrawals. Regulatory compliance at one bank cannot repair governance failures at another.

This is why Cambodia's financial market urgently needs stronger independent research, bank-specific credit assessment, transparent benchmarking and credible ratings.

The market needs clearer differentiation

During periods of uncertainty, information gaps are quickly filled by speculation, social-media rumours and commercially motivated claims. Treating every bank as equally strong can be just as dangerous as treating every bank as equally weak.

Cambodia now requires clearer differentiation between four broad institutional profiles.

1. Strong and resilient banks

These institutions should demonstrate:

- strong capital and liquidity buffers;
- conservative provisioning and credible asset-quality reporting;
- diversified deposits and funding sources;
- transparent ownership and effective boards;
- robust risk management and internal controls;
- disciplined related-party and concentration-risk management;
- established correspondent-banking relationships;
- credible AML/CFT and sanctions controls; and
- strong cybersecurity and operational resilience.



Strong banks should not be penalised by being grouped indiscriminately with weaker institutions. Independent assessment can enable them to demonstrate their resilience more clearly to depositors, investors, international partners and regulators.

2. Stretched but recoverable banks

Some banks may be experiencing rising NPLs, weaker profitability, capital pressure or excessive sector concentration without being fundamentally unviable.

These institutions need credible recovery strategies, including strengthened capital, accelerated provisioning, loan-book remediation, improved collection practices, better governance and clearly measurable restructuring milestones.

A transparent assessment should recognise both their present weaknesses and their capacity to recover. Ratings should not merely punish deterioration; they should help identify what must change for institutional strength to be restored.

3. Banks with material governance weaknesses

Financial statements alone may not reveal problems involving board independence, beneficial ownership, related-party exposures, management capability, lending discipline, internal audit quality or risk culture.

A bank can appear financially adequate while governance weaknesses accumulate beneath the surface. Independent research must therefore assess not only what a bank reports, but how decisions are made, how risks are challenged, whether controls are effective and whether management responds transparently when problems emerge.

4. Institutions carrying reputational or regulatory red flags

Regulatory restrictions, sanctions exposure, unresolved AML/CFT concerns, opaque ownership, adverse management history, repeated compliance failures or disrupted correspondent relationships can create material risks even when headline financial ratios appear acceptable.

A regulatory or reputational red flag does not automatically prove insolvency. It does, however, increase the possibility of funding disruption, payment restrictions, counterparty withdrawal, higher compliance costs and rapid deterioration in depositor confidence.

These risks need to be identified through a disciplined and evidence-based framework—not through rumour, political influence or marketing.

Why independent research matters now

Mr. Raymond Sia's article reinforces the need for banking professionals to become “foresight practitioners”: institutions and decision-makers that identify vulnerabilities before they become crises...

That principle applies equally to external research organisations.

Independent banking research can provide an objective analytical layer between regulatory supervision, banks and the wider market. It can help translate technical financial information into understandable assessments, compare institutions consistently and challenge the assumption that size, brand visibility or deposit growth



SuperBankRatings an Andersen in Cambodia specialized research and rating platform has already advanced this principle through its research, ratings, comparative evaluations and public education initiatives. Its approach assesses Cambodian commercial banks across multiple dimensions rather than relying on a single financial ratio.

An example is the SuperBankRatings Form Guide which provides a clear, concise and user-friendly snapshot of a bank's overall position, performance and direction. Designed as a practical two-page assessment tool, it helps customers, investors and market participants compare banks across key areas such as financial strength, governance, liquidity, risk management and customer value, **turning complex banking information into clearer, more informed decision-making.**



BANK Cambodia
Form Guide

Bank Summary BANK Cambodia is well-established, a significant player in the Cambodian banking market with a long history and a strong presence. Offers a comprehensive range of financial services and has demonstrated a commitment to the country's economic growth.

History and Establishment: 2030
Incorporated 0000, demonstrating its long-term commitment to the Cambodian market

Assets and Financial Growth: as of Dec 2023

- Total assets: usd\$1.00B
- Total liabilities: usd\$800M
- Customer deposits: usd\$1.00B
- Net profit: usd\$500M

Bank Products: 20+

Cambodian Market Size: Cambodia has a growing banking sector, and has capitalised on this by expanding its network and customer base. The bank has a strong presence in both Phnom Penh and most major provinces.

Recognitions and Accolades: Received several recognitions and accolades up to the end of 2023. Recognised for impactful usage campaigns promoting financial literacy and product adoption.

Offices/branches: 21

Staff: Over 20 branches across Cambodia

Bank website: www.bank.com.kh

Contact:
Tel: +855 11 888 888
Email: contactus@bank.com








WHAT WE SAY

Corporate Governance: Upholds high governance standards with transparency and accountability.

External Support: Benefits from BANK Group resources, enhancing capabilities and competitiveness.

Economic & Industry Risks: Effectively manages economic and industry risks through comprehensive risk assessment.

Financial Strength & Performance: BANK Cambodia demonstrates strong financial performance with healthy balance sheet and consistent growth.

Funding & Liquidity: Strong liquidity position with diversified funding sources.

Market Position & Business Profile: As part of the BANK Group, it offers a comprehensive range of services, serving a diverse clientele in Cambodia.

Management Quality: Experienced leadership drives sustainable growth and navigates market challenges.

Risk Management: Robust risk management framework mitigates market volatilities.

Regulatory Environment: Complies with local regulations and engages proactively with regulatory bodies.

Sustainability Initiatives: Integrates ESG considerations into operations, demonstrating commitment to community and responsible banking.

Technology & Innovation: Embraces digital solutions, as seen in BANK-Banking cross-border transfers.




AWARDS

Silver Ratings awarded for providing good overall value, showing strong performance in majority of all areas rated and allows room for future improvement.

BANK's Ranking Among Its Banking Peers Across All 11 Rated Categories



ANDERSEN CONSULTING

SUPER BANK RATINGS

BANK's Overall Assessment:
Consistent and Improved Performance across all parameters.

SUMMARY OF 3 YEARS PERFORMANCE
Period 31 Dec 2020 – 31 Dec 2023

Parameter	Consistency	Improvement
Corporate Governance	Yes	Yes
External Support	Yes	Yes
Economic & Industry Risks	Yes	Yes
Financial Strength & Performance	Yes	Yes
Funding & Liquidity	Yes	Yes
Market Position & Business Profile	Yes	Yes
Management Quality	Yes	Yes
Risk Management	Yes	Yes
Regulatory Environment	Yes	Yes
Sustainability Initiatives	Yes	Yes
Technology & Innovation	Yes	Yes

BANK Cambodia has been consistent and shown improvement across all key parameters over the last 3 years. The bank's strong performance in corporate governance, external support, financial strength, risk management, and sustainability initiatives, among others, highlights its commitment to excellence and continuous improvement. This consistent progress positions BANK Cambodia as a leading commercial bank in Cambodia, well-equipped to navigate future challenges and opportunities.

For more of SuperBankRatings' Research and Ratings products, please visit www.SuperBankRatings.com

How SuperBankRatings can help rebuild confidence

SuperBankRatings can make a meaningful contribution by developing several additional market-confidence initiatives.

A Cambodian Bank Confidence and Resilience Index

A regularly published index could monitor banking-sector trends across capital strength, liquidity, asset quality, profitability, governance, depositor confidence, regulatory developments, cybersecurity and reputational risk.

This would give policymakers, banks, investors and the public an evidence-based alternative to market speculation.

Transparent rating outlooks and watchlists

Banks could be assigned outlooks such as **Positive, Stable, Negative or Developing**, supported by published rating triggers. Institutions experiencing material events could be placed on an independently governed watchlist until sufficient information becomes available.

Such a system would communicate emerging risk without prematurely declaring an institution unsafe.

Separate financial, governance and reputational assessments

A single combined rating can hide important differences. SuperBankRatings could publish distinct scores for:

- financial strength and capital resilience;
- asset quality and credit risk;
- funding and liquidity;
- governance and management quality;
- AML/CFT and regulatory discipline;
- technology and cybersecurity;
- customer outcomes and conduct;
- sustainability and financial inclusion; and
- reputation and institutional transparency.

This would show precisely why one bank is considered stronger than another.

Recovery and remediation scorecards

Banks classified as stretched but recoverable should receive a defined improvement roadmap covering capital, provisioning, collections, governance, cost management, funding diversification and regulatory compliance.

Progress could be reviewed periodically, enabling institutions to demonstrate that weaknesses are being addressed rather than concealed.

Stronger analytical governance

For its assessments to command long-term confidence, SuperBankRatings should continue strengthening and publishing its methodology, data standards, conflict-of-interest policies, rating committee procedures, correction and appeal mechanisms, and treatment of confidential information.

Ratings must be opinions reached through consistent analysis—not commercial endorsements.

Cybersecurity and operational-resilience ratings

Cambodia's rapid adoption of digital payments means that financial strength can no longer be separated from cybersecurity, data protection, fraud prevention, service continuity and third-party technology risk.

A bank that is well capitalised but unable to protect customer information or maintain critical payment services is not fully resilient. Cyber and operational resilience should therefore become a visible component of bank assessment.

Bilingual financial education

Complex ratings and banking terminology should be presented in both Khmer and English using clear Form Guides, dashboards, explanatory articles and financial-literacy programs.

This would strengthen depositor understanding, discourage panic based on misinformation and support more informed financial decisions.

SuperBankRatings' previous case-study commentary has also advanced the idea that ratings should be used by banks as strategic improvement tools—not merely as promotional badges. Properly developed, independent assessments can support capital raising, partnerships, governance reform, risk-management improvement and stronger communication with international stakeholders.

Transparency can turn a confidence crisis into reform

Cambodia's banking industry has contributed significantly to the country's development, financial inclusion, business growth and digital transformation. Those achievements should be recognised.

But confidence cannot be maintained through reassurance alone.

It must be supported by reliable data, credible supervision, transparent governance, disciplined lending, timely recognition of losses and independent analysis.

Strong banks deserve to be distinguished from weak ones. Recoverable institutions need clear pathways to improvement. Governance failures must be identified early. Regulatory and reputational red flags must be assessed objectively rather than concealed or exaggerated.

Independent research and transparent ratings will not replace the National Bank of Cambodia, external auditors or internal bank risk functions. Nor can a rating guarantee that a bank will never experience financial distress.

They can, however, provide the market with something it urgently needs: **clarity**.

Cambodia's banking challenge can become an opportunity to strengthen financial discipline, reward resilient institutions, restore depositor confidence and improve the country's international reputation.

The question is no longer whether greater transparency is desirable.

It is whether Cambodia's banking system can afford to proceed without it.

Enquiries:

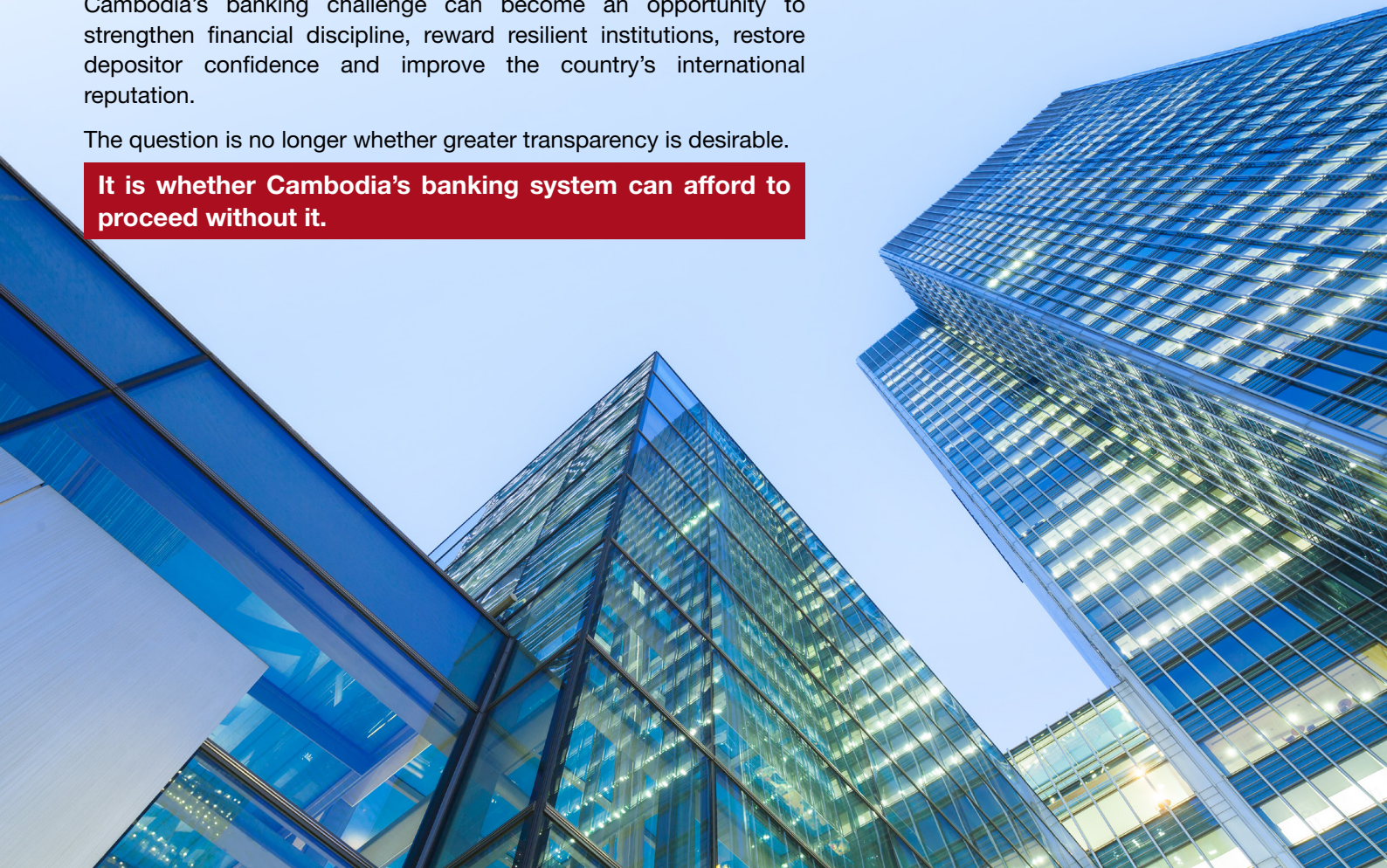
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