Making the Credit Ecosystem Work For
Women in Cambodia

"*There is a need to develop the capacity to collect and use gender disaggregated big data on clients to build the business case for women, and in turn to inform their market proposition and client segmentation strategy.*"

Cambodian National Financial Inclusion Strategy

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Acknowledgments

We extend gratitude to the credit applicants, financial services providers (FSPs), and others who participated in the research, generously sharing their expertise and experience.

We thank Credit Bureau Cambodia (CBC) for their partnership. Their openness to sharing information and processes made this project successful. We are grateful for interviews with executive leadership and senior managers, as well as for connections made with credit applicants and interviewees from financial services providers (FSPs). Participating FSPs lent deeper understanding to the credit landscape in Cambodia, giving our analysis a holistic approach. Many thanks go to the 10 FSPs and government officials involved in Cambodia's financial system regulation that participated in interviews.

We also extend a special thanks to H.E. Rath Sovannorak, Chairman of CBC and Deputy Governor of the National Bank of Cambodia, and H.E. Kry Nallis, Secretary of State, Ministry of Women's Affairs, for addressing our multistakeholder workshop in May 2024 in Phnom Penh, which provided ecosystem stakeholders the opportunity to discuss and prioritize the recommended Action Steps from this research. The remarks of their Excellencies are found in the Appendix.

A collaborative effort across Women's World Banking brought this project to fruition. This research was led by Mehrdad (Mehi) Mirpourian, who served as the project lead. Mehi made significant contributions at all stages of the project, utilizing his leadership skills and adopting an inclusive, cooperative approach to successfully complete the report. Chris Maynes also played a crucial role, bringing deep insights derived from her extensive expertise in the topic and contributing throughout all phases of the project. As a senior leader, Sonja Kelly was instrumental to the project's success, contributing significantly throughout its entire lifecycle. Agnes Salyanty's substantial contribution in conducting the qualitative research was also pivotal. Lynn Exton, managing partner of Exton & Partners Risk, Governance & Analytics LLP, along with Nitin Madan, subject matter expert on financial inclusion in Cambodia, provided crucial support throughout the project. Megan Dwyer Baumann significantly contributed to the synthesis of data streams and the report writing. No Wai Maw provided background research. Chandy Sum and Indochina Research (Cambodia) Co., Ltd. conducted the qualitative interviews and led the data collection in Cambodia. Victoria Johnson led the analysis of stakeholder interview data.

Executive summary

Access to affordable and fair credit among low-income women creates entrepreneurial and personal opportunities for both individuals and households. Accessing and achieving such credit, ideally within an equitable and inclusive credit ecosystem, requires cooperation among a range of stakeholders. Credit bureaus play a crucial role in this process, driving accessibility and transparency of the credit ecosystem by reducing information asymmetries across key stakeholders, providing evaluations of creditworthiness and facilitating informed lending decisions by FSPs.

Credit has an important role as one of a range of products relevant to women's financial inclusion in Cambodia, in line with Cambodia's National Financial Inclusion Strategy. Credit Bureau Cambodia, as the sole credit bureau in the country, is uniquely positioned in terms of its ability to contribute to credit infrastructure and its vantage point in the credit landscape in the country. This research considers how credit infrastructure might work better for women in Cambodia.

Women's World Banking, in collaboration with Credit Bureau Cambodia (CBC), conducted comprehensive research into the role of credit bureaus in creating accessible and transparent credit ecosystems, especially for low-income women customers. For women in Cambodia, credit is a highly utilized product, with 1/3 of Cambodian women having reported taking out a loan in the past year. In comparison, fewer than 10% of women have saved any money in an account at a financial institution or with a mobile money provider in the past year (Demirgüç-Kunt et al., 2022). Through generating more accurate credit reports and credit scores, CBC can ensure inclusion for qualified credit applicants who have the capacity to repay as well as protect borrowers from taking multiple lines of credit across formal and informal sectors.

Four central research questions structured the examination of the credit reporting and assessment ecosystem in Cambodia

1 What environmental factors in Cambodia—including social norms, legal constraints, and/or other systemic challenges—create gender-based information asymmetries?

2 What are the current credit reporting and credit risk measurement practices within CBC, and how do these practices impact both women credit applicants and the way FSPs perform credit assessments?

3 How do industry and policy stakeholders conduct credit risk analyses, and what can industry and policy actors do to strengthen those processes?

4 How do women credit applicants in Cambodia understand credit scoring and reports?

To answer these questions, the research team synthesized quantitative data from CBC, interview data with credit applicants and financial system stakeholders, and data from a process analysis of CBC's operations and strategies.

The following key insights emerge in this report

☑ FSPs interviewed highly value CBC's credit report data as inputs in their credit risk analyses.

☑ Increasing the use of alternative data and reporting of credit provided by entities regulated under the NBFSA is a principal opportunity for strengthening the inclusivity and transparency of the credit ecosystem for the future of credit in Cambodia, particularly for thin-file customers that may include low-income women. Doing so requires collaboration between multiple regulatory agencies, CBC, and FSPs.

☑ Increased use of gender-disaggregated data for gender-lens analysis of product design, delivery, and success will increase the effectiveness of credit for low-income women in Cambodia.

While credit is a well-utilized product among women in Cambodia, there are many ways the credit reporting infrastructure can improve, particularly for thin-file and lower-income women credit applicants. Through generating more accurate credit reports and K-Scores, CBC can ensure inclusion of thin file credit applicants who have the capacity to repay as well as protect borrowers from taking multiple lines of credit across formal and informal sectors. The industry can more actively participate in both increasing data visibility across the sector and using gender-disaggregated data. Government stakeholders, including the National Bank of Cambodia and the Ministry of Women's Affairs, can collaborate on a national strategy that works toward all-gender financial inclusion, providing structural guidance for stakeholder interactions, including CBC. Ultimately, fostering cooperation among various stakeholders is crucial for achieving affordable credit in a transparent, accessible credit ecosystem that offers entrepreneurial and personal opportunities for individuals and households, especially low-income women.

Introduction

Access to affordable and fair credit among low-income women can foster entrepreneurial and personal opportunities for both individuals and households. Accessing and achieving such credit, ideally within an equitable credit ecosystem, requires cooperation among a range of stakeholders.

Credit bureaus play a crucial role in this process as they drive the accessibility and transparency of credit for individuals by shaping fair creditworthiness evaluations and facilitating informed lending decisions. Financial services providers are consistently publishing research on improving accuracy in predicting non-performing loans, but few studies have considered the role of credit bureaus in this process.

Women's World Banking, in collaboration with Credit Bureau Cambodia (CBC), conducted comprehensive research of the role of credit bureaus in creating accessible and transparent credit ecosystems, with the applied goal of strengthening Cambodia's credit ecosystem, with implications for financial inclusion for women, especially those with lower incomes. CBC is Cambodia's sole credit bureau, and its credit reports, along with value added services such as the Khmer Score (K-Score), and other credit monitoring and portfolio review products significantly shape the country's credit ecosystem. In line with Cambodia's National Financial Inclusion Strategy, this project employs a 360° assessment of Cambodia's credit ecosystem with a particular focus on how CBC and its partners can provide greater support for low-income women's access to, understanding of, and

responsible use of credit. CBC's products are an essential component of Cambodia's financial future, as they shape both credit assessment practices and the direction of lending in the country.

Credit is a common on-ramp to financial inclusion for women entrepreneurs in Cambodia as compared to savings, insurance, and payment services. Recognizing this reality, the research may contribute to further development and improvement of CBC's operations, including accessibility and accuracy of credit assessment. This process was started via a multi-stakeholder workshop that was conducted at the end of May 2024. Beyond CBC, the research provides recommendations for policy, industry, and borrower financial capability shifts that would strengthen credit assessment in Cambodia as the market continues to mature. Therefore, the May workshop brought together multiple government ministries/departments, FSPs, and the CBC to explore their role in creating a fair and equitable credit ecosystem for women in Cambodia. The project draws additional social, legal, and environmental conclusions along the way, as these elements provide significant context on the systemic challenges faced by institutions within the Cambodian credit ecosystem.

About Credit Bureau Cambodia

Founded in 2012 and located in Phnom Penh, CBC's mission is to foster a fair, transparent, and well-managed credit market.

CBC has a total of 194 member institutions, including commercial banks, specialized banks, microfinance institutions, microfinance deposit-taking institutions, leasing companies, and rural credit institutions. Promoting financial inclusion among women customers in Cambodia is one of CBC's objectives. The breadth of CBC's data on the credit ecosystem lends CBC a unique perspective on the challenges associated with implementing financial inclusion. Currently, CBC's membership exclusively includes FSPs that operate under the oversight of the National Bank of Cambodia (NBC). Non-bank financial institutions are regulated by the Non-Bank Financial Services Authority (NBFSA), and hence, do not report into the CBC.

The research

The research provides a broad understanding of Cambodia's credit system by exploring a range of perspectives.

We gathered data on CBC's operations, examined the experiences of key policy and industry stakeholders in Cambodia that contribute to lending activities, and listened to the valuable feedback and insights of CBC customers. Through triangulating, analyzing, and synthesizing these diverse sources of information, our objective is to offer constructive guidelines on how credit information collection and reporting in Cambodia can be more inclusive for women credit applicants and ensure fair FSP lending practices.

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2 What are the current credit reporting and credit risk measurement practices within CBC, and how do these practices impact both women credit applicants and the way FSPs' perform credit assessments?

3 How do industry and policy actors conduct credit risk analyses, and what can industry and policy stakeholders do to strengthen those processes?

4 How do women credit applicants in Cambodia understand credit scoring and reports?

The initial sections of this report introduce CBC's credit assessment methodology and provide an overview of women's current financial inclusion in Cambodia. We then discuss research methods and detail key findings from the research. Resulting recommendations for CBC, financial sector regulators, and FSPs create a roadmap for improving the credit ecosystem in a fair and inclusive manner.

Background: Cambodian credit landscape for women credit applicants

Women financial inclusion has garnered significant attention in Cambodia as a pivotal area of focus for its government, with the objective of extending the accessibility of financial services, fostering economic empowerment, and nurturing inclusive growth across the country (Shakya et al., 2017).

Cambodia's goal is to reduce financial exclusion across all financial products from 27% to 13% by 2025 (Royal Government of Cambodia, 2019). Expanding responsible access to credit contributes to this goal.

Cambodia, situated in Southeast Asia, is home to a population of nearly 17 million. Sectors such as construction, tourism, and garment production drive the country's economy. Cambodia has successfully attracted foreign investment and maintains active trade relationships with Australia, China, the European Union, the United States, and other Asian countries. The World Bank reports strong gains over the past decade in Cambodia's urban and rural population's access to water (from 44% to 74%), electricity (from 26% to 86%), and improved sanitation (from 35% to 83%), as well as enrollment in primary education (9 out of 10 school-aged children) (Karamba, Tong, & Salcher, 2022). The COVID-19 pandemic adversely impacted the lowest-income households most significantly, reducing incomes and labor opportunities and exacting negative consequences for household consumption and health. In an atmosphere of widespread economic hardship, a transparent and reliable financial system is key for households' recovery.

Financial services use in Cambodia includes diverse array of formal services with inconsistent uptake, but credit is arguably the product in highest use, due in part to the history of a proliferation of credit offerings in Cambodia. The Global Findex Database 2021 reveals that about a third of women (34%) and a quarter of men (28%) surveyed have borrowed from a formal financial institution. Account ownership rates are similar; 33% of women and 34% of men possess an account. Active account use for saving is low, however, with only 4% of women and 10% of men having saved in their accounts. Interestingly, savings accounts in Cambodia are frequently used solely for loan repayment, contributing to low activation or savings accounts usage beyond this purpose.

Microfinance institutions provided an on-ramp to active financial inclusion of women in Cambodia while the country's financial system was being re-established following the Khmer Rouge. Important to the context of this report, most microfinance institutions were originally limited by regulation to provide only microloans, prohibiting them from offering financial services including accounts or savings options. As such, many women engaged first with microloans before engaging with other formal financial services. Since financial sector reforms in the early 2000s, however, Cambodia has made great strides in participation in the formal financial sector, with Findex 2021 data indicating participation rates have approximately doubled as compared to a decade ago for most indicators (Demirgüç-Kunt et al., 2022).

The high uptake of credit and lower account ownership makes Cambodia a unique case in the discussion of financial inclusion. In other countries, account ownership tends to be higher than loan uptake due to government-to-person payments or payroll accounts. In Cambodia, however, the flourishing of microfinance institutions made credit widely accessible at a moment in history when formal banking services were being restructured and regulated, and land titling was formalized (Chun, et al., 2001; Green, 2019). Therefore, given the high use of credit, ensuring a fair credit ecosystem is necessary to the financial well-being of many Cambodians. Since credit is an entry point to the use of formal financial services, a fair, accurate, and transparent credit ecosystem ensures that borrowers do not experience over-indebtedness through multiple loans they are unable to repay (Liv, 2013).[1]

Being the sole credit bureau in the country lends CBC influence within the credit ecosystem through its power to enable fair and affordable borrowing—a critical component of financial sector access. Since credit is paramount for financial inclusion among Cambodian women, strengthening credit assessment and reporting models would forge a more accurate and more equitable formal lending ecosystem.

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1   Throughout the report, we refer to "women" and "men," in part because this is a binary that the data structure reflects. However, we recognize the presence of non-binary gender in Cambodia, and the findings in this report are relevant to non-binary people as well as women and men.

The complicated relationship between gender and credit default rate in Cambodia

Quantitative data analysis shows men have a better likelihood of loan repayment in Cambodia compared with other markets around the world. The story behind these numbers, however, offers interesting insights into how the structure of Cambodia's formal credit markets operates.

Due to the common practice of joint loans in Cambodia – over 90% of the loans in the market are joint obligations with a borrower and co-borrower- it cannot definitively be said that Cambodian men are better repayers. This section offers some explanations for gaps in understanding between these three data sources.

Quantitative analysis conducted on CBC borrower data shows men, on average, are 6.8% less likely to default on their loans in comparison to female borrowers, and this effect is larger among borrowers of smaller loan sizes. This finding is inconsistent with other markets and inconsistent with Cambodian FSP perspectives on the same issue. On average, globally, women are better repayers (Zainuddin et al., 2020).

Differences in loan repayment between men and women are complicated by the co-borrower practice in Cambodia, as the data FSPs report to CBC is on both borrowers, even if the financial services provider has a strong sense of who the "primary" borrower is on the loan. The quantitative data runs counter to the narrative that we heard universally from participating financial services providers that women borrowers are better repayers than their male counterparts. We wonder if both perspectives may be true, with Cambodian lending practices preventing visibility of an alternative narrative in the quantitative data.

It is plausible that when women are the primary initiators of the loans, the loans are more likely to be repaid than when men are the primary initiators of the loans. In both cases, if a co-borrower is a spouse of the opposite gender, the reporting on loan repayment to CBC is the same for both genders. There is a resulting possibility the financial institutions may be accurate in their observations on gender and repayment, based not on data but on practice.

What is a credit bureau and why is it important?

A credit bureau is an organization that gathers and manages credit information for individuals and businesses. It provides lenders and authorized entities with dependable and precise credit reports, which is often one of the key components in FSPs' assessments of creditworthiness for a range of loan applicants. In addition to credit reports, credit bureaus offer credit scores as a value added service that considers elements such as (but not limited to) income, age and other demographic data, all outstanding credit obligations, and the borrower's repayment history. Credit reports and the resulting credit score based on an applicant's data have a significant impact on the cost and availability of credit products to an individual or corporate customer. By offering accurate and inclusive credit information, credit bureaus promote fairer lending practices among all their customer segments and reduce information asymmetry between credit applicants and lenders—helping FSPs decrease customers' risk of default. Moreover, credit bureaus can collect and utilize alternative data points from a variety of data sources to assess the creditworthiness of individuals and businesses with limited or no credit history. As such, credit bureaus have the power to expand opportunities for financial inclusion, consequently empowering underserved populations to participate more fully in the formal financial system and access credit services that can support their economic growth and development.

Research methods

To provide comprehensive insights into women's experiences within the Cambodian credit market, researchers used a mixed-methods approach: a process analysis of a range of CBC departments, key informant interviews with policy and financial services stakeholders, qualitative data from interviews with credit applicants, and a comprehensive quantitative analysis of CBC-owned anonymized data.

CREDIT APPLICANT

Process analysis

First, to establish an in-depth understanding of CBC's operations, authors conducted a process analysis, interviewing the CBC department heads of data analytics, operations, research, product development and marketing, and business development, as well as CBC's CEO. The process analysis studied senior leaders' perspectives on Cambodian credit markets, the challenges the Bureau faces, and the strategies employed to overcome those challenges. Furthermore, the process analysis focused on understanding CBC's strategic goals and identifying areas that could drive CBC's progress toward financial inclusion.

Key informant interviews with FSP representatives

Ten interviews with key stakeholders that offer credit, including banks and microfinance institutions, allowed Women's World Banking to identify areas for improvement across the borrowing infrastructure in Cambodia.[2] While we used purposive sampling to select the institutions, the sample is not representative of the industry. Examples drawn from these interviews and used throughout the synthesis are therefore illustrative, not representative.

Credit applicant interviews

To gain a comprehensive understanding of the perspectives of credit applicants, we conducted interviews with 30 women credit applicants and borrowers. In our study, 15 of the women were under 45 years old, while the remainder were above 45. For our sampling strategy to select respondents, we concentrated on the provinces with the largest populations: Phnom Penh, Kandal, and Siem Reap. A sample of 30 is a strong sample size for qualitative research efforts, large enough to hear repeated themes and make inferences about trends among the sample. The women had applied for various forms of credit, including personal and business loans for micro-, small-, and medium-sized enterprises (MSMEs). Interviews explored users' understanding of and experience with their credit reports, credit scores (where applicable), and the credit assessment process by which their applications were considered. Credit applicants also offered suggestions for improving CBC's services and processes. We conducted systematic trend analysis with resulting transcripts, and only use quotes throughout the report as illustrative, not representative, data to complement the report findings.

Quantitative research

Leveraging CBC's examination of ~5 million active borrowers within Cambodia's credit landscape, we anonymized and analyzed CBC's quantitative data to examine Cambodians' credit behavior. The data represented Cambodian credit applicants' credit history with FSPs regulated by the NBC. Data points encompassed applicant statistics, credit terms and requirements, credit approval status, credit utilization, and K-Scores. In particular, we disaggregated by gender the aforementioned data points in order to observe potential differences between men and women. Specifically, we used descriptive statistics to analyze credit applicants' demographics and location distribution, account balances, age distribution, utilization of financial products, credit inquiries, holding of secure and unsecured loans, and guarantor composition.

This broad range of research methods ensured a robust and through analysis of Cambodia's credit ecosystem. The combination of process analysis, FSPs interviews, credit applicant interviews, and quantitative research achieved a comprehensive and multi-dimensional understanding of CBC, the Cambodian credit market, and the perspectives of stakeholders. In the following section, we present principal research findings and resulting recommendations for CBC, FSPs, and financial sector regulators to further advance fairer credit assessment and reporting processes.

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2   Key informants have been anonymized to maintain confidentiality.

Principal research findings

I. Cambodia's credit ecosystem: Key stakeholders and partnerships

Figure 1. Cambodia's credit ecosystem and key stakeholders under the NBFSA and NBC
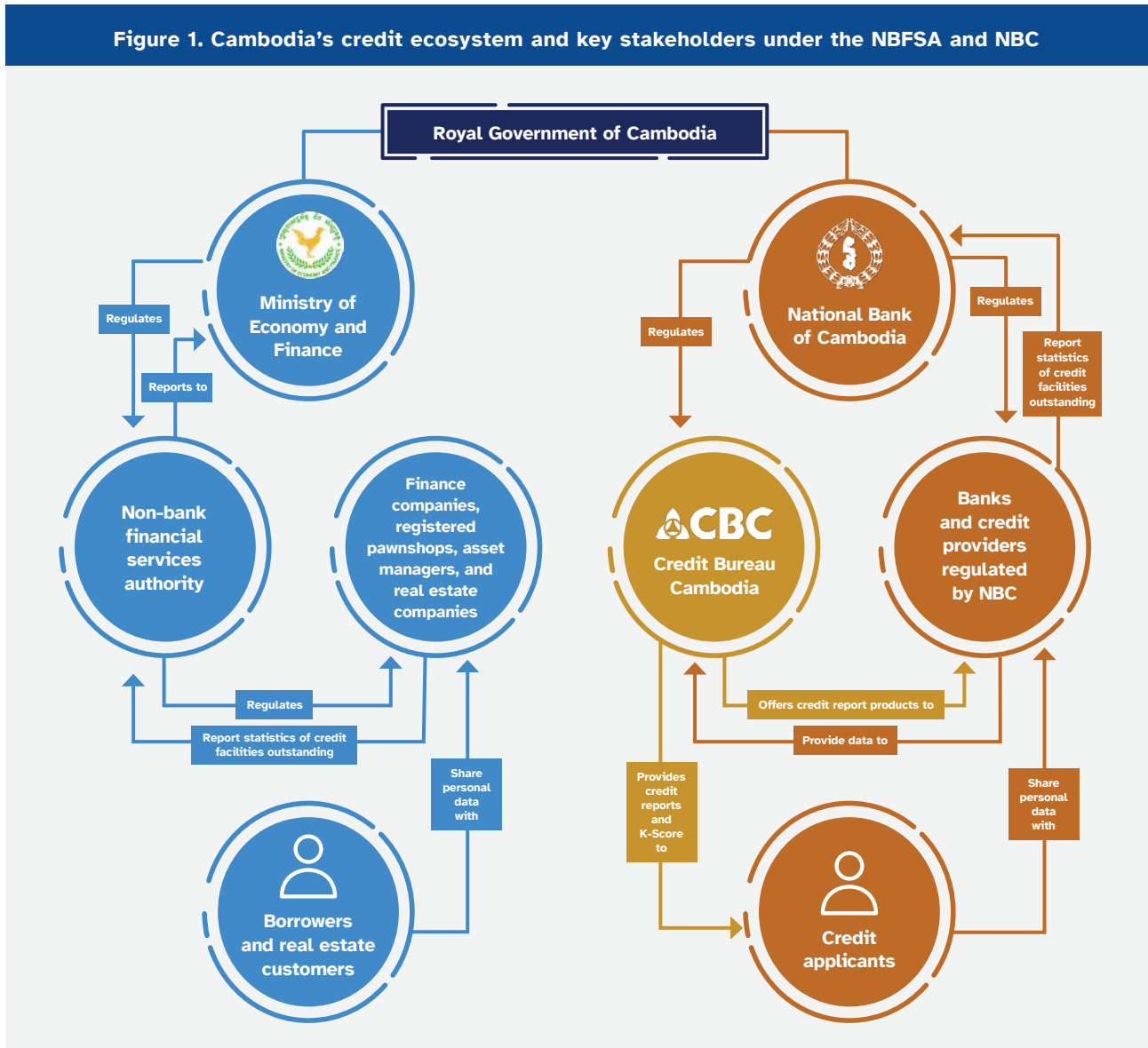
Cambodia's credit ecosystem (Figure 1) is overseen by two regulators, the NBC that oversees all banks and financial institutions providing loans, and the Non-Bank Financial Services Authority that regulates entities providing credit, such as finance companies, registered pawnshops and real estate companies.

CBC has access only to data from NBC-regulated entities in order to build its credit reports and it's range of value-

added solutions including credit scores. CBC's credit report can serve as a critical input to an FSP's overall credit analysis and credit decision whether to approve an applicant's loan request.

To further advance fairness in Cambodia's credit ecosystem and credit assessments, our research highlights both key strengths and areas for improvement across multiple ecosystem stakeholders.

Figure 2. Typical inputs for FSP credit decisions

FSP-generated input

- internal credit score
- quantitative data analysis
- qualitative data analysis

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CBC input

- CBC credit report (consumer or corporate)
- K-Score (optional)

=

FSP credit approval decision (yes/no)
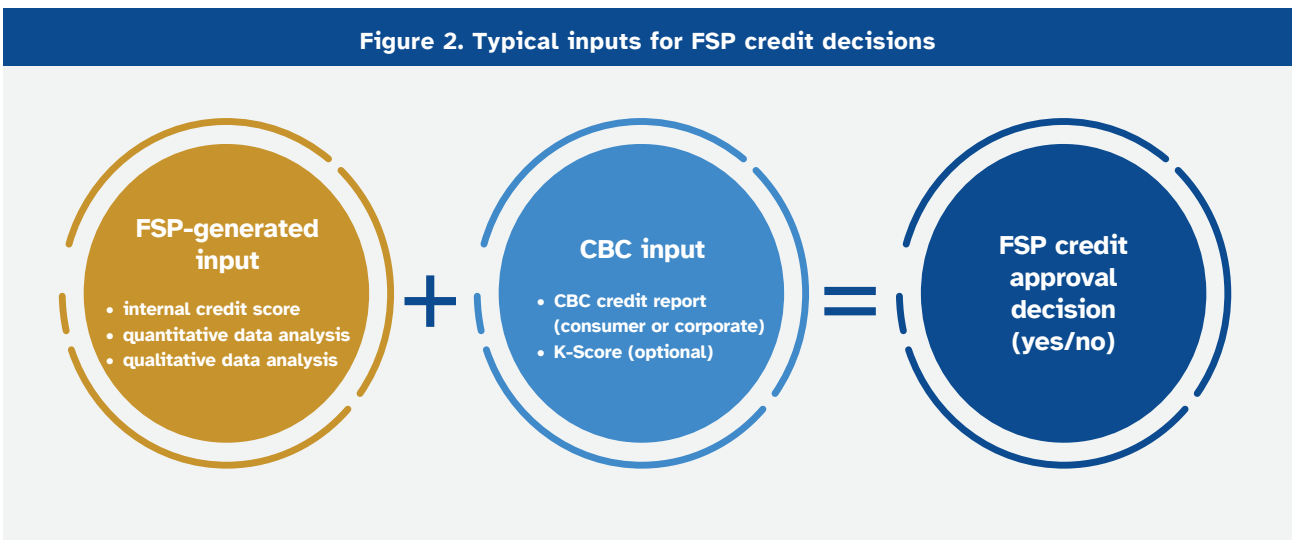
In the following sections, we begin with an overview of some of the key data CBC collects on credit applicants. We present summary statistics complemented by gender-lens quantitative analysis to show a supply-side picture of the credit landscape for women in Cambodia. We then describe CBC's processes and data inputs for its offered credit reporting and data analytics solutions. To close the section, we discuss how digital public infrastructure contributes to challenges in the credit ecosystem (some of which fall beyond the scope of our four identified stakeholders' influence, yet others offer opportunities for financial sector regulators, CBC, and FSPs to build a stronger ecosystem). Throughout, we integrate the role of relevant social norms in Cambodia to provide additional context supporting the findings.

II. Cambodia Credit Bureau: A summary of credit applicants and credit products

Gender-based descriptive statistics and statistical analysis of Cambodian borrowers

One of our central research questions focused on current practices, including their impact on both women credit applicants and the way FSPs perform credit assessments. To begin to address this question, we present gender-disaggregated data on borrowing activity, credit applications, K-Score, credit approvals, and default rates. We follow these descriptive statistics with a more thorough statistical analysis of how predictive gender is of differences in these. CBC's rich database of all Cambodian borrowers with credit from NBC-regulated institutions forms the basis of this analysis, with generous support from the CBC team in conducting the analysis.

In Cambodia, it is important to note that nearly all loans (92% of all small business loans, for example, as shown in Table 2) have a borrower and co-borrower. While FSPs in our study insist they know who the "primary borrower" is on whom they are most attentive to in their credit assessment, the official data treats both borrowers the same. In other words, CBC data do not reflect the nuances of individual FSPs' borrowing practices. In addition, gender differences are likely masked by the likelihood that women are listed as borrowers on their husbands' loans and men are listed as borrowers on their wives' loans. Data also do not accurately represent scenarios in which women take out a loan on behalf of another individual or share some of the loan proceeds with relatives, a practice that FSPs and consumers say is more common for both men and women low-income borrowers in Cambodia due to low financial literacy.

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3 In Cambodia, a prevalent lending practice involves joint loans, wherein FSPs commonly designate both borrowers and co-borrowers. However, it's noteworthy that CBC follows a distinct approach. Unlike FSPs who classify borrowers into primary and secondary roles, CBC maintains records of all borrowers without ascribing them specific primary or secondary designations.

Descriptive statistics

Tables 1 through 5, complemented by supplemental tables shown in Appendix B, offer a gender-disaggregated picture of the Cambodian credit ecosystem. From these tables, we highlight a number of relevant summary statistics:

Credit is more common in rural areas

As of June 2023, CBC reports 4.95 million active borrowers.[4] Among these borrowers, 24% of accounts belong to individuals residing in major cities (urban areas), with the remaining 76% attributed to borrowers in rural areas. A balanced distribution of men and women borrowers is observed in urban regions; in rural areas, women borrowers constitute approximately 54% of total borrowers (Tables 1, B1, B2).

90% of loans in Cambodia are joint credit obligations

It is common practice for FSPs to favor joint loans, citing that husbands and wives combine their household finances and many businesses are family-owned. Not all businesses, however, are jointly managed & owned. This common industry practice is likely to overrepresent the number of loans that are really an individual loan to a man or a woman.

Women and men have similar loan access and loan amounts

When examining the number of accounts and their respective balances, no substantial disparity between male and female borrowers is evident (Tables 1, B1, B2).
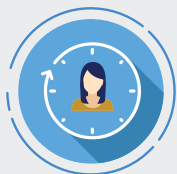
Men borrowers skew slightly younger than women for individual loans, but we see gender parity for joint loans

For loans without co-borrowers, the average age of women borrowers is 37 years; loans with co-borrowers show an average age of 42 years for women borrowers. Male borrowers show corresponding ages of 34 years and 42 years, respectively.

The most used financial products are personal finance loans, small business loans, and credit cards

Analysis of financial product usage across genders underscores personal finance loans, followed closely by small business loans and credit cards, as the most frequent choices among both male and female borrowers (Tables 2, 3, B3, B4, B5).

About 97% of credit in Cambodia is secured

While only 77% of loans are classified as secured, it's important to note that 97% of the total loan balances in the system originate from secured loans (Tables 5, B6, B7). In essence, while microfinance institutions may offer small, unsecured loans, larger loans typically necessitate collateral. This pattern remains consistent in both urban and rural areas, with secured loans contributing 98% and 96% to the respective loan balances.

Loans are more likely to have a female, rather than a male, guarantor

Accounts with guarantors reveal that 424,000 accounts have female guarantors, while 392,000 accounts have male guarantors. Additionally, 300,000 accounts benefit from the combined support of both male and female guarantors.

Some of the tables contributing to this picture are shown below, while others secondary tables are located in Appendix B.

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4   An active borrower is defined as any credit applicant who has an outstanding loan.

Table 1. Cambodian borrowers and account balances (at the national level)

	Active borrowers as of June 2023		
	Total	**Male**	**Female**
No. of Borrowers (in millions)	4.95	2.33	2.61
No. of Accounts (in millions)	4.25	3.22	3.64
Balance in USD (in billions)	48.55	24.83	23.72

Table 2. Small business loans utilization (as of June 2023)

Small business loans	#Total accounts (in thousands)
#Accounts with 1 borrower	153.38
#Accounts with 1 borrower and all borrowers are males	35.08
#Accounts with 1 borrower and all borrowers are females	119.21

Table 3. Personal finance loans utilization (as of June 2023)

Personal finance	#Total accounts (in thousands)
#Accounts with 1 borrower	634.35
#Accounts with 1 borrower and all borrowers are males	16.48
#Accounts with 1 borrower and all borrowers are females	44.66
#Accounts with more than 1 borrower (with co-borrower) and at least 1 male borrower	639.94

Table 4. CBC data on accounts with guarantors (as of June 2023)

No. of guarantors	Total (in thousands)
# Accounts with only female guarantors	328.45
# Accounts with only male guarantors	131.47
# Accounts with both male and female guarantors	300.47

Table 5. CBC data on secured and unsecured loans (as of June 2023)

| Collateral requirements		Total		Male		Female	
		% Share of accounts	% Share of balance	% Share of accounts	% Share of balance	% Share of accounts	% Share of balance
Nationwide	Unsecured	23%	3%	17%	3%	20%	3%
	Secured	77%	97%	83%	97%	80%	97%

Statistical analysis

Where there were differences in the credit landscape for men and for women, together with CBC we conducted further analysis. Our hypothesis was that gender was a strong predictor of credit scores, assessments, decisions, and outcomes such as default. We expected women to be at a disadvantage in these indicators for reasons such as women's lower data footprint. Instead, we find that men and women have an overall very comparable experience of credit in Cambodia, with slight deviations in most indicators.

Exceptions to this finding include gender differences in repayment rates, with men having a slightly higher likelihood of repayment; gender differences in the K-Score, with men having slightly higher scores on average; and gender differences in likelihood of loan approval by FSPs, with men having a slightly higher likelihood of approval. We address each of these here, referring to the relevant tables in this section and in Appendices C and D. In Appendix C we offer further nuance to the finding that men are slightly more likely to repay loans than women are, considering whether this finding reflects FSP practices and customer experience. In Appendix D, we provide additional insights into the observation that men have slightly higher K-Scores and greater loan approval rates.

Men are slightly more likely to repay loans

After our comprehensive quantitative research using logistic regression to delve into the relationship between gender and default rate, our results reveal that male customers typically have reduced odds of default in comparison to their female counterparts. For a thorough breakdown of this analysis, please refer to Appendix C. As this finding is highly anomalous compared to other countries and contradicts what we heard from financial services providers, we further discuss this finding in Appendix C.
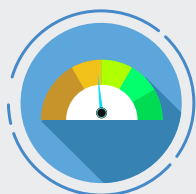
Men have slightly higher K-Scores

Based on the analysis conducted using multiple linear regression to assess the relationship between gender and K-Score, we found that, on average, men tend to have higher K-Scores. The detailed information of this analysis is shown in Appendix D.

Men have a slightly higher likelihood of loan approvals

Following our quantitative research using logistic regression to explore the connection between gender and loan approval, our findings indicate that male applicants generally have higher odds of loan approval compared to their female counterparts. You can find a detailed breakdown of this analysis in Appendix D.

Explanations of these gender differences may come not only from the co-borrower practice in Cambodia (discussed above), but from sociocultural differences in loan use and financial agency. For example, women interviewed in in-depth interviews are unlikely to negotiate loan size once they receive word they have been approved, an indication of lower financial capability. Women in our sample tended to prefer loans with easier application processes, even if these loans come with a higher interest rate and, therefore, higher burden of repayment. Women were also likely to say that men have more financial decision-making power in their households, with women having correspondingly lower financial agency. We further discuss these nuances later in this report, including their impact on the landscape for lending in Cambodia.

With this gender assessment of the credit landscape in Cambodia, we turn now to a discussion on CBC practices to better understand the levers CBC uses to contribute valuable data to the credit assessment process in Cambodia. Where relevant, we will continue to refer back to the data on credit for men and women applicants and borrowers.

CBC's credit assessment products and commitment to gender equity

CBC offers a diverse range of products and prioritizes collaborative endeavors

CBC boasts an extensive array of products to manage credit risk, prevent fraud, and automate credit decisions that support FSPs' business requirements. At the heart of its operations lies a robust Research and Development Department that diligently conducts research on the necessity and potential impact of new products and policies. This department also focuses on developing innovative products to help CBC's members manage the risks and rewards of commercial decisions. In addition to the aforementioned K-Scores and consumer and commercial credit reports, CBC's product portfolio is designed to cater to the wide-ranging commercial needs of its diverse member institutions. Below, we present a brief overview of CBC's credit reports and its K-Score.

Consumer credit report

The consumer credit report is a compilation of an individual borrower's credit payment history from various financial institutions. With the borrower's consent, members of CBC can directly access consumer credit report information through the Bureau's interface. The credit report includes demographic details, a summary of credit inquiries and accounts held, information about previous inquiries made by the customer, and a comprehensive display of both active and closed credit accounts. It also provides employment details such as occupation type, workplace, position, length of service, and salary, which was changed from an optional to a compulsory data field as of February 2023. See Appendix A for an example of a CBC credit report.

FSPs' use of consumer credit reports enables more informed decisions about loan approvals and interest rates, consequently improving their risk assessments. Moreover, FSPs' use of credit reports encourages responsible lending practices, as lenders can tailor loan offers based on the borrower's credit history and financial capability.

Commercial credit report

The commercial credit report provides a comprehensive record of a legal entity's credit payment history. This report is compiled from data obtained from banks and financial institutions and includes elements such as the company profile, credit summary, previous inquiries, account details, and shareholder information.

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Credit score (K-Score)

Introduced in 2015 and with the second generation score launched in 2020, the K-Score is a numerical representation of an applicant's credit report information. The K-Score is offered as an optional tool to aid CBC members in making "quick" and "consistent" (Figure A2) credit assessment decisions. Cumulatively, over 100 of CBC's 192 FSP members use K-Scores on a per transaction inquiry basis, with 74 FSPs as K-Score subscribers. CBC targets 70% monthly use of K-Scores by its members in the next three years. To generate the K-Score, factors such as outstanding credit obligations, payment behavior, inquiry activity, length of credit history, and adverse information are all considered. The K-Score predicts the likelihood of an applicant's payment default and potential credit risk when the customer makes a credit application.

In order for CBC to generate a K-Score, borrowers must have a current or prior borrowing. 20% of all credit applicants are thin-file customers for whom CBC cannot generate a K-Score. CBC is actively working to increase the inclusion of alternative data from other ministries and organizations in its credit products, in order to strengthen the K-Score's accuracy. Privacy laws and concerns may prevent sharing of alternative data with CBC.

In light of this challenge, the following sections focus on how to better and more accurately assess low-income women customers, often considered thin-file (or those on the margins of the formal financial system), in order to ensure a robust and fair credit ecosystem.

CBC commits to gender equity in its organization and offerings

In recent years, CBC has made significant strides in enhancing gender equity awareness within its organization and through its products. The organization has taken steps to include gender-disaggregated datasets in its reports and remains dedicated to further improvement in this area. Internally, CBC strongly supports gender diversity, with women comprising 54% of its staff and 40% of its management positions. A noteworthy example of this commitment is the Data Analytics Department, which is comprised of an equal balance of male and female employees. Responsible for data quality assurance, analytics, and modeling, this department plays a pivotal role in developing CBC's credit score product. Through such initiatives, CBC demonstrates its steadfast dedication to promoting gender equity within its organization and across the broader financial landscape it serves.

III. FSPs' experiences using CBC's products and services

Insight 1
Interviews reveal that FSPs highly value CBC's credit report data for their credit risk analyses

Overall, all FSPs interviewed refer heavily to consumer or commercial credit report data in their credit assessments. FSPs reported paying particular attention to the fields of credit write-offs, the number of recent loan inquiries, overdue payments, and address change history (see Appendix). Similarly, a representative from another bank noted, "CBC data is very, very useful for us. It's the foundation of our user information. CBC data helps to make the customer very disciplined [given that their repayment history is documented and reported]." Furthermore, FSPs appreciate the ability to observe other banks' interactions with the same customer.

We know that low-income women who are thin-file customers may have a limited credit history and therefore have less information in their credit reports, making it more difficult for FSPs to assess their credit worthiness. Section V below discusses how FSPs leverage alternative data sources to assess low-income women.

Insight 2

CBC's K-Score's value to lenders depends on its fit with an FSP's commercial strategy

As fewer than half of Cambodia's population engages in formal financial services, CBC's services, consequently, are less predictive for FSPs serving the low-income segment versus other segments (e.g., employees with fixed salaries). The financial inclusion community often refers to such applicants as "thin-file" applicants. With model inputs relying on data from borrowers with a past or current loan outstanding, K-Score are not available for first time applications or thin-file customers. CBC estimates that this accounts for approximately 20% of credit inquiries made into CBC's systems. Some FSPs have developed internal scoring models to improve their credit analysis and to more accurately predict potential default rates among thin-file customers, which CBC encourages, since the K-Score is not intended to be solely relied on by FSPs in making their credit decisions. CBC offers additional services to help FSPs develop their own internal scoring models that assumably would use the K-Score as one data input.

A representative from a microfinance institution highlighted this gap between the CBC credit K-Score and the FSP's focus on the low-income market: "CBC data [from CBC's consumer credit report] is used a lot, [but] we just haven't really found an effective way to get the K-Score to guide our decisions. I think that's a bit tied to the nature of the market: we're serving [a largely] informal, low-income market."

Given the disparity in predictability of the K-Score per customer profile, banks reported utilizing the K-Score in multiple ways in their credit analyses. For example, several banks use the K-Score as a minimum threshold for initiating their credit analyses. Others use it in line with best credit risk practices and as intended by CBC as one of several inputs in their credit risk analyses (see Figure 2). Feedback from a bank representative is that, "The CBC K-Score is one factor. We look at the Five Cs (capital, capacity, collateral, conditions, and character). But the most important is collateral. Banks check cash flow, then collateral, then CBC." On the other hand, one bank interviewee called the K-Score "the single most important indicator" when calculating the predictability of an applicant's creditworthiness. Banks that do use the K-Score integrate it into their synthesis of other data streams, including availability of collateral, income sources, and qualitative assessments of character.

Together, CBC credit reports and the K-Score serve a crucial purpose in the credit ecosystem. In the case of low-income women customers, credit reports and the K-Score can reflect the creditworthiness of individuals for whom FSP data may be self-reported, outdated, or limited. FSPs interviewed reflected general trust with credit reports, however, in contrast, varied levels of usefulness of the K-Score due to its limits in assessing women and men with thin-files.

FSPs desire more information on the key factors and their respective weightages to the K-Score

Overall, FSPs expressed a desire for more information on CBC's K-Score general methodology, such as its components, variable weights, projected default rates of credit applicants across K-Score levels. A bank interviewee representative explained why they supplement the K-Score with their own data: "Usually [CBC] does not share their variables in detail, but briefly, they just share some sort of high-level variables... that show the risk level of a customer." FSPs stated that more clarity around the K-Score methodology would aid their efforts in building more accurate decision-making models for creditworthiness.

Insight 3

Definitions of MSME customers vary among FSPs, thus clouding accurate industry measurement and tracking of MSME loans

It is critical that the credit ecosystem accurately represent and support low-income women entrepreneurs in their development of micro- and small- enterprises, important engines of family and community economic development. The proportion of women-led businesses compared to men in Cambodia is one of the highest in Southeast Asia. The Economic and Social Commission for Asia and the Pacific reported.

> *[In Cambodia], roughly 60% of businesses are run by women, among which, 26% of business classified as small medium, and 62% of those classified as microsized, are women led.*"

ESCAP, 2023

To evaluate the sector's success in serving the significant women MSME segment, it is necessary to have a standard definition of MSMEs for the banking sector (see Salyanty & Wahyudi Askar, 2022, for more on Women Ultra-Micro Entrepreneurs). While there is a standard definition of MSMEs in Cambodia, this definition is not applied to the banking sector or used as a differentiator in the lending process.

In Cambodia, interview data show a range of unique definitions of MSMEs across FSPs, suggesting that the data sent to CBC regarding MSME entrepreneurs may not be standardized. For example, a representative from a bank stated, "If the customer asks for loans less than 300,000, then it's a small enterprise." Yet a second bank interviewee stated, "SMEs make between 20,000 and 50,000. There's no standard definition. For us, we looked at the market and saw they could use a working capital of within 5k to 10k." A third FSP set the definition against slightly higher revenues, defining SME as "half a million and below." Two other banks' representatives reported that their definitions followed that of the Ministry of Industry, Science, Technology, and Innovation, taking both the number of employees and amount of assets into consideration (see Figure 3).

To approach the industry's lack of a unified MSME definition, CBC does not rely on each FSPs definition. Instead, CBC's interface provides a drop-down list where FSP's enter the purpose of loan (business or personal consumption) and then by categories based on pre-set bands of loan amounts. With this method, CBC provides consistent public information by loan purpose and its reports are agnostic on what defines an MSME loan. CBC supports the Government taking action to establish a harmonized MSME definition across ministries and financial services regulators.

Figure 3. MSME definition developed by the Ministry of Industry, Science, Technology, and Innovation and approved by the office of the Council of Ministers

The definition of MSMEs in Cambodia

	Number of employees		Turnover ($)			Assets ($)	
Industry	**Small**	**Medium**	**Small**	**Medium**		**Small**	**Medium**
Agriculture	5 - 49	50 - 199	62 250 - 250 000	250 001 - 1 000 000		50 000 - 250 000	250 001 - 500 000
Industry	5 - 49	50 - 199	62 500 - 400 000	400 001 - 2 000 000	or	50 000 - 500 000	500 001 - 1 000 000
Service & commerce	5 - 49	50 - 99	62 500 - 250 000	250 001 - 1 500 000		50 000 - 250 000	250 001 - 500 000

Turnover or assets are defined based on the number that represents the highest level.

Source: Office of the Council of Minister

IV. The data and modeling behind credit assessments in Cambodia

Insight 4

Ecosystem stakeholders do not consistently leverage gender-disaggregated data for analyses and to make business decisions

Stakeholder interviews indicated that most financial players in the ecosystem—financial sector regulators, CBC, and FSPs— could better and more consistently leverage gender disaggregated data in analyses. CBC made a significant move by disaggregating data by gender in its 2022 annual report and continues to offer members value-added services, including detailed analysis through a gender lens. Importantly, CBC requires that all FSP data submitted to CBC include the gender of all borrowers. If the gender is not reported, the data are rejected, deemed out of legal compliance.

While gender-disaggregated data (or data on the gender of the customer) is regularly collected, it is not currently reported to NBC or frequently used to make business decisions. In order to track progress on women's financial inclusion, NBC will require FSPs to report such data starting in 2024, but as of the publication date of this report FSPs are not consistently using gender-disaggregated data to undertake business decisions that benefit women. One FSP representative, for instance, noted that they do not conduct any analysis on credit assessments or reporting by gender. Another representative stated that their institution embraces gender neutrality, so they do not use gender-disaggregated data. Interviews revealed that some financial sector regulators seldom apply a gender lens to analyses. Without gender-disaggregated results, FSPs lack valuable market data on women's preferences for financial services and regulators are unable to identify the policies needed to further support low-income women's financial activities.

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5   The 2022 Annual Report is available on the CBC website.

Insight 5

Due to cultural practices, women's actual loan uses may differ from the use stated on their loan applications, making it more difficult for CBC and FSPs to accurately assess business versus personal credit risk

CBC's K-Score relies heavily on the data provided by FSPs on their credit users, including information on the use of loans (e.g., for consumption, business, or otherwise). Results from interviews with women credit applicant indicate inconsistencies in the user data provided to FSPs. In one analysis, we compared a list of 30 women-led SME loans to the descriptions of loan uses collected through borrower interviews. While the official use of the loans was for business purposes, 10 women reported using their loans for personal financial needs. If this gap between stated and actual loan use is a trend, it is plausible it could lead to challenges to FSPs' assessment of the correlation between loan performances and loan types.

Similar care is required when collecting data given cultural practices in Cambodia, as Cambodian women may apply for lines of credit for a family member: indeed, 20% of the low-income customers we interviewed in our sample had applied for credit needed by a family member, not by themselves. Despite having their name on the credit application, a husband or extended family member was the one actually using the money and/or conducting repayment. Under these circumstances, it is possible, the data reported to CBC may not reflect the activity of the approved credit applicant, but rather the user of the loan.

Insight 6

Current digital public infrastructure poses the risk of inaccurate identification data of customers

Both FSPs and CBC employ unique national identification numbers to track their customers' financial services usage. However, this task poses a challenge in many cases: The most recent data from 2017 shows that approximately 11% of adults in Cambodia lack a formal identification document (Demirgüç-Kunt et al., 2018). While all women interviewed had forms of ID, they referenced acquaintances or relatives that did not. Other adults may have a formal ID but might possess multiple IDs, which could insinuate the existence of multiple credit profiles depending on the ID used for each credit application.

Both FSPs and CBCs employ unique national identification numbers to track their customer's financial services usage. In the case of multiple credit profiles, CBC applies a matching logic to convert multiple IDs to a single person. CBC is a proponent of the Government establishing a unique digital Government ID.

Even with official identification, the information is nevertheless inaccurate at times. For example, hypothetically, a user may be a salaried worker, but the system indicates they are retired. This problem directly impacts the business' ability to assess customer risk accurately.

Phone numbers are another form of identification information, but the frequent practice of changing phone numbers complicates the process. Moreover, Cambodians may not update their address or location information upon moving. A bank interviewee represented noted:

> *Let's say 100 customers have applied, 12 people do match any database. They are just checking the validity of the ID number. Similarly, all locations in Cambodia have been coded in a digit format. Basically, if a customer's identity information cannot be found in CBC databases, [we do not approve the loan]."*

V. Some FSPs leverage alternative data

Some FSPs supplement CBC credit reporting data with alternative data sources to increase the accuracy and predictability of their internal credit analysis when gauging clients' creditworthiness. The most referenced alternative data from nine FSPs in the research sample included utility data, telecom or internet data, income data, account balance or transaction data, and public information data (Table 6).

The quotes below are from our interviews with various FSPs.

Table 6. Alternative data referenced in interviews by FSPs as sources used in credit assessments				
Alternative data	**Utility data**	**Telecom or internet data**	**Additional salary confirmations or payroll deposit data**	**Account balance or transaction data**
Aggregated data as percentage of FSPs interviewed reporting use (n=9)	**11%**	**22%**	**56%**	**56%**

Source: Authors

Utility data

Our customers are paying their utility bills—we know that they are paying. So, based on their payments, we can [provide] loans for those who are paying utility bills."

Telecom or internet data

Some customers have three or four phone numbers. So, when we incorporate the information from telecom company, we incorporate the information at the customer level—not the account, not the phone number."

Salary or payroll data

We are believing income data based on what salary amount has been credited in the bank account. Only then are we certain that this is the customer's income."

Account balance or transaction data

When asked about the type of data mining conducted for credit decision making, a representative from a bank stated that they also observe "how many times a day [a client] uses the mobile app, and their account balance."

In their quest to refine credit assessments, especially for low-income women, FSPs are not only relying on traditional data sources but also exploring a variety of alternative, non-financial, and economic data. This includes mobile phone usage data and behavioral scoring. Interestingly, institutions we spoke with are almost unanimously keen on incorporating voter registration data into their Know Your Customer (KYC) protocols. Voter records, which typically include addresses, could serve as an effective additional verification layer.

These diverse data points have the potential to significantly enhance the precision of credit assessments. If such practices become standardized industry-wide and are reported to CBC, it could greatly benefit customers with limited credit histories.

Acquiring alternative data entails distinct challenges, notably the need to secure user consent for integrating third-party information into databases. This process often involves complex negotiations with third-party entities, who may be hesitant to seek customer consent given the lack of direct benefits and concerns over potential backlash related to data privacy issues.

CBC is actively working towards enhancing income data accuracy, as it would lead to more accurate debt-to-income ratio calculations. CBC is interested in exploring payroll data to verify income, although this initiative is expected to take some time to materialize.

Government pay roll data which are centrally available from the Government also offers an immediate opportunity to enhance the credit profiles of over 240,000 Cambodian government employees.

Finally, given the prevalence of pre-paid top-ups in Cambodia, telco data may be considered somewhat less valuable compared to other countries where pre-paid customers establish credit patterns through monthly bill payments.

VI. Women have limited understanding of the credit assessment process

While FSPs govern the primary relationship with credit applicants and borrowers in Cambodia, CBC offers consumer-facing avenues through which Cambodians can access their credit reports for free as well as learn more about CBC's credit scoring methodology. Such avenues include quarterly live "consumer talk" sessions on the accessibility of credit reports through ACLEDA Bank, AMK Microfinance Institution, Sathapana Bank, Wing Bank and directly through CBC. However, customer interviews suggest a persistent lack of awareness among low-income women consumers about credit reports or scores. Results from interviews with 30 women credit applicants suggest that women possessed little knowledge of credit processes, CBC as an entity, and how a late payment or defaulted loan might impact their creditworthiness. Twenty-eight of the 30 women interviewed stated they did not know it was possible to find out their K-Score through CBC's user channels.

The two women interviewed that did know their score, opined that even knowing their score, there was a lack of clarity of what their credit behavior, borrowing history, credit report, and credit score meant for their access to future credit. A woman in Siem Reap province said,

> "
> *Once, I paid just a few days late and the credit officer told me that I was in a blacklist category. I wanted to see how bad I am as a person that makes them put me onto the blacklist, but I don't know how to check on it. I was upset and keep wondering why I am on the blacklist just because I was a few days late."*

She understood that her payment activity had some impact, but she understood neither the reason nor the consequence. In that instance, she left the FSP still unclear regarding the process behind her credit activity or credit risk assessments more generally.

In interviews, researchers showed women an example of the CBC app interface and asked women for their feedback on their preferred methods for learning about CBC K-Scores and credit reports. Above all, trust and convenience drove their statements. Women reported first preferring to ask a trusted family member, including their spouse, for information on financial services, including credit. Second, women described a preference for learning about financial services through FSP education and product campaign activities such as flyers and other communications with small businesses. Finally, customers expressed they would engage with FSPs through social media platforms or an app. A woman in semi-urban Siem Reap suggested, "I watch educational videos these days, and I think many people will like it when CBC teaches us about how to access our score because it is interesting, so people will want to watch it." A blend of online and non-digital teaching was preferred by another woman residing in urban Kandal province, who said, "I think the bank should have an app on which users can check their CBC score because the current mobile app only allows access to payment, balance, and so on. [Then] if I were illiterate, I could ask my children to read what it says." In sum, women customers expressed eagerness for ways to monitor and learn more about how their information is used in credit reporting.

VII. Challenges with property-based collateral

Despite joint ownership of property between spouses being a common practice in Cambodia, women may still have difficulty proving ownership of a fixed asset in order to receive credit. World Bank data from 2014 (the most recent available) show women in Cambodia have their names on joint house and land titles as much as or more often than men, likely due to the common practice of joint titles (Table 7) (World Bank Gender Data Portal, 2014). Researchers have argued, however, that despite laws around joint property titles, the titles are often linked to marital status, potentially complicating

rights to property should a divorce or separation occur (Joshi 2018). Moreover, following the Khmer Rouge's dissolution of private property, Cambodia has been actively registering land and issuing hard titles (titles documented and confirmed by a government entity) since the implementation of the 2001 amendment to the Land Law. For any persons still without a hard title, therefore, there is no proof of ownership of a property, thus limiting their collateral options. Given that 98% of borrowings are secured, complications in providing collateral places women at a disadvantage.[6]

Table 7. Percentage of Cambodian women and men ages 15-29 that own land or a house, reported in 2014				
Property ownership	% Own alone	% Own jointly	% Own alone and jointly	Do not own
Land: Women 15-49	10%	35%	9%	46%
Land: Men 15-49	9%	33%	9%	49%
House: Women 15-49	8%	43%	10%	39%
House: Men 15-49	4%	37%	11%	48%

Source: World Bank Portal Gender

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6   The nuances of land titling and ownership in Cambodia are beyond the scope of this research. For more, see the research of Daniel Hayward of the Mekong Land Research Forum, Dorine Van Der Keur, W. Nathan Green, the edited volume by Martignoni et al. (2023), among many others.

Moveable collateral registries have provided alternative options for collateral to various degrees of success (Women's World Banking, 2022). In 2007, Cambodia's Law on Secured Transactions established regulations for limited moveable collateral, yet interviews with FSPs indicate that in practice, moveable collateral is difficult to use: "The law [on moveable collateral registries] is not really enforceable," commented a bank interviewee representative. Instead, FSPs pledged immovable assets. An interviewee from another bank noted,

> *We mostly prefer land and buildings [as collateral]. Or, if the land and building is not enough or the client has no collateral, we can ask to use the Credit Guarantee Corporation of Cambodia for support. Sometimes we also use equipment and inventory as collateral.*"

Despite the regulatory and implementation difficulties, interviews indicated FSPs are interested in alternative collateral. Some are strategizing for future use of alternative collateral, but at present rarely offer it to credit applicants. A representative from another bank explained that they were actively developing moveable asset lending:

> *We got approval from the board [to give unsecured loans]. We're going to have a product based on movable assets this year. My team is doing research now. We study the law on Central Bank's assets and we also look at the market. [...] So this new product will go live by the end of this year.*"

In the absence of collateral, some financial institutions report using the K-Score to identify highly creditworthy customers. For example one institution identifies a

K-Score threshold above which they offer a loan of a particular size without a collateral requirement. Increasingly in Cambodia, factories and other large employers are paying employees digitally through bank payroll accounts. Relying on employee payroll data history, banks are offering unsecured personal consumption loans to employees with payroll accounts.

> *For personal consumption loans, sometimes we do not ask for collateral. Civil servants who are payroll service employees or from the private sector or an NGO who have a payroll service in our bank can apply for personal consumption without collateral.*"

While this may offer a model for future alternative collateral, the practice excludes applicants working in informal sectors. Challenges around using alternative collateral parallel the difficulties identified above regarding data on thin-file customers: namely, that a lack of data makes thin-file credit applicants appear risky to FSPs. While regulators, CBC, and FSPs can create systems to better assess such customers, some gendered sociocultural norms further complicate the credit ecosystem—and while these institutions may not be able to fully address such norms, they should keep them in mind as they design and deliver financial services to low-income women.

Recommendations to make Cambodia's credit ecosystem more inclusive and transparent

CBC is but one player in a larger credit ecosystem in Cambodia. The following recommendations emphasize the partnerships and collaboration needed to strengthen credit assessments and reports for first-time applicants or thin-file customers, specifically women. The established partnerships between CBC and FSPs, along with the regulatory oversight, provide a structure for implementing systemic change in order to improve the fairness and affordability of credit in Cambodia. Based on the results, we identify action steps for each institutional stakeholder in the ecosystem.

A better ecosystem for women is a better ecosystem for everyone

When products, policies, and systems are designed with the most vulnerable in mind, they are better for everyone. In this section, we offer recommendations both to improve the credit assessment system in Cambodia as a whole and to improve how well the system works for women. We have denoted throughout this section recommendations that are particularly impactful to women using a sticky note next to the text boxes.

All stakeholders should leverage gender disaggregated data to improve product marketing and design as well as policy decisions

The stakeholders interviewed can strengthen their regulatory or business impacts by integrating gender lens analyses into their policies, practices, and product design and delivery. Financial sector regulators' requirement of gender lens analyses would result in positive business outcomes for CBC and other FSPs. In addition to carefully selecting alternative data or gathering the right data and information from FSPs, CBC's credit and risk assessment could be more robust and detailed through leveraging analysis of gender-disaggregated data. Such analyses could shed light on how women and men credit users apply for, receive, or repay lines of credit differently. For example, research has shown that women are often better re-payers of credit, paying consistently and on time (Chakravarty et al., 2013). In Cambodia, however, gender-disaggregated data shows men may be marginally better repayers (see Appendix C for further explanation). This gap could be reduced by increasing the diversity of data used in scoring to more accurately and transparently score women applicants, increasing accuracy of predictions of creditworthiness. In a second example, at times, FSPs may have balanced numbers of credit applicants by gender, but the amounts of credit—or those approved as creditworthy—may differ between men and women. In examining more analyses through a gender lens, both CBC and FSPs will better understand their customers. For CBC, such inputs would provide increased depth of data. This information could be further used to design more inclusive financial products, identify gender-specific risks, and demonstrate banks' commitment to gender equity and social responsibility.

Table 8. Summary of recommended action steps by stakeholder

Policymakers' and regulators' action steps	Credit Bureau Cambodia's (CBC) action steps	Financial services providers' action steps
✓ Improve interoperability of data among CBC, non-bank FSPs, telecom providers, and utility companies to facilitate data sharing	✓ Accelerate work to obtain access to alternative data to incorporate in CBC's credit reports and to improve K-Score accuracy	✓ Apply a gender lens for all decision making and product design
✓ Enforce data sharing with CBC by NBFSA-regulated entities and NBFSA-regulated entities to use CBC products to make credit risk decisions	✓ Increase public communication of information on K-Score's general methodology and predictive default rates	✓ Share at the industry level successful approaches to leveraging alternative data
✓ Enforce common definitions of MSME loans based on loan purpose, rather than loan size	✓ Continue to improve data quality through engagement with FSPs to ensure FSP data inputs are accurate	✓ FSPs can conduct error analysis and improve quality of data inputs
✓ Mandate use of gender-disaggregated data for decision-making and product design	✓ Apply a gender lens when designing financial capability modules and interactive tools	
✓ Establish a unique digital government ID to improve tracking of access to and use of financial services		
✓ Strengthen digital financial capability		

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Policymakers' and regulators' recommended action steps

1 **Improve interoperability of data among CBC, non-bank FSPs, telecom providers, and utility companies to facilitate data sharing**

The Cambodia Data Exchange provides access to some data in government databases where user consent has been provided in accordance to data protection laws & regulations. Both FSPs and CBC are interested in incorporating additional data into their credit risk assessments and, in the end, all parties, including borrowers, benefit from more accurate credit scoring. Social problems associated with over-indebtedness as a result of credit records not reflecting all sources of credit are a growing concern in Cambodia.

For Cambodia to achieve its financial inclusion goals as stated in Cambodia's Financial Inclusion Strategy 2021–2025, we believe further reduction of barriers in the sharing of consumer data must occur in order to improve credit analyses. Thus, we recommend that NBC, which has oversight over CBC, tackle issues within the enabling environment. For example, CBC's role could be enhanced if the enabling environment were to permit wider sharing of data across ministries and government authorities, including:

- ☑ **Ministry of Commerce (secured transactions filings and business registration data)**

- ☑ **Ministry of Interior (national identity authority)**

- ☑ **Ministry of Justice (criminal records and enforcement of legal actions)**

- ☑ **National Accounting Council, a regulatory body under the Ministry (company financial records)**

- ☑ **National Election Commission (voter registration data)**

- ☑ **Electricity du Cambodge (utility payment data)**

- ☑ **General Department of Taxation (tax IDs and tax payment records)**

- ☑ **Ministry of Post and Telecommunication (mobile usage data)**

- ☑ **Non-Bank Financial Services Authority (NBFSA) (financing data from pawnshops and real estate companies)**

In making this recommendation, we acknowledge the potential existence of wider data privacy and consumer protection issues that may need to be addressed in order to facilitate such sharing while prioritizing the data protection of low-income women and all other customers. However, data sharing across various market systems actors is imperative if the system is to evolve.

2 **Enforce data sharing with CBC by NBFSA-regulated entities and NBFSA-regulated entities to use CBC products to make credit risk decisions**

This would have high impact potential for women!

All NBC-regulated FSPs are required to share their customers' data with CBC. Licensed pawnshops, real estate companies, and other entities regulated by the NBFSA, however, do not provide data to CBC. CBC's credit reports and, as a result, K-Scores are comprised of data solely from users of NBC-regulated financial institutions, which means that CBC's credit reports and K-Scores may not represent a full picture of a potential borrower's credit profile.

Enabling a mechanism for NBFSA-regulated entities to share credit data with CBC can enhance credit risk assessments by bank and non-bank financial institutions to reflect all types of credit in a borrower's credit profile and make a positive contribution toward preventing over-indebtedness, particularly, for the low-income customer segment. Providing a unified, comprehensive picture of the financial health of potential customers will be invaluable for ensuring that FSPs achieve the most accurate level of credit analysis of credit applicants.

(3) Enforce common definitions of MSME loans based on loan purpose, rather than loan size

In Cambodia, roughly 60% of businesses are run by women, among which, 26 % of business classified as small medium, and 62% of those classified as microsized, are women led. In order to evaluate the financial sector's success in serving Cambodia's women-owned MSME segment, the Government should take action to ensure that the MSME definition, as adopted by the Council of Ministers, should be adopted across all public institutions as well as followed by FSPs for customer segmentation and reporting purposes. The definition should firstly be determined based on expected use of funds and then loan size. Without such harmonized definitions, it will remain difficult to determine whether women-owned businesses in Cambodia achieve fair and equitable access to credit.

(4) Mandate use of gender-disaggregated data for decision-making and product design

Several financial services providers collect gender disaggregated data. However, it is not yet a standard practice in the industry to collect and use gender disaggregated data for decision-making and product design. To have a mandate or directive from regulators in implementing gender disaggregated data policy within financial services providers can have impactful result in driving FSPs to contribute to financial inclusion.

(5) Establish a unique digital government ID to improve tracking of access to and use of financial services

Approximately 11% of adults in Cambodia lack a formal identification document while other adults use multiple ID, making it difficult to track a customer's financial services usage.

The most recent data from 2017 shows that approximately 11% of adults in Cambodia lack a formal identification document (Demirgüç-Kunt et al., 2018). Other adults may have a formal ID but might possess multiple IDs.

A unique digital Government ID would help solve these challenges in tracking financial services usage among men and women.

6 Strengthen digital financial capability

The NBC has a unique role to play to strengthen the digital financial capability of Cambodians. Focusing efforts not only on financial education but also on digital financial capability would improve credit applicants' understanding and awareness of credit assessment inputs, process, and outcomes. CBC already has digital assets—including an app—through which consumers can access their credit report and related information. CBC also provides these insights through select FSPs and in public fora. NBC's continued public endorsement, reinforcement, and education around the use of these tools would improve the environment for credit assessment and provide a baseline of understanding among consumers.

CBC's recommended action steps

This would have high impact potential for women!

1 **Accelerate work to obtain access to alternative data to incorporate in CBC's credit reports and to improve K-Score accuracy**

Use of alternative data could enhance CBC's credit assessment accuracy and predictive power by providing additional insights beyond traditional credit metrics: Diverse data, sourced from various aspects of an individual's financial behavior, can offer a more comprehensive view of their creditworthiness, resulting in more nuanced risk evaluation that may result in FSPs extending credit to individuals who may have been overlooked through the use of conventional data alone.

CBC is in active conversations with multiple private and public institutions to obtain alternative data. The biggest handicaps to progressing these discussions include how to get to obtain user consent to incorporate third-party data into CBC's database, because third-party organizations see little or no direct benefit from obtaining customer consent and are wary of complaints around customer data privacy.

We recommend that CBC accelerate its work with industry associations and private sector data holder to work through privacy issues and accelerate CBC's access to and usage of alternative data.

2 **Increase public communication of information on K-Score's general methodology and predictive default rates**

Given that FSPs are CBC members and interested in improving the accuracy of their credit risk decisions, including women, CBC has an opportunity to adjust its communications and outreach with FSPs for mutual benefit. In particular, CBC can improve its communications with FSP's about how to translate the credit score into risk categories, including by gender and income level. FSP interviewees commented that they had not personally seen projected K-Score default rates for K-Score bands. Thus, CBC should enhance its educational efforts by providing clearer K-Score definitions and publish more public information about its general K-Score methodology. With more published information on how the K-Score is generated and predicted default rates, FSPs can more efficiently use the CBC's credit report and credit score within their credit risk analyses. Conversely, if FSPs can report more and higher-quality data to CBC, the K-Score may in turn become more accurate.

Furthermore, we recommend that CBC deepen the understanding of the K-Score among its users so that the risk associated with any particular score is not static. In practice, the risk associated with a specific K-Score shifts over time due to multiple factors, including macroeconomic changes and the use of various types of credit products by borrowers. We believe that CBC could strengthen the comprehension of the relationship between K-Scores and default levels over time for existing accounts (measured by delinquency of 90 days or more over a 24-month period).

3 **Continue to improve data quality through engagement with FSPs to ensure FSP data inputs are accurate**

Effective data collection and data sharing between credit users, FSPs, and CBC is vital for improving CBC's credit assessment and reporting practices. CBC already has strong data collection practices in place, contributing to its credit reports and K-Score and has taken steps to ensure FSPs enter data correctly into CBC's system interface, such as by providing drop-down options to classify SME loans more accurately. CBC should continue its monitoring of data provided by FSPs and continue its engagement with FSPs to improve data quality.

This would have high impact potential for women!

4 **Apply a gender lens when designing financial capability modules and interactive tools**

CBC has consumer-facing financial capability modules, including customer education portals, leveraging social media platforms in particular. In addition to its online channels for learning about one's credit score and reading one's report, CBC should expand its use of social media platforms to reach lower-income women and thin file customers by posting instructive videos on how to maintain good credit standing or the key factors impacting a woman's creditworthiness and K-Score. Women want to understand how their financial activity impacts their score, as well as the opportunities—or consequences—associated with a certain score. Suggestions from women credit applicants emphasized the need for inclusive modes of teaching, such as video- or audio-based material for illiterate women as well as text-based material that younger family members could read aloud to supplement women's learning.

FSPs' recommended action steps

This would have high impact potential for women!

1

Apply a gender lens in the product design and decision making

FSPs have the resources and opportunities to apply gender lens in the design of the lending product and in the decision-making process of loan disbursement using CBC data and other available data points. The practice of collecting gender-disaggregated data has been found in several FSPs. Most importantly is how FSPs leverage this data in their decision-making processes, such as designing group loans for women, designing education material for women clients, and deciding the amount of loan disbursed to women customers. Applying a gender lens also means including women's perspectives in the decision-making and product design phases. This can be done by improving the number of women involved in both processes and applying a methodology like women-centered design when designing products and services.

2

Share at the industry level successful approaches to leveraging alternative data

The exchange at the industry level of successful methodologies for harnessing alternative data is a pivotal opportunity in the realm of credit reporting strategy enhancement. For instance, FSPs have found value in incorporating utility payment history and rental payment records as complementary data points to traditional credit data. Some institutions have even successfully integrated digital footprint data, such as online behavior patterns and social media activity, to refine their risk assessment models. Significantly, this approach to knowledge sharing can be achieved while avoiding the divulgence of proprietary insights as well as respecting the imperative need for data privacy and security. Such knowledge sharing ensures a collaborative and responsible utilization of innovative data sources.

Both the CBC and FSPs stand to gain considerable advantages from this collective effort. By fostering an ecosystem of mutuality that advances best practices in credit reporting, all institutions—regardless of their size or specialization—can collectively elevate their credit assessment accuracy for thin-file customers, thus expanding financial inclusion. Such synergy serves the greater good of the industry, establishing a landscape where improved risk assessment mechanisms benefit everyone involved.

3

FSPs can conduct error analysis and improve quality of data inputs

Many FSPs utilize the K-Score in their credit assessments, either as a cut-off point or as a significant factor in their credit decision-making process. Regardless of the approach, each FSP conducts a separate analysis on its credit portfolio to identify segments where the K-Score effectively predicts credit scores and areas where it falls short. Sharing the findings of this error analysis with the CBC contributes to enhancing the K-Score's accuracy. This practice, known as error analysis in the machine learning community, has proven crucial in helping FSPs recognize areas wherein the K-Score performs poorly. By conducting error analysis, FSPs obtain valuable insight into the strengths and limitations of the K-Score, enabling them to make more informed decisions. Sharing error analysis findings with CBC would be beneficial to improving the performance of CBC's K-Score, as such collaboration allows CBC to refine and improve the credit score model—leading to more accurate credit assessments and better-informed lending decisions across Cambodia's financial landscape. In tandem with collecting and using in analyses gender disaggregated data (see Insight #5), these efforts would strengthen the accuracy of credit assessments of and delivery of financial services to low-income women.

Women's World Banking

Conclusions

This research, conducted through a partnership between Women's World Banking and CBC, aims to strengthen Cambodia's credit ecosystem by shedding light on the crucial role of credit bureaus in creating transparent and inclusive credit ecosystems, particularly for low-income Cambodian women.

For women in Cambodia, credit is a highly utilized product, with 1/3 of women Findex survey respondents having reported taking out a loan in the past year—but less than 10% of them having saved any money in an account at a financial institution or with a mobile money provider (Demirgüç-Kunt et al., 2022). Through generating credit reports and K-Scores based on a wider diversity of data, CBC can ensure inclusion for qualified credit applicants who have the capacity to repay as well as protect borrowers from taking multiple lines of credit across formal and informal sectors. The findings and recommendations acknowledge the significance of CBC's credit reports and K-Scores in influencing credit access. By providing a comprehensive analysis of the credit ecosystem and its representation of low-income women's credit use, the study offers insights into CBC's operations and suggests ways to enhance the accessibility and accuracy of scoring models that benefit low-income women.

The research highlights all credit ecosystem stakeholders and the roles they play in creating an inclusive, transparent, and equitable system for low-income women credit applicants and borrowers. The research touches on various social, legal, and environmental aspects that provide important context for low-income women's application for and use of credit, as well as those that create challenges for institutions in the credit ecosystem. The report offers recommendations for policy and industry, all of which would enhance credit assessment in Cambodia and improve the environment in which CBC operates. These recommendations shall ideally contribute to the ongoing maturity of the Cambodian credit market.

33% TAKING OUT A LOAN

LESS THAN 10% HAVE SAVED IN AN ACCOUNT
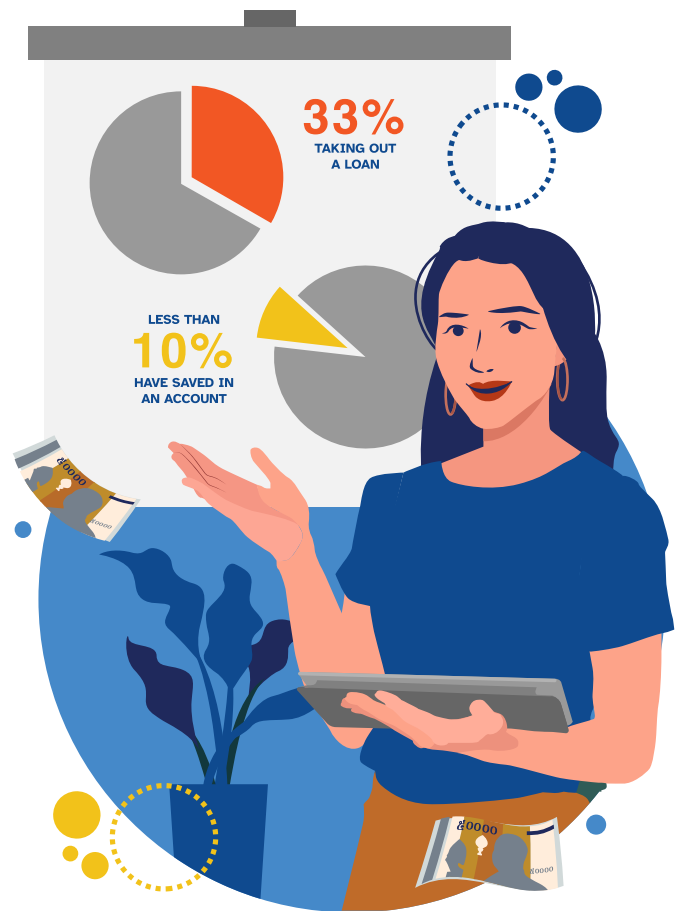
An overarching national strategy that works toward all-gender financial inclusion can provide structural guidance for stakeholder interactions, including CBC. Ultimately, fostering cooperation among various stakeholders is crucial for achieving affordable credit in a transparent, accessible credit ecosystem that offers entrepreneurial and personal opportunities for individuals and households, especially low-income women.

Women's World Banking

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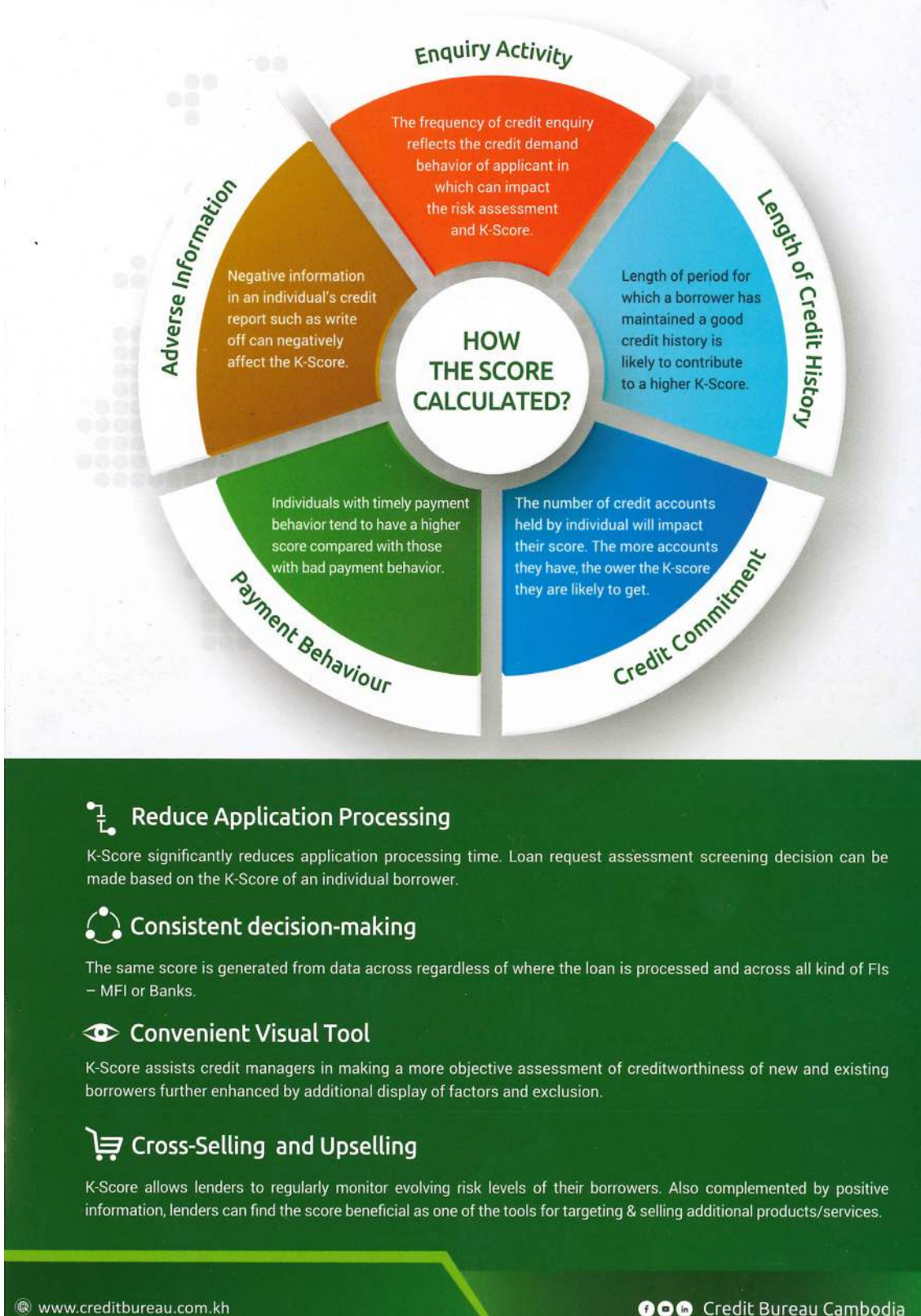
Appendix A
Figures from CBC brochures

Figure A1. CBC authored and sponsored brochure entitled "The Impacts of CBC Credit Reporting in Cambodia" (collected August 2023 from CBC offices)
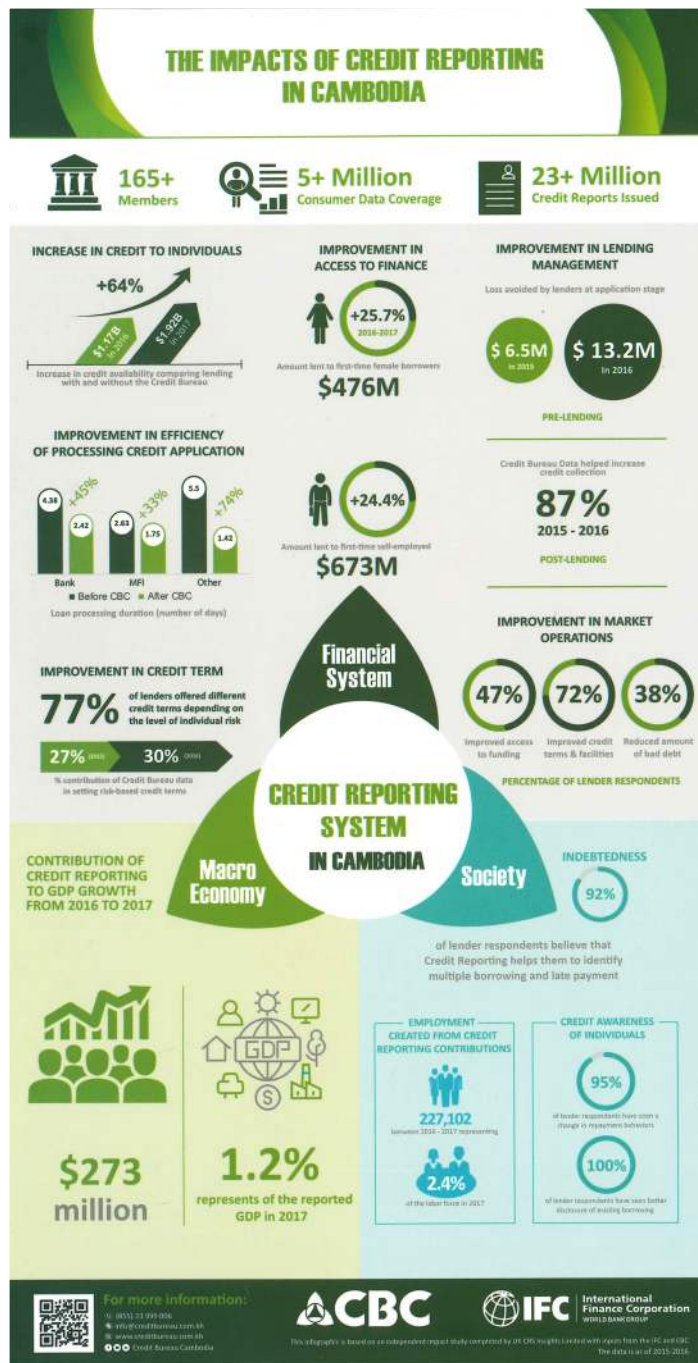
Figure A2. CBC-authored and sponsored brochure describing K-Score (collected August 2023 from CBC offices)

Sample Personal Credit Report_Khmer_V4

គំរូរបាយការណ៍ឥណទានផ្ទាល់ខ្លួន

△CBC របាយការណ៍ឥណទានផ្ទាល់ខ្លួន/Personal Credit Report

កាលបរិច្ឆេទទាញយករបាយការណ៍/Report Date	02/01/2018
លេខរបាយការណ៍/Enquiry Number	225326667
លេខសំគាល់/Member Reference	00001-18

ផ្នែកទី១: បង្ហាញអំពីព័ត៌មានផ្ទាល់ខ្លួនសង្ខេបដូចជាប្រភេទ និងលេខអត្តសញ្ញាណ; កាលបរិច្ឆេទផុតកំណត់អត្តសញ្ញាណ; ឈ្មោះ; ថ្ងៃខែឆ្នាំកំណើត; ទីកន្លែងកំណើត; ភេទ; ស្ថានភាពគ្រួសារ និងសញ្ជាតិ។

Part 1: Display a summary of personal information such as ID Type and Number, ID Expiry Date, Name, Date of Birth, Place of Birth, Gender, Marital Status and Nationality.

ទិន្នន័យដែលបានបញ្ចូល និងទិន្នន័យមានក្នុងប្រព័ន្ធស្រាប់/Data Provided vs (Primary Data Available)

ប្រភេទ និងលេខរស់សំគាល់អត្តសញ្ញាណ/ID Type and Number	National ID 011118000	National ID 011912450
កាលបរិច្ឆេទផុតកំណត់អត្តសញ្ញាណ/ID Expiry Date	05/01/2025	05/01/2025
ឈ្មោះជាភាសាខ្មែរ/Khmer Name		
គោត្តនាម (នាមត្រកូល)/Family Name	សំ	(សំ)
នាម (នាមខ្លួន)/First Name	ណារ៉ា	(ណារ៉ា)
ឈ្មោះបី២/Second Name		
ឈ្មោះទី៣/Third Name		
វ៉េម្យ៉ា/Unformatted Name		
ឈ្មោះជាអក្សរឡាតាំង/English Name		
គោត្តនាម (នាមត្រកូល)/Family Name	SAM	(SAM)
នាម (នាមខ្លួន)/First Name	NARA	(NARA)
ឈ្មោះបី២/Second Name		
ឈ្មោះទី៣/Third Name		
ឈ្មោះ/Unformatted Name	SAM NARA	(SAM NARA)
ថ្ងៃខែឆ្នាំកំណើត/Date of Birth	15/03/1982	15/03/1982
ប្រទេសកំណើត/Place of Birth Country	Cambodia	Cambodia
ខេត្ត/ក្រុង/Place of Birth Province	Phnom Penh	Phnom Penh
ស្រុក/ខណ្ឌ/Place of Birth District	Mean Chey	Mean Chey
ឃុំ/សង្កាត់/Place of Birth Commune	Steung Mean Chey	Steung Mean Chey
ភេទ/Gender	Female	Female
ស្ថានភាពគ្រួសារ/Marital Status	Married	Married
សញ្ជាតិ/Nationality	Cambodia	Cambodia

ព័ត៌មានសង្ខេប/Summary

ប្រវត្តិនៃការបានរបាយការណ៍ឥណទាន/All Previous Enquiries	7
ប្រវត្តិនៃការបានរបាយការណ៍ឥណទានក្នុងរយៈពេលពេល៣០ថ្ងៃចុងក្រោយ/Enquiries for Previous 30 Days	1
កាលបរិច្ឆេទដែលចុងបំផុតការចាត់ឥណទាន(កម្ចី)ជំបូងបំផុត/Earliest Loan Issue Date	12/02/2013
ចំនួនឥណទានសរុប/Total Accounts	4
ចំនួនឥណទានទាន(កម្ចី)ធម្មតា/Normal Accounts	1
ចំនួនឥណទានទាន(កម្ចី)ដែលបានបិទ/Closed Accounts	1
ចំនួនឥណទានទាន(កម្ចី)បង់យឺត/Delinquent Accounts	1
ចំនួនឥណទានទាន(កម្ចី)បដិសេធ /Reject Accounts	0
ចំនួនឥណទានទាន(កម្ចី)ខូច/Write Off Accounts	1
ចំនួនទឹកប្រាក់ឥណទាន(កម្ចី)សរុប/Total Limits	USD 25,500.00
ចំនួនទឹកប្រាក់ឥណទាន(កម្ចី)ដែលនៅជំពាក់/Total Liabilities	USD 11,200.00
ចំនួនទឹកប្រាក់ឥណទាន(កម្ចី)ដែលខូច/Total Write Off Amounts	USD 17,800.00
ចំនួនទឹកប្រាក់ដែលនៅជំពាក់លើឥណទានទាន(កម្ចី)ដែលខូច/Outstanding Write Off Balance	USD 0.00
ចំនួនឥណទានទាន(កម្ចី)ធានាសរុប/Guaranteed Accounts	0
ចំនួនឥណទានទាន(កម្ចី)ធម្មតា/Normal Accounts	0
ចំនួនឥណទានទាន(កម្ចី)បង់យឺត/Delinquent Accounts	0
ចំនួនឥណទានទាន(កម្ចី)ដែលបានបិទ/Closed Accounts	0
ចំនួនឥណទានទាន(កម្ចី)បដិសេធ /Reject Accounts	0
ចំនួនឥណទានទាន(កម្ចី)ខូច/Write Off Accounts	0
ចំនួនទឹកប្រាក់ឥណទានទាន(កម្ចី)ធានាសរុប/Total Guaranteed Limits	0.00
ចំនួនទឹកប្រាក់ឥណទានទាន(កម្ចី)ធានាដែលនៅជំពាក់/Total Guaranteed Liabilities	0.00
ចំនួនទឹកប្រាក់ឥណទានទាន(កម្ចី)ធានាដែលខូច/Total Guaranteed Write Off Amounts	0
ចំនួនទឹកប្រាក់ដែលនៅជំពាក់លើឥណទានទាន(កម្ចី)ធានាដែលខូច/Outstanding Guaranteed Write Off Balance/	0.00

ផ្នែកទី២: បង្ហាញអំពីព័ត៌មានសង្ខេបនៃៈ
- ប្រវត្តិនៃការបានរបាយការណ៍ឥណទាន
- ចំនួនឥណទានឥណទានផ្ទាល់ខ្លួន និងធានាសរុបដូចជាៈ ឥណទានធម្មតា; ឥណទានដែលបានបិទ; ឥណទានបង់យឺត; ឥណទានខូច; ចំនួនទឹកប្រាក់ឥណទានសរុប; និងចំនួនទឹកប្រាក់ឥណទានដែលនៅជំពាក់ ។ល។

Part 2: Displays a quick summary of the report by indicating previous enquiries, total accounts both primary and guaranteed account (including normal, delinquent, close, and write off), total limit and total liabilities etc.

អត្តសញ្ញាណបន្ថែម/Additional Identification

កាលបរិច្ឆេទបញ្ចូលទិន្នន័យ/Date Loaded	ប្រភេទអត្តសញ្ញាណ/ID Type	លេខសំគាល់អត្តសញ្ញាណ/ID Number	កាលបរិច្ឆេទផុតកំណត់អត្តសញ្ញាណ/Expiry Date
15/04/2015	Resident Book	12145	

ឈ្មោះបន្ថែម/Additional Name

កាលបរិច្ឆេទបញ្ចូលទិន្នន័យ/Date Loaded	ឈ្មោះ/Name
15/04/2015	SAMM, NARA

ប្រវត្តិនៃការចូលដែលរបាយការណ៍ឥណទាន/Previous Enquiries

កាលបរិច្ឆេទចូលមើល Date of Enquiry	ស្ថាប័នដែលនៃ Enquirer	ប្រភេទនៃការចូលដែលរបាយការណ៍ឥណទាន Enquiry Type	ប្រភេទឥណទាន Account Type	លេខសំគាល់ Member Reference	ប្រភេទផលិតផលឥណទាន Product Type	ចំនួនទឹកប្រាក់ស្នើសុំ Amount	ប្រភេទអ្នកស្នើសុំឥណទាន Application Type	Name ឈ្មោះ
15/04/2015	ABC MFI	New Application	Joint	1234567-2015	Personal Loan	USD 5,000.00	Primary	សំ ណារ៉ា
10/02/2013	BANK ABC	Review	Single	ABC-01-02/13	Public Housing Loan	USD 25,000.00	Primary	SAM NARA

ផ្នែកទី៣: បង្ហាញអំពីព័ត៌មានលម្អិតនៃការរបាយការណ៍ឥណទានដូចជាៈ កាលបរិច្ឆេទចូលមើលនៃក; ឈ្មោះស្ថាប័នចូលនៃក; ប្រភេទផលិតផលឥណទាន; ចំនួនទឹកប្រាក់ស្នើសុំ; ប្រភេទអ្នកស្នើសុំឥណទាន និងឈ្មោះអតិថិជន។ល។

Part 3: Displays of the detail of enquiries that have been made on the applicant, such as date of enquiry, enquirer, product type, amount, applicant type and customer's name.

Sample Personal Credit Report_Khmer_V4

ព័ត៌មានលម្អិតអំពីគណនី/Account Details ⑥

ឈ្មោះ/ស្ថាប័ន/Creditor	BANK ABC	កាលបរិច្ឆេទបើកប្រាក់គណនី(កម្ចី)/ការបើកធនាគារនី ផលគណនា (កម្ចី)/Issue Date	12/02/2013
ប្រភេទបើកផលគណនាទាន/Product Type	Public Housing Loan	កាលបរិច្ឆេទផុតកំណត់ផលគណនា (កម្ចី)/Expiry Date	12/02/2023
ប្រភេទអ្នកស្នើសុំ/Applicant Type	Primary	ប្រភេទរយៈពេលនៃសមហាយ/Loan Term Type	Long Term Loan
លេខគណនីផលគណនា(កម្ចី)/Account Number	12345	កាលបរិច្ឆេទបិទគណនីផលគណនា (កម្ចី)/Closed Date	
លេខរាងនៃគណនា(កម្ចី)ជាក្រុម/Group Reference		ស្ថានភាពគណនា/Status	Loss
ប្រភេទរូបិយវត្ថុ/Currency	US Dollar	ត្រានៃការសងប្រាក់/Payment Frequency	Monthly
ចំនួនទឹកប្រាក់កម្ចី/Limit	20,000.00	ចំនួនទឹកប្រាក់ដែលសងចុងក្រោយ/Last Amount Paid	450.00
គណនាបានរៀបចំរឿងវិញ/Restructured Loan	No	កាលបរិច្ឆេទសងចុងក្រោយ/Last Payment Date	30/05/2016
រយៈពេលកម្ចី (តិតជាខ្សែ)/Tenure	120	ចំនួនទឹកប្រាក់ដែលមិនសងទាន់/Past Due	17800.00
ចំនួនទឹកប្រាក់ដែលត្រូវសងរៀងរាល់ខ្សែ/Instalment Amount	450.00	កាលបរិច្ឆេទសងបន្ទាប់/Next Payment Date	30/06/2016
ប្រភេទធានា/Security Type	Ownership Title - Land/Building	កាលបរិច្ឆេទទាញទិន្នន័យ/As of Date	30/12/2017
ចំនួនទឹកប្រាក់ដើមនៅលុយនៅជំពាក់/Outstanding Balance	11,200.00	ប្រវត្តិនៃការសងប្រាក់ ២៤ដងចុងក្រោយ/Last 24 Cycles	LYTE9876543302211100000
សារណែនាំ/Advisory Message			

ឈ្មោះ/ស្ថាប័ន/Creditor	ABC MFI	កាលបរិច្ឆេទបើកប្រាក់គណនា(កម្ចី)/ការបើកធនាគារនី ផលគណនា(កម្ចី)/Issue Date	20/04/2015
ប្រភេទបើកផលគណនាទាន/Product Type	Personal Loan	កាលបរិច្ឆេទផុតកំណត់ផលគណនា (កម្ចី)/Expiry Date	20/02/2016
ប្រភេទអ្នកស្នើសុំ/Applicant Type	Primary	ប្រភេទរយៈពេលនៃសមហាយ/Loan Term Type	Short Term Loan
លេខគណនីផលគណនា(កម្ចី)/Account Number	ORO012361101	កាលបរិច្ឆេទបិទគណនីផលគណនា (កម្ចី)/Closed Date	20/02/2016
លេខរាងនៃគណនា(កម្ចី)ជាក្រុម/Group Reference		ស្ថានភាពគណនា/Status	Closed
ប្រភេទរូបិយវត្ថុ/Currency	US Dollar	ត្រានៃការសងប្រាក់/Payment Frequency	Monthly
ចំនួនទឹកប្រាក់កម្ចី/Limit	5,000.00	ចំនួនទឹកប្រាក់ដែលសងចុងក្រោយ/Last Amount Paid	1050.00
គណនាបានរៀបចំរឿងវិញ/Restructured Loan	No	កាលបរិច្ឆេទសងចុងក្រោយ/Last Payment Date	20/02/2016
រយៈពេលកម្ចី (តិតជាខ្សែ)/Tenure	12	ចំនួនទឹកប្រាក់ដែលមិនសងទាន់/Past Due	0.00
ចំនួនទឹកប្រាក់ដែលត្រូវសងរៀងរាល់ខ្សែ/Instalment Amount	578.00	កាលបរិច្ឆេទសងបន្ទាប់/Next Payment Date	
ប្រភេទធានា/Security Type	Mortgage	កាលបរិច្ឆេទទាញទិន្នន័យ/As of Date	30/02/2016
ចំនួនទឹកប្រាក់ដើមនៅលុយនៅជំពាក់/Outstanding Balance	0.00	ប្រវត្តិនៃការសងប្រាក់ ២៤ដងចុងក្រោយ/Last 24 Cycles	C00021001000Q
សារណែនាំ/Advisory Message			

អាសយដ្ឋាន/Addresses ⑤

Address Type	Residential	Country	Cambodia
Province	Phnom Penh	District	Wat Phnom
Commune	Daun Penh	Village	Phom 1
Village-Other English		Village-Other Khmer	
Street English	212	House English	55
Address Line 1 English		Address Line 1 Khmer	
Postal Code		City English	
Date Loaded	10/01/2012	City Khmer	

សេចក្តីប្រកាស/Disclaimer ⑥

ក្រុមហ៊ុន ក្រេឌីត ប្យួ រ៉ូ នៃកម្ពុជា បានបញ្ជាក់ព័ត៌មានទាំងនេះពីប្រភពផ្សេងៗ ហើយពុំតំណាងទាំងនេះមិនជាការធ្វើមតិយោបល់របស់ក្រុមហ៊ុនឥណទានឡើយ។ គ្មានការទទួលខុសត្រូវរបស់ក្រុមហ៊ុនឡើយ(ក្នុងកិច្ចសន្យា ឬបែបបទណាមួយដែលអាចកើតមាន)ចំពោះការប្រមូលផ្តុំ ឬការផ្គត់ផ្គង់ព័ត៌មានទាំងនេះ ឬការយកទៅប្រើប្រាស់ណាមួយ និងមិនថាតើទាក់ទងនឹងភាពត្រឹមត្រូវ ឬពេញលេញ ឬបញ្ហាណាមួយផ្សេងទៀតនោះឡើយ។ ព័ត៌មានទាំងនេះត្រូវបានផ្តល់ជូនដោយផ្អែកលើមូលដ្ឋានរក្សាការសម្ងាត់ និងមិនមែនសម្រាប់ការប្រើប្រាស់ ក្រៅពីលើព័ត៌មានរបស់ភាគីឯកជនផ្សេងទៀត លើកលែងតែអ្នកគ្រប់គ្រងដែលអ្នកទទួលបានការយោបល់ព្រមតែប៉ុណ្ណោះ។

This information has been collated from various sources and does not represent the opinion of Cambodia Credit Bureau. No Liability (in contract or otherwise whatsoever) attaches to us with respect to the collation or supplying of the information or any use made of it and whether in relation to its accuracy or completeness or any other matter whatsoever. The information is supplied on a confidential basis to you and not for the use of any other party except of any person on whose behalf you have sought the information.

ផ្នែកទី៤: បង្ហាញអំពីព័ត៌មានលម្អិតនៃគណនានីគណមានរួមមានដូចជា៖ ឈ្មោះ/ស្ថាប័ន; ប្រភេទបើកផលគណនាទាន; ប្រភេទ អ្នកស្នើសុំ; ចំនួនទឹកប្រាក់កម្ចី; រយៈពេលកម្ចី; ចំនួនទឹកប្រាក់ ដែលនៅជំពាក់; ស្ថានភាពគណនា ។ល។ និងប្រវត្តិនៃការ សងក្រោយ ២៤ដងចុងក្រោយដែលមានអត្ថន័យដូចខាង ក្រោម៖

កូដ Code	អត្ថន័យ Description
N	គណនាមិនទាន់មានដំណើរការ/New-Not yet activate
R	គណនាមានបដិសេធ/ Loan is rejected, either by customer or bank
Q	គ្មានប្រតិបត្តិការនៅក្នុងវដ្តនេះ/No transaction in this cycle
0	សងទាន់ពេល/Current-Loan is paid on time
1	សងយឺតពី (late payment from) 1-29 days
2	សងយឺតពី (late payment from) 30-59 days
3	សងយឺតពី (late payment from) 60-89 days
4	សងយឺតពី (late payment from) 90-119 days
5	សងយឺតពី (late payment from) 120-149 days
6	សងយឺតពី (late payment from) 150-179 days
7	សងយឺតពី (late payment from) 180-209 days
8	សងយឺតពី (late payment from) 210-239 days
9	សងយឺតពី (late payment from) 240-269 days
T	សងយឺតពី (late payment from) 270-299 days
E	សងយឺតពី (late payment from) 300-329 days
Y	សងយឺតពី (late payment from) 330-359 days
L	សងយឺតពី (late payment from) 360 days and/or more
W	គណនាឥតឥណ (Write Off)/Loan is write off
D	ការប្រាក់ពន្យារការសង/Loan payment is deferred
V	គណនាសងឈប់សម្រាក/Loan payment is on vacation
C	គណនាសងបិទ/Loan is fully paid off and closed
M	មិនមានព័ត៌មាន/Missing Cycle

Part 4: Displays all the information of your loan account performance either closed or active across the financial institutions such as institution name, product type, applicant type, total limit, tenure, outstanding balance, status etc. and last

ផ្នែកទី៥: បង្ហាញអំពីអាសយដ្ឋានលម្អិតរបស់អតិថិជន។

Part 5: Displays the consumer address.

ផ្នែកទី៦: បង្ហាញអំពីសេចក្តីប្រកាសរបស់ក្រុមហ៊ុនស៊ីប៊ីស៊ី។

Part 6: Displays all the information about disclaimer of the CBC.

WHAT IS K-SCORE?

K-Score (Khmer Score) is a number that summarizes all information from a credit report into a single score. It measures an individual borrower's potential credit risk and predicts the likelihood of payment default. K-Score is designed to provide lenders with bureau-based risk profile to assess new credit applicants as well as monitor the risk profiles of existing borrowers over time and make informed and accurate credit risk assessment decisions. It enables credit managers to quickly assess the quality of a credit application that allows the decision to be consistent.

The new scorecard incorporates a few key enhancements that assists financial institutions:

a) Extend the availability of the score to all consumers on the credit bureau and not just at time of application.

b) Capture the most recent credit performance trends in Cambodian market as result of growing consumers and members in the credit bureau.

Risk Grade : EE
K-Score : 100
Bad Rate : 66.66%

100

| EE | DD | CC | BB | AA |
| 100 | 580 | 700 | 850 | 1020 | 1400 |

K-Score is calculated based on an individual's available credit data and is a number which may change from time to time in tandem with change in their credit file. Key contributing factors:

1 Length of Credit History   2 Credit Commitment   3 Payment Behavior   4 Adverse Information   5 Enquiry Activity

Appendix B
A supplement to summaries of CBC borrowers' demographics, accounts, inquiries, and guarantors

Table B1. Cambodian borrowers and account balances (urban areas)			
	Active borrowers as of June 2023		
	Total	**Male**	**Female**
No. of Borrowers (in millions)	1.19	0.60	0.60
No. of Accounts (in millions)	1.20	0.84	0.80
Balance in USD (in billions)	28.63	15.24	13.39

Table B2. Cambodian borrowers and account balances (rural areas)			
	Active borrowers as of June 2023		
	Total	**Male**	**Female**
No. of Borrowers (in millions)	3.75	1.74	2.02
No. of Accounts (in millions)	3.20	2.40	2.87
Balance in USD (in billions)	19.92	9.59	10.33

Table B3. Mortgage loans utilization (as of June 2023)			
Description	**#Total accounts** (in thousands)	**#Male accounts** (in thousands)	**#Female accounts** (in thousands)
#Accounts with 1 borrower	30.61	16.30	14.31
#Accounts with 1 borrower and all borrowers are males	3.25	3.25	N/A
#Accounts with 1 borrower and all borrowers are females	9.56	N/A	9.56
#Accounts with more than 1 borrower (with co-borrower) and at least 1 male borrower	160.55	160.55	157.30

Table B4. Credit card utilization (as of June 2023)			
Description	**#Total accounts** (in thousands)	**#Male accounts** (in thousands)	**#Female accounts** (in thousands)
#Accounts with 1 borrower	131.53	79.28	52.25
#Accounts with 1 borrower and all borrowers are males	0.02	0.02	N/A
#Accounts with 1 borrower and all borrowers are females	0.02	N/A	0.02
#Accounts with more than 1 borrower (with co-borrower) and at least 1 male borrower	0.75	0.75	0.73

Table B5. Other loans utilization (as of June 2023)			
Description	**#Total accounts** (in thousands)	**#Male accounts** (in thousands)	**#Female accounts** (in thousands)
#Accounts with 1 borrower	8.31	1.52	6.79
#Accounts with 1 borrower and all borrowers are males	72.49	72.49	N/A
#Accounts with 1 borrower and all borrowers are females	387.61	N/A	387.61
#Accounts with more than 1 borrower (with co-borrower) and at least 1 male borrower	279.46	279.46	206.97

Table B6. CBC data on secured and unsecured loans: urban areas (as of June 2023)							
Collateral requirements		**Total**		**Male**		**Female**	
		% Share of accounts	% Share of balance	% Share of accounts	% Share of balance	% Share of accounts	% Share of balance
Urban	Unsecure	29%	2%	24%	3%	22%	2%
	Secure	71%	98%	76%	97%	78%	98%

Table B7. CBC data on secured and unsecured loans: rural areas (as of June 2023)							
Collateral requirements		**Total**		**Male**		**Female**	
		% Share of accounts	% Share of balance	% Share of accounts	% Share of balance	% Share of accounts	% Share of balance
Rural	Unsecure	21%	4%	15%	4%	19%	4%
	Secure	79%	96%	85%	96%	81%	96%

Table B8. Borrowers average age (as of June 2023)

Nationwide		
Age	**No. of borrowers (in millions)**	**Average age of borrowers**
All Ages	4.95	41
<=19	0.04	19
20-29	0.92	26
30-39	1.57	35
40-49	1.20	44
50-59	0.76	54
60-69	0.37	63
>-=70	0.08	74

Table B9. CBC data on accounts with guarantors (as of June 2023)

K-Score	Total		Male		Female	
	Mean K-Score	**Median K-Score**	**Mean K-Score**	**Median K-Score**	**Mean K-Score**	**Median K-Score**
K-Score (ALL)	924	958	935	970	916	948
K-Score (AA)	1,149	1,140	1,150	1,143	1,147	1,137
K-Score (BB)	938	939	938	940	938	939
K-Score (CC)	780	782	781	784	779	780
K-Score (DD)	652	658	652	657	652	658
K-Score (EE)	315	370	324	398	307	340

AA is the segment with the lowest risk of default, followed by BB, CC, DD, and finally EE, which represents the segment with the highest risk of default.

Appendix C
The complicated relationship between gender and credit default rate

Quantitative data analysis shows men have a better likelihood of loan repayment in Cambodia, but the story behind these numbers offers interest insights into how the structure of Cambodia's credit markets operate.

Due to the common practice of joint loans in Cambodia, over 90% of the loans in the market are joint obligations with a borrower and co-borrower. Therefore, we cannot definitively say Cambodian men are better repayers. This supplemental section presents the findings on gender and credit default in light of supply-side and demand-side experience, offering some explanations for gaps in understanding between these three data sources.

Quantitative analysis conducted on all Cambodian borrowers shows men are less likely to default on their loans, and this effect is larger among borrowers of smaller loan sizes. Tables C1 and C2 illustrate a prevailing trend across all loan size categories: male borrowers exhibit lower likelihood of default. On average, male borrowers tend to have 6.8% lower odds of default in comparison to female borrowers. These tables show the results of logistic regressions for all borrowers in Cambodia and for smaller subsets of borrowers, stratified by loan size.

This finding is inconsistent with other markets and inconsistent with the FSP perspective on the same issue. On average, globally, women are better repayers (Zainuddin et al., 2020). Differences in loan repayment between men and women are complicated by the co-borrower practice in Cambodia, as the data FSPs report to CBC is on both borrowers, even if the financial services provider has a strong sense of who the "primary" borrower is on the loan. The quantitative data runs counter to the narrative that we heard universally from participating financial services providers that women borrowers are better repayers than their male counterparts. We wonder if both perspectives may be true, with Cambodian lending practices preventing

> **"** *This finding runs counter to the narrative we heard universally from participating financial services providers that women borrowers are better repayers than their male counterparts. We wonder if both perspectives may be true.***"**

visibility of an alternative narrative in the quantitative data.

It is plausible that when women are the primary initiators of the loans, the loans are more likely to be repaid than when men are the primary initiators of the loans. In both cases, if a co-borrower is a spouse of the opposite gender, the reporting on loan repayment to CBC is the same for both genders. There is a resulting possibility the financial institutions may be accurate in their observations on gender and repayment, based not on data but on practice. Our recommendation in the preceding sections that financial services better use their gender-disaggregated data for decision-making would improve the accuracy of understanding of the situation.

Qualitative interviews with borrowers also tell a different story than the quantitative data. First, when asked what portion of the loan is used on their own priorities, women borrowers reported only about 30 percent was under their control, with the rest going to expenses that were the priorities of others or their household. Second, women in the sample were likely to say they explicitly

took out the loan on behalf of someone else. FSPs may encourage women to take credit to show they are gender-aware and inclusive, but if these loans are going to women taking out loans on behalf of someone else the FSPs have less visibility over the creditworthiness of the user of the loan (different from the borrower of the funds). Secondly, we heard from a number of women that they were punctual in their loan repayments but were still categorized as blacklisted from further borrowing. Given small sample sizes, these statements are not representative of all borrowers and FSPs, but they do offer inconsistencies that would merit further study with more available time and resources. Again, the story the data tells—that men borrowers may be less likely to default—may be only part of the story without the nuance of the Cambodian credit context.

Table C1. Relationship between gender and default (all credit applicants)

Based on data on all borrowers, women borrowers are more likely to default, even when controlling for the effect of loan size.

Explanatory variable	Coefficient	SE	Z-Score	P-Value	95% CI (lower, upper)
Gender (Male)	-2.686	0.0022	-1217.616**	< 0.001	[-2.691, -2.682]
Loan size	-0.001	0.001	-1.238	0.215	[-0.003, 0.001]

Note: N = [4,950,000], **p < 0.001.

Table C2. Relationship between gender and default, by loan size

Separating out borrowers by the size of their loans, we see that men are consistently more likely to default, according to quantitative data, but this effect of the relationship (seen in the coefficient in each of the models below) is larger in larger loan sizes.

Loan size	Explanatory variable	Coefficient	SE	Z-Score	P-Value	95% CI (lower, upper)
Model 1: Loan size <$5,000	Gender (Male)	-2.405	0.0027	-883.678**	< 0.001	[-2.410, -2.399]
Model 2: Loan size $5,001 - $10,000	Gender (Male)	-3.096	0.0063	-487.944**	< 0.001	[-3.108, -3.084]
Model 3: Loan size $10,001 - $20,000	Gender (Male)	-3.104	0.0069	-446.685**	< 0.001	[-3.118, -3.090]
Model 4: Loan size $20,001 - $50,000	Gender (Male)	-3.062	0.0079	-387.273**	< 0.001	[-3.077, -3.046]
Model 5: Loan size > $50,001	Gender (Male)	-3.120	0.0116	-269.568**	< 0.001	[-3.143, -3.098]

Note: N = [2,578,500, 904,500, 635,400, 550,350, 220,500], **p < 0.001. CI refers to confidence interval.

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Appendix D
The relationship between gender, K-Score, and credit approval

Table D1. Relationship between gender and approval rate (all credit applicants)

Explanatory variable	Coefficient	SE	Z-Score	P-Value	95% CI (lower, upper)
Gender (Male)	0.053	0.0015	35.455**	< 0.001	[0.054, 0.056]
Age	0.007	0.0000	306.972**	< 0.001	[0.0069, 0.007]

Note: N = [4,950,000], **p < 0.001.

Table D2. Relationship between gender and K-Score (all credit applicants)

Explanatory variable	Coefficient	SE	Z-Score	P-Value	95% CI (lower, upper)
Gender (Male)	16.307	0.2511	64.931**	< 0.001	[15.8149, 16.799]
Loan Size	-2.710	0.1248	-21.709**	< 0.001	[-2.9548, -2.465]
Product Type (Credit Card)	835.336	0.9463	882.739**	< 0.001	[833.4813, 837.190]
Product Type (Mortgage)	971.550	0.5487	1770.498**	< 0.001	[970.4749, 972.626]
Product Type (Personal Finance)	800.171	0.2666	3001.888**	< 0.001	[977.6480, 800.692]
Product Type (Small Business Loan)	892.893	0.2085	4282.207**	< 0.001	[892.4841, 893.301]
Product Type (Social Loan)	718.133	0.3667	1958.399**	< 0.001	[717.4147, 718.852]
Age	40.729	0.1257	323.930**	< 0.001	[40.4829, 40.975]

Note: N = [4,950,000], **p < 0.001.

Appendix E

Keynote remarks of H.E. Rath Sovannorak,

**Deputy Governor, National Bank of Cambodia, and Chairman, Credit Bureau Cambodia
at the policy workshop on making the credit ecosystem work for women in Cambodia
Rosewood, Phnom Penh, 31 May 2024**

Distinguished Guests, Excellencies, Ladies and Gentlemen,

It is a great pleasure and honor for me to be here today at this Policy Workshop focusing on Making the Credit Ecosystem Work for Women in Cambodia. I highly appreciate the Women's World Banking and Credit Bureau Cambodia for jointly organizing this important workshop.

We recognize the significant role of women in our economy and the barriers they face in accessing financial resources. Our shared vision is to create a more equitable and transparent credit ecosystem that empowers women and women entrepreneurs in contributing to the overall financial inclusion goals of our country. Cambodia has made notable strides in economic development over the past decades and Cambodian women are industrious, innovative, and resilient. They manage businesses, lead households, and contribute significantly to the country's economic development. Despite their contributions, many women face barriers when seeking financial services. Social and cultural norms; limited financial literacy and lack of collateral often hinder their access to credit.

To address those challenges, the National Bank of Cambodia (NBC) has been implementing various strategic policies, initiatives, programs, campaigns, and other activities in cooperation with relevant governmental ministries, local and international NGOs, Credit Bureau Cambodia, and other relevant stakeholders. One among this, the NBC has signed an MoU with Ministry of Education Youth and Sport to intergrade financial literacy subjects into national curriculum. In addition, MoU between the NBC and Ministry of Women Affair on "Promoting Financial Inclusion for Women" was signed last week which aims to promote women financial inclusion through the mainstream of financial and digital financial literacy, strengthening economic empowerment and expanding partnerships to promote more inclusive financial environment for women and women entrepreneurs.

Furthermore, under the Catalyzing Women's Entrepreneurship project, the NBC is closely cooperating with UNESCAP to initiate trainings and seminar for women and woman entrepreneurs to enhance their financial management knowledge and to their financial accessibilities and usage. In our cooperation with Good Return, on the other hand, "Let's Talk Money" campaign is an initiative generally aimed at improving financial literacy and inclusion among the Cambodian population. The campaign seeks to educate citizens on various aspects of personal finance, including saving, budgeting, investing, and using financial services responsibly. The NBC and Good Return also conducted trainings, targeting women as a vulnerable group with representatives from Cambodia Women Entrepreneurs Association and Cambodian Women for Peace and Development. Nevertheless, the NBC has also been working closely with the Association of Banks in Cambodia and Cambodian Microfinance Association to initiate various activities and campaigns to increase financial literacy for the public, especially for women. Besides providing effective data infrastructure to create an equitable and responsible credit ecosystem, Credit Bureau Cambodia is also one of the key players in promoting financial literacy, consumer protection and women empowerment. Despite all the efforts that have been done by NBC and all the stakeholders, there is more work to be done to improve the credit ecosystem. Therefore, all stakeholders including government, banks and financial institutions, and civil society should actively contribute to creating a more inclusive and transparent credit environment.

To create a credit ecosystem that works for women, we together must address the multifaceted barriers the women face:

1

Financial literacy and education
Empowering women with financial knowledge is foundational. We need robust programs that educate women on financial management, creditworthiness, and the application processes for loans and other financial services.

2

Credit history and alternative collaterals
Traditional credit models often rely heavily on collateral and credit history, which many women lack. Developing alternative credit scoring models and/alternative collaterals that consider business viability/cash flows, and other non-traditional indicators can open doors for women entrepreneurs.

3

Support networks and mentorship
Establishing networks that provide mentorship, entrepreneurship, support, and business development services can help women navigate the financial landscape more effectively. These networks can also advocate for women's financial inclusion at policy-making levels.

4

Innovative financial products
Bank and financial institutions should design and offer products tailored to the needs of women entrepreneurs. This includes flexible repayment terms and low-interest loans that consider the unique challenges women face.

5

Institutional focus on women
Banks and financial institutions should participate actively in providing support for women and promote gender equality in lending practices. More programs or schemes targeting women and women entrepreneurs should be initiated and conducted.

By addressing the barriers and implementing inclusive policies, we can unlock the full potential of women in Cambodia, driving sustainable economic growth and social progress. I believe that this workshop will bring together the concepts from every angle of perspectives to reflect and evaluate our previous initiatives and will also serve as a dialogue platform for discussing future policy framework agendas, which will gather fruitful inputs into our National Financial Inclusion Strategy. Once again, I would like to express my deepest appreciation and thanks to Women's World Banking and Credit Bureau Cambodia for making such an important workshop possible. I also thank all key players for their efforts in the implementation of the National Financial Inclusion Strategy and other projects we have been doing together. I would like to encourage all relevant stakeholders to continue their supports for women and women entrepreneurs.

Finally, I would like to wish your Excellencies, Distinguished guests, Ladies and Gentlemen good health and success in every endeavor.

Thank You!

Appendix F

Closing remarks of H.E. Kry Nallis,
Secretary of State, Ministry of Women's Affairs, Cambodia
at the policy workshop on making the credit ecosystem work for women in Cambodia
Rosewood, Phnom Penh, 31 May 2024

Distinguished Guests, Excellencies, Ladies and Gentlemen,

It is my pleasure to join you today and provide the closing remarks for the Policy Workshop on Making the Credit Ecosystem Work for Women in Cambodia.

I would like to express my appreciation to the Women World's Banking and CBC for conducting the research in creating equitable and responsible credit ecosystem, and exploring on how Cambodia's credit ecosystem can be strengthened, including implication for financial inclusion of women. Our gathering today is a testament to our collective commitment, proactive discussion and sharing the best practice to enhancing the Credit Ecosystem Work for Women in Cambodia.

Today we discussed a lot and got a brilliant comments, ideas, and insights which the key players can see the partway to work on the Credit Ecosystem Work for Women. So, I would not take more time for you to stay here long. But please allow me some time to bring you to see some key important role of women in this part.

As you may be aware, investing in economic activities for women is a way to improve employment, jobs and business opportunities for women and improve family life, including contributing to poverty reduction and improving access to health, nutrition and education services. This value is not only about economic rights and choices for women, but also about creating more productivities for families, communities and boosting economic growth and smart investment for every governments. This also means that women and families are more able to access and use financial services and financial product on a larger scale and more efficiently.

According to the McKinsey report[7] states: "Financial and digital empowerment for women is one of the top priorities for advancing gender equality which this advancing gender equality will account for about $ 12 trillion in global economic growth by 2025. In the Asia-Pacific region, it could add about $ 4.5 trillion to annual GDP (equivalent to about 12% of past economic growth).

Remarkably, women are playing an important role in economic and social development. In Cambodia, SMEs account for around 98% of all businesses, contributing around 58% to the GDP and providing around 73% of total jobs[8]. More than that, 61% of these MSMEs are operated and owned by women.

Yet, entrepreneurs, especially women entrepreneurs, it is not only Cambodia but across ASEAN still face constraints and barriers. There are many studies types of research such as the ASEAN Entrepreneurship Report and ASEAN MSMEs in COVID-19, which always addressed:

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[7]   McKinsey & Company | Global management consulting

1. Financial constraints (more limited access to capital),
2. Limited capacity for future investment,
3. Limited knowledge of government policies & regulations,
4. Internal market openness and,
5. Education & training.

Be noted that Government policies in general are an important factor to enhance entrepreneurial activities. One role of government agencies is to increase the ease of doing business and to reduce bureaucratic burdens. It is not the task of governments to run businesses, but they are part of the ecosystem influencers for businesses/ entrepreneurs.

As we here today all know very well, through regional as well as national frameworks and policies, both now and in the future, promoting the role of women in the economy and advancing women's economic empowerment is and needs to be a priority – And it has become even more important within the context of socio-economic recovery from the Covid-19 crisis and efforts to building sustainable environments, economies, and societies.

Entrepreneurs are vital in driving economic growth and societal well-being through their investments, innovation, and job creation. They also contribute to stability, inclusive growth, and sustainable development, which can lead to significant benefits for peace and prosperity. It's important to recognize that women entrepreneurs have diverse needs, so our policies and programs must be tailored to different types and stages of entrepreneurship, such as access to financial literacy and services.

Research findings show that credit is widely used by women in Cambodia, but there's a need for better cooperation among stakeholders to ensure affordable and accessible credit for women in Cambodia. This is essential for providing entrepreneurial and personal opportunities, especially for low-income women.

Today's workshop has highlighted the challenges we face and the opportunities we need to pursue. The insights gained and commitments made here will undoubtedly drive our collective efforts to ensure a fair credit ecosystem for women in Cambodia.

This effort is strongly connected and contributed to our government commitment such as the Pentagonal Strategy Phase One, especially to our Five Year Strategic Plan on Gender Equality and Women's Empowerment – Neary Rattanak VI 2024-2028 on the pillar of Women's Economy Empowerment. Specifically, to the area of promoting financial inclusion for women which we just signed the partnership agreement with the National Bank of Cambodia this week, 27th of May. We also are in the process to develop the Framework of Financial Inclusion for Women, under the support by Women World's Banking, which is planned to organize the national consultation next month.

Lastly, I would like to express my gratitude for your dedication and participation. I am looking forward to our continued collaboration and the positive impact we will achieve together.

Wishing you all the best, with success in your endeavors and good health!

Thank You!

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8   RGC: The Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023

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