

Law on the Organization and Functioning of Non-Banking Financial Authority

Cambodia is considered as a bank-based economy. To date, banking and financial sector has been vigorously contributed to supporting financial inclusion, poverty reduction and economic growth of the entire nation.

On January 16, 2021, another piece of financial legislation, Law on the Organization and Functioning of Non-Banking Financial Authority (“**NBFA Law**”) was promulgated. This legal instrument is intended to further strengthen and ensure the effective management and rapid development in this sector as well as to promote the development and utilization of financial technology, aka FinTech, in the country.

NBFA Law is applicable to all and any non-banking financial institutions operating within the territory of the Kingdom of Cambodia.

I. Purpose

With NBFA Law, a state regulatory agency, known as Non-Banking Financial Authority (“**NBFA**”), was established to independently assume the responsibility of non-banking financial regulations and activities in connection with such businesses.

II. Management and Structure

Still, NBFA is under the supervision of Non-Banking Financial Authority Council (“**NBFAC**”), which consists of representatives from different ministries and state institutions and is under the presidency of Minister of Ministry of Economy and Finance (“**MEF**”).

A. NBFAC

The composition of the members of NBFAC shall be determined by sub-decree as per the Minister of MEF’s request, and the secretary of state or under-secretary of state or head of the institution is eligible for the appointment as a member of NBFAC. During the term of service, each member may be removed or replaced and each member shall serve for five-year term and re-appointed upon maturity.

Among other responsibilities, NBFAC is mainly accountable for perusing and proposing non-banking financial development policies and strategies including Fintech; regulating legal instruments

to manage the non-banking financial sector; perusing and ensuring the implementation of strategic and activity planning of NBFA; reviewing and approving budget planning for the operation of NBFA and all regulators and departments under NBFA's supervision.

B. NBFA

As per this new law, NFBA was granted an authority to act as a regulator in a broad range of non-banking financial sector, specifically insurance and private pension, securities, social security, trust, accounting and audit, real estate, and mortgage and pawnshop. In addition, NBFA is responsible for proposing, reviewing, and ensuring the implementation and improvement of strategic and activity planning underlining the policy and developmental strategy of non-banking financial sector.

Further, in its legal capacity, NBFA can prevent financial terrorism in non-banking financial sector by way of conducting investigating action, collecting relevant information from all relevant institutions and freezing assets or balance in any individual's bank account which is suspicious of committing a crime within its own scope.

III. Organizational Structure

NBFA comprises of eight different divisions:

- General Secretary;
- Insurance Regulator of Cambodia;
- Securities and Exchange Regulator of Cambodia;
- Social Security Regulator;
- Trust Regulator;
- Accounting and Audit Regulator;
- Real Estate and Pawn Business Regulator; and
- Internal Audit Unit.

Should any additional information be required regarding this legal alert or if you have any further inquiry, please contact our team at info@anlor.legal or reach out to our professionals below:



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