

Chea Chanto: Opening remarks at the BIS Advanced Reserve Management workshop

Opening remarks by H.E. Chea Chanto, Governor of the National Bank of Cambodia, at the Advanced Reserve Management Workshop, Siem Reap, 21 April 2009.

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- Mr. Eli Remolona, Chief Representative, BIS Asian Office,
- Mrs. Miranda Tam, Deputy Chief Representative, BIS Asian Office,
- Mr. Jean-Pierre Matt, Head of Financial Analysis of BIS Head Office,
- Distinguished guests, Ladies and Gentlemen,

Good morning!

Today, I have the great pleasure and honor to be invited to deliver some opening remarks for the BIS workshop on Advanced Reserve Management. This is the first time that the BIS organize such a workshop in Cambodia and I hope there will be more opportunities to join together in the future.

Taking this opportunity, I would like to express my warmest welcome to the BIS resource speakers from BIS Head Office and BIS Asian Office and central bank participants from the Asia and Pacific region to this workshop as well as to Cambodia. I sincerely appreciate the BIS for their selection of the ancient capital city of Angkor in Siem Reap province as the site for this workshop.

Distinguished guests, ladies and gentlemen,

Let me share with you a brief outline of Cambodia's economic development in recent years. Cambodia is considered a small open economy, one which realized average GDP growth of about 10% from 2005 to 2008 and gradually increased the level of international reserves to a level which can ensure 3.8 months of imports. The financial system in Cambodia, which is dominated by the banking sector, is considered strong. This is reflected in figures from the end of 2007 which show that total banking assets increased by 53.6%, bank deposits rose by 59.4%, and loans to the private sector went up by 52%.

However, with the global financial crisis that has affected most of the continents, Cambodia's total banking assets declined a bit in the last quarter of 2008 and the economy is expected to have very little growth in 2009.

The National Bank of Cambodia still manages its reserves in a conservative manner, with principle strategies prioritized by: first, safety; second, liquidity; and third, returns. This conservative strategy is appropriate in light of the current financial turmoil. But with gradual increases of reserves, one's portfolio should be well diversified and reserve managers should have a solid risk management and analytical skills. Therefore, capacity building needs to be continuously strengthened. BIS is the best counterpart in capacity building for central banks, especially for the National Bank of Cambodia. Every year BIS provides on-site training to our reserve managers and I hope the BIS continue providing this kind of training and cooperation in the future.

Distinguishes guests, ladies and gentlemen,

I believe that the selected topics for this workshop are crucial and match with the current global financial crisis. I hope this workshop will produce fruitful discussions and provide a platform for reserve managers to receive good lessons while exploring best practices in setting the policy framework for the investment and management of reserves.

In addition, I believe that this BIS workshop will also provide all of you the opportunity to discover Angkor, to visit interesting places and to get to know about Cambodian people and their culture.

Last but not least, let me wish you an active, productive and successful discussion. The National Bank of Cambodia is very pleased with the current cooperation with the BIS.

I wish you all good luck. Please have a pleasant stay in our ancient capital city of Siem Reap, Angkor.

Thank you!