

## Microfinance in the Financial Sector

---

Commercial banks concentrate their business activities in urban areas, mostly in Phnom Penh, as they see the expansion to rural areas as 'high risk' and 'high costs'. Only ACLEDA bank, which successfully transformed from NGO to bank status, has a rural network of bank branches. Canadia Bank received funds from KFW to lend to SME clients, which includes microfinance clients. These funds might be channelled through MFIs in the future, or used for direct credits made by the bank.

**ACLEDA Bank** was granted a full commercial banking license on 1st December 2003, and hence could pursue its expansion of the range of services offered to customers. It now cooperates with other commercial banks in an informal inter-bank payment systems, and collaborate with MFIs by handling their cash transfers and management and their payroll systems.

The **Rural Development Bank** provides wholesale funds to six MFIs, while several of them hold accounts in commercial banks.

## Sources

---