THE PROSPECT TOWARD XBRL IMPLEMENTATION IN THE NATIONAL BANK OF CAMBODIA

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NATIONAL BANK OF CAMBODIA

Frankfurt, 8 June 2017

Cambodia Plans XBRL Implementation

Recently, there has been a research conducted by an official of the National Bank of Cambodia on a comprehensive plan for reform of its off site surveillance and monetary policy data collection functions that will see that central bank shift to utilise XBRL for data collection from banks and other deposit taking institutions over the next three and a half years.

In a presentation at the Eurofiling week in Frankfurt recently, **NBC's official** Virak Khem from the NBC described the challenges which that institution faces, including an environment in which significantly more time is spent compiling data than in analysing it, and where validation errors can impair that analysis unless corrected. The **research** has simplified the journey that industry and the regulator will need to take by introducing a national standard chart of accounts for financial institutions, which should simplify taxonomy development, simplify the preparation of reports by reporting institutions, and enhance analysis over time.

A number of important points were made in the presentation, including the problems that emerging economies such as Cambodia face in resourcing a project of this nature, and the strain that project teams face, given the relative complexity of managing and maintaining taxonomies. Notwithstanding the challenges, the **research** is of the view that the benefits are sufficiently significant as to green light the initiative.

The Central Bank has worked closely with both Bank Indonesia, and the SNAI, the Shanghai National Accounting Institute which maintains an XBRL training program for industry in China.

From XBRL International's perspective, this very useful study underpins the need to continue to work on simplification of the standard, it demonstrates the need to work towards better mechanisms for sharing and reusing taxonomy elements, and demonstrates the urgent need to accelerate the preparation of high quality guidance material. Although the consortium is working hard in many areas, the organisation relies on its membership for the necessary combination of financial and volunteer resources to meet the demands of XBRL's users. We strongly encourage regulators and government agencies to join XBRL International to assist with these kinds of efforts. Read the presentation

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CONTENT

- Introduction
- Background of the Study
- Objective of the Research
- Current Issues
- Evolution of the Reporting System
- Survey Result
- Case Study of the Bank Indonesia
- Conclusion and Recommendation

INTRODUCTION (1/2)

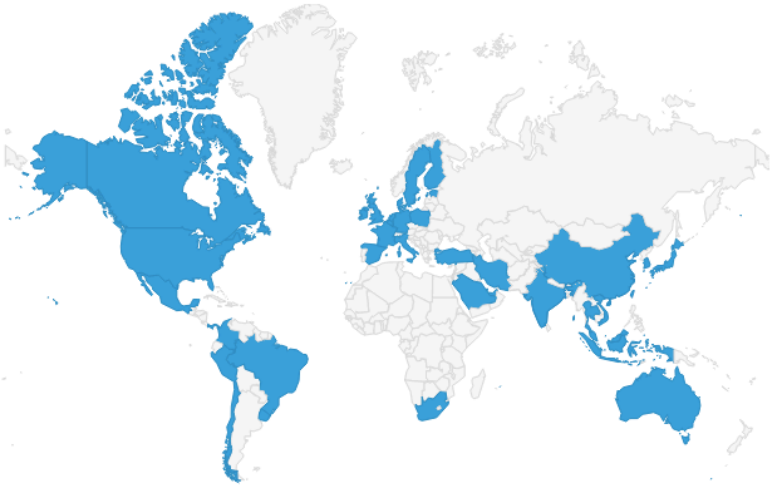
Asia-Pacific Finance and Development Institute

Shanghai National Accounting Institute

INTRODUCTION (2/2)

I. BACKGROUND OF THE STUDY

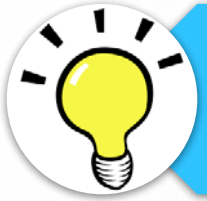
Maps of countries using XBRL



ASEAN Map

OBJECTIVE OF THE RESEARCH

Current Challenges



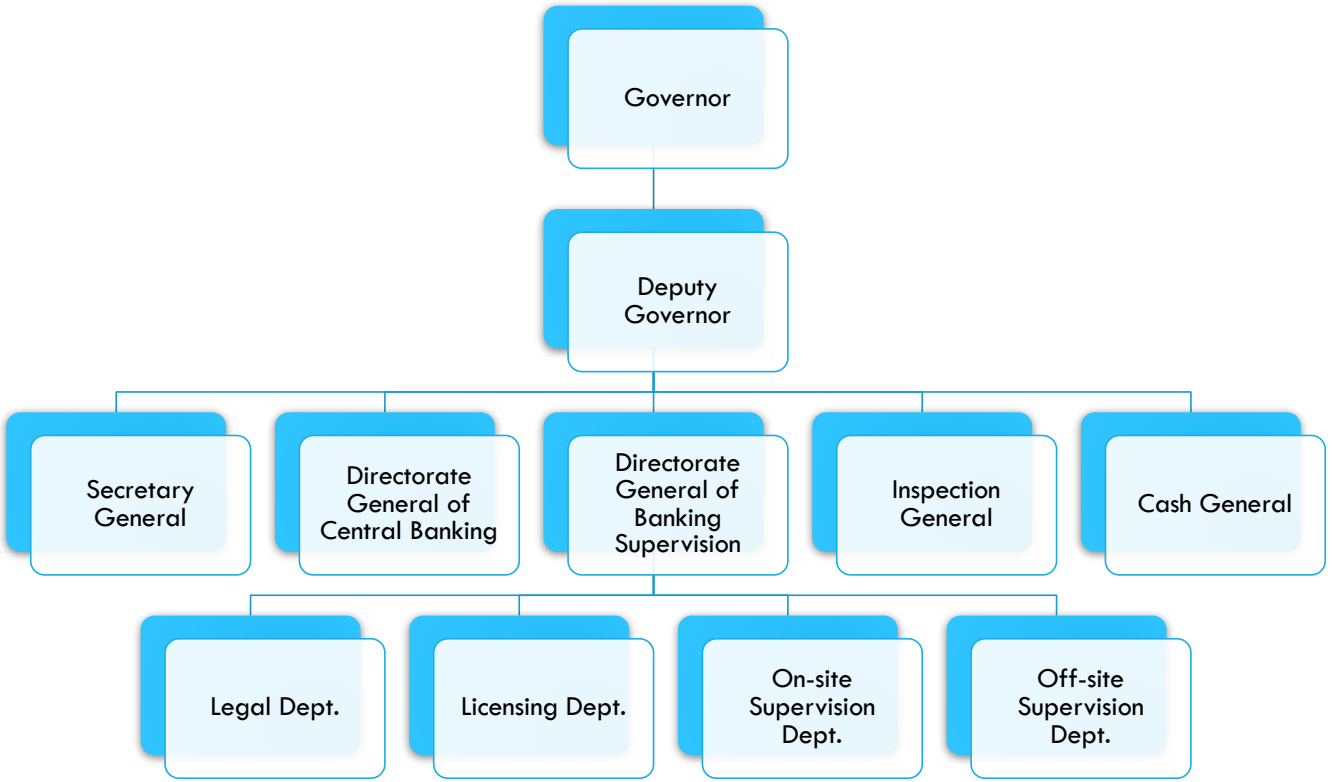
Best Practices and Experiences

Introduce XBRL in Cambodia

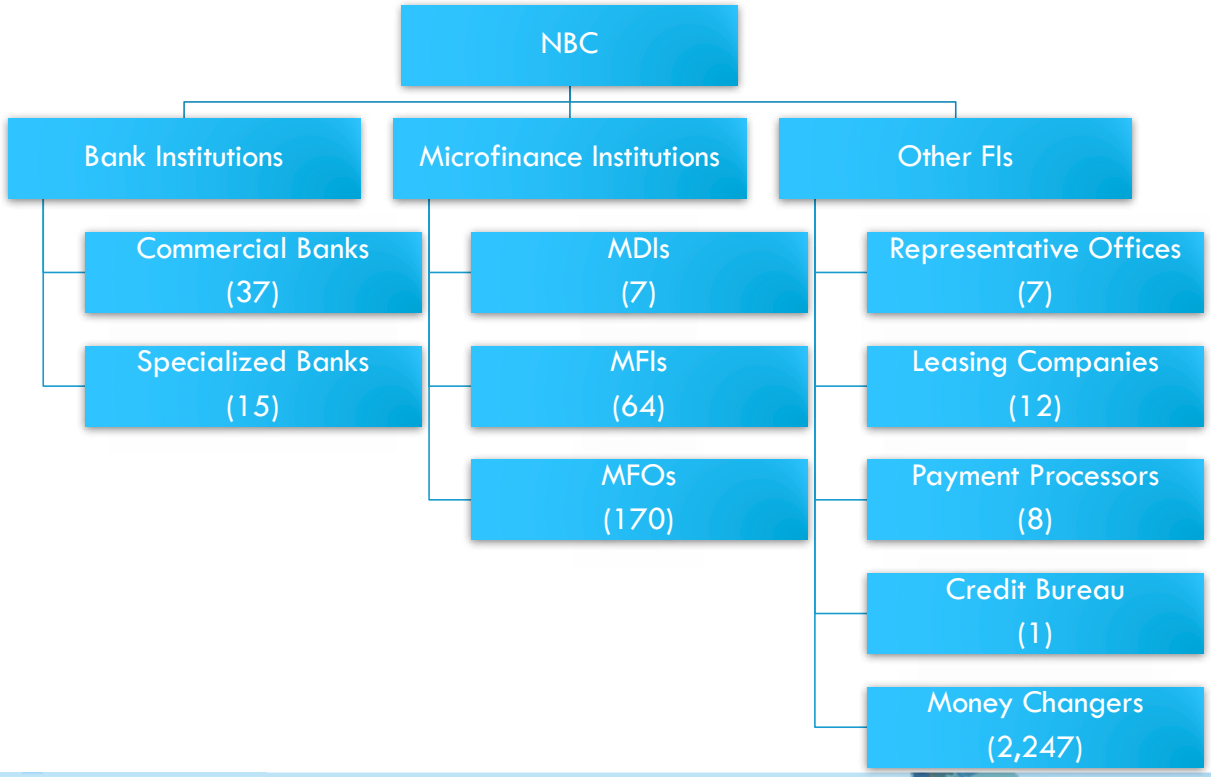
INTRODUCTION TO THE NBC (1/4)

- Monetary Authority
- Banking and FI's Regulator
- Payment System Oversight

INTRODUCTION TO THE NBC (2/4)



INTRODUCTION TO THE NBC (3/4)



INTRODUCTION TO THE NBC (4/4)

CURRENT ISSUES (1/5)

Central bank

Inefficient Use of Human Resources

Manual Data Processing (Half Automation)

Lack of Data Validation Tools

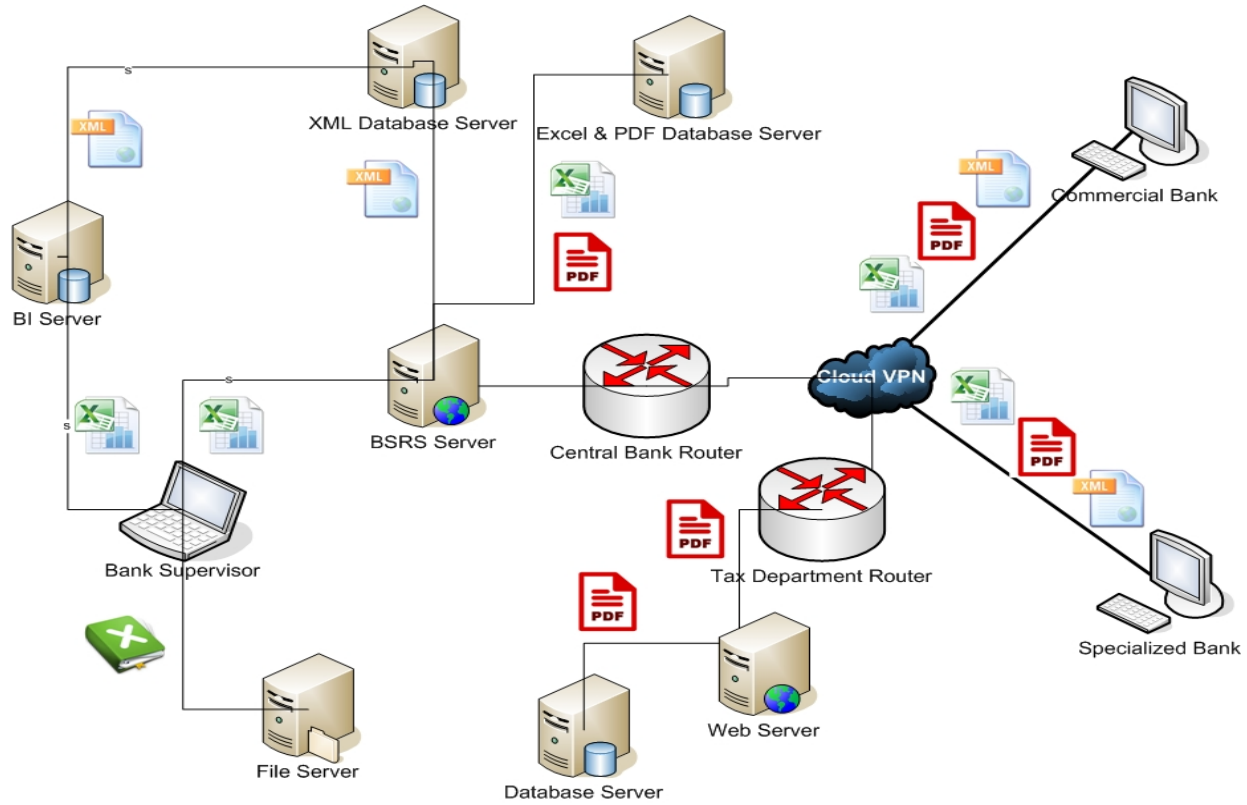
Lack of Report Guideline

Lack of Information Sharing System

Commercial bank

Regulatory Report Burden (Duplicate Report Submission)

CURRENT ISSUES (2/5)



CURRENT ISSUES (3/5)

Form: FS-COA-M

MONTHLY REPORT OF UNIFORM COA

As Of:

Exhange Rate: (USD/KHR)

NATIONAL BANK OF CAMBODIA

					Amount	
L1	L2	L3	L4	ACCOUNT DESCRIPTION	USD	KHR
10	0	0	00	Cash Due from Banks and Customers	-	-
11	0	0	00	Cash on Hand and Due From Banks	-	-
11	1	0	00	Cash in vault and on Hand	-	-
11	1	1	00	Cash in vault and on Hand	-	-
11	1	1	01	Cash in vault and on Hand – KHR		
11	1	1	02	Cash in vault and on Hand – USD		
11	1	1	03	Cash in vault and on Hand – EUR		
11	1	1	04	Cash in vault and on Hand – JPY		
11	1	1	05	Cash in vault and on Hand – THB		
11	1	1	06	Cash in vault and on Hand – HKD		
11	1	1	07	Cash in vault and on Hand – MYR		
11	1	1	08	Cash in vault and on Hand – SGD		
11	1	1	09	Cash in vault and on Hand – Other		

CURRENT ISSUES (4/5)

Form: 28-Fst-M

MONTHLY REPORT ON BALANCE SHEET

As of :

BANK'S NAME : (Exchange Rate 1 USD) = 4,000 (In Million Riels)

		ASSETS	Gross Amount in Riel or Translation in Riels	Provision and Depreciation to be Deducted	Net Amount After Deduction of Provision and Depreciation		
					Riels (KHR)	Other Currencies Translated in KHR	Total in KHR
			1	2	3	4	5 = 1 - 2 = 3 + 4
2	P2	**2- Loans & Advances to Non-Bank Customers**					
		2.1. Loans & Advances to State Enterprises and AIR					
		2.1.1. Overdrafts					
		2.1.2. Loans & Advances to State Enterprises					
		2.1.3. Accrued Interest Receivable					
		2.2. Loans & Advances to Private Sectors and AIR					
		2.2.1. Overdrafts					
		2.2.2. Commercial Loan					
		2.2.3. AIR - Commercial Loan					
		2.2.4. Consumer Loans					
		2.2.5. AIR - Consumer Loans					

CURRENT ISSUES (5/5)

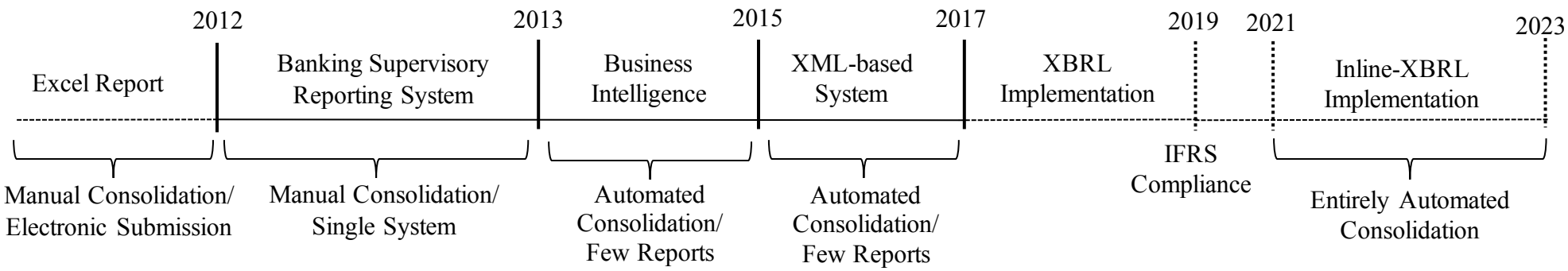
MONTHLY REPORT ON CREDITS BY INDUSTRY AND OWNERSHIP IN THE ECONOMIC SECTOR

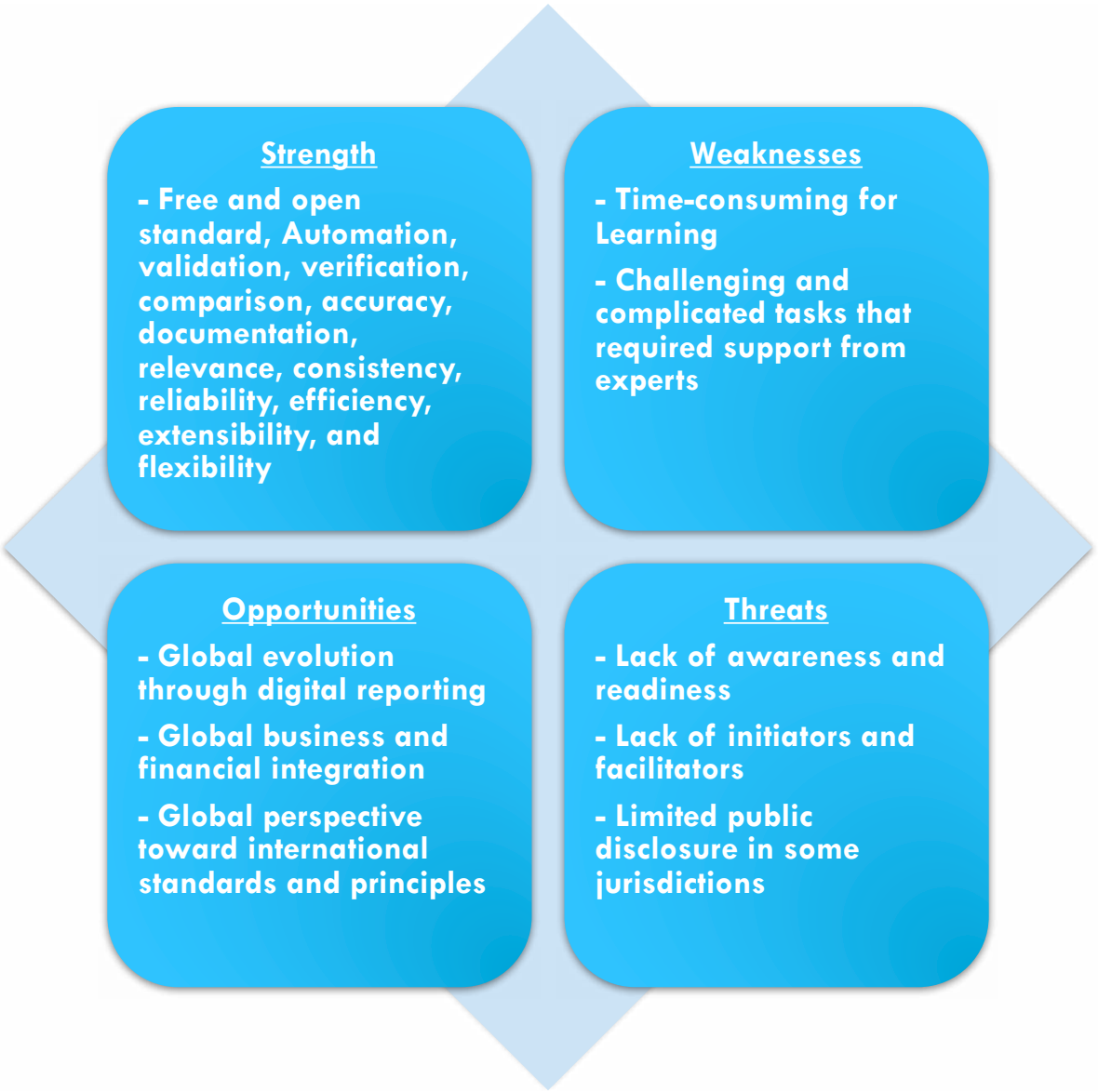
As of: Form: C-CE-M

Name of Bank: Exchange Rate : 4,000 (In Million Riels)

By Ownership: / By Industry:	Royal Government Of Cambodia			State-Owned Enterprises		Private Sector	
	Central Government	Provincial Government	Local Government	Financial Enterprises	Non-Financial Enterprises	Corporations	Partnerships
1- Financial Institutions							
1.1- National Bank of Cambodia							
1.2- Depository Institutions							
1.2.1- Commercial Banks							
1.2.2- Depository Microfinance Institutions							
1.2.3- Other Depository Institutions							
1.3- Other Financial Institutions							
1.3.1- Specialized Banks							
1.3.2- Licensed Microfinance Institutions							
1.3.3- Life Insurance							

EVOLUTION OF THE REPORTING SYSTEM

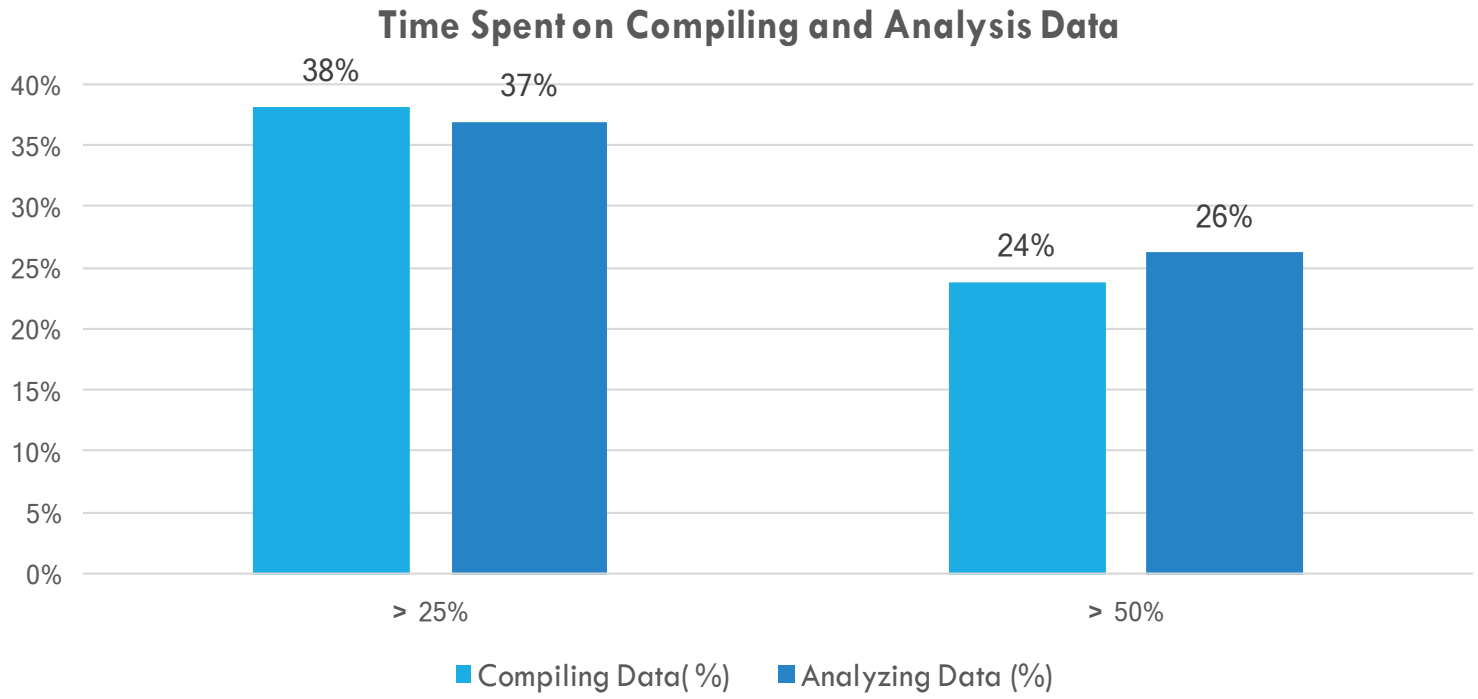



Strength
- Free and open standard, Automation, validation, verification, comparison, accuracy, documentation, relevance, consistency, reliability, efficiency, extensibility, and flexibility
Weaknesses
- Time-consuming for Learning
- Challenging and complicated tasks that required support from experts
Opportunities
- Global evolution through digital reporting
- Global business and financial integration
- Global perspective toward international standards and principles
Threats
- Lack of awareness and readiness
- Lack of initiators and facilitators
- Limited public disclosure in some jurisdictions

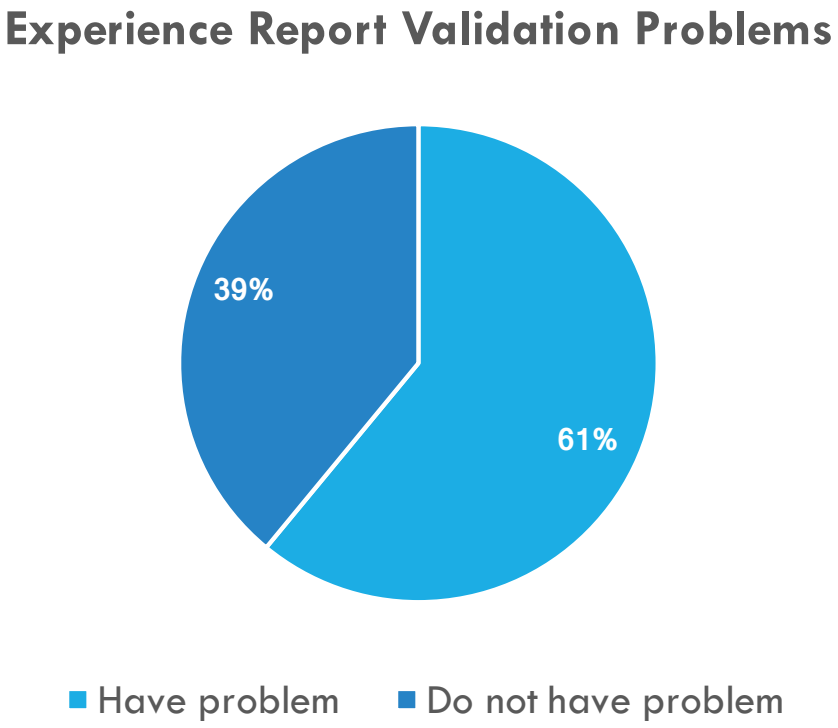
SURVEY RESULT (1/8)

Number	In Person	In Percent (%)
Respondents	109	100%
Male	53	49%
Female	56	51%
Central Bank Officers	60	55%
Bank Supervision	44	40%
IT	16	15%
Banks and Financial Institutions	49	45%

SURVEY RESULT (2/8)

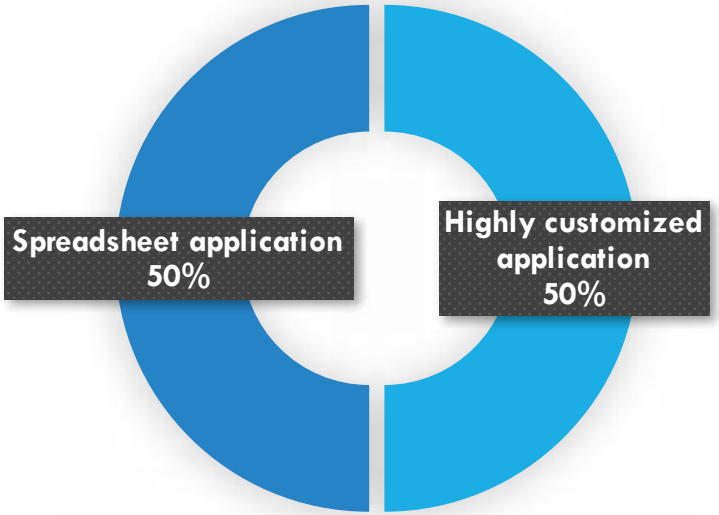


SURVEY RESULT (3/8)

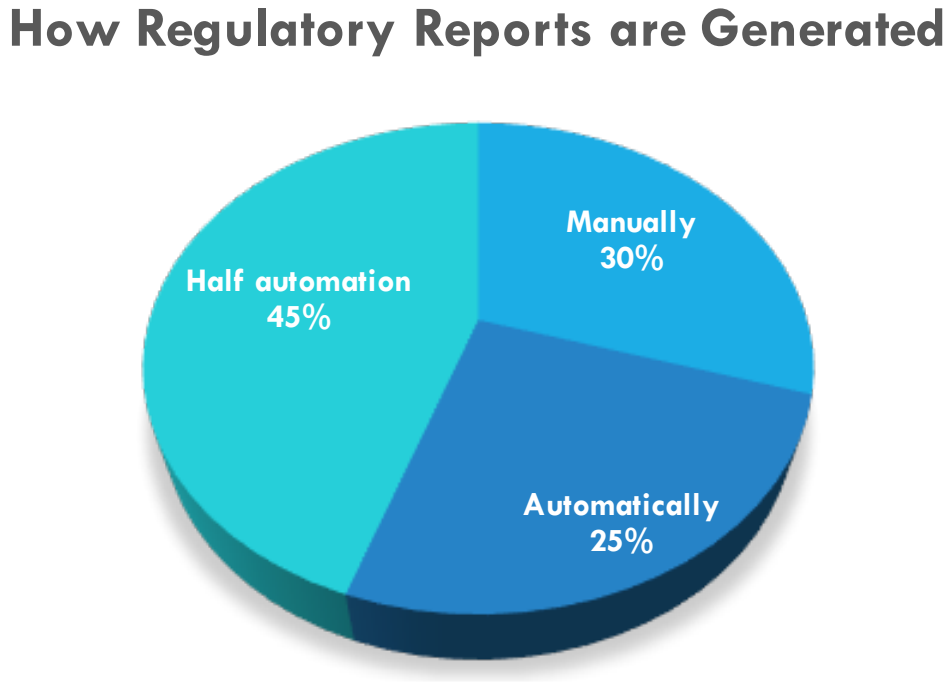


SURVEY RESULT (4/8)

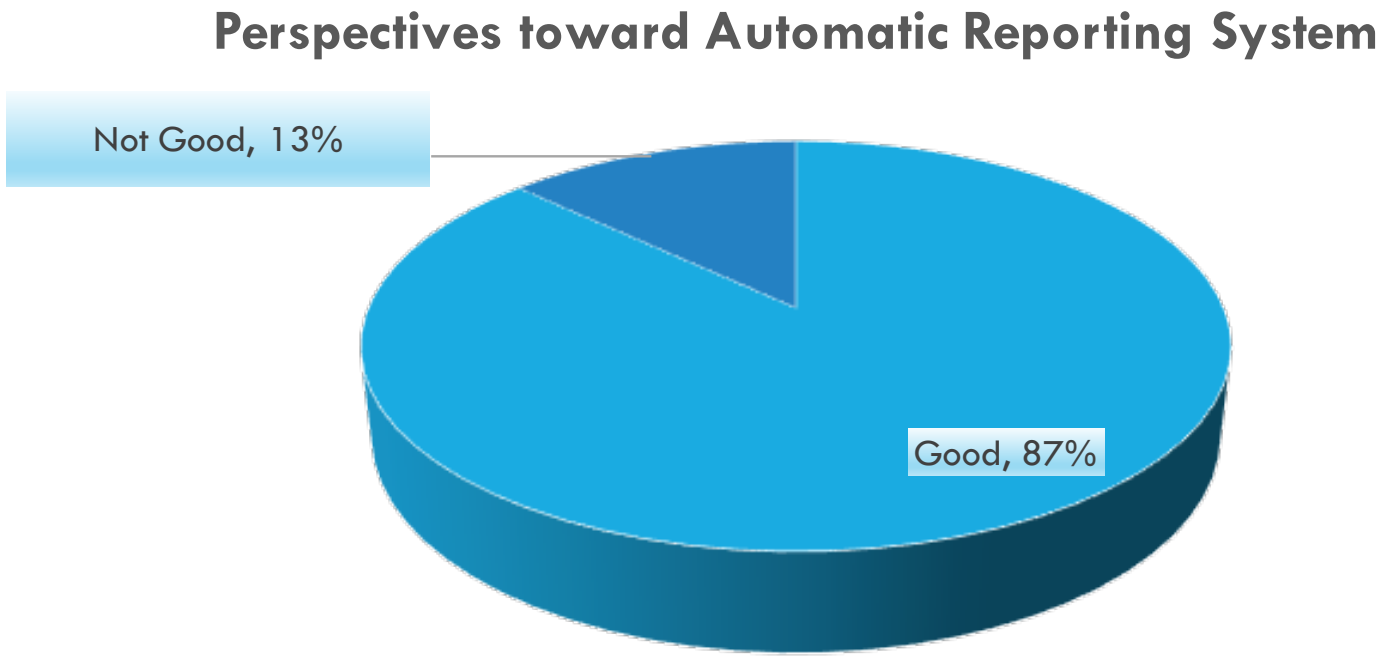
Application Used to Produce Financial Statement



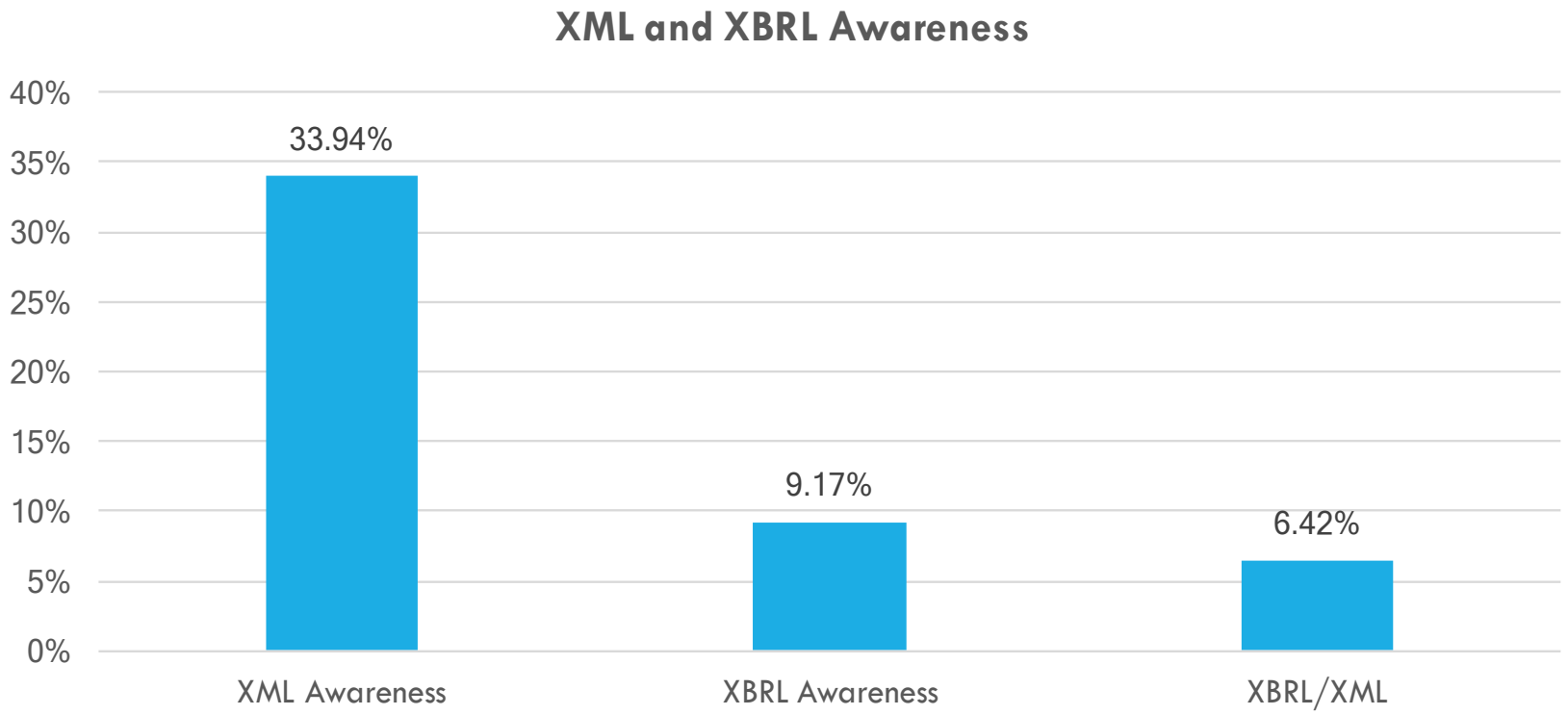
SURVEY RESULT (5/8)



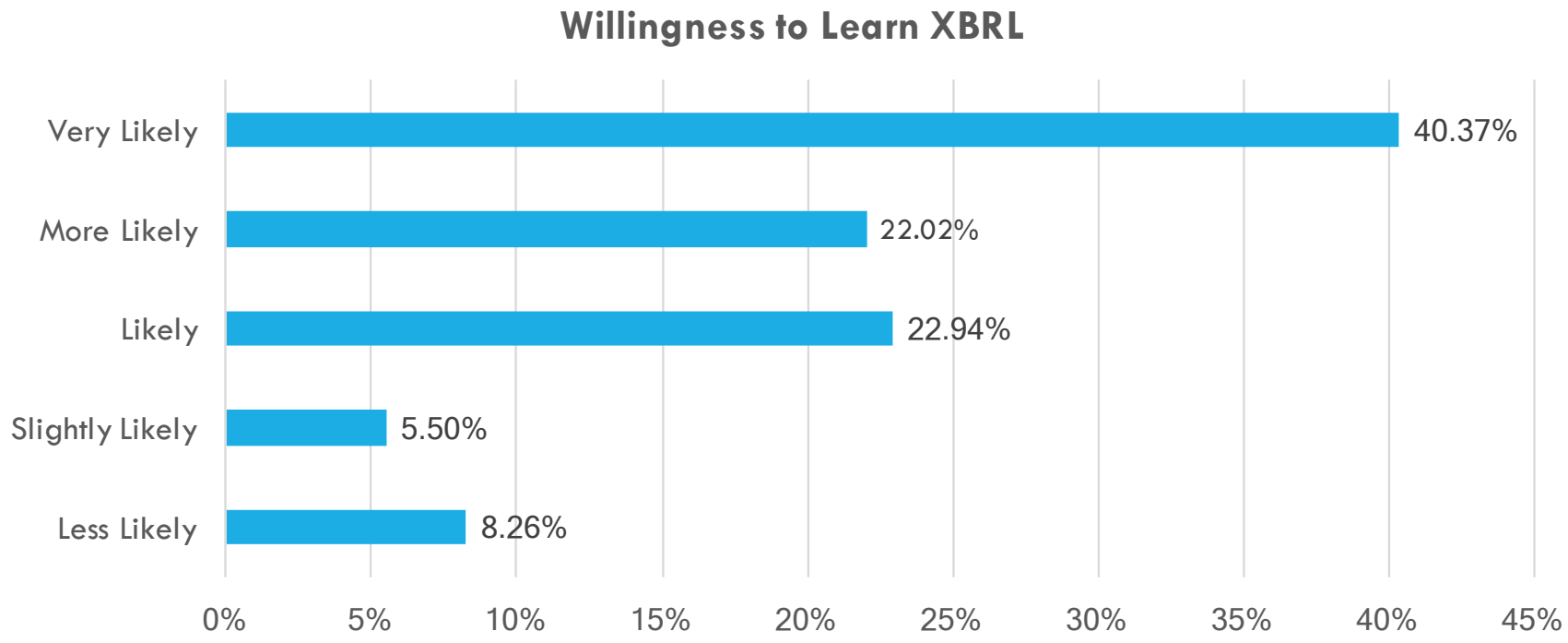
SURVEY RESULT (6/8)



SURVEY RESULT (7/8)

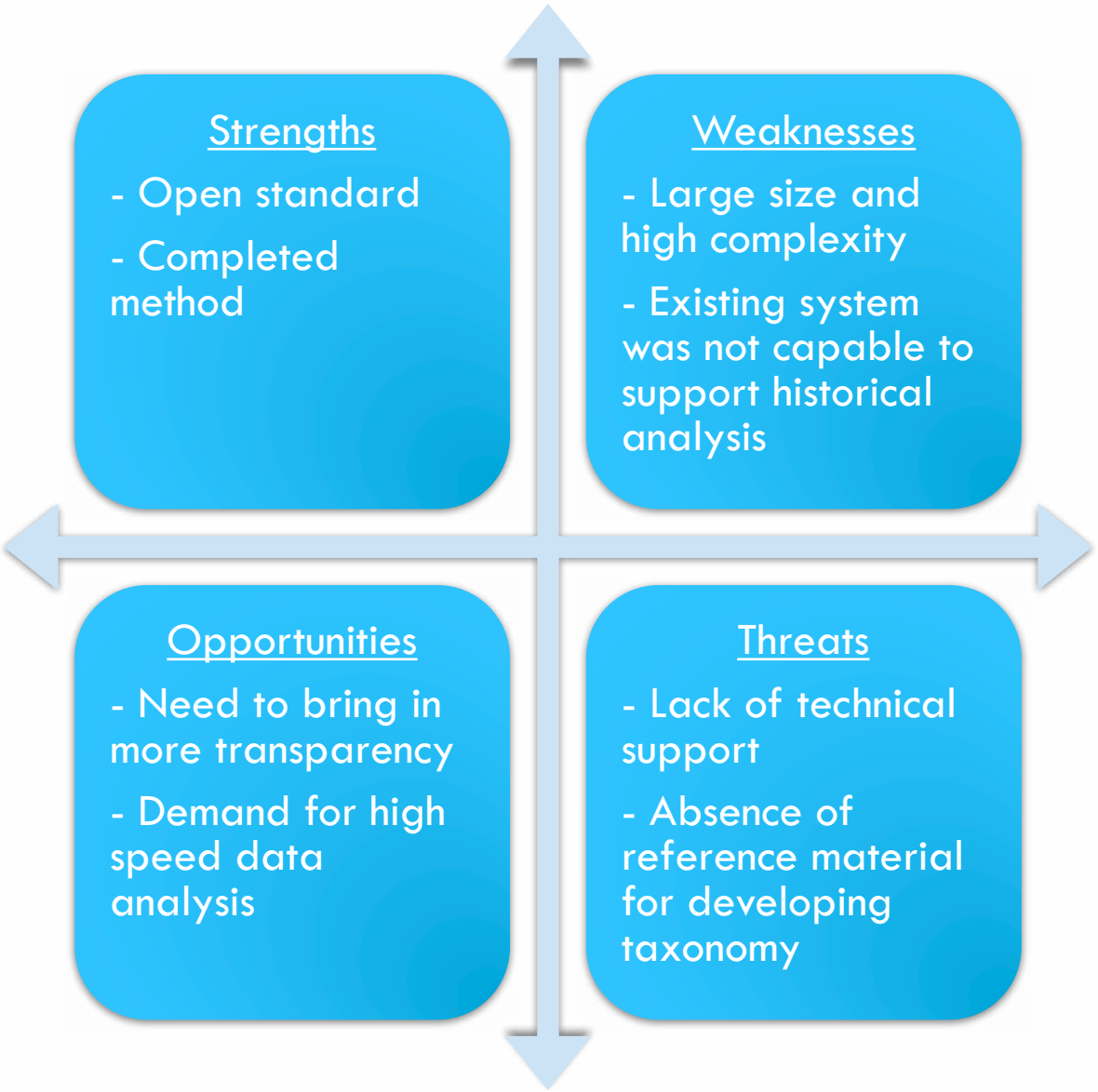


SURVEY RESULT (8/8)



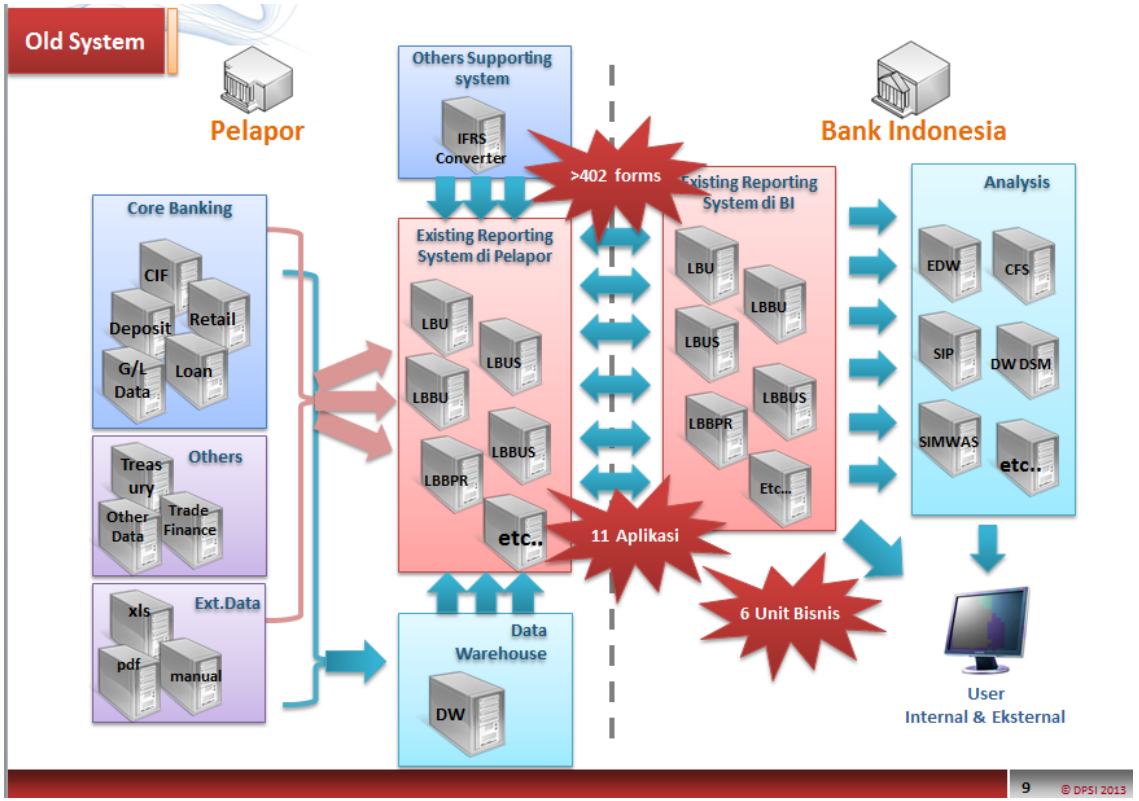
CASE STUDY OF THE BANK INDONESIA

- Too many reporting formats
- Weak Data Management Function
- Inflexible System
- Time-consuming and High Maintenance Cost

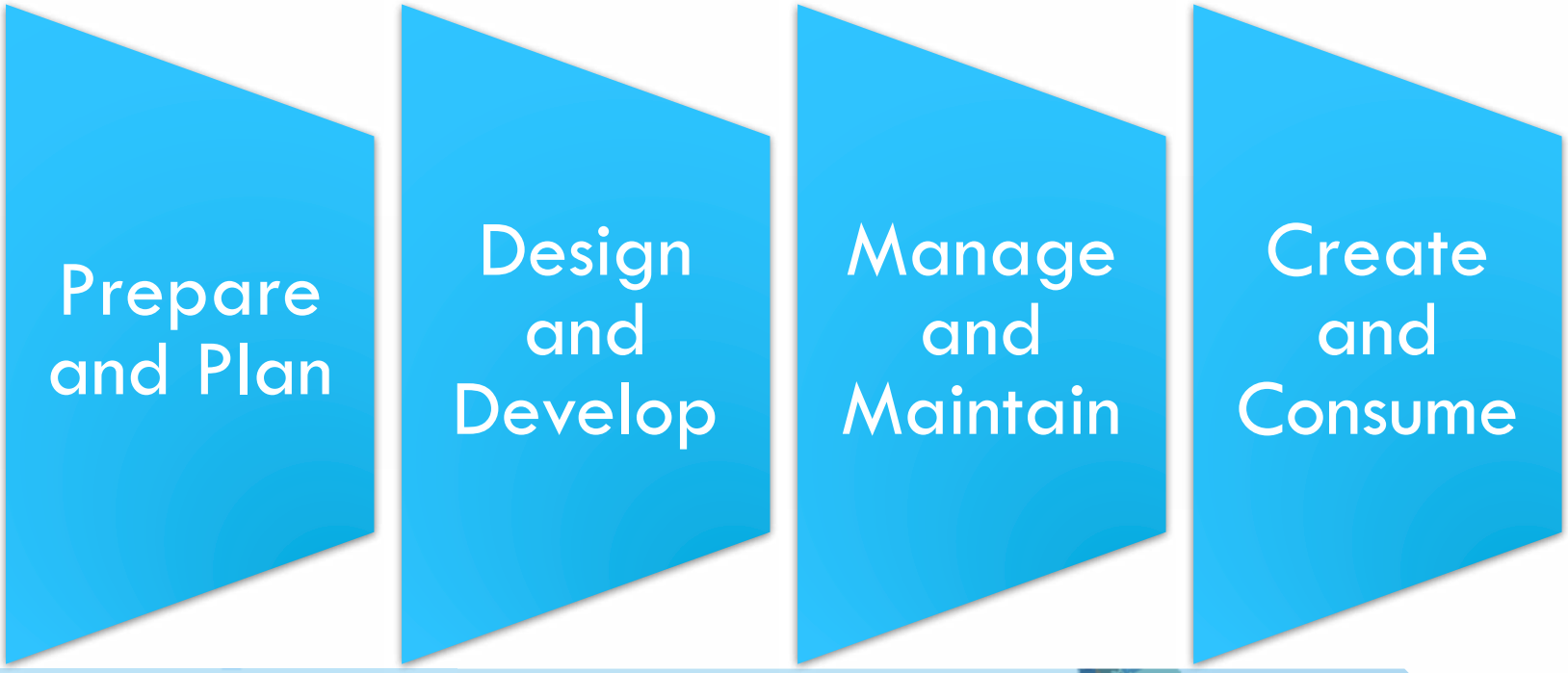


BI's SWOT Analysis

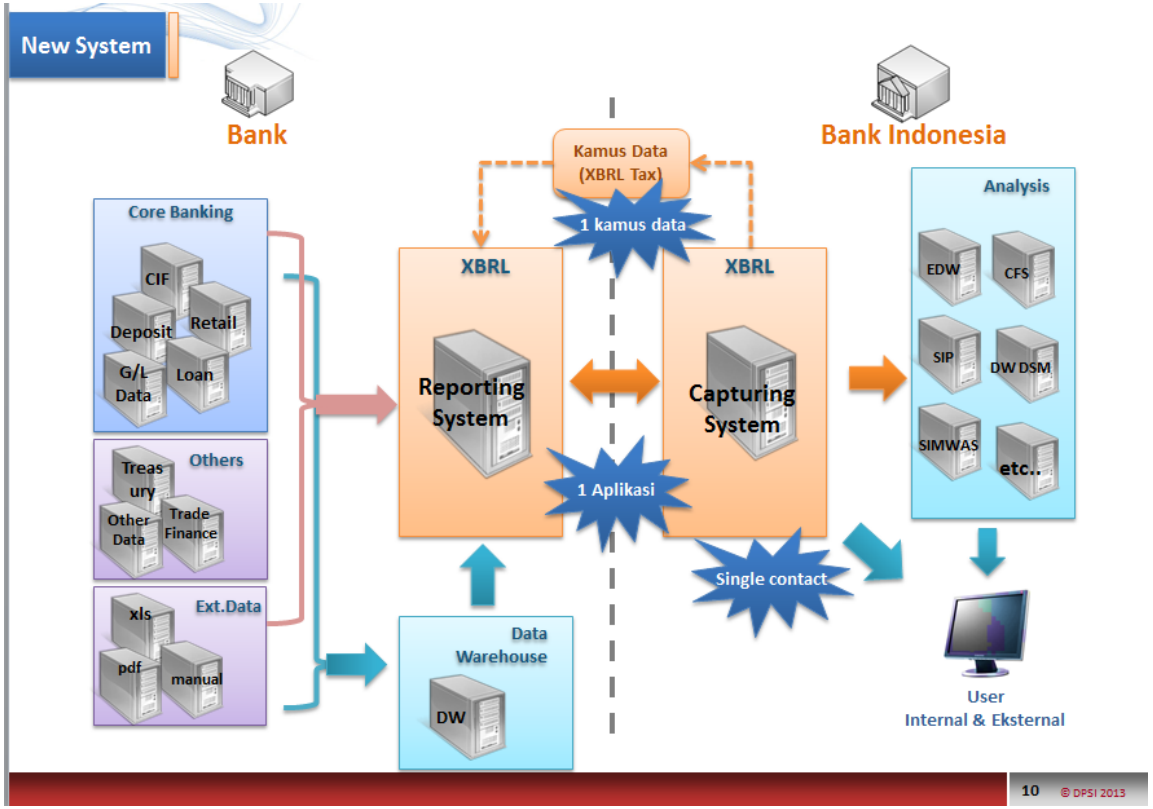
BI'S EXPERIENCES



BI'S EXPERIENCES



BI'S EXPERIENCES



VIII. WHY FOLLOW BI'S PRACTICES?

WE SHARE SIMILARITIES

Issues of the NBC

- Many and Duplicate Report Formats
- Manual Process of the Report and Lack of Validation Tools
- Lack of a Supervisory Reporting System that Adapts to the Changes
- Lack of Information Sharing System that Reduces the Burden of the Commercial Banks

Issues of the BI

- Too many reporting formats
- Weak data management function
- Inflexible system
- Time-consuming and high maintenance cost

	Indonesia (2013)	Cambodia (2016)
GDP Growth	6%	7%
Country Category	Lower middle income	Lower middle income
Credit Growth	21.6%	20.52%
Deposit Growth	13.6%	21.82%
Region	East Asia & Pacific	East Asia & Pacific
Loan-to-deposit (LTD)	92%	100%
Credit-to-GDP	35%	68.83%
Deposit-to-GDP	32.88%	68.44%
Doing Business Index	128	128
GNI Per Capita	USD 3,663	USD 1,300
Inflation	9.5%	2.9%
NPL	2.49%	2.4%
ICT/GDP	2.2% (2008)	0.05% (2002)

Macro Factors Comparison

MICRO INDICATORS

	NBC	BI
Independence	Yes	Yes
BOD Structure	Diverse Members	All from BI
Government Influence	MEF	OJK, IDIC
Private Sector Influence	Bank Association	Bank Association
Law and Regulations on Public Info Disclosure	Access to Info (Draft), Regulations of NBC and SECC	Public Info Disclosure Act
Banking Infrastructure	Young	Matured
Banking Institutions	Conventional Banks	Assorted types of Banks

Tasks	NBC	BI
Define and implement monetary policy	Yes	Yes
Issue banknote	Yes	Yes
Conduct foreign exchange operations	No	Yes
Hold and manage official reserves	Yes	Yes
Act as the fiscal agent for the government	Yes	No
Promote stability of financial system	Yes	Yes
Supervise and regulate banks	Yes	No
Implement consumer protection laws	Yes	No
Promote the smooth operation of the payments system	Yes	Yes
Collect statistical information	Yes	Yes
Participate in international monetary institutions	Yes	Yes

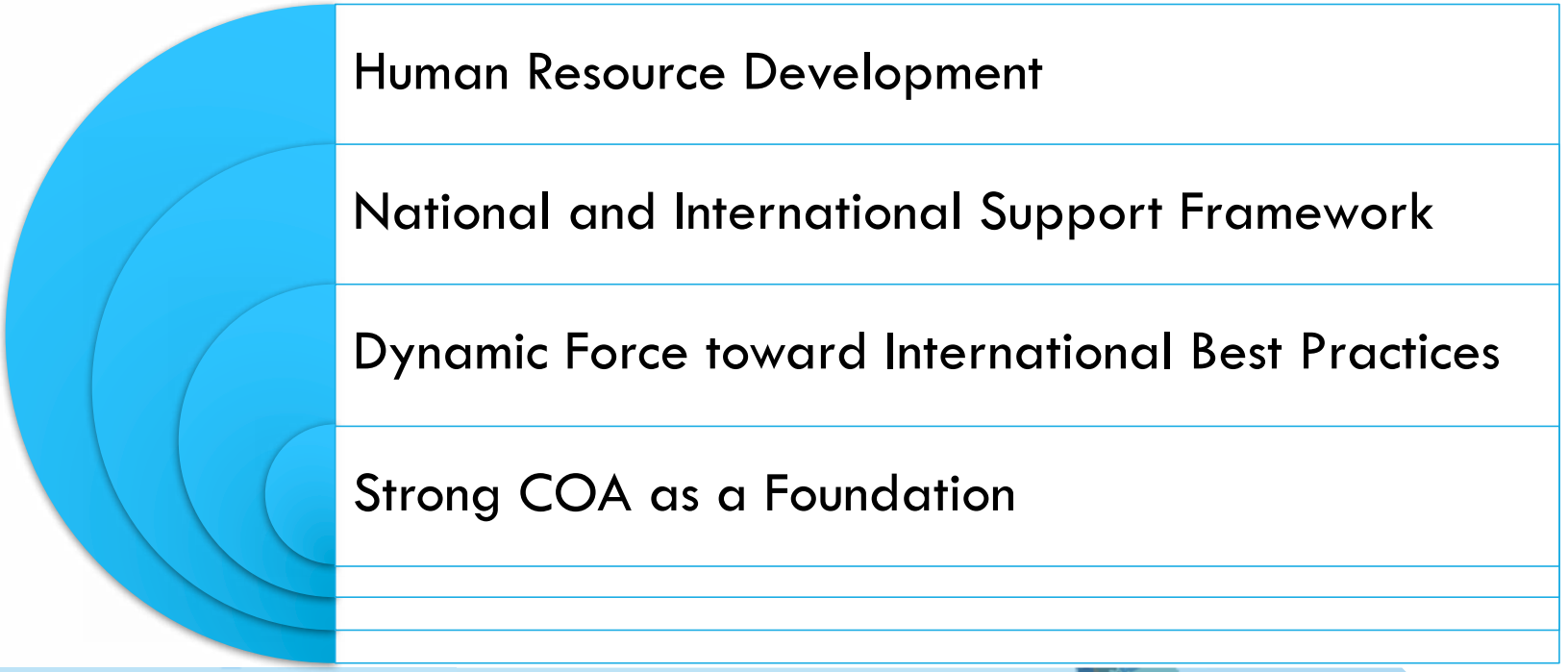
Tasks Comparison between NBC and BI

MICRO INDICATORS (CON.)

Monetary Policy Instruments	NBC	BI
Open market operation	Yes	Yes
Interest rate	No	Yes
Reserve requirement	Yes	Yes

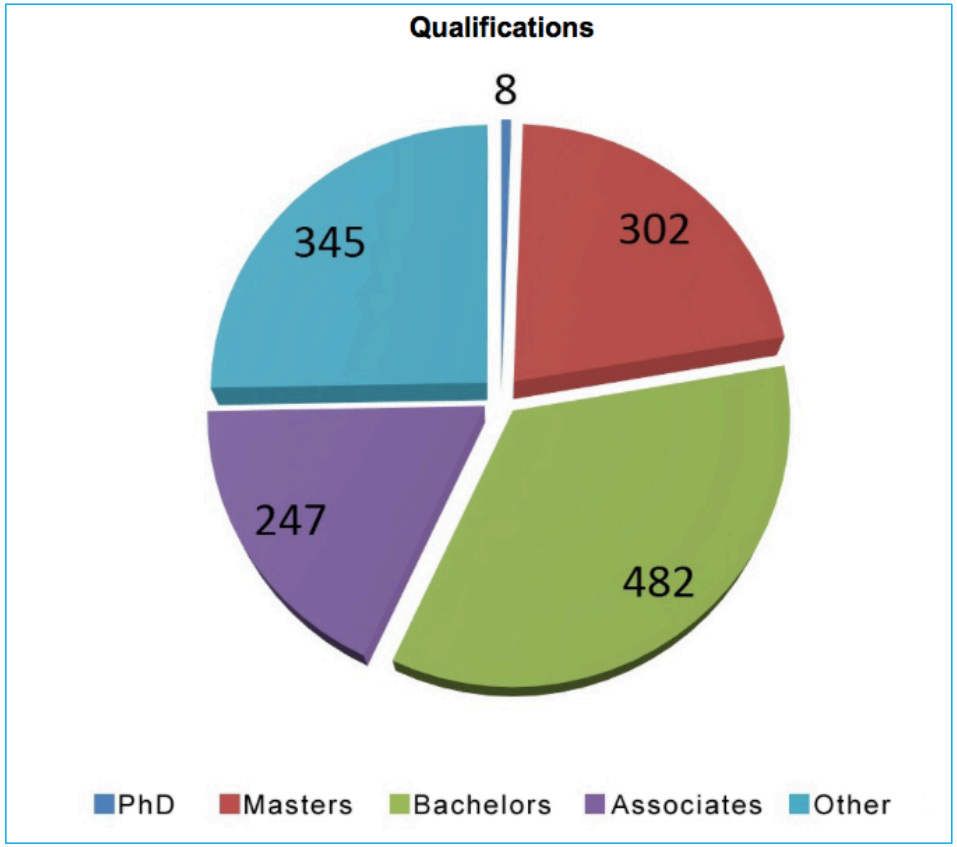
SUCCESS INDICATORS OF THE NBC

NBC'S SUCCESS FACTORS



NBC'S SUCCESS FACTORS (1/4)

- Human Resource Development



NBC'S SUCCESS FACTORS (2/4)

- National and International Support Framework

- Financial Sector Development Strategy (2011-2020)
- National E-government Plan (2008)
- Ecommerce Law (Draft 2016)
- Law on Access to Information (Draft 2017)
- Disclosure Regulation issued by NBC
- Disclosure Regulation issued by SECC
- E-ASEAN Framework 2000
- ASEAN ICT Master Plan 2020

NBC'S SUCCESS FACTORS (3/4)

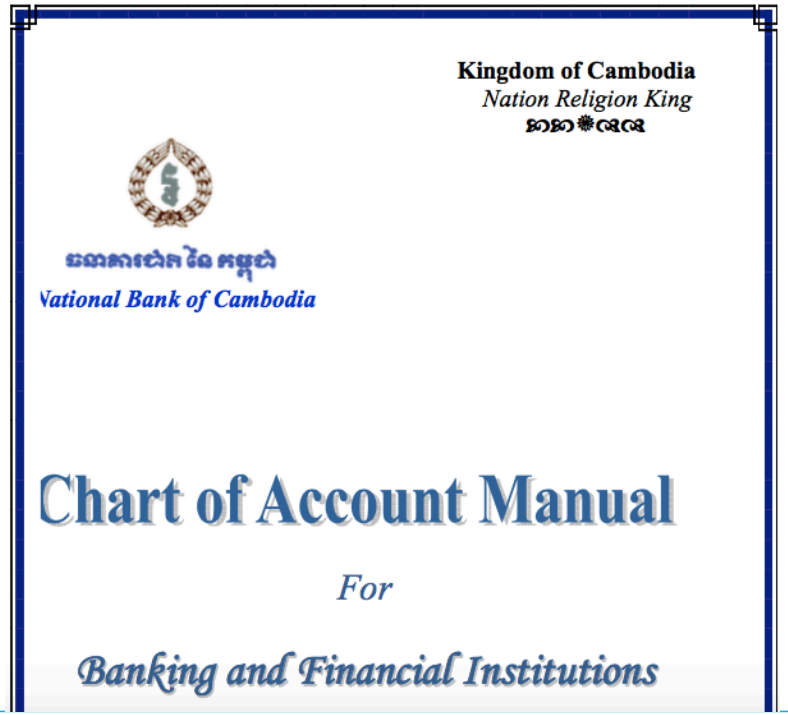
- Dynamic Force toward International Best Practices

- Basel Core Principles
- Basel II and Basel III Framework
- IFRS Adoption
- Best Practices on Corporate Governance, Financial Literacy and Consumer Protection

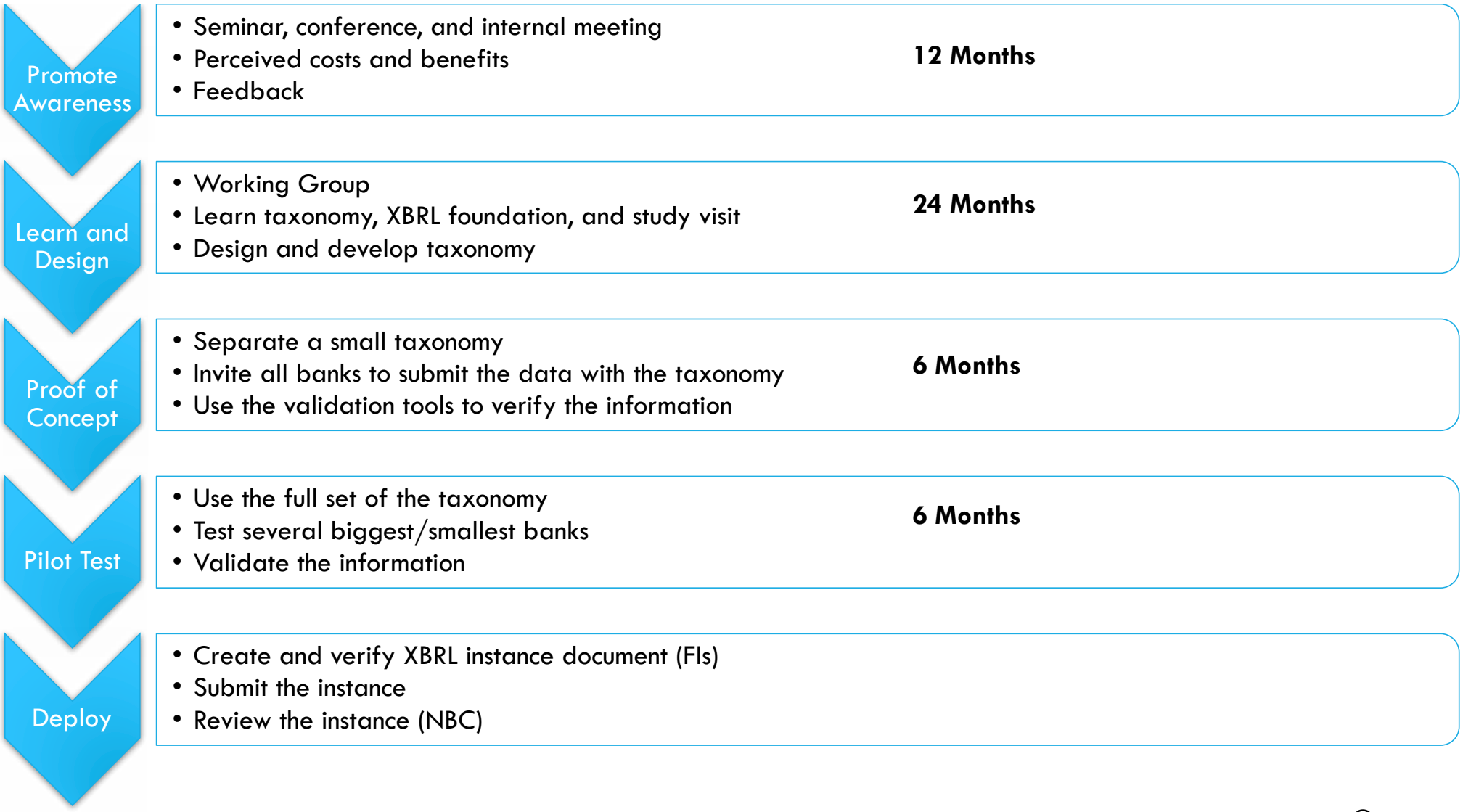
NBC'S SUCCESS FACTORS (4/4)

- Strong COA as a Foundation

- Well-developed by the Experts
- Properly fits the Banking Industry

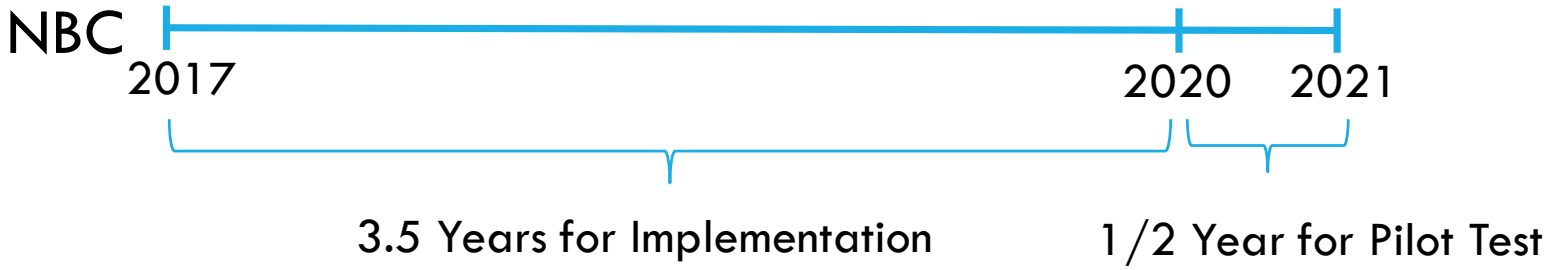


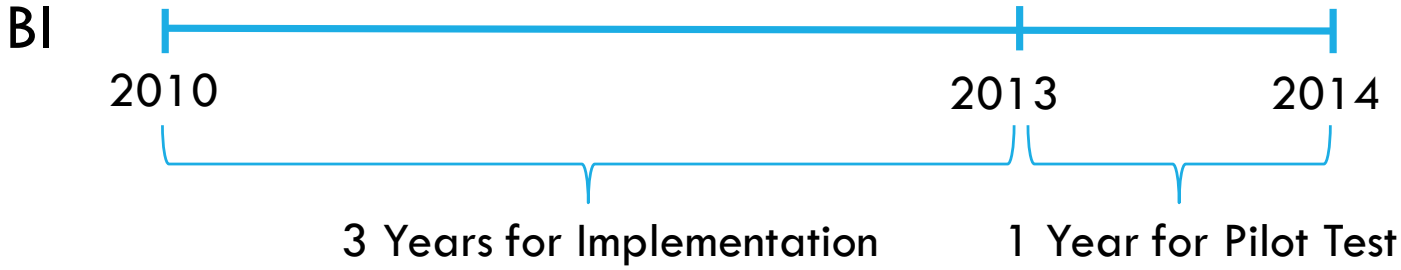
XBRL IMPLEMENTATION ROADMAP



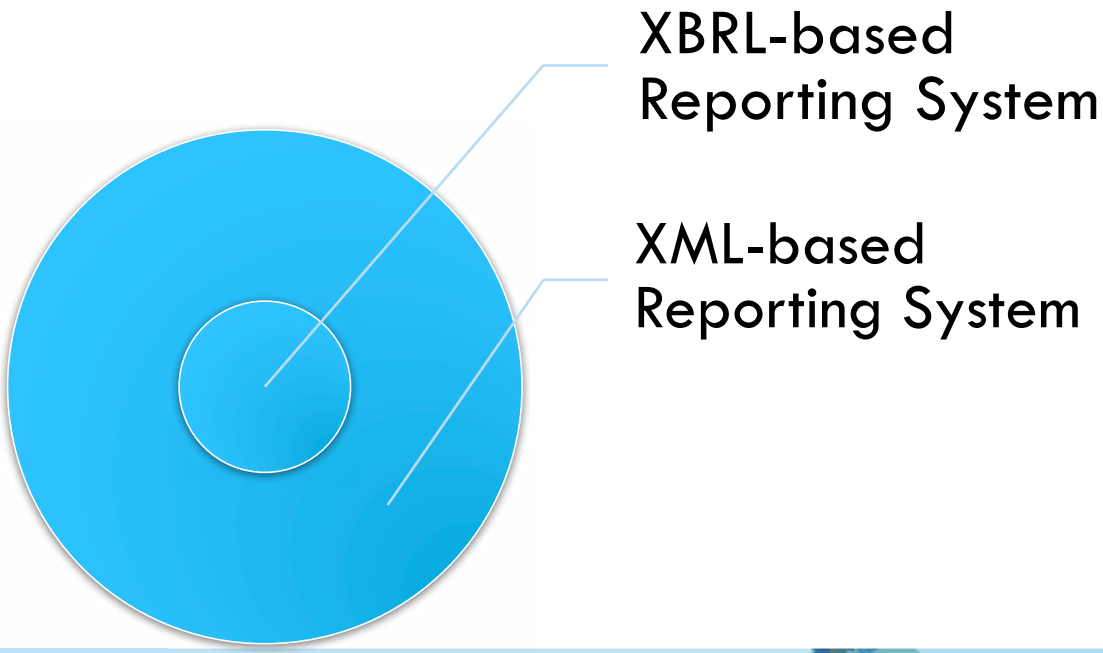
XBRL Implementation Roadmap

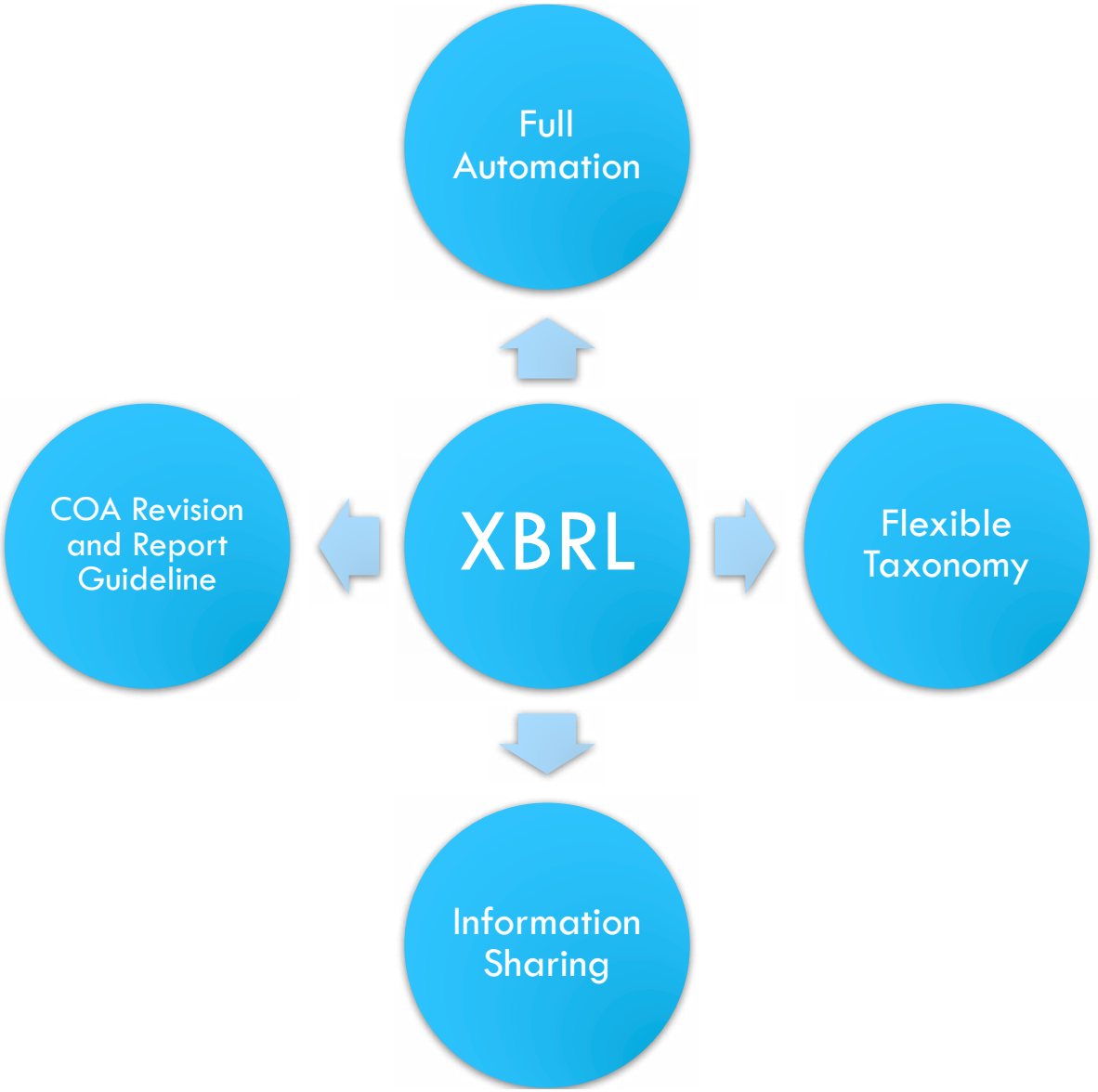
EXPECTED ADOPTION TIMELINE





CONTINGENCY PLAN





Possible Effects

Internal Users	Information Sharing	Validation	Automated Consolidation	High-speed Data Analysis
Licensing Dept.	- Timely submit regular reports to management - Timely share information with related departments and ministries	- Validate periodic financial/transaction reports - Reducing wasting time	- Automation in report consolidation and eliminate manual process - On-demand consolidation after the reports have been submitted by FIs	- Structured information take less time to analyze - On-demand analysis of the information made faster with the automation system
Statistic Dept.				
Onsite Supervision Dept.	- Receive timely reports from the departments in charge			
Offsite Supervision Dept.				
Legal Dept.		N/A	N/A	

External Users	Information Sharing	Validation	Automated Consolidation	High-speed Data Analysis
Research Dept.	- Receive timely reports from the departments in charge	N/A	N/A	- Structured information take less time to analyze - On-demand analysis of the information made faster with the automation system
FIU				
MEF				
FIs	- Submit periodic report on time - Publish annual report	- Validate periodic financial report - Reducing errors	- Consolidate financial report from various branches - Eliminate manual process	- Timely analysis on their own performance

CHALLENGES OF THE IMPLEMENTATION

Internal

Issues

- Limitation of HR and Budget
- Inaccurate Plan and Activities

Solutions

- Carefully Endorse the Working Group Member
- Carefully Study the Optimum Option
- Extend the Project Timeline

External

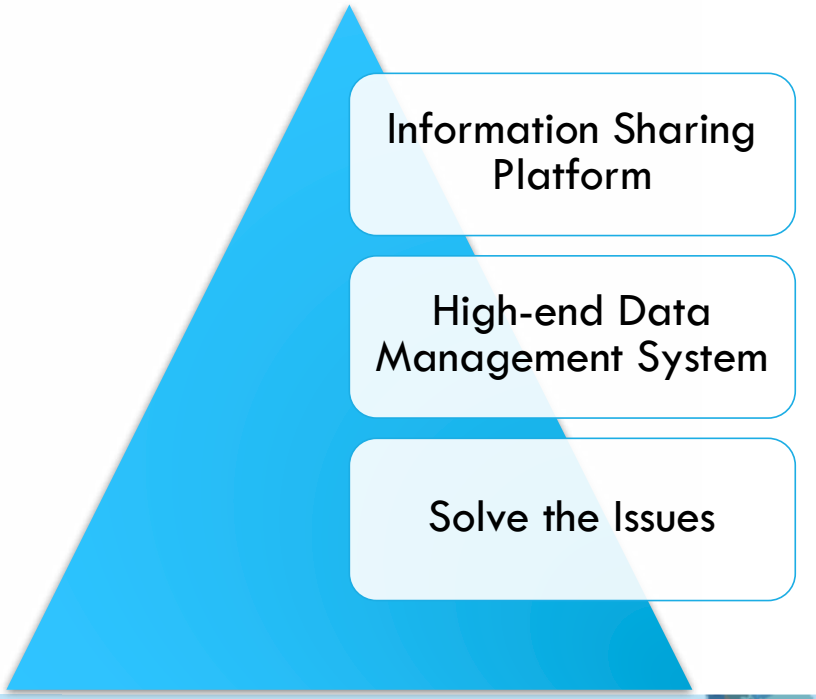
Issues

- Government and Private Sector Influence
- Lack of Consulting Firm

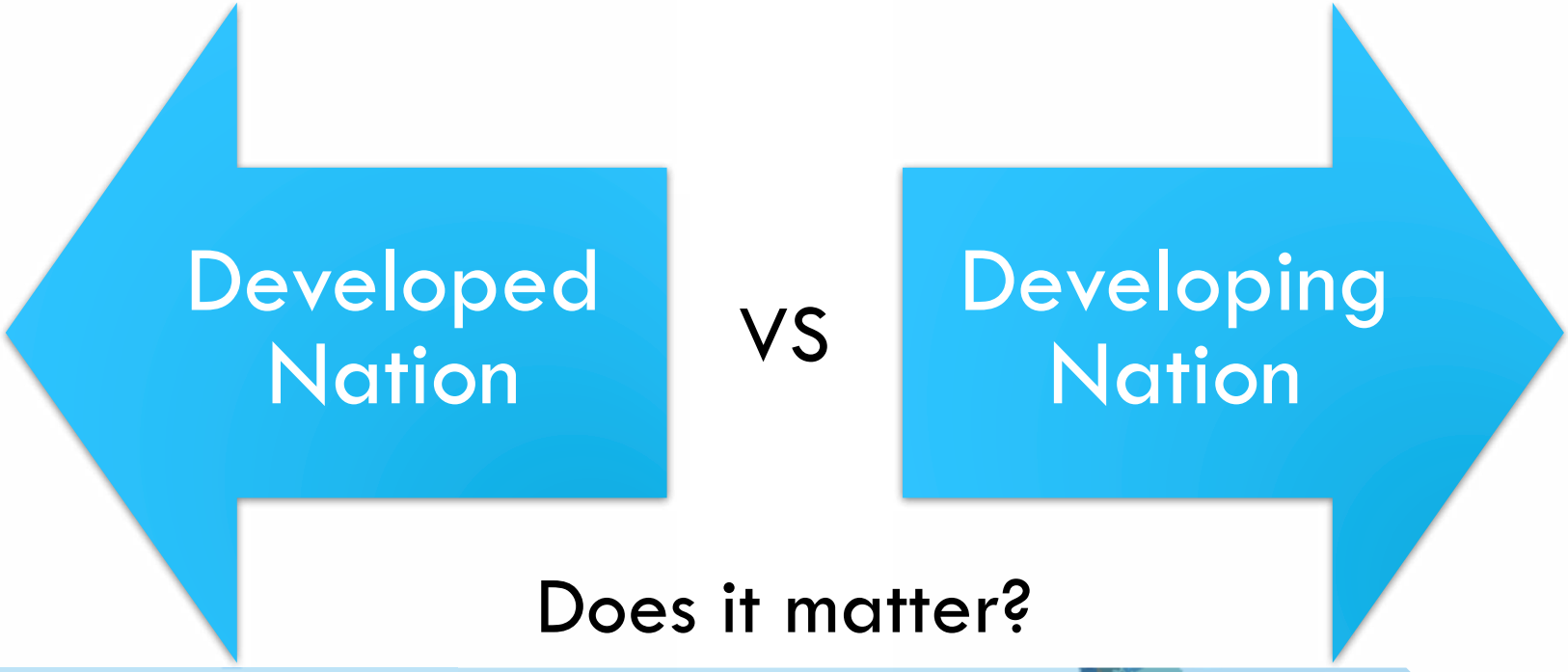
Solutions

- Disseminate Knowledge
- Enhance Cooperation

CONCLUSION


Information Sharing Platform
High-end Data Management System
Solve the Issues

QUESTIONS



Does it matter?

THANKS FOR YOUR KIND ATTENTION!

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