



Cambodia: Economic and Financial Market Overview 2025

Banking and Microfinance Insurance in an Evolving Frontier Economy

MAGI Research and Consultants Private Limited
Strategy | Advisory | Execution

PREFACE

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Introduction

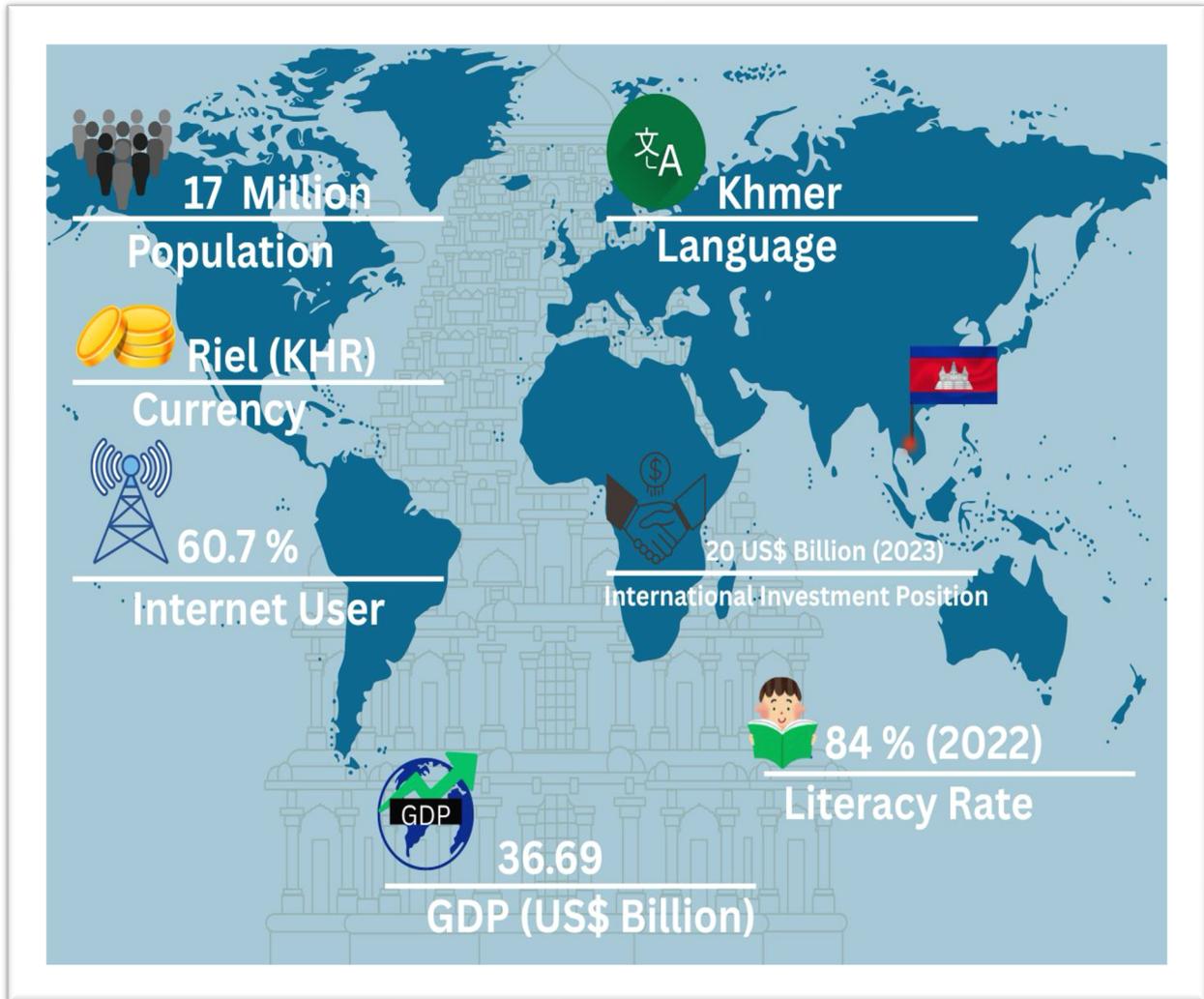
Cambodia’s financial market system has been on a positive trajectory since opening its markets over 30 years ago, driven by a bank-based economy: the National Bank of Cambodia (NBC) controlling the course and a dynamic private sector of commercial banks and financial institutions. The Banking, Financial Services, and Insurance (BFSI) sector is the heartbeat of this progress, followed by government support and a growing appetite for financial services. By 2024, the landscape included 59 commercial banks and 85 microfinance institutions (MFIs) (58 Commercial banks and 86 MFIs in 2023), a significant leap from 39 banks and 79 MFIs in 2018, reflecting a surge in financial access. The insurance sector has also blossomed, growing from 10 companies in 2010 to 18 general insurance providers, 14 life insurers and 39 insurance agents in 2024. Backed by the Law on Banking and Financial Institutions (1999, amended 2005) and the NBC’s “Let’s Bank” campaign, Cambodia is pushing for broader financial inclusion. Despite hurdles like skill shortages and a budding capital market, the BFSI sector is trying to keep the nation’s economic spirit up.



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¹ Image Source: [editablemaps.com](https://www.editablemaps.com)

Country Overview



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Cambodia is a lower middle-income country in East Asia & Pacific with a population of 17 million and a GDP of \$42.34 billion in 2023, and the GDP per capita was \$2,429.75. Around 60.7% of people use the internet, and 93.1% have at least 3G coverage. Agriculture, especially rice farming, employs many rural workers and supports food needs. Manufacturing, mainly garments, powers exports like clothing and footwear. Tourism, boosted by places like Angkor Wat, is recovering but not yet at pre-pandemic levels. Construction grows with new infrastructure projects. The banking, financial services, and insurance sector helps these industries with loans and tools. The World Bank suggests Cambodia diversify its economy beyond garments and construction to stay strong, pushing for advanced manufacturing and

² World Bank- Data & Resources [[Search | World Bank Data360](#)]

services. It also recommends better tax systems to fund schools, healthcare, and roads, making business easier and taxes fairer.³

Key Datelines:

Year	Event
1953	Cambodia gains independence from France. King Norodom Sihanouk promotes neutrality to stabilize the nation.
1975	Khmer Rouge takes power and abolishes money. They force people into rural labor causing economic collapse. Around 1.7–2 million die from starvation and overwork.
1979	Vietnam overthrows Khmer Rouge and sets up a new government. The economy begins a slow recovery with Soviet and Vietnamese support.
1991	Paris Peace Agreement is signed. The UN oversees a ceasefire and prepares for elections to restore stability.
1993	Monarchy is restored with Sihanouk as king. Elections lead to a coalition government which boosts investor confidence.
1999	Cambodia joins ASEAN. This opens doors for trade and financial integration with regional markets.
2000	Cambodia's economy grows rapidly. Strong growth in tourism and garment exports supports banking sector expansion.
2010	China invests heavily in Cambodia through the Belt and Road Initiative. Infrastructure projects drive economic activity and create opportunities for BFSI growth.
2018	Cambodian People's Party wins all parliamentary seats after opposition is dissolved. Political stability attracts foreign investment despite concerns over governance.
2020	COVID-19 hits Cambodia. Tourism and related financial services suffer due to global travel restrictions.
2023	Hun Manet becomes prime minister after a controversial election. Economic policies continue to focus on foreign investment and growth.

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³ World bank article [[Diversification and Revenue Reforms](#)]

⁴ [[country-profile-cambodia.pdf](#)]

Economic Reforms:

By 1991, under the Paris Peace Agreement and UN support (UNTAC), the government introduced private property rights and privatized state-owned enterprises. This laid the foundation for a capitalist economy, encouraging private businesses and foreign investment.

Cambodia opened its markets by reducing trade barriers and prioritizing exports. The government negotiated trade agreements, like access to the US and EU markets for garments, which boosted the textile industry. By 2004, Cambodia joined the World Trade Organization (WTO), committing to further trade reforms that lowered costs and time for trading. These steps turned garments into a backbone of the economy, creating jobs and driving growth.

The “Rectangular Strategy” (2004) focused on agriculture, private sector growth, and infrastructure. Monetary reforms strengthened the National Bank of Cambodia’s oversight, improving banking transparency through initiatives like the Credit Bureau Cambodia (2012).

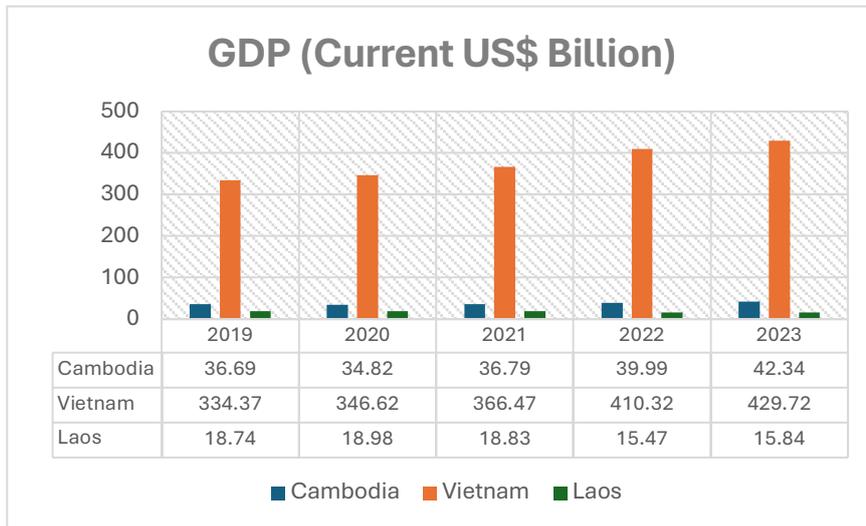
Cambodia passed the Law on Investment in 2021, offering incentives like tax breaks to attract foreign investors. The government also launched the Industrial Development Policy (2015–2025) to shift from labor-intensive industries (like garments) to skill-driven ones (like electronics and auto parts).

Under the government’s Pentagon Strategy, payment systems were constantly modernized and connected with other countries in the region. In recent years, the use of electronic payment systems has increased remarkably with the value of digital payments reaching almost 12 times of GDP in 2023.

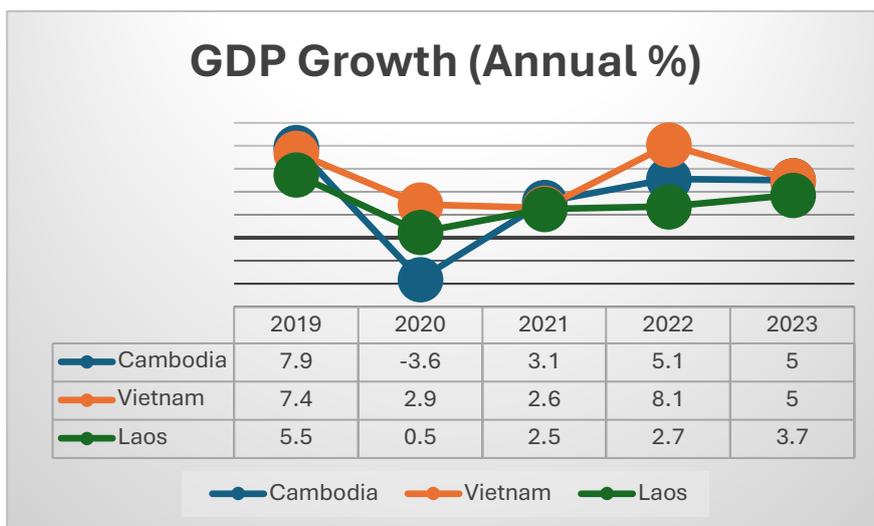
Recent World Bank recommendations highlight the need for tax reforms to fund development while fostering a business-friendly environment.⁵

⁵ [worldbank.org/en/country/cambodia/overview]

Comparative Analysis: Cambodia, Vietnam & Laos



As per NBC's latest report, Cambodia's economy grew by 6 percent in 2024, up from 5 percent in 2023. The manufacturing sector was the main driver of economic growth, accounting for 31 percent of total GDP



The prolonged Russia-Ukraine war and tightened financial conditions were the main challenges to the global recovery to the pre-pandemic output trends, but the global economy was quite resilient to keep a positive growth rate despite the speed being slower.⁶

⁶ World Bank- Data & Resources [[Search | World Bank Data360](#)]

Cambodia's Economy Overview:

Global growth in 2024 remained moderate, constrained by ongoing geopolitical tensions, high interest rates, and trade disruptions. Despite these external challenges, Cambodia maintained a balance of payments surplus and a stable exchange rate, while international reserves rose to USD 22.5 billion. Inflation declined to 0.8 percent on the back of falling oil prices and stable food supplies. Broad money (M2) grew by 17.5 percent due to strong deposit growth. The fiscal deficit narrowed to 2.5 percent of GDP as government spending declined, while public debt remained low at 25.4 percent of GDP.

Sector-wise GDP (US\$ Million)

Sector	2019	2020	2021	2022	2023
Agriculture	4,182.70	4,408.30	4,556.20	4,879.30	5,426.30
Agriculture (% of GDP)	15.44%	17.04%	16.90%	16.54%	17.08%
Manufacturing	10,578.60	9,690.90	10,870.30	12,053.70	12,873.20
Manufacturing (% of GDP)	39.05%	37.46%	40.32%	40.86%	40.52%
Services	10,603.00	10,125.50	9,837.70	10,735.10	11,484.90
Services (% of GDP)	39.14%	39.14%	36.49%	36.39%	36.15%

Ongoing U.S. tariffs targeting Cambodian exports has created a level of uncertainty, potentially impacting the sector's growth trajectory in 2025.⁷

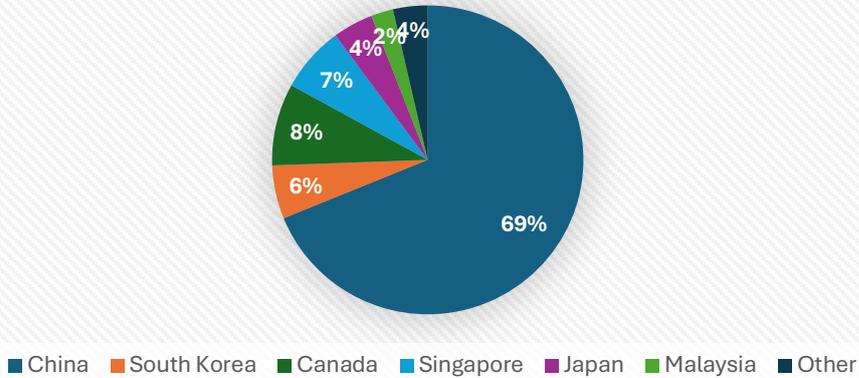
Year	2019	2020	2021	2022	2023
FDI Net Inflows (% of GDP)	10%	10.40%	9.50%	8.90%	9.40%
FDI Net Inflows (US\$ Billion)	3.66	3.62	3.48	3.58	3.96
Current Account Deficit (US\$ Billion)	-2.93	-3.48	-10.89	-7.58	5.52
Balance of Payment (US\$ Million)	-257.7	-163.5	-18.7	-252.7	120

The country's heavy reliance on GFT may expose the economy to external shocks, requiring diversification into other industries to enhance economic stability, create new employment opportunities, and reduce vulnerability to industry-specific risks.⁸

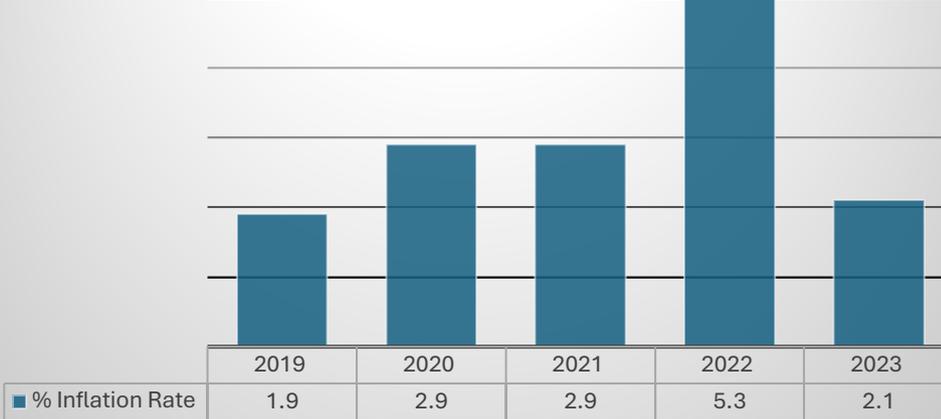
⁷ NBC Annual Report 2023

⁸ World Bank- Data & Resources [[Search | World Bank Data360](#)]

FDI Inflows by Source Country 2024



% Inflation Rate



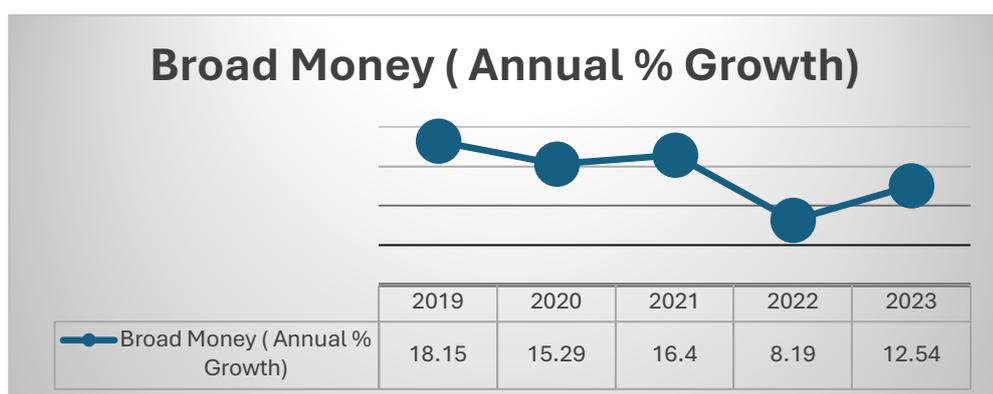
As a result of the decline in oil prices, Cambodia's inflation decreased from 5.3% in 2022 to 2.1% in 2023.

Per Capita Income (in \$)



⁹ World Bank- Data & Resources [[Search | World Bank Data360](#)]

Interest Rates	2023 (as on 31 Jan)	2022 (as on 30 Dec)	2021 (as on 31 Dec)	2020 (as on 31 Dec)	2019 (as on 31 Dec)
MLF (%)	4	4	4	-	-



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Conclusion:

Cambodia’s economy in 2025 has some strong areas and some challenges. For businesses, investors, and decision-makers, knowing both sides helps you plan better. Here’s a simple breakdown of five things going well and five things that need attention, based on our white paper.

Positives:

- **Steady Economic Growth:** Cambodia’s GDP reached \$42.34 billion in 2023 with a 5% growth rate, driven by growing exports and a recovery in private consumption. This creates a solid base for businesses and investors to tap into a growing market.
- **Strong Trade and Investment Position:** A trade surplus of \$5.52 billion and foreign direct investment (FDI) inflows of \$3.96 billion highlight Cambodia’s demand as a trade and investment hub.
- **Expanding Banking Sector:** With 59 commercial banks and 85 microfinance institutions in 2024, the financial sector is growing, improving access to loans and digital tools for businesses and individuals across the country.
- **Government Push for Digital Progress:** The government is pushing for more phone and digital payments in 2023 were huge, almost 12 times the economy’s size. This makes business smoother and reaches more people.

¹⁰ World Bank- Data & Resources [[Search | World Bank Data360](#)]

- **Low Public Debt:** Cambodia's public debt is manageable, giving the government flexibility to fund development (as government only owes 25.4% of the economy's value) without heavy financial strain, a plus for long-term economic stability.

Challenges:

- **Dependence on Garments and Tourism:** The economy leans heavily on the garment, footwear, and travel (GFT) sector, leaving it exposed to global demand shifts or disruptions.
- **Uncertainty from U.S. Tariffs:** Ongoing tariffs on Cambodian exports to the U.S. create risks for the garment industry, a key driver of jobs and revenue, potentially unsettling economic plans.
- **Risk of Inflation from Money Growth:** Broad money (M2) grew by 12.54% in 2023 due to strong deposit increases, which could rise inflation if not controlled.
- **Skill Gaps Holding Back Progress:** A shortage of skilled workers limits Cambodia's ability to move into high-value industries like tech or advanced manufacturing, slowing its economic evolution.
- **Limited Diversification:** The economy's reliance on agriculture and manufacturing, with little shift to diverse sectors, raises concerns about long-term sustainability, as noted by the World Bank's call for broader growth areas.

This overview reflects Cambodia's dual reality: a country with solid economic strengths but clear vulnerabilities.



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