



ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សាសនា ព្រះមហាក្សត្រ

ធនាគារជាតិ នៃ កម្ពុជា

លេខ ៧០០៣ ០១២ ខ.ក

ប្រកាស

ស្តីពី

ប្រព័ន្ធធានាការណែនាំប្រតិបត្តិការអន្តរជាតិ

នេសាទិបាលធនាគារជាតិនៃកម្ពុជា

- បានឃើញរដ្ឋធម្មនុញ្ញនៃព្រះរាជាណាចក្រកម្ពុជា
- បានឃើញព្រះរាជក្រមលេខ នស/រកម/០១៩៦/២៧ ចុះថ្ងៃទី ២៦ ខែ មករា ឆ្នាំ ១៩៩៦ ដែលប្រកាសអោយប្រើច្បាប់ស្តីពីការរៀបចំនិងការប្រព្រឹត្តទៅនៃធនាគារជាតិនៃកម្ពុជា
- បានឃើញព្រះរាជក្រមលេខ នស/រកម/១១៩៩/១៣ ចុះថ្ងៃទី ១៨ ខែ វិច្ឆិកា ឆ្នាំ ១៩៩៩ ដែលប្រកាសអោយប្រើច្បាប់ស្តីពីគ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុ
- បានឃើញព្រះរាជក្រឹត្យលេខ នស/រកត/០២០២/០៣៩ ចុះថ្ងៃទី ១៦ ខែ កុម្ភៈ ឆ្នាំ ២០០២ ស្តីពីការតែងតាំងឯកឧត្តម ជា ចាន់ធី ជាអគ្គនេសាទិបាលនៃធនាគារជាតិនៃកម្ពុជា ជាថ្មីម្តងទៀត
- យោងតាមប្រកាសលេខ ៨៨-៩៩-១៤៧ ប្រក ចុះថ្ងៃទី ២៨ ខែ ធ្នូ ឆ្នាំ ១៩៩៩ ស្តីពីរចនាសម្ព័ន្ធរបស់នាយកដ្ឋានស្រាវជ្រាវសេដ្ឋកិច្ច និងមុខងារ-ភារកិច្ចរបស់ការិយាល័យក្រោមឱវាទ
- យោងតាមសំណើរបស់អគ្គនាយកដ្ឋាន
- យោងតាមការសំរេចរបស់អង្គប្រជុំជាក់ដឹកនាំធនាគារជាតិនៃកម្ពុជា នៅថ្ងៃទី ១៣ ខែ មករា ឆ្នាំ ២០០៣

សម្រេច

ប្រការ ១.-

កំណត់នីតិវិធីសំរាប់ការអនុវត្តប្រព័ន្ធធានាការណែនាំប្រតិបត្តិការអន្តរជាតិសំរាប់នាយកដ្ឋានពាក់ព័ន្ធក្រោមឱវាទធនាគារជាតិនៃកម្ពុជា និងគ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុប្រតិបត្តិដែលតទៅនេះហៅកាត់ថា "គ្រឹះស្ថានហិរញ្ញវត្ថុ" ។

នីតិវិធីនិងបែបបទបំពេញរបាយការណ៍មានរៀបរាប់ក្នុងឯកសារ (International Transactions Reporting System: Classification & Procedures Manual, December 2002) ដូចមានភ្ជាប់ជាឧបសម្ព័ន្ធ ។

ប្រការ ២.-

គោលបំណងនៃការអនុវត្តន៍ប្រព័ន្ធរបាយការណ៍ពីប្រតិបត្តិការអន្តរជាតិ គឺដើម្បីប្រមូលទិន្នន័យស្តីពីប្រតិបត្តិការអន្តរជាតិដែលធ្វើឡើងតាមរយៈគណនីរបស់អតិថិជននៅធនាគារជាតិនៃកម្ពុជានិងគ្រឹះស្ថានហិរញ្ញវត្ថុ សំរាប់តម្លើងស្ថិតិជញ្ជីងទូទាត់របស់ប្រទេសកម្ពុជា ។

ប្រការ ៣.-

នាយកដ្ឋានពាក់ព័ន្ធនិងគ្រឹះស្ថានហិរញ្ញវត្ថុត្រូវផ្តល់ព័ត៌មានរៀងរាល់ខែអោយបានត្រឹមត្រូវ និងទាន់ពេលវេលាមកនាយកដ្ឋានស្រាវជ្រាវសេដ្ឋកិច្ចមិនអោយលើសពី១០ថ្ងៃធ្វើការ ក្រោយខែនិមួយៗ ។ ក្នុងករណីពុំទាន់មានព័ត៌មានគ្រប់គ្រាន់ និងត្រឹមត្រូវ នាយកដ្ឋានពាក់ព័ន្ធនិងគ្រឹះស្ថានហិរញ្ញវត្ថុត្រូវផ្តល់ព័ត៌មានប៉ាន់ស្មានមកនាយកដ្ឋានស្រាវជ្រាវសេដ្ឋកិច្ចក្នុងរយៈពេលធ្វើរបាយការណ៍ដែលបានតម្រូវ ហើយនឹងត្រូវផ្តល់ព័ត៌មានជាក់ស្តែងនៅពេលរៀបចំរួច ។

ប្រការ ៤.-

នាយកដ្ឋានស្រាវជ្រាវសេដ្ឋកិច្ចត្រូវធានារក្សាការសម្ងាត់ចំពោះព័ត៌មានដែលទទួលបានពីនាយកដ្ឋានពាក់ព័ន្ធនិងគ្រឹះស្ថានហិរញ្ញវត្ថុ ។ ព័ត៌មាននេះនឹងត្រូវបានប្រើប្រាស់សំរាប់តែការតម្លើងស្ថិតិ និងចេញផ្សាយក្នុងរូបភាពជាបាយការណ៍ និងស្ថិតិសរុបរួមប៉ុណ្ណោះ ។

នាយកដ្ឋានស្រាវជ្រាវសេដ្ឋកិច្ចពិនិត្យ និងបូកសរុបរបាយការណ៍ដែលនាយកដ្ឋានពាក់ព័ន្ធនិងគ្រឹះស្ថានហិរញ្ញវត្ថុបានផ្ញើមក ហើយត្រូវបញ្ជូលក្នុងស្ថិតិជញ្ជីងទូទាត់ប្រចាំគ្រាបស់ប្រទេសកម្ពុជា ។

ប្រការ ៥.-

នាយកដ្ឋានស្រាវជ្រាវសេដ្ឋកិច្ចអាចនឹងពិនិត្យមើលឡើងវិញនូវប្រព័ន្ធរបាយការណ៍ពីប្រតិបត្តិការអន្តរជាតិ សំដៅកែលំអ និងសំរាលបន្តកចំណាយក្នុងការធ្វើរបាយការណ៍ ។

ប្រការ ៦.-

ឯកសារដែលមានភ្ជាប់ជាឧបសម្ព័ន្ធ (ITRS Classification & Procedures Manual, December 2002) និងឯកសារទាំងអស់ដែលបានទទួល ឬរៀបចំដោយធនាគារជាតិនៃកម្ពុជា គឺសំរាប់ប្រើប្រាស់តែក្នុងការតម្លឹងស្ថិតិជញ្ជីងទូទាត់របស់ប្រទេសកម្ពុជាប៉ុណ្ណោះ ហើយគឺជាកម្មសិទ្ធិផ្តាច់មុខរបស់ធនាគារជាតិនៃកម្ពុជាដែលមិនអាចត្រូវថតចម្លង ឬបញ្ជូនដោយគ្មានការយល់ព្រមជាលាយលក្ខណ៍អក្សរជាមុន ពីធនាគារជាតិនៃកម្ពុជាឡើយ ។

ប្រការ ៧.-

អគ្គនាយកដ្ឋាន អគ្គលេខាធិការដ្ឋាន អគ្គបេឡា អគ្គាធិការដ្ឋាន គ្រប់នាយកដ្ឋាន-អង្គភាព និងគ្រប់គ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុ នៅក្រោមឱវាទនិងក្រោមអាណាព្យាបាលធនាគារជាតិនៃកម្ពុជាត្រូវអនុវត្តម៉ឺងម៉ាត់នូវប្រកាសនេះ តាមភារកិច្ចរៀងៗខ្លួន ។

ប្រការ ៨.-

ប្រកាសនេះមានប្រសិទ្ធភាពអនុវត្តចាប់ពីថ្ងៃចុះហត្ថលេខាតទៅ ។

រាជធានីភ្នំពេញ ថ្ងៃទី ១៦ ខែ មករា ឆ្នាំ ២០០៣



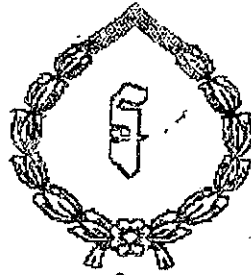
នាយកដ្ឋាន
ហត្ថលេខា

កន្លែងទទួល :

- ដូចប្រការ ៧ "ដើម្បីអនុវត្ត"
- កាលប្បវត្តិ
- ឯកសារ

បង្គាប់ :

- គ្រប់សមាជិកក្រុមប្រឹក្សាភិបាល
- ទីស្តីការគណៈរដ្ឋមន្ត្រី "ដើម្បីជូនជ្រាបជាព័ត៌មាន"
- នាយកដ្ឋានរដ្ឋបាលនៃទីស្តីការគណៈរដ្ឋមន្ត្រី "ដើម្បីចុះផ្សាយក្នុងរាជកិច្ច"



ធនាគារជាតិ នៃ កម្ពុជា

National Bank of Cambodia

**International Transactions
Reporting System**

for the Cambodian
Banking Sector

**CLASSIFICATION & PROCEDURES
MANUAL**

(December 2002)

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Introduction

1. This manual outlines the classifications and procedures to be used by the commercial banks and the National Bank of Cambodia (NBC) in reporting International Transactions Reporting System (ITRS) transactions. In addition to procedures, classification codes have been provided for country, currency, transactors and transactions. The transactor and transaction codes have been devised for the purpose of classifying transactions between residents of Cambodia and the rest of the world into different types in order to facilitate the analysis of these transactions according to broad balance of payments components.
2. In devising the classification system and the transactions codes for the ITRS, this manual has broadly followed the classification system adopted by the International Monetary Fund's *Balance of Payments Manual, Fifth Edition 1993 (BPM 5)*. The broad balance of payments classification's consist of the following: (a) *current* (b) *capital and* (c) *financial transactions*. These are further sub-divided into other categories and transactions. However, the classification system used in this manual and consequently the transactions codes are not as elaborate as specified in *BPM5*. The transactions codes have been simplified taking into consideration circumstances that are relevant for Cambodia, as well as to facilitate ease of reporting. Hence the current and capital transactions have been combined. Also, some sub-categories such as acquisition/disposal of *non-produced, non-financial assets* have been left out because they are not relevant to Cambodia at present or because data on these are best obtained through sources other than the ITRS (e.g. inquiries from embassies for purchase of land to build embassy offices/ housing for employees or enterprise surveys for the purchase/sale of copyrights, patents, and royalties). Similarly, the elaborate classification system followed in *BPM5* for the financial account has not been followed for the purpose of the ITRS. In *BPM5*, the financial account is further sub-divided into (a) *direct investment* (b) *portfolio investment* (c) *financial derivatives* (d) *other investment* and (e) *reserve assets*. These are further categorized into (a) *assets and* (b) *liabilities* that in turn are further sub-divided into different *financial instruments* by sectors.
3. The transactions codes together with information provided in forms 1R/1P-3R/3P and the various classification codes will normally enable the balance of payments statisticians to slot the information provided on the ITRS into the elaborate classification system of balance of payments transactions as presented in *BPM5*. In some instances where clear or inadequate information is not provided, further investigation needs to be conducted by the balance of payments statisticians. Such investigation may also become necessary as data confrontation exercises are conducted. Data confrontation means comparison of data from two or more sources for reasonableness and for avoidance of duplication.
4. While a very general, overall idea of the balance of payments statistics may be helpful, it is not necessary at all for an ITRS compiler in a commercial bank to know the concepts, detailed classifications and the various exceptions to the rules associated with these statistics. Therefore, in this manual an attempt is made to define the various

transactors and transactions to enable the ITRS compilers to assign the appropriate transactor and transaction codes. It is the responsibility of the balance of payments statisticians to slot these transactions into the appropriate balance of payments classification system.

Background and Consultation

5. The ITRS is being introduced from January 1, 2003 by the NBC following a review of the data sources and methods used in compiling Cambodia's official balance of payments (BOP) statistics, with the assistance of International Monetary Fund (IMF) statistics advisors. This ITRS for the banking sector is a data collection system which requires the NBC and commercial banks to record details of the purpose and transacting parties for each international payment and receipt made through the banking system (e.g. SWIFT payments and receipts). The information is reported by banks for their own accounts and on behalf of Cambodian residents paying or receiving funds. The confidentiality of individual information is protected under Cambodia's Banking and Statistics Laws. Only aggregated data are used in compiling balance of payments statistics.

6. On June 6 and October 25, 2002, the IMF MSA and the mission held meetings with representatives of the commercial banks to discuss the introduction of an ITRS for Cambodia. The meetings agreed to:

- A cut off level for identifying single transactions of US\$10,000, which is expected to capture 80 percent of transactions by value that would be coded and classified by nature of transactions.
- Transactions less than US\$10,000 being included in the "other" category and on the basis of a rotating sample to be sampled once a year for each bank with the sampling exercise evenly spread throughout the year.
- Transactions of the Western Union offices being surveyed separately, with data for these transactions being provided separately by the three banks that have these agencies.
- Separate ITRS forms being used by the banks to report receipts and payments and the classification and coding system being further simplified to include "other" categories.
- The banks providing monthly-consolidated statements, via Excel spreadsheets on floppy discs.
- The commencement of the survey from January 1, 2003.

- Just in time training provided to the commercial banks and NBC staff in late November 2002 for 2 days.

7. Based on this agreement with the commercial banks and further discussions with officials from the various departments within NBC, the overall assessment of the IMF resident Multi-sector Statistics Advisor and the BOP STA mission was that it is feasible to introduce an ITRS for the banking sector from January 2003.

Definition, Types and Quality of ITRS

8. An ITRS measures: (a) individual balance of payments (BOP) cash transactions that pass through domestic banks and through enterprise accounts with banks abroad, (b) non-cash transactions, and (c) stock positions. Statistics are compiled from forms submitted to domestic banks and from forms submitted by enterprises. An ITRS can provide comprehensive and timely BOP statistics.

9. There are two types of ITRS: (a) *closed ITRS* that accounts for all transactions and reconciles all transactions with corresponding changes in stock positions, and (b) an *open ITRS* that does not allow such complete accounting and reconciliation. An open ITRS is a *partial system* because certain BOP transactions are not recorded. For e.g. the German system does not include export of goods and short-term financial transactions, although it provides for reconciliation of data on certain flows and stock positions.

10. The quality of ITRS depends on (a) clearly defined rules, (b) a sound legal basis, (c) well-designed collection forms and procedures, (d) cooperative reporters, (e) adequate resources, and (f) well-trained staff.

Purpose of Cambodia's ITRS

11. The primary purpose of Cambodia's ITRS is to collect international transactions data in order to compile Cambodia's balance of payments statistics. In addition, a monthly summary report of aggregate statistics for the whole of the banking sector will be produced for the NBC and the commercial banks in order to monitor the growth in international transactions (i.e. total value and volume), as well as changes in the nature of these transactions. The information reported by the banking sector will only be used for statistical purposes.

Authority for the ITRS and Compliance

12. The information reported by the banks and the NBC, on their own account transactions or on behalf of their clients, is to be collected under the authority of the National Bank's own legislation, as well as the *Statistics Law of Cambodia*. The Law provides for the compulsory provision of individual information to institutions and

ministries of the Royal Government of Cambodia, for statistical purposes under Article 24. The article states that "ministries and government institutions may conduct statistical activities to obtain statistical information from respondents". Furthermore, the Law states under Article 29 that the "respondents must provide accurate, complete, timely and truthful information to a designated statistical officer of the National Institute of Statistics of the Ministry of Planning or any other ministry or institution of the Royal Government. Where accurate and complete information is not available within the time required, respondents must provide approximate information. Articles 30 and 31 state that, "Penalties shall apply to any respondent who knowingly violates Article 29" and "any individual who deliberately and without legal justification prevents or prohibits statistical activities conducted by the National Institute of Statistics, Ministries, or other government institutions under the provisions of this Law, will be subject to penalties as determined under the judicial code".

13. The NBC has the authority to collect the ITRS data under Article 39.1 of the *Law on the Organization and Conduct of the National Bank of Cambodia*. This article states that "a bank or financial institution must furnish to the Central Bank such information and data as the Central Bank may require for the discharge of its functions and responsibilities". Further in Title II of the Law, which describes the general functions, and duties of the NBC, the establishment of the balance of payments is listed in article 7.8 as one of the functions and duties. Also, article 33.4 states that "the Central Bank shall be empowered to take remedial actions or sanctions according to the existing laws if there has been an infraction by a bank or financial institution of its officers or employees with respect to the violation of a provision of the existing laws or regulations of the Central Bank".

Confidentiality of Individual Information

14. The *Statistics Law* provides for the confidentiality of all individual information collected under this Law. Individual data remain confidential to the NBC and the data are only to be released in the form of aggregated statistics. Article 25 of the Law specifically guarantees "the confidentiality of all individual information obtained from respondents" and that "the information collected under this Law is used only for statistical purposes".

15. Furthermore, Article 30 specifies that "Government employees and designated statistical officers of the National Institute of Statistics and statistical units in ministries or institutions of the Royal Government who violate Article 25 will be subject to penalties as determined under the judicial code".

Scope of Cambodia's ITRS

16. Under Cambodian banking regulations, both residents and non-residents can have foreign currency accounts with resident banks. In most instances, large international transactions are managed through these accounts. The scope of the proposed ITRS is to

collect information from the NBC and commercial banks on the following international transactions, where:

- A bank client buys foreign exchange from, or makes a withdrawal from a foreign currency account at, a resident bank to make a payment to a nonresident.
- A bank client sells foreign exchange, or makes a deposit to a foreign currency account, which has been received as a payment from a nonresident, to a resident bank.
- A Cambodian resident intending to travel abroad acquires foreign currency from, or makes a withdrawal from a foreign currency account at, a resident bank.
- A resident bank buys foreign currency travelers' checks or cash from a nonresident who is traveling in the domestic economy.
- A resident bank undertakes a foreign exchange transaction with a correspondent nonresident bank abroad, including where the transaction is undertaken to exchange foreign exchange assets denominated in one currency for those denominated in another or to acquire (or sell) goods, services, other financial assets, etc.
- A resident bank undertakes a foreign exchange transaction with another resident bank, including where this transaction is undertaken to settle balances in various currencies or to sell (or buy) foreign exchange to (from) the NBC.

Definition of Resident and Nonresident

17. For the purposes of balance of payments statistics and the ITRS, residents of Cambodia comprise the following types of economic units:

- Households and individuals who make up a household;
- Enterprises, which are corporations and quasi-corporations, such as branch offices of non-resident direct investors;
- Nonprofit organizations; and
- The Royal Government of Cambodia.

18. To be a resident of Cambodia, an economic unit must have a center of economic interest in Cambodia. A household has a center of economic interest when members of that household maintain, within Cambodia, a dwelling that the members use as their principal residence. For simplicity, the one-year rule is applied. That is, individuals and members of a household are considered to be residents of Cambodia if they stay in

Cambodia for one year or more, or intend to stay in Cambodia for one year or more (regardless of their nationality). However, foreign officials, diplomats, consular representatives, members of foreign armed forces, and other foreign government personnel (except for technical assistance personnel) in Cambodia are to be treated as non-residents.

19. An enterprise or nonprofit organization is treated as a resident when it is engaged in a significant amount of production/provision of goods and/or services in Cambodia, or transactions in land in Cambodia. That is, the enterprise or non-profit organization maintains at least one production unit in Cambodia and intends to operate that unit for more than one year.

20. Embassies and international organizations (e.g. ADB, IMF, UN agencies and World Bank) located in Cambodia are to be treated as nonresidents.

Threshold Practices

21. In many ITRS, thresholds are used so that transactions of less than certain amounts need only to be aggregated as in the system proposed for Cambodia or need not be reported. BOP compilers have generally found large numbers of transactions that, in aggregate account for small values. The use of thresholds prevents undue reporting burdens and processing costs. However, while it may be unnecessary to report small transactions individually, an aggregate record of small transactions may be necessary for classification purposes and to determine the appropriate level of the threshold. This information may be gathered from periodic sample surveys. In the case of Cambodia, each commercial bank will provide detailed information on the under-threshold transactions for a selected week of the year. It is important that judgment be applied in adopting thresholds so that overall data quality remains acceptable.

22. The US\$10,000 threshold amount has been agreed for Cambodia's ITRS. This amount is the same as that collected on Customs declaration forms for international passengers entering or leaving Cambodia. Based on the information provided by the banks, this threshold is expected to capture approximately 80 percent of the value of international transactions of commercial banks. This threshold level will be reviewed on an annual basis in order to ensure that individual transactions information is available for 80 percent by value of transactions.

Recording and Reporting of Transactions

23. With the exception of the NBC which will report information on all international transactions, on its own accounts and on behalf of its clients, a threshold of US\$10,000 or more will be applied for collecting individual transaction details on *ITRS Form 1R - Receipts* and *ITRS Form 1P - Payments*. Section A of the form should be completed by the bank customer or the commercial bank representative on behalf of the customer.

Section B should be completed by the commercial bank representative. Where commercial banks already collect the information required on their own transaction forms, they are free to use their own forms rather than Forms 1R and 1P.

24. For commercial banks, only the total number and value in millions of Riel will be reported on a monthly basis for transactions of less than US\$10,000. However, once a year it is proposed that each bank provide details of individual transactions under US\$10,000 for a period of one week, using the daily summary forms *ITRS Form 2R – Receipts* and *ITRS Form 2P – Payments*, or any existing forms that the commercial banks already have to collect the information required.

- *March* – Canadia Bank, Advanced Bank, Cambodian Commercial Bank and Cambodia Mekong Bank
- *June* – Foreign Trade Bank, Cambodia Asia Bank, Cambodian Public Bank, and Credit Agricole Indosuez
- *September* – Union Commercial Bank, Emperor International Bank, First Overseas Bank, Krung Thai Bank, Maybank and Rural Development Bank
- *December* – First Commercial Bank, Singapore Banking Corporation, ACLEDA Bank and Peng Heng S.M.E. Bank

25. In addition, it is proposed that the Singapore Banking Corporation, Acleda Bank, and Cambodia Asia Bank (acting as agents for Western Union) will report all individual transactions on behalf of Western Union clients for the third week of January, April, July and October of each year, also using ITRS Forms 2R and 2P.

26. Commercial banks are required to provide consolidated monthly summary reports, *ITRS Form 3R – Receipts* and *ITRS Form 3P – Payments*, on a regular monthly basis ten (10) working days after the end of the reference month to the BOP Division of NBC. The reports are to be provided on floppy discs using the Excel spreadsheets provided for this purpose. The information collected on ITRS Forms 1R, 1P, 2R and 2P (or other forms used by the banks for ITRS purposes) are to be retained by each bank for a period of two years, in case balance of payments compilers need to access the individual transaction information for data quality or validation checks.

Bundling of Transactions

27. Most transactions are likely to have a single purpose, e.g. payment for imported goods or receipts for exported goods. However, where the customer indicates that there is more than one purpose for a payment or receipt (bundling of transactions), the bank representative should ask for a breakdown of the payment or receipt by purpose in order to unbundled the transactions. Bundling of transactions occurs when several transactions relating to more than one classification category are covered by a single payment. For example, an importer may make a single payment of \$30,000, including three separate payments for: imports (\$25,000); freight (\$4,000); and insurance (\$1,000). Another example could be when a payment on a loan may include the loan repayment, an interest

repayment, and some fees for financial services. It is necessary for transactors to report the separate components. The bank should report these as separate ITRS transactions.

28. A further example of bundling is the recording of transactions on a net, rather than a gross, basis. Some foreign exchange payments may cover a number of offsetting gross credit and debit transactions. This may often be the case with transactions undertaken by transportation, travel, and finance enterprises and direct investment enterprises. Therefore, it may be necessary to collect additional information in respect of certain types of transactions or from certain types of enterprises.

Data Items to be Collected

29. The proposed data items to be reported for each transaction include:

- Description of reason for the transaction.
- Institutional sector of the transactor.
- Transaction code.
- Country of non-resident counterpart(s).
- Affiliation of counterpart with resident transactor.
- Currency of transaction.
- Amount in original currency.
- Amount in Riel (millions).

30. In order to compile balance of payments statistics, it is necessary to ensure that the reporting classifications (i.e. transactor codes, other party codes, and transaction codes) used in the ITRS conforms, as closely as possible, to the classification used for the balance of payments statement. The list of transactor, other party and transaction codes and their descriptors are provided below. Also provided are currency and country codes.

31. Since the ITRS system envisaged for Cambodia is an *open system*, it is not necessary for the banks to record corresponding details of their own transactions-for purposes of matching their transactions with those of clients- and details of their foreign currency (and other external asset and liability) positions since the ITRS envisaged for Cambodia does not intend to reconcile transactions and stock positions or to obtain international investment position (IIP).

Currency Conversion

32. All individual transactions of US\$10,000 or more are to be converted to Riel at the buying (receipt) or selling (payment) exchange rate used for the transaction. Where the receipt or deposit is not converted into Riel, the bank should use the midpoint of its buying or selling rate for both receipts and payments. This should also be the methodology used where banks are reporting individual transactions under US\$10,000 in value.

Valuation

33. Cambodia's ITRS may not achieve uniform valuations. For example, goods may be recorded, depending on the contract price in individual transactions, or on an f.o.b., c.i.f., or some other basis. The BOP compiler has to record goods on a uniform, namely the f.o.b., basis. Therefore, the compiler may have to make certain valuation adjustments to ITRS statistics to compile a BOP statement.

Time of Recording

34. All transactions taking place within a particular month should be included in the monthly summary report for that month.

Commencement Date

35. The commencement date for the ITRS is January 1, 2003.

Assistance and Future Training

36. For assistance in completing the ITRS forms or for any other queries relating to the ITRS, please contact Mr. Mak Vannak, ITRS Officer, Balance of Payments Division, NBC on 012 955 911.

37. Just-in-time training was provided for commercial banks' and NBC staff on 26 and 27 November 2002. Further training is available on request and can be arranged by contacting Mr. Mak Vannak.

Forms

38. Copies of the ITRS forms are provided below. An Excel spreadsheet version of the monthly summary reports (Forms 3R and 3P) is also attached.



ក្រសួងសេដ្ឋកិច្ច និងហិរញ្ញវត្ថុ

IN CONFIDENCE

ITRS FORM IR - RECEIPTS

Reference number: _____

Bank: _____

Date: _____ / _____ / _____
 day month year

For more information, please contact:
 Balance of Payments Division
 National Bank of Cambodia
 Telephone: 012 955 911

Receipts in Foreign Exchange or Receipts from Nonresidents

(Please refer to the instructions on completing this form.)

Section A (To be completed by bank customer)	Section B (To be completed by bank officer)
1. Resident Name:	1. Transactor Code:
2. Other Party Name:	2. Other Party Code:
3. Country of Other Party:	3. Country Code:
4. Currency of Transaction:	4. Currency Code:
5. Value of Transaction:	5a. Value: 0 0
6. Purpose of transaction (brief description):	5b. Value in Riel (mil):
.....	6. Transaction Code:
.....	Please provide any addition clarification:
.....
.....

The ITRS collects information to be used for statistical purposes only. This information is collected under the authority of the *Law on the Organization and Conduct of the National Bank of Cambodia* and the *Statistics Law of Cambodia*, which provide for the compulsory provision of a completed form. The legislation also ensures that individual information will remain confidential to authorized NBC staff and the data are only released in the form of aggregated statistics.

Instructions for Section A:

- Question 1: Please provide the name of the individual or organization in Cambodia.
- Question 2: Please provide the name of the individual or organization of the other party to the transaction.
- Question 3: Please provide the name of the country of the other party to the transaction.
- Question 4: Please specify the currency used for the transaction (e.g. US \$, Australian \$, Thai Baht).
- Question 5: Please specify the value of the transaction in the original currency (i.e. Question 4).
- Question 6: Please provide a brief description of the purpose for the transaction (e.g. payment received for exports, salary, profits, loans, development grant, private transfers, gifts etc.).

If you require assistance in completing this form, please ask your bank officer to assist you.

THANK YOU FOR YOUR COOPERATION



ធនាគារជាតិ នៃ កម្ពុជា

IN CONFIDENCE

Reference number: _____

Bank: _____

Date: ____/____/____
 day month year

ITRS FORM 1P - PAYMENTS

For more information, please contact:

Balance of Payments Division
 National Bank of Cambodia
 Telephone: 012 955 911

Payments in Foreign Exchange or Payments to Nonresidents

(Please refer to the instructions on completing this form.)

Section A (To be completed by bank customer)	Section B (To be completed by bank officer)
1. Resident Name:	1. Transactor Code: _____
2. Other Party Name:	2. Other Party Code: _____
3. Country of Other Party:	3. Country Code: _____
4. Currency of Transaction:	4. Currency Code: _____
5. Value of Transaction:	5a. Value: _____ 0 0
6. Purpose of transaction (brief description):	5b. Value in Riel (mil): _____
.....	6. Transaction Code: _____
.....	Please provide any addition clarification:
.....
.....

The ITRS collects information to be used for statistical purposes only. This information is collected under the authority of the *Law on the Organization and Conduct of the National Bank of Cambodia* and the *Statistics Law of Cambodia*, which provide for the compulsory provision of a completed form. The legislation also ensures that individual information will remain confidential to authorized NBC staff and the data are only released in the form of aggregated statistics.

Instructions for Section A:

- Question 1: Please provide the name of the individual or organization in Cambodia.
- Question 2: Please provide the name of the individual or organization of the other party to the transaction.
- Question 3: Please provide the name of the country of the other party to the transaction.
- Question 4: Please specify the currency used for the transaction (e.g. US \$, Australian \$, Thai Baht).
- Question 5: Please specify the value of the transaction in the original currency (i.e. Question 4).
- Question 6: Please provide a brief description of the purpose for the transaction (e.g. payment for imports, salary, profits remitted, investment in shares abroad, loans extended, loan repaid, private transfers, gifts etc.).

If you require assistance in completing this form, please ask your bank officer to assist you.

THANK YOU FOR YOUR COOPERATION

Form 2P: ITRS Payments - Daily Summary Sheet

Name of bank officer:							
Date:		Total number of transactions:					
Description of payment transactions – e.g. imports, gifts, salary, loans, etc.	Trans- actor code (1 - 9)	Trans- action code (110 - 999)	Country of non- resident Counter- part	Other party code (1-8)	Currency of transact- ion	Amount in original currency	Amount in Riel millions
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
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18.							
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21.							
22.							
23.							
24.							
25.							
26.							
27.							
28.							
29.							
30.							
31.							
32.							
33.							
34.							
35.							
36.							
37.							
38.							
39.							
40.							
Total value	NA	NA	NA	NA	NA	NA	

Form 3R: ITRS Receipts – Monthly Summary Report

(Please report each transaction \$10,000 or more and total number and value for transactions less than \$10,000.)

Name of resident bank:							
Transactions verified (Initials):				Approved (Bank Manager's Initials):			
Month:		Year:		Total number of other transactions:			
Description of receipt transactions – e.g. exports, gift, salary, loan, etc.	Trans- actor code (1- 9)	Trans- action code (110 - 999)	Country of non- resident Counter- party	Other party code (1-8)	Currency of transact -ion	Amount in original currency	Amount in Riel millions
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
16.							
17.							
18.							
19.							
20.							
21.							
22.							
23.							
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25.							
26.							
27.							
28.							
29.							
30.							
31.							
32.							
33.							
34.							
35.							
36.							
37.							
38.							
39.							
Total value of other transactions	NA	NA	NA	NA	NA	NA	
Total value	NA	NA	NA	NA	NA	NA	

Form 3P: ITRS Payments – Monthly Summary Report

(Please report each transaction \$10,000 or more and total number and value for transactions less than \$10,000.)

Name of resident bank:							
Transactions verified (Initials):				Approved (Bank Manager's Initials):			
Month:		Year:		Total number of other transactions:			
Description of payment transactions – e.g. imports, gift, salary, loan, etc.	Transactor code (1-9)	Transaction code (110-999)	Country of non-resident Counter-party	Other party code (1-8)	Currency of transaction	Amount in original currency	Amount in Riel millions
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
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27.							
28.							
29.							
30.							
31.							
32.							
33.							
34.							
35.							
36.							
37.							
38.							
39.							
Total value of other transactions	NA	NA	NA	NA	NA	NA	
Total value	NA	NA	NA	NA	NA	NA	

Classification Codes

39. Descriptions of the various classification codes to be used in recording and reporting ITRS data are provided below. Further clarification or assistance can be provided by contacting Mr. Mak Vannak, ITRS Officer, Balance of Payments Division, NBC on 012 955 911.

Transactor Codes for the Cambodian Party

40. The following classification codes are to be used to classify the Cambodian party involved in each ITRS transaction:

Type of Transactor	Transactor Code
National Bank of Cambodia	1
Other Depository Corporation	2
Other Financial Institution	3
Government	4
State Owned Enterprise	5
Other Enterprise	6
Individual Resident	7
Other Resident	8
Nonresident	9

1. *National Bank of Cambodia* – is the central bank of Cambodia in Phnom Penh, including its central office in Phnom Penh and its branch offices. The central bank is the national financial institution that exercises control over key aspects of the financial system and carries out such activities as issuing currency, managing international reserves, transacting with the IMF, and providing credit to other depository corporations.

2. *Other Depository Corporation* – is any other resident depository corporation (except the NBC) or quasi-corporation. Included are all resident units engaging in financial intermediation as a principal activity and having liabilities in the form of deposits or financial instruments (such as short-term certificates of deposit) that are close substitutes to deposits. Deposits include those payable on demand and transferable by check or otherwise usable for making payments and those that, while not readily transferable, may be viewed as substitutes for transferable deposits. Thus, in addition to commercial banks, the definition includes merchant banks, savings banks, savings and loan associations, building societies, credit unions or credit cooperatives, rural and agricultural banks, travelers' check companies that mainly engage in financial corporation activities, and post office savings banks or other government controlled savings banks (as long as these banks are separate from government).

3. *Other Financial Institution* – is any resident insurance corporation or quasi-corporation, pension fund, other non-depository financial intermediary or financial auxiliary. Included are finance companies, financial leasing companies, investment pools,

securities underwriters and dealers, financial derivative intermediaries, specialized financial intermediaries (including money lenders), public exchanges and securities markets, financial agents and brokers, foreign exchange dealers and retailers, financial guarantee corporations, and insurance and pension adjusters and agents.

4. *Government* – is any government authority, council, institution, ministry or other unit at the central, provincial, district or commune level within the Cambodian economy (including social security funds). Government units exercise legislative, judicial or executive authority over other institutional units within the Cambodian economy.

5. *State Owned Enterprise* – is any non-financial government owned enterprise or unincorporated enterprise that is owned and operated by government and that produces goods and services, including collective services or public goods. Examples include, the Phnom Penh and Sihanoukville Port Authorities, state owned rubber plantations, and Electricity du Cambodge. Non-profit organizations that are majority controlled and financed by government should also be reported under this category.

6. *Other Enterprise* – is any resident non-financial corporation or quasi-corporation that is foreign controlled or owned, or privately Cambodian controlled or owned. Examples include affiliates and branches of foreign companies operating in Cambodia, casinos, garment factories and other manufacturers, hotels, import-export companies, restaurants, retailers, wholesalers.

7. *Individual Resident* – is any resident individual, individuals or household in Cambodia, including foreign nationals residing or expecting to reside in Cambodia for a period of one year or more (refer to the residency criteria in paragraphs 14 to 17 above). Foreign long-term technical assistance experts and volunteers should be included in this category.

8. *Other Resident* – is any resident non-profit organization (including resident charities, NGOs, religious institutions, social clubs, cultural clubs, recreational clubs or sporting clubs) providing goods or services to Cambodian households for free or at significantly less than market prices.

9. *Nonresident* – is any enterprise, individual, institution or other entity that is not a resident of Cambodia (refer to the residency criteria in paragraphs 14 to 17 above). Nonresidents living or operating in Cambodia include foreign officials, diplomats, consular representatives, members of foreign armed forces, and other foreign government personnel (except for technical assistance personnel), foreign students, foreign national receiving medical treatment in Cambodia, embassies and international organizations (e.g. ADB, IMF, UN agencies and World Bank).

Other Party Codes for the Nonresident Party

41. The following classification codes are to be used to classify the nonresident party involved in each ITRS transaction:

Type of Transactor	Transactor Code
Nonresident Central Bank	1
Other Nonresident Depository Corporation	2
Other Nonresident Financial Institution	3
Foreign Government	4
International Institution	5
Nonresident Head Office/Parent Company/Major Shareholder/Affiliate	6
Individual Nonresident	7
Other Nonresident	8
Resident Entity or Individual	9

1. Nonresident Central Bank - is the central bank of another country or a regional central bank. The central bank is the national financial institution (or institutions) that exercises control over key aspects of the financial system and carries out such activities as issuing currency, managing international reserves, transacting with the IMF, and providing credit to other depository corporations.

2. Other Nonresident Depository Corporation - is any other nonresident depository corporation (except central banks) or quasi-corporation. Included are all nonresident units engaging in financial intermediation as a principal activity and having liabilities in the form of deposits or financial instruments (such as short-term certificates of deposit) that are close substitutes to deposits. Deposits include those payable on demand and transferable by check or otherwise usable for making payments and those that, while not readily transferable, may be viewed as substitutes for transferable deposits. Thus, in addition to commercial banks, the definition includes merchant banks, savings banks, savings and loan associations, building societies, credit unions or credit cooperatives, rural and agricultural banks, travelers' check companies that mainly engage in financial corporation activities, and post office savings banks or other government controlled savings banks (as long as these banks are separate from government).

3. Other Nonresident Financial Institution - is any nonresident insurance corporation or quasi-corporation, pension fund, other non-depository financial intermediary or financial auxiliary. Included are finance companies, financial leasing companies, investment pools, securities underwriters and dealers, financial derivative intermediaries, specialized financial intermediaries (including money lenders), public exchanges and securities markets, financial agents and brokers, foreign exchange dealers and retailers, financial guarantee corporations, and insurance and pension adjustors and agents.

4. Foreign Government - is any government authority, council, institution, ministry or other unit at the central, provincial, or local level within the nonresident economy (including social security funds). Government units exercise legislative, judicial or executive authority over other institutional units within the Cambodian economy. Also included is any non-financial government owned enterprise or unincorporated enterprise that is owned and operated by government and that produces goods and services, including collective services or public goods. Non-profit organizations that are majority

controlled and financed by foreign governments should also be reported under this category.

5. *International Institution* – is an international or regional financial or other organization (e.g. ADB, IMF, UN agencies and World Bank).

6. *Nonresident Head Office/Parent Company/Major Shareholder/Affiliate* - is any nonresident individual, corporation or quasi-corporation that is affiliated with the Cambodian party involved in the transaction. Examples include overseas affiliates, branches and subsidiaries of Cambodian companies; enterprises in which the Cambodian party has 10% or more equity interest; foreign head office or parent company of the Cambodian party; or a foreign shareholder or owner with 10% or more equity interest in the Cambodian party.

7. *Individual Nonresident* – is any nonresident individual, individuals or household, including Cambodian nationals residing or expecting to reside overseas for a period of one year or more (refer to the residency criteria in paragraphs 14 to 17 above).

8. *Other Nonresident* – is any other nonresident corporation or quasi-corporation involved in the production or provision of goods and services at market prices, or non-profit organization (including resident charities, NGOs, religious institutions, social clubs, cultural clubs, recreational clubs or sporting clubs) providing goods or services to households for free or at significantly less than market prices.

9. *Resident* – is any individual or other entity that is a resident of Cambodia (refer to the residency criteria in paragraphs 14 to 17 above). Residents living or operating abroad include Cambodian officials, diplomats, consular representatives, members of armed forces, and other government personnel (except for technical assistance personnel), Cambodians working abroad for less than one year, Cambodians studying or receiving medical treatment abroad, and Cambodian counsels and embassies.

Currency Codes

42. The following numeric classification codes are to be used to classify the currency used in each ITRS transaction:

Numerical Code	Currency
01	Argentina Peso
02	Australian Dollar
03	Bahraini Dinar
04	Bangladesh Taka
05	Brazilian Real
06	Brunei Dollar
07	Canadian Dollar
08	Chile Peso

09	Chinese Renminbi
10	Colombian Peso
11	Czech Republic Koruna
12	Danish Krone
13	Euro
14	Egyptian Pound
15	Great Britain Pound Sterling
16	Hong Kong Dollar
17	Hungarian Forint
18	Indian Rupee
19	Indonesian Rupiah
20	Israeli Shekel
21	Japanese Yen
22	Korean (South) Won
23	Kuwaiti Dinar
24	Lao Kip
25	Lebanese Pound
26	Malaysian Ringgit
27	Maltese Lira
28	Mexican Peso
29	Myanmar Kyat
30	Nepalese Rupee
31	New Zealand Dollar
32	Norwegian Krone
33	Oman Rial
34	Pakistani Rupee
35	Peru New Sol
36	Philippines Peso
37	Polish Zloty
38	Qatari Rial
39	Russian Ruble
40	Saudi Arabian Riyal
41	Singapore Dollar
42	Slovak Republic Koruna
43	South African Rand
44	Sri Lankan Rupee
45	Swedish Krona
46	Swiss Francs
47	Taiwan Dollar
48	Thai Baht
49	Turkish Lira
50	United Arab Emirates Dirham
51	United States Dollar
52	Uruguay Peso
53	Venezuela Bolivar
54	Vietnamese Dong
90	Special Drawing Rights
99	Other

Country Codes

43. The following numeric classification codes are to be used to classify the country of the nonresident party in each ITRS transaction:

Numerical code	Country or area name
004	Afghanistan
008	Albania
012	Algeria
016	American Samoa
020	Andorra
024	Angola
660	Anguilla
028	Antigua and Barbuda
032	Argentina
051	Armenia
533	Aruba
036	Australia
040	Austria
031	Azerbaijan
044	Bahamas
048	Bahrain
050	Bangladesh
052	Barbados
112	Belarus
056	Belgium
084	Belize
204	Benin
060	Bermuda
064	Bhutan
068	Bolivia
070	Bosnia and Herzegovina
072	Botswana
076	Brazil
092	British Virgin Islands
096	Brunei Darussalam
100	Bulgaria
854	Burkina Faso
108	Burundi
116	Cambodia
120	Cameroon
124	Canada
132	Cape Verde
136	Cayman Islands
140	Central African Republic
148	Chad
830	Channel Islands
152	Chile
156	China

344 Hong Kong Special Administrative Region of China
446 Macao Special Administrative Region of China
170 Colombia
174 Comoros
178 Congo
184 Cook Islands
188 Costa Rica
384 Côte d'Ivoire
191 Croatia
192 Cuba
196 Cyprus
203 Czech Republic
408 Democratic People's Republic of Korea
180 Democratic Republic of the Congo
208 Denmark
262 Djibouti
212 Dominica
214 Dominican Republic
626 East Timor
218 Ecuador
818 Egypt
222 El Salvador
226 Equatorial Guinea
232 Eritrea
233 Estonia
231 Ethiopia
234 Faeroe Islands
238 Falkland Islands (Malvinas)
242 Fiji
246 Finland
250 France
254 French Guiana
258 French Polynesia
266 Gabon
270 Gambia
268 Georgia
276 Germany
288 Ghana
292 Gibraltar
300 Greece
304 Greenland
308 Grenada
312 Guadeloupe
316 Guam
320 Guatemala
324 Guinea
624 Guinea-Bissau
328 Guyana
332 Haiti

336 Holy See
340 Honduras
348 Hungary
352 Iceland
356 India
360 Indonesia
364 Iran (Islamic Republic of)
368 Iraq
372 Ireland
833 Isle of Man
376 Israel
380 Italy
388 Jamaica
392 Japan
400 Jordan
398 Kazakhstan
404 Kenya
296 Kiribati
414 Kuwait
417 Kyrgyzstan
418 Lao People's Democratic Republic
428 Latvia
422 Lebanon
426 Lesotho
430 Liberia
434 Libyan Arab Jamahiriya
438 Liechtenstein
440 Lithuania
442 Luxembourg
450 Madagascar
454 Malawi
458 Malaysia
462 Maldives
466 Mali
470 Malta
584 Marshall Islands
474 Martinique
478 Mauritania
480 Mauritius
484 Mexico
583 Micronesia, Federated States of
492 Monaco
496 Mongolia
500 Montserrat
504 Morocco
508 Mozambique
104 Myanmar
516 Namibia

- 520 Nauru
- 524 Nepal
- 528 Netherlands
- 530 Netherlands Antilles
- 540 New Caledonia
- 554 New Zealand
- 558 Nicaragua
- 562 Niger
- 566 Nigeria
- 570 Niue
- 574 Norfolk Island
- 580 Northern Mariana Islands
- 578 Norway
- 275 Occupied Palestinian Territory
- 512 Oman
- 586 Pakistan
- 585 Palau
- 591 Panama
- 598 Papua New Guinea
- 600 Paraguay
- 604 Peru
- 608 Philippines
- 612 Pitcairn
- 616 Poland
- 620 Portugal
- 630 Puerto Rico
- 634 Qatar
- 410 Republic of Korea
- 498 Republic of Moldova
- 638 Réunion
- 642 Romania
- 643 Russian Federation
- 646 Rwanda
- 654 Saint Helena
- 659 Saint Kitts and Nevis
- 662 Saint Lucia
- 666 Saint Pierre and Miquelon
- 670 Saint Vincent and the Grenadines
- 882 Samoa
- 674 San Marino
- 678 Sao Tome and Principe
- 682 Saudi Arabia
- 686 Senegal
- 690 Seychelles
- 694 Sierra Leone
- 702 Singapore
- 703 Slovakia
- 705 Slovenia
- 090 Solomon Islands

- 706 Somalia
 - 710 South Africa
 - 724 Spain
 - 144 Sri Lanka
 - 736 Sudan
 - 740 Suriname
 - 744 Svalbard and Jan Mayen Islands
 - 748 Swaziland
 - 752 Sweden
 - 756 Switzerland
 - 760 Syrian Arab Republic
 - 158 Taiwan Province of China
 - 762 Tajikistan
 - 764 Thailand
 - 807 The former Yugoslav Republic of Macedonia
 - 768 Togo
 - 772 Tokelau
 - 776 Tonga
 - 780 Trinidad and Tobago
 - 788 Tunisia
 - 792 Turkey
 - 795 Turkmenistan
 - 796 Turks and Caicos Islands
 - 798 Tuvalu
 - 800 Uganda
 - 804 Ukraine
 - 784 United Arab Emirates
 - 826 United Kingdom
 - 834 United Republic of Tanzania
 - 840 United States
 - 850 United States Virgin Islands
 - 858 Uruguay
 - 860 Uzbekistan
 - 548 Vanuatu
 - 862 Venezuela
 - 704 Viet Nam
 - 876 Wallis and Futuna Islands
 - 732 Western Sahara
 - 887 Yemen
 - 891 Yugoslavia
 - 894 Zambia
 - 716 Zimbabwe
- a/ The designations employed and the presentation of country or area names in this list do not imply the expression of any opinion whatsoever on the part of the National Bank of Cambodia concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Transactions Codes for Banks' Transactions with Nonresidents for Their Own Accounts and on Behalf of Their Clients – Receipts and Payments

44. Transaction codes 110-999 have been devised for the purpose of classifying transactions between residents of Cambodia and the rest of the world into different types to facilitate the analysis of these transactions according to broad balance of payments classifications.

45. In a few instances, some of the transactions in the ITRS are grouped together with categories to which they do not belong. This is done in order for ease of reporting these transactions or because some transactions could belong to more than one major category. An example of the former case is *prepayments received or made for goods (111)*, and of the latter is *processing fees for goods (120)*. Prepayments received or made for goods are actually financial account transactions and would normally be assigned one of the following transactions codes: (a) 760 - loans (short-term) extended to or repaid by non-residents; (b) 790 - other assets/claims; (c) 860 - loans (short-term) extended by or repaid to non-residents; and (d) 890 - other liabilities. These are shown in the *goods* category because the bank clients are most likely to report them in that category as these transactions are not separately identified in the financial transactions categories shown in the ITRS. According to *BPM5*, processing fees would be attributed to exports and imports of goods under some circumstances and to services under other circumstances. It is not necessary for a commercial bank ITRS compiler to be aware of all the nuances of the classification rules that determine when processing fees should be attributed to the value of goods and when they should not. The balance of payments compiler at the NBC will make that decision.

46. The numerical transaction code used is the same for reporting receipts or payments of any particular transaction identified. For example, the transaction code for receipts or payments for goods is 110. However, receipts and payments will be reported to the NBC on separate reporting forms. Thus, forms 1R, 2R, and 3R will be used to report receipts whereas forms 1P, 2P, and 3P will be used to report payments.

47. Receipts arise as a result of exports of goods and services from Cambodia to residents of other countries, salaries, wages, and bonuses paid by nonresidents to Cambodian residents or to short-term Cambodian workers abroad, investment income (dividends, profits, and interest) received by Cambodian residents from their investments abroad, transfer receipts from abroad (migrants transfers, remittances from long-term workers abroad, pensions, and official and private gifts and grants), accumulation of financial liabilities to nonresidents or reduction of financial claims on nonresidents.

48. Payments arise as a result of imports of goods and services to Cambodia from residents of other countries, salaries, wages, and bonuses paid by Cambodians to nonresidents or to nonresident short-term workers in Cambodia, investment income (dividends, profits, and interest) paid by Cambodian residents on their financial liabilities to nonresidents, transfer payments abroad (migrants transfers, remittances from long-term

workers in Cambodia, pensions, and official and private gifts and grants), accumulation of financial claims on nonresidents or reduction of financial liabilities to nonresidents.

Type of Transaction	Transaction Code
Current and Capital Account Transactions	
<i>Goods</i>	
1. Receipts or payments for goods	110
2. Prepayments received or made for goods	111
3. Processing fees for goods	120
4. Gold	130
5. Repairs on goods	140
6. Bunkers and stores	150
7. <i>Other (purpose not specified)</i>	199
<i>Transportation Services</i>	
8. Freight: sea transport	211
9. Freight: air transport	212
10. Freight: other transport	213
11. Passenger: sea transport:	221
12. Passenger: air transport	222
13. Passenger: other transport	223
14. Other transportation services	230
15. <i>Other (purpose not specified)</i>	239
<i>Travel</i>	
16. Business travel	241
17. Personal travel	242
18. Health-related travel	243
19. Education-related travel	244
20. <i>Other (purpose not specified)</i>	249
<i>Other Services</i>	
21. Telephone and other telecommunication services	310
22. Postal services and settlements	311
23. <i>Other communication services (purpose not specified)</i>	319
24. Construction services	320
25. Insurance: Premiums	331
26. Insurance: Claims	332
27. <i>Other insurance services (purpose not specified)</i>	339
28. Financial services, excluding insurance	340
29. Computer and information services	350
30. Royalties and license fees.	360
31. Operational leasing services	372
32. Other business, professional, and technical services	378
33. Administrative and operating expenses between head office and subsidiaries and branches	379
34. Personal, cultural, and recreational services	382
35. Embassy expenditures and government services, n.i.e.	390
36. <i>Other (purpose not specified)</i>	399
<i>Income</i>	

37. Compensation of employees (e.g. salaries, allowances, bonuses)	400
38. Dividends	510
39. Distribution of profits	520
40. Interest on deposits	521
41. Interest on credits and loans	522
42. Interest on securities	523
43. <i>Other (purpose not specified)</i>	599
<i>Transfers</i>	
44. Migrants transfers on immigration or emigration	610
45. Workers' remittances	620
46. Pensions	621
47. Official grants/development assistance	630
48. Grants and gifts – private	640
49. <i>Other (purpose not specified)</i>	699
Financial Account Transactions	
<i>Assets/claims on nonresidents</i>	
50. Shares: purchase or sale of shares	710
51. Other equity: investment or withdrawal of investment	720
52. Bonds and notes (long-term securities): purchase or sale	730
53. Money market instruments (short-term securities): purchase or sale	740
54. Loans (long-term): extended to or repaid by non-residents	750
55. Loans (short-term): extended to or repaid by non-residents	760
56. Deposits with nonresident banks: deposit or withdrawal	770
57. Options, futures, warrants, swaps, etc.	780
58. Other assets/claims	790
59. <i>Other (purpose not specified)</i>	799
<i>Liabilities to nonresidents</i>	
60. Shares: purchase or sale of shares	810
61. Other equity: investment or withdrawal of investment	820
62. Bonds and notes (long-term securities): purchase or sale	830
63. Money market instruments (short-term securities): purchase or sale	840
64. Loans (long-term): extended by or repaid to non-residents	850
65. Loans (short-term): extended by or repaid to non-residents	860
66. Deposits with Cambodian banks: deposit or withdrawal	870
67. Options, futures, warrants, swaps, etc.	880
68. Other liabilities	890
69. <i>Other (purpose not specified)</i>	899
Transactions that could not be classified	
70. Please provide the NBC with a copy of the form (1R or 1P)	999

Current and Capital Account Transactions

Goods - Transactions 1 to 7 represented by transaction codes 110-199 refer to receipts or payments for exports and imports of goods. Included in this category are prepayments received or made for goods (transaction 111). Prepayments received are by Cambodian exporters from importers in other countries and prepayments made are by Cambodian importers to exporters abroad. Therefore, these transactions will be reported on the appropriate Receipts and Transactions forms. The Balance of Payments Statistics

Division (BOPSD) at the NBC will assign the prepayment received by the Cambodian exporter to *860 Receipts* since it is a short-term liability to the importer until the importer receives the goods. When the final settlement is made, the ITRS will capture the balance in transaction code *110* as a receipt. The BOPSD at that time will expunge the short-term liability to the nonresident importer (the pre-payment received earlier) and will make an entry in *860 Payments* and another entry of equal value in *110 Receipts*. The twin entries made by the ITRS and the BOPSD at the time when the final settlement is made will constitute the value of the exports. There is likely to be a time lag between the time the nonresident importer receives the goods (which is the time that the change in ownership takes place) and the time when the financial settlement is made. If so, the BOPSD will make the necessary adjustments to the BOP data.

Transactions 1 and 3-6 represent the various categories of goods identified in *BPM5*. Transaction 1 represents all other goods (*general merchandise*) that are not identified in 3-6. Transaction 3 represents goods for processing. This requires further explanation. According to *BPM5*, goods that are sent from Country A to Country B for further processing and then brought back should be treated as exports when sent and as imports when received. The difference in the two values would be equivalent of the processing fees paid to country B. However, the enterprises involved in these transactions would not treat these as exports and imports. They would be treated as goods on consignment and no financial transactions would be associated with these transactions. At the time the goods are returned, Country A will pay a processing fee to Country B. This will be treated as a *Payment by Country A and as a Receipt by Country B*. Customs and the BOPSD will assign the appropriate export and import values for such transactions. If Country A is Cambodia, the processing fee will be added to the export value of the goods together with other expenses such as transportation costs to derive the imported value. *The ITRS will only reflect the processing fees and not the value of the unprocessed goods. It is important that the ITRS compilers assign the transaction code 120 to processing fees for goods and not any of the codes in Other Services.*

In some instances, Country A will consign a product to country B for processing and then sell it to Country C without re-importing the product to Country A. *In such an instance, Country A will show the value of exports (after processing) to Country C. The processing fee paid to country B will then be shown as a service fee assigned to transaction 30 with the transaction code of 378.* In these instances, additional explanations in the appropriate reporting forms will be helpful.

- 1. Receipts or payments for goods (110)** – includes all other export (receipt) or import (payment) of goods (general merchandise) that are not classified in transactions 3-6. General merchandise covers most movable goods that residents export to, or import from, nonresidents and that, with a few specified exceptions, undergo changes in ownership.
- 2. Prepayments received or made for goods (111)** – includes prepayments received by Cambodian exporters from importers in other countries and prepayments made by Cambodian importers to exporters abroad.

3. *Processing fees for goods (120)* – are fees paid or received for the processing of goods. For example, goods are sent from Country A to Country B for further processing and then brought back should be treated as exports when sent and as imports when received. The difference in the two values is the equivalent of the processing fees paid to country B. *It is important that the ITRS compilers assign the transaction code 120 to processing fees for goods and not any of the codes in Other Services. The balance of payments compilers at the NBC will make the necessary adjustments to these data as necessary.* At present, Cambodia is not known to either export or import goods for the purpose of processing and therefore it is not expected that any transactions for processing would be reported in the ITRS. In the balance of payments statistics, goods that are sent to or received from abroad for processing that involve a substantial physical change are distinguished from other processing. Goods that cross frontiers for processing and reclassified, upon return, in a different three-digit group of the Central Product Classification (CPC) are included on a gross basis, under goods. The value of other processing is recorded under services. However, some may regard the garments industry in Cambodia as essentially a processing industry where the garments factories cut, manufacture, and trim (CMT) the imported fabrics and accessories into garments. This view gains some credibility since most garments factories in Cambodia do not take any decisions or control the import of raw materials or the exports of the finished garments. Both imports and exports are arranged by the owners of the factories who are resident abroad and payments for imports are made by them and exports receipts are remitted to them directly. Therefore, the various transactions between the factory owners and the factories once they are operational may relate only to payments for working capital requirements such as wages, utilities, rent etc. Garments factories may report these transactions as either processing fees for goods (120), other equity: investment or withdrawal of investment (820), or other liabilities (890). *It is recommended that the ITRS compiler obtain additional information from the garments factories when they report transactions to enable the balance of payments compilers at the NBC to make the appropriate adjustments.*

4. *Gold (130)* - refers to non-monetary gold. Non-monetary gold covers exports and imports of all gold not held as *reserve assets*. Gold used in production (e.g. industrial, production of jewelry) and as a store of value should be included in this category. Transactions that relate to gold associated with the monetary transactions of the NBC should not be included here. BOP Division will obtain transactions related to *reserve assets* directly from the relevant departments of the NBC and not from the ITRS. Therefore, only gold that is imported or exported for industrial use (manufacture of jewelry) or as a store of value by institutions other than the NBC, enterprises (including goldsmiths, importers and exporters), and individuals should be included in this item.

5. *Repair on goods (140)* - refers to value of all repairs on goods. Proper classification of this item poses problems in an ITRS. The System of National Accounts (SNA) distinguishes between repairs performed on investment goods and those performed on other goods. The latter are included under services in the SNA. However, the *BPM5* recommends that the value of all repairs be included under goods. This recommendation is made because of the practical difficulty involved in making distinctions between the two types of goods and the fact that the bulk of international repairs are performed on

investment goods. Excluded are construction repairs (recorded under *construction services*), computer repairs (recorded under *computer and information services*), and maintenance performed in ports and airports on transportation equipment (recorded under *other transportation services*).

6. *Bunkers and stores (150)* – include all goods procured in ports by carriers (airplanes and ships) such as fuel, (food and other) provisions, stores, and supplies that resident/nonresident carriers (air, shipping, etc) procure abroad or in Cambodia. The classification does not cover auxiliary services (towing, piloting, maintenance, etc), which are covered under *other transportation services (transaction 14 or transaction code 230)*.

7. *Other, purpose not specified (199)* - is a residual category for goods transactions whose purposes are not specified. Care should be exercised to include as few of the transactions as possible in this category. This classification category should be used by the ITRS compilers only when sufficient information is not available to code a transaction in *goods* to any of the other six categories discussed above.

Transportation Services – Transactions 8 to 15 represented by transaction codes 211-239, cover most of the *transportation services* that are performed by Cambodians for nonresidents and vice versa. However, *transportation services* utilized by nonresident travelers within Cambodia to resident carriers should be shown to *travel (transactions 16-18)*. Also, freight insurance should be covered under *insurance services (transaction 23-24 or transaction codes 331-332)*. *Transportation* includes freight and passenger transportation by all modes of transportation and other distributive and auxiliary services, including rentals of transportation equipment with crew. *Transportation services* are covered by transactions 8-15 or transaction codes 211 to 239.

Importers and exporters usually engage the services of transportation companies directly or through agents. Importers eventually pay for the cost of transportation of goods even though the exporters may have arranged for these services. In such instances, the payments made by the importers include not only the cost of goods but that of transportation as well. In other instances, the importers may pay for the transportation of goods directly to the transportation companies or agents acting on behalf of transportation companies. If a Cambodian importer engages the services of a Cambodian transportation company to import goods into Cambodia, it is a resident to resident transaction and therefore it does not have to be reported on the ITRS forms. If the transportation company is nonresident, then the transportation charges have to be reported on the ITRS.

According to balance of payments concepts, transportation costs include only those that are charged from the port of loading of the exporting country to the port of unloading of the importing country. The cost of transportation from factory gate or farm gate to the port of loading is included in the cost of goods. In the case of overland transportation of goods by trucks (for example from Thailand to Cambodia through Poipet), the goods (e.g. steel or cement) may be shipped by a Thai trucking company, from Bangkok to the place of business of the importer in Siem Reap. In this case, the cost of goods and

transportation cost from Bangkok to Poipet will constitute the free on board (f.o.b.) cost of goods. The cost of goods in Bangkok (excluding the cost of transportation to Poipet) is called factory gate price. According to balance of payments concepts, the f.o.b. cost constitutes the cost of imported goods. In the above example, the cost of transportation from Poipet to Siem Reap should be included in transportation cost or payments since the services of a nonresident trucker are utilized.

Therefore, when transportation payments or receipts are reported on the ITRS forms, it would be helpful if additional information is provided, to the extent possible, on the mode of transportation, the residency of the transportation companies, and other details such as the cost of transportation from the factory gate to the port of loading and any transportation services provided by nonresident truckers within the geographical boundaries of Cambodia.

In the case of transportation of passengers, the cost of transportation provided by nonresident modes of transportation (such as airlines, ships, automobiles etc) to nonresidents visiting Cambodia should not be reported on the ITRS. However, transportation costs paid by nonresidents to Cambodian resident transportation modes (irrespective of their ownership) should be reported. For example, the President Airlines of Cambodia is a resident of Cambodia even though it is owned by nonresidents. But Bangkok Airlines is not a resident of Cambodia. Therefore payments made to it by nonresidents should not be reported on the ITRS.

The cost of transportation within Cambodia by nonresidents should be included in travel and not in transportation according to balance of payments concepts. If such transportation is provided by nonresident carriers to nonresidents, then those payments should not be reported on the ITRS.

In the case of residents, transportation costs paid to nonresident carriers should be reported and not those paid to resident carriers.

Cambodian residents traveling abroad may obtain the required funds by making withdrawals from their foreign currency accounts held in Cambodian banks, or buying foreign currencies or travelers checks from the banks or utilizing their credit cards. To the extent possible, the banks should report the cost of transportation paid to nonresident carriers separately from other costs of travel. *The passenger transportation cost (from Cambodia to the port of disembarkation) should be assigned one of the transaction codes in the range 221-223. Other travel costs including transportation within the countries visited should be assigned one of the transaction codes in the range 241-249.*

8. Freight: sea transport (211) – includes the costs of transportation from the customs border of the exporting country to the importing country, as well as, within the importing country to the point of delivery. Include costs of loading on board ship or the unloading of goods from ships where this service is specified under the freight contract. Payments for freight on all imports should be recorded as a payment, while payments for freight on exports should be recorded as a receipt only when these freight services are provided by

Cambodian owned carriers. Please note that the flag flown or the country of registration is not to be used to determine ownership. Also included as a receipt are payments received for freight services provided by Cambodian carriers between other countries (e.g. goods transported between Thailand and Vietnam). Please note that there are currently no Cambodian owned shipping lines.

9. Freight: air transport (212) – includes the costs of transportation from the customs border of the exporting country to the importing country, as well as, within the importing country to the point of delivery. Include costs of loading on board or the unloading of goods from airplanes where this service is specified under the freight contract. Payments for freight on all imports should be recorded as a payment, while payments for freight on exports should be recorded as a receipt only when these freight services are provided by Cambodian owned carriers (i.e. President and Phnom Penh Airlines). Also included as a receipt are payments received for freight services provided by Cambodian carriers between other countries (e.g. goods transported between Thailand and Vietnam).

10. Freight: other transport (113) – includes the costs of transportation from the customs border of the exporting country to the importing country, as well as, within the importing country to the point of delivery. Include costs of loading on board or the unloading of goods from trucks or railway trucks where this service is specified under the freight contract. Payments for freight on all imports should be recorded as a payment, while payments on exports should be recorded as a receipt only when these freight services are provided by Cambodian owned trucking services or railways. Also included as a receipt are payments received for freight services provided by Cambodian carriers between other countries (e.g. goods transported between Thailand and Vietnam).

11. Passenger: sea transport (221) – includes all passenger services between Cambodia and other countries provided by Cambodian ships to nonresident passengers (receipts) and nonresident ships to Cambodian passengers (payments). Passenger services provided to Cambodian passengers by nonresident carriers within Cambodia should also be included here. Passenger services provided to nonresident passengers by Cambodian carriers within Cambodia should be reported under the travel category. Passenger services charges include fares, charges for excess baggage, vehicles, or other personal accompanying effects and expenditures for food, drink, or other items for which passengers make expenditures while on board carriers.

12. Passenger: air transport (221) – includes all passenger services between Cambodia and other countries provided by Cambodian airlines (i.e. President Airlines and Phnom Penh Airlines) to nonresident passengers (receipts) and nonresident airlines to Cambodian passengers (payments), e.g. Bangkok Airways, Silk Air. Passenger services provided to Cambodian passengers by nonresident carriers within Cambodia should also be included here. Passenger services provided to nonresident passengers by Cambodian carriers within Cambodia should be reported under the travel category. Passenger services charges include fares, charges for excess baggage or other personal accompanying effects and expenditures for food, drink, or other items for which passengers make expenditures while on board carriers.

13. Passenger: other transport (221) – includes all passenger services between Cambodia and other countries provided by Cambodian land transport services (i.e. Cambodian owned bus services) to nonresident passengers (receipts) and nonresident land transport services to Cambodian passengers (payments), e.g. Laos, Thai or Vietnamese owned bus services. Passenger services provided to Cambodian passengers by nonresident carriers within Cambodia should also be included here. Passenger services provided to nonresident passengers by Cambodian carriers within Cambodia should be reported under the travel category. Passenger services charges include fares, charges for excess baggage or other personal accompanying effects and expenditures for food, drink, or other items for which passengers make expenditures while on board carriers.

14. Other transportation services (230) – includes rental or operational leases made by residents to nonresidents (receipt) and vice-versa (payment) of vessels, aircraft, freight cars, or other commercial vehicles with crews for limited periods (such as a single voyage) for the carriage of freight or passengers. Also included are payments or receipts for auxiliary services provided in ports, airports and other terminal facilities (e.g. cargo handling, storage and warehousing, packing and repacking, towing, pilotage, navigational aid for carriers, maintenance and cleaning of transportation equipment, salvage operations, commissions and agents fees etc.).

15. Other, purpose not specified (239) - is a residual category for transport services transactions whose purposes are not specified. Care should be exercised to include as few of the transactions as possible in this category.

Travel – Transactions 16 to 20 represented by transaction codes 241 to 249, covers goods and services, including those related to health and education-acquired from Cambodia by nonresident travelers (and vice versa) for business and personal purposes during their visits of less than one year. *Travel* excludes international passenger services, which are included in *transportation*. Students and medical patients are treated as travelers, regardless of the length of stay. Military and embassy personnel and nonresident workers (stay in another country of less than one year) are not regarded as travelers. However, expenditures by nonresident workers are included in *travel*, while those of military and embassy personnel are included in *government services n.i.e.*

16. Business travel (241) – includes business travel related transactions (of a personal nature) including travelers coming to Cambodia (receipts) or going abroad (payments) for all types of business activities, carrier crews stopping off or staying over, employees of international organizations on official business, and employees doing work for businesses that are not resident in the economy where the work occurs. Business travelers include sales persons, academics, commercial negotiators, product buyers, mission members, engineers and technicians, etc. Official travel by government and international organization employees should not be included here but reported under *government services n.i.e.*

17. *Personal travel (242)* – includes personal travel related transactions for travel other than for business, education, health or official reasons. Includes travel for leisure and holidays, cultural and religious activities, sports, visiting friends and relatives by nonresidents in Cambodia (receipt) or Cambodians abroad (payment). All travel expenses on the purchase of goods and services within the economy should be included here (e.g. hotel accommodation, entertainment and entry fees, drinks and meals, transportation within the economy, gifts and souvenirs etc.). Official travel by government and international organization employees should not be included here but reported under government services n.i.e.

18. *Health-related travel (243)* – includes health-related travel transactions where Cambodian residents travel abroad for medical reasons (payment) or vice-versa (receipt), regardless of the length of stay by nonresidents in Cambodia or Cambodians abroad.

19. *Education-related travel (244)* – includes education-related travel transactions where Cambodian residents travel abroad for study (receipt) or vice-versa (payment), regardless of the length of stay by nonresidents in Cambodia or Cambodians abroad.

20. *Other, purpose not specified (249)* - is a residual category for travel related transactions by nonresidents in Cambodia (receipt) or Cambodians abroad (payment), whose purposes are not specified. Care should be exercised to include as few of the transactions as possible in this category.

Other Services - are covered by transactions 21 to 36 represented by transaction codes 310-399. These are further subdivided into various categories.

21. *Telephone and other telecommunication services (310)* - includes payments to nonresidents or receipts from nonresidents for telephone and other telecommunication services, such as transmission of sound, images, and other information by telephone, telex, telegram, cable, broadcasting, satellite, electronic mail, facsimile services, etc. and includes business network services, teleconferencing, and support services, as well as, associated maintenance. The Ministry of Posts and Telecommunications in Cambodia has significant communications related transactions with nonresidents. These include services provided as well as received. Receipts for services provided to and payments for services received from the nonresident counterparts are usually settled on a net basis. However, the NBC officials need the data on gross payments and gross receipts, which would entail additional reporting burden for the banks. *Therefore, it is recommended that the banks report the data on a net settlement basis as would be done by the banks' clients and that the NBC officials follow up with the respondents to obtain the gross data.*

22. *Postal services and settlements (311)* – includes payments to nonresidents or receipts from nonresidents for postal and courier services, including pickup, transport, and delivery of letters, newspapers, periodicals, brochures, other printed material, parcels, and packages by national postal administrations and other operators. Also included are post office courier and mailbox rental services. The Ministry of Posts and Telecommunication

in Cambodia has significant communications related transactions with nonresidents. These include services provided as well as received. Receipts for services provided to and payments for services received from the nonresident counterparts are usually settled on a net basis. However, the NBC officials need the data on gross payments and gross receipts, which would entail additional reporting burden for the banks. *Therefore, it is recommended that the banks report the data on a net settlement basis as would be done by the banks' clients and that the NBC officials follow up with the respondents to obtain the gross data.* International courier services such as DHL and FedEx may operate in Cambodia through local offices established by them or through agents. Any payments to or receipts from the parent companies or their affiliates abroad of these international courier companies for communication services should be shown here.

23. Other communication services, purpose not specified (319) - is a residual category for payments to nonresidents or receipts from nonresidents for communication services whose purposes are not specified. Care should be exercised to include as few of the transactions as possible in this category.

24. Construction services (320) - includes payments to nonresidents or receipts from nonresidents for construction and installation project work that is, on a temporary basis, performed in Cambodia/abroad or in extraterritorial enclaves by nonresident/resident enterprises and associated personnel. Such work does not include work that is undertaken by a foreign direct investment enterprise (FDIE). Temporary basis means work that is generally performed for less than one year. Extraterritorial enclaves in Cambodia include embassies, and consulates of foreign governments as well as offices of international organizations such as the World Bank, IMF, Asian Development Bank, etc. A foreign direct investment enterprise in Cambodia is the subsidiary, affiliate, or branch of an enterprise located in a country other than Cambodia. If *construction services* are provided by a Cambodian construction company to a foreign embassy located in Cambodia, they should be reported as receipts. Similarly, if *construction services* are provided by a foreign construction company to a Cambodian embassy located abroad, they should be reported as payments.

25. Insurance: premiums (331) - includes premiums paid by Cambodians (payments) for the provision of insurance services by nonresidents and vice versa (receipts). This item comprises insurance premiums paid or received for freight insurance (on goods exported and imported), other types of direct insurance (including life and non-life), and reinsurance. At present, there are very few insurance companies in Cambodia. These do not generally engage in international transactions except for some re-insurance and possibly some freight insurance on behalf of Cambodian importers. Other international transactions by Cambodian insurance companies related to life and non-life are practically non-existent. However, some enterprises in Cambodia obtain fire and casualty insurance directly or through their parent companies or affiliates from foreign insurance companies. Such payments too should be included under *insurance services*. Also recorded as *insurance services* are agent commissions related to insurance transactions.

26. *Insurance: claims (332)* – includes claims paid out to Cambodians by nonresidents (receipts) and vice versa (payments). This item comprises claims paid or received for freight (on goods exported and imported), other types of direct insurance (including life and non-life), and reinsurance.
27. *Other insurance services (339)* - is a residual category for payments to nonresidents or receipts from nonresidents for insurance services whose purposes are not specified. Care should be exercised to include as few of the transactions as possible in this category. This item comprises payments or receipts for freight insurance (on goods exported and imported), services provided for other types of direct insurance (including life and non-life), and services provided for reinsurance.
28. *Financial services, excluding insurance (340)* - includes financial intermediation and services and auxiliary services conducted between residents of Cambodia and nonresidents. Included are commissions and fees for letters of credits, lines of credits, foreign exchange transactions, and consumer and business credit services paid to nonresidents (payments) or received from nonresidents (receipts). Service charges on purchases of IMF resources are included here as financial service payments, as are charges (similar to commitment fees) associated with un-drawn balances under stand-by or extended arrangements with the IMF.
29. *Computer and information services (350)* - includes payments to nonresidents or receipts from nonresidents related to hardware consultancy, software implementation, information services (data processing, data base development and storage, news agency), and maintenance and repair of computers and related equipment.
30. *Royalties and license fees (360)* - includes receipts (exports) and payments (imports) of residents and nonresidents for (a) the authorized use of intangible non-produced, non-financial assets and proprietary rights-such as trademarks, copyrights, patents, processes, techniques, designs, manufacturing rights, franchises, etc. and (b) the use, through licensing agreements, of produced originals or prototypes – such as manuscripts, films, etc.
31. *Operational leasing services (372)* - includes payments to nonresidents or receipts from nonresidents for rental of equipment without operators and covers resident-nonresident leasing (other than financial leasing) and charters of ships, aircraft, and transportation equipment such as railway cars, containers, rigs, etc. without crew. A financial lease should not be recorded here as it is a means by which the lessee finances the purchase of the good. The full equivalent of the market value of the goods should be recorded under *goods* and not in *services*. However, the transactions related to financial leases that go through the Cambodian banking system will reflect only the periodic lease payments which consist of the amortization of the principal and interest payments. Information collected by the commercial banks from their clients on the nature of the leases (*operational or financial*) would help the balance of payments compilers to code these transactions appropriately.

32. Other business, professional, and technical services (378) – includes payments to nonresidents or receipts from nonresidents for services provided by residents to nonresidents and vice versa, including merchanting and other trade-related services, and miscellaneous business, professional and technical services.

33. Administrative and operating expenses between head offices and subsidiaries and branches (379) - includes various business related services provided to (receipt)/from (payment) head offices and subsidiaries situated in different economies (e.g. accounting and legal services provided by Raffles International Hotel in Singapore, the parent company, to its subsidiary Le Royal Raffles Hotel in Phnom Penh).

34. Personal, cultural, and recreational services (382) - includes payments to nonresidents or receipts from nonresidents for audiovisual and related services, and other cultural services provided by Cambodian residents to nonresidents and vice versa.

35. Embassy expenditures and government services, n.i.e. (390) - includes all services associated with embassies, consulates, military units, defense agencies, government sectors or international and regional organizations and not classified under other items provided by Cambodians (receipts) or received from nonresidents (payments). Included are receipts from nonresidents or payments to nonresidents for office supplies, furnishings, utilities, official vehicles and their maintenance and operation, official entertainment, and personal expenditure by diplomats and consular staff and their dependents. Also included are expenditure by aid missions, government investment and tourism promotion not reported under other categories.

36. Other, purpose not specified (399) -- is a residual category for payments to nonresidents or receipts from nonresidents for other services transactions whose purposes are not specified. Care should be exercised to include as few of the transactions as possible in this category.

Income - is covered by transactions 37 to 43 or transaction codes 400-599. Income includes compensation of employees and investment income.

37. Compensation of employees (400) - includes wages, salaries, and other benefits, in cash or in kind, earned by Cambodian individuals (receipts) and nonresident individuals (payments), and includes those of border, seasonal, and other short-term (less than one year) resident and nonresident workers (e.g. local staff of embassies). Compensation by international organizations to long-term international experts working in Cambodia should be reported here as receipts.

38. Dividends (510) – includes dividends paid by Cambodians (payment) or received (receipt) from direct or portfolio equity investment (i.e. investment in shares or ownership of listed or unlisted companies or enterprises).

39. Distribution of profits (520) – includes the distribution of profits by Cambodian branches of foreign enterprises to their foreign head office (payment), or the distribution

of profits by foreign branches of Cambodian enterprises to their Cambodian head office (receipt). Rents received by Cambodian residents owning property abroad should be reported under this category.

40. *Interest on deposits (521)* – includes interest received (receipts) by Cambodian residents on deposits held in nonresident banks and other financial institutions abroad and interest paid to nonresident deposit holders living abroad by Cambodian resident banks and other financial institutions (payments).

41. *Interest on credits and loans (522)* – includes interest received (receipts) on credits and loans made to nonresidents by Cambodian financial institutions and enterprises (including direct investors or direct investment enterprises), and interest paid (payments) on credits and loans extended to Cambodian residents by nonresident financial institutions and enterprises (including direct investors or direct investment enterprises).

42. *Interest on securities (523)* – includes interest received (receipts) on debt securities, such as money market instruments (e.g. Treasury bills and other short-term instruments) and bonds and notes (i.e. debt securities with a maturity of one year or more) by Cambodian residents from nonresidents, and interest paid (payments) on debt securities, such as money market instruments (e.g. bills and other short-term instruments) and bonds and notes (i.e. debt securities with a maturity of one year or more) by Cambodian residents to nonresidents. Please note that as there are currently no bond or money market instruments issued by Cambodian residents, there should be no payments reported under this category.

43. *Other, purpose not specified (599)* - is a residual category for income transactions whose purposes are not specified. Care should be exercised to include as few of the transactions as possible in this category.

Transfers - are covered by transactions 44 to 49 or transaction codes 610 to 699.

44. *Migrants transfers on immigration or emigration (610)* - includes cash transferred into Cambodia by immigrants or long-term residents (over one-year) with the exception of diplomats and employees of international organizations, foreign military and other foreign government representatives should be shown in this account in the ITRS as receipts. Similarly any cash transferred abroad by Cambodians emigrating or taking up long-term residency abroad (over one year) with the exception of Cambodian diplomats and other Cambodian government representatives abroad should be shown in this account in the ITRS as payments.

45. *Workers' remittances (620)* - includes receipts by Cambodian residents of remittances by migrants who are employed in foreign countries and considered residents there. A migrant is a person who is expected to stay in a foreign country for a year or more. Workers' remittances often involve related persons and friends. Cambodians who work for and stay in foreign countries for less than a year are considered residents of Cambodia. Their transactions are appropriate mainly to the component for compensation

of employees. Conversely, remittances by foreign migrants employed in Cambodia to relatives and friends abroad should be reported under this category as payments.

46. *Pensions (621)* – includes pensions received in Cambodia by Cambodian residents who had formerly worked for foreign governments or other foreign organizations should be shown as receipts and any pensions paid by Cambodian government or organizations to residents abroad should be shown as payments.

47. *Official grants/development assistance (630)* - includes cash transfers effected between governments for the purpose of financing current expenditures by the recipient government; cash transfers associated with relief efforts in the wake of famine, earthquakes, floods, war, and other natural disasters; and cash grants for development projects such as for building of roads and other infrastructure.

48. *Grants and gifts – private (640)* - include grants and gifts from individuals (other than workers' remittances) and nongovernmental organizations (NGOs).

49. *Other, purpose not specified (699)* - is a residual category for transfers whose purposes are not specified. Care should be exercised to include as few of the transactions as possible in this category.

Financial Account Transactions - The classification adopted in the ITRS is a two tier classification in contrast to the five tier classification used in *BPM5* to classify financial transactions. In *BPM5*, the financial account is first classified on a functional basis into the following categories: direct investment, portfolio investment, financial derivatives, other investment, and reserve assets. These categories with the exception of direct investment are further classified into assets and liabilities. Direct investment is classified on a functional basis into direct investment abroad and direct investment in reporting economy. The third tier of classification is by financial instruments such as equity and debt securities. The fourth tier of classification is by the various sectors in Cambodia who are either the creditors (holders of the assets) or the debtors (holders of the liabilities). The various Cambodian sectors identified for this purpose are (a) the Monetary authority (National Bank of Cambodia), (b) General government which includes the Royal Government of Cambodia as well as the various regional and local governments such as the provinces, cities, and communes, (c) Commercial banks, (d) and other sectors such as enterprises (including government enterprises), non-government enterprises, and individuals. The fifth tier of classification is based on the duration or term of the financial instrument such as long-term or short-term. All financial instruments that mature within one year are classified as short-term and those with maturities over one year are termed long-term.

It is not necessary for the ITRS compiler to know the definitions and the detailed five-tier classification system of *BPM5*. If the ITRS compilers are able to obtain data on the basis of the two-tier classification system reflected in the various reporting forms, then the balance of payments compilers will be able to convert the data to fit the five-tier

classification system of the *BPM5* with the help of other information provided on the forms as well as data collected by them directly from various respondents.

Assets/claims on Nonresidents - are covered by transactions 50 to 59 representing transaction codes 710-799. These transaction codes have been simplified in the ITRS forms (compared to the structure in *BPM5*) to reflect the Cambodian circumstances. Therefore, in the ITRS forms the *financial account transactions* have been broadly classified for *assets or claims on nonresidents*. Under this broad category of assets, various financial instruments such as shares, bonds and notes, money market instruments, loans and deposits are identified. Acquisition of assets abroad will be reported as payments and withdrawal of assets as receipts.

50. Shares: purchase or sales of shares (710) – includes transactions involving the purchase (payment) or sale (receipt) of shares in nonresident corporations (i.e. Cambodian direct or portfolio investment abroad). Direct investments abroad are made by Cambodian direct investors. A Cambodian direct investor is an investor who seeks a significant voice in the management of an enterprise operating in a country other than Cambodia. The ownership of ten percent of the equity of the company (usually also ten percent of the voting rights) is considered sufficient to exercise a significant voice in the management of a company. At present, the amount of identified Cambodian direct investment abroad is small. It is likely that Cambodian individuals have portfolio investments abroad in equity securities. Investment of less than ten percent in the equity security of a foreign company by a Cambodian resident would constitute portfolio investment abroad. To the extent that acquisition and disposition of such assets are executed through the Cambodian banking system, these transactions should be reflected in the ITRS.

51. Other equity: investment or withdrawal of investment (720) – includes transactions involving new or increased investment (payment) or withdrawals of investment (receipt) in unincorporated direct investment enterprises abroad - such as equity in a branch operation abroad of a Cambodian enterprise or investments in real estate abroad by Cambodian individuals and enterprises. According to *BPM5*, investments in real estate should be treated as direct investment.

52. Bonds and notes (long-term securities): purchase or sale (730) – includes transactions involving the purchase (payment) or sale (receipt) of bonds, notes and other long-term marketable debt securities (with a maturity of one year or more). Bonds and notes are considered long-term debt securities even if the holder disposes of the investment within one year.

53. Money market instruments (short-term securities): purchase or sale (740) - includes transactions involving the purchase (payment) or sale (receipt) of bills and other money market instruments. Money-market instruments mature under a year and hence are short-term debt securities.

54. *Loans (long-term): extended to or repaid by nonresidents (750)* – includes transactions involving the provision (payment) or repayment (receipt) of loans to non-residents by Cambodian residents, where the maturity period for the loans is one year or more. The holders of these assets are monetary authorities, general government, banks, and other sectors.

55. *Loans (short-term): extended to or repaid by nonresidents (760)* – includes transactions involving the provision (payment) or repayment (receipt) of loans to non-residents by Cambodian residents, where the maturity period for the loans is less than one year. The holders of these assets are monetary authorities, general government, banks, and other sectors. Trade credits should also be included in these transactions.

56. *Deposits with nonresident banks: deposit or withdrawal (770)* – includes transactions involving deposits (payments) or withdrawals (receipts) of currency and deposits with nonresident banks by Cambodian residents. The holders of these assets are the monetary authorities, general government, banks, and other sectors.

57. *Options, futures, warrants, swaps etc. (780)* – includes transactions involving financial derivatives such as options, futures, warrants, swaps etc. There are no known transactions in financial derivatives between Cambodians and nonresidents now or expected in the near future. Therefore, these transactions are not likely to be collected through the ITRS.

58. *Other assets/claims (790)* – includes transactions comprising other assets/claims on nonresidents by Cambodian residents other than shares and other equity, loans, currency and deposits and financial derivatives. Capital subscriptions to international non-monetary organizations are to be classified under this category, as are miscellaneous prepayments made.

59. *Other, purpose not specified (799)* - is a residual category for transactions relating to assets and claims on nonresidents whose purposes are not specified. Care should be exercised to include as few of the transactions as possible in this category.

Liabilities to Nonresidents - are covered by transactions 60 to 69 representing transaction codes 810-899. These transaction codes have been simplified in the ITRS forms (compared to the structure in *BPM5*) to reflect the Cambodian circumstances. Therefore, in the ITRS forms the *financial account transactions* have been broadly classified for *liabilities to nonresidents*. Under this broad category of liabilities, various financial instruments such as shares, bonds and notes, money market instruments, loans and deposits are identified. Increases in liabilities to nonresidents will be shown as receipts and decrease in liabilities as payments.

60. *Shares: purchase or sales of shares (810)* – includes transactions involving the purchase (receipt) or sale (payment) of shares in Cambodian corporations (i.e. direct or portfolio investment in Cambodia). At present, the amount of identified direct investment in Cambodia is significant. Direct investments in Cambodia are made by foreign direct

investors. A foreign direct investor is an investor who seeks a significant voice in the management of an enterprise operating in Cambodia (i.e. a foreign direct investment enterprise). The ownership of ten percent of the equity of the company (usually also ten percent of the voting rights) is considered sufficient to exercise a significant voice in the management of a company. The best known foreign direct investment enterprises in Cambodia are the garment factories owned by investors from China, Hong Kong, Taiwan, Malaysia, Singapore and Indonesia. Other foreign direct investments in Cambodia include the tourism industry such as the hotels, consumer goods industries such as the manufacture of beer, soft drinks, and cigarettes, utilities such as cell phones and generation of electricity. If these investments are made in Cambodian incorporated companies, the equity investments made by the foreign direct investors (registered capital) should be attributed to shares. Investment of less than ten percent in the equity security of a Cambodian company by a foreign resident would constitute portfolio equity investment in Cambodia. So far, only a small amount of equity portfolio investment has been identified in Cambodia. Since there are no publicly held shares of Cambodian companies, all direct and portfolio investments in Cambodia are privately held. Until an active stock market develops in Cambodia, portfolio investment will tend to be negligible. To the extent that acquisition and disposition of such liabilities are executed through the Cambodian banking system, these transactions should be reflected in the ITRS.

61. Other equity: investment or withdrawal of investment (820) – includes transactions involving new or increased investment (receipt) or withdrawals of investment (payment) in unincorporated direct investment enterprises in Cambodia - such as equity in a branch operation of a foreign enterprise in Cambodia or investments in real estate in Cambodia by nonresident individuals and enterprises. According to *BPM5*, investments in real estate should be treated as direct investment. According to the laws of Cambodia, non-citizens cannot own real estate in Cambodia. However, there are citizens of Cambodia who are resident abroad and may own real estate in Cambodia. Since balance of payments statistics are based on residency rather than citizenship, such investments should be recorded under this category.

62. Bonds and notes (long-term securities): purchase or sale (830) – includes transactions involving the purchase (receipt) or sale (payment) of bonds, notes and other long-term marketable debt securities (with a maturity of one year or more). Bonds and notes are considered long-term debt securities even if the holder disposes of the investment within one year. As there are currently no marketable bonds or notes issued in Cambodia, there are likely to be no ITRS transactions for this category in the near future.

63. Money market instruments (short-term securities): purchase or sale (840) - includes transactions involving the purchase (receipt) or sale (payment) of bills and other money market instruments. Money-market instruments mature under a year and hence are short-term debt securities. As there are currently no money-market instruments issued in Cambodia, there are likely to be no ITRS transactions for this category in the near future.

64. *Loans (long-term): extended by or repaid to nonresidents (850)* – includes transactions involving the drawing (receipt) or repayment (payment) of loans by Cambodian residents from/to nonresidents, where the maturity period for the loans is one year or more. The holders of these liabilities are monetary authorities, general government, banks, and other sectors.

65. *Loans (short-term): extended by or repaid to nonresidents (860)* – includes transactions involving the drawing (receipt) or repayment (payment) of loans by Cambodian residents from/to non-residents, where the maturity period for the loans is less than one year. The holders of these liabilities are monetary authorities, general government, banks, and other sectors. Trade credits should also be included in these transactions.

66. *Deposits with Cambodian banks: deposit or withdrawal (870)* – includes transactions involving deposits (receipts) or withdrawals (payments) of currency and deposits with Cambodian banks by nonresidents.

67. *Options, futures, warrants, swaps etc. (880)* – includes transactions involving financial derivatives such as options, futures, warrants, swaps etc. There are no known transactions in financial derivatives between Cambodians and nonresidents now or expected in the near future. Therefore, these transactions are not likely to be collected through the ITRS.

68. *Other liabilities (890)* – includes transactions comprising other liabilities of Cambodian residents to nonresidents other than shares and other equity, loans, currency and deposits and financial derivatives. Miscellaneous prepayments received are to be classified under this category.

69. *Other, purpose not specified (899)* - is a residual category for transactions relating to liabilities to nonresidents whose purposes are not specified. Care should be exercised to include as few of the transactions as possible in this category.

Transactions that could not be classified

70. *Please provide the NBC with a copy of the Form 1R or 1P (999)* – is a residual category for ITRS transactions whose purposes could not be classified by the bank staff under any of the categories above. The bank should provide a hard copy of the relevant Form 1R or 1P to the NBC when it provides its monthly summary report.

Appendix I. Frequently Asked Questions

1. Are sufficient regulatory arrangements for functioning of the ITRS in place?

Response: The information reported by the banks and the NBC, on their own account transactions or on behalf of their clients, would be collected under the authority of the *Law on the Organization and Conduct of the National Bank of Cambodia* and the *Statistics Law of Cambodia*. The Statistics Law provides for the compulsory provision of individual information to institutions and ministries of the Royal Government of Cambodia, for statistical purposes under Article 24. The article states that “ministries and government institutions may conduct statistical activities to obtain statistical information from respondents”. Furthermore, the Law states under Article 29 that the “respondents must provide accurate, complete, timely and truthful information to a designated statistical officer of the National Institute of Statistics of the Ministry of Planning or any other ministry or institution of the Royal Government. Where accurate and complete information is not available within the time required, respondents must provide approximate information. Articles 30 and 31 state that, “Penalties shall apply to any respondent who knowingly violates Article 29” and “any individual who deliberately and without legal justification prevents or prohibits statistical activities conducted by the National Institute of Statistics, Ministries, or other government institutions under the provisions of this Law, will be subject to penalties as determined under the judicial code”.

The National Bank of Cambodia (NBC) has the authority to collect the ITRS data under article 39.1 of the *Law on the Organization and Conduct of the National Bank of Cambodia*. This article states that “a bank or financial institution must furnish to the Central Bank such information and data as the Central Bank may require for the discharge of its functions and responsibilities”. Further in Title II of the Law, which describes the general functions, and duties of the NBC, the establishment of the balance of payments is listed in article 7.8 as one of the functions and duties. Also, article 33.4 states that “the Central Bank shall be empowered to take remedial actions or sanctions according to the existing laws if there has been an infraction by a bank or financial institution of its officers or employees with respect to the violation of a provision of the existing laws or regulations of the Central Bank”.

2. Have the response burden of the banks and cost for balance of payments compilers been carefully considered?

The concerns raised are that notwithstanding the relatively small number of international transactions in Cambodia, it is important to be mindful of the low level of automation of the Cambodian banking system. An effective ITRS system requires adequate computer resources in both commercial banks and the NBC to ensure efficient processing of data and management of the databases. This issue will become even more crucial in future when further development of the settlement system in Cambodia might jeopardize the proper functioning of the ITRS.

Response: Any new system of data collection imposes demands on human and material resources of both data compilers and data providers. The ITRS has been designed currently to minimize such demands. The human and material resources demand will obviously not be distributed evenly among the commercial banks. The larger banks and those that conduct most of the transactions with nonresidents will have a greater share of the burden. It is hoped that such banks can cope with the ITRS using their current computer and human resources. If not, it is hoped that they will have the financial capability to enhance their resources.

The data collected by the NBC will be provided back to the banks in aggregated form. These and the data obtained on the ITRS by each individual bank will help them to analyze the international transactions conducted by their clients in relation to the total transactions by the commercial banks. This will help to enhance their business development. Also, reliable balance of payments data produced by the NBC will help the banks to focus their activities in fast growing economic activities such as tourism. Therefore, any investment made in the ITRS by the commercial banks is not just a cost of satisfying regulatory requirements but also an investment in their own business development.

The NBC is aware that its human, computer, and space resources have to be enhanced not only to cope with the ITRS but also to carry out its current system of compilation of balance of payments data. Any shortcomings in the human and material resources available to the commercial banks and the NBC will definitely affect the efficiency of the ITRS data collection and hence its reliability. While some of these resource problems can be anticipated and taken care of, as the ITRS is introduced, other problems will only surface when the system is in operation. Therefore, both the commercial banks and the NBC should be able to cope with such problems, as they become known.

3. Will individual pieces of information provided by the banks and its customers kept strictly confidential?

Response: Yes, the *Statistics Law* provides for the confidentiality of all individual information collected under this Law. Individual data remain confidential to the NBC and the data are only to be released in the form of aggregated statistics. Article 25 of the Law specifically guarantees "the confidentiality of all individual information obtained from respondents" and that "the information collected under this Law is used only for statistical purposes". Further more, Article 30 specifies that "Government employees and designated statistical officers of the National Institute of Statistics and statistical units in ministries or institutions of the Royal Government who violate Article 25 will be subject to penalties as determined under the judicial code".

The data will be published only in an aggregated form so that no individual data will be disclosed, even residually. Rules on aggregation to observe strict confidentiality will be followed by the NBC. No data for a particular dataset will be published unless there are three responses. If any one of these responses accounts for a substantial proportion, then the particular dataset will be combined with another related dataset to avoid any residual

disclosure. In deciding what is a substantial proportion, the procedures followed in countries such as Australia and Canada will be followed. For instance, in Australia, the rule of 85/90 is applied. According to this rule, if there are three responses and one of these accounts for 85 percent of the total, then that dataset will be suppressed or combined with another related dataset. Similarly, if two of the responses account for 90 percent of the total, then again that dataset will not be separately identified. Similar rules with some variations are followed in other countries with developed statistical systems such as Canada, the United States, United Kingdom, Netherlands, Sweden, New Zealand, and Germany etc to protect confidentiality.

4. Purpose of transaction is meaningless as there may be thousands of reasons for transactions.

Response: For purposes of reporting, 70 transactions have been identified and codes assigned to them. The same codes have been assigned for both receipts and payments. If they are receipts, they will be reported on forms 1R, 2R, and 3R. If they are payments, they will be reported on forms 1P, 2P, and 3P. In addition, a brief description is requested for purpose of large transactions on these forms. The explanation provided will relate to the transaction code. The reason for requesting a brief description of large transactions is that even in the best designed ITRS, coding errors are made. Sometimes exports are coded to imports and vice versa. In financial transactions, asset related transactions might be confused for liabilities related transactions. That is why a brief description of the purpose of large transactions is requested to clarify the nature of transactions.

5. The bank staff will take a long time to remember the complicated procedures to enter the information on the questionnaires.

Response: A two days training was held on November 26 and 27, 2002 for NBC and commercial banks' staff to familiarize them with the forms and how to enter the data. Examples of the most common transactions were discussed and practical class exercises will be conducted during the training session. A broad explanation of international balance of payments transactions was also provided. Further follow up training in groups as well as on the premises of individual banks will be provided on request. The banks' staff have also been provided with a NBC contact person's name and phone number. As the banks' staff become familiar with the forms and how to report the transactions, the procedures will cease to be complicated.

6. Customers do not like to provide some of the non-statistical information requested on Forms 1R and 1P such as Resident Name, Other Party Name and Purpose of Transaction.

Response: All statistical inquiries request such information since the data reported have to be related to the statistical population reporting such data. This information helps to classify the transactions and to ensure that the data provided is nearly as complete as possible. Also, such information is necessary to validate the data reported. However, in the case of Forms 1R and 1P, the information requested is only for the large transactions.

Such information will be provided to the NBC when clarification is required for some of the transactions. It is not intended that the NBC will have a *carte blanche* access to all the Forms 1R and 1P.

7. Who is a resident/nonresident?

Response: The concept of residency used in the balance of payments statistics is not based on nationality or legal criteria. It is based on a sectoral transactor's *center of economic interest*. Thus, a parent company, branch or subsidiary of a Cambodian company located abroad is a nonresident. A subsidiary or a branch of a foreign bank located in Cambodia is a Cambodian resident. A Cambodian working in Thailand for less than one year is a Cambodian resident. If he works in Thailand for more than one year, he is a resident of Thailand (usually). A contract worker (more than one year) from Philippines working in a Cambodia casino is a Cambodian resident. Embassy officials and members of their families are always considered as residents of their own countries rather than that of the countries where they work. The embassy premises are considered as the territory of the countries represented by the embassies.

8. The scope of the ITRS requires further clarification.

Response: Under Cambodian banking regulations, both residents and nonresidents can have foreign currency accounts with resident banks. In most instances, large international transactions are managed through these accounts. These transactions need to be captured for the purpose of the ITRS. These accounts may also be used to carry out transactions denominated in foreign currency between residents since Cambodia is substantially dollarized. It is our understanding that transactions in big-ticket items such as real estate, automobiles, electronic goods and consumer durables are carried out in foreign currency. Although, in principle such transactions should be captured for the purpose of classification of foreign currency holdings among different sectors (e.g. banks, individuals etc), the scope of the ITRS as outlined above does not intend to do so.

We also realize that to obtain the full scope of transactions between residents and nonresidents, we need to know the transactions settled outside of the Cambodian banking system. Such transactions include cash transactions as well as transactions through foreign accounts of individuals and domestic enterprises with banks abroad and intercompany accounts. The NBC intends to do so through surveys of direct investment enterprises, data provided by the Bank of International Settlements and through estimation techniques.

Appendix II. Practical Exercises

Show how the following transactions will be reflected in the ITRS Forms.

Exercise 1.

A freighter based in Singapore bought fuel and ship supplies in the amount of US\$11,000 from the Port Authority of Sihanoukville on September 29, 2002. A check drawn on a Singapore bank was given as payment for these supplies. The check was deposited in a Cambodian bank on October 2, 2002.

Solution

This transaction would be reported on Forms 1P and 3P. Most of the information collected by the forms are the same. Two additional pieces of information are available from Forms 1P which are the names of the resident Cambodian transactor, and that of the nonresident counterpart. This additional information would be used by the NBC in the event that further investigation is necessary to obtain clarifications on the transactions. Therefore, the following solutions will be discussed with reference to the reporting on Forms 3P and 3R (in the case of receipts) only.

In the case of the example given in Exercise 1, the transactor code would be 5 since the Port Authority of Sihanoukville is a State Owned Enterprise.

The transaction code would be 150 since fuel and ship supplies are considered as goods and are classified to the sub-category bunkers and stores.

The country of nonresident counter-party is Singapore (code 702).

The other party is probably an enterprise (code 8-other nonresident) since a freighter is most likely to be owned by an enterprise.

The currency of transaction is US\$ (code 51).

The amount in original currency would be reported as 11,000.00.

To report the amount in Riel (millions), the amount in original currency (US\$ 11,000) should be converted at the market exchange rate prevailing at the time the transaction takes place. This rate is defined as the midpoint between buying and selling rates applicable to the transaction or, alternatively, as the average rate for the shortest period applicable.

Exercise 2

The Port Authority of Sihanoukville rented a container loading and unloading equipment with crew from a Singapore company from January 1, 2002. The monthly rental for this equipment is US\$20,000. It pays by check drawn on an account with a Cambodian bank.

Solution

The transactor code would be 5 since the Port Authority of Sihanoukville is a State Owned Enterprise.

The transaction code would be 230 since rental of transportation equipment with crew is coded to other transportation services rather than as leasing services in the services account in *BPM5*.

The country of nonresident counter-party is Singapore (code 702).

The other party is probably an enterprise (code 8-other nonresident) since such equipment is most likely to be owned by an enterprise.

The currency of transaction is US\$ (code 51).

The amount in original currency would be reported as 20,000.00.

To report the amount in Riel (millions), the amount in original currency (US\$ 11,000) should be converted at the market exchange rate prevailing at the time the transaction takes place. This rate is defined as the midpoint between buying and selling rates applicable to the transaction or, alternatively, as the average rate for the shortest period applicable.

Exercise 3.

Sokhann Import Enterprises of Cambodia negotiated with Singapore Electronics Company to import five containers of various electronic products at a cost of US\$5 million. The Singapore company also arranged the shipping and insurance for the imports at a cost of US\$1 million to Sokhann Import Enterprises. As part of the contract, Sokhann Enterprises made a pre-payment to the exporter on March 17, 2002 of US\$2 million. As agreed in the contract, the balance of US\$4 million was paid when the goods were delivered at Sihanoukville port on April 21, 2002. The pre-payment and the final payments for the imports were transacted through a Cambodian bank.

Solution

The transactor code would be ៦ (Other Enterprise) since Sokhann Import Enterprise of Cambodia is a private enterprise.

There are several different balance of payments transactions, all of which should be identified with different codes.

The first transaction was the pre-payment of US\$2 million made by Sokhann Import Enterprises of Cambodia to Singapore Electronics Company on March 17, 2002. This should be assigned the transaction code 111 (pre-payment made for goods).

The second payment of US\$4 million made on April 21, 2002 consisted of three different transactions. The first was the balance owing on the value of imports of US\$3 million. This should be assigned the transaction code 110, payments for goods. The balance of US\$1 million was for insurance and transportation of goods from Singapore to Sihanoukville. The ITRS compiler would obtain additional information from the client/respondent on the allocation of the expenses between transportation and insurance. On the basis of such information the cost of transportation (e.g. US\$800,000) would be shown to freight (sea transport) and assigned the transaction code 211 and the cost of insurance (e.g. US\$200,000) shown to insurance and assigned the transaction code 331.

The country of nonresident counter-party is Singapore (code 702).

The other party is an enterprise (code 8-other nonresident).

The currency of transaction is US\$ (code 51).

The amounts in original currency would be reported as 2,000,000.00, 3,000,000.00, 800,000.00, and 200,000.00.

To report the amount in Riel (millions), the amounts in original currency should be converted at the market exchange rate prevailing at the time the transaction takes place. This rate is defined as the midpoint between buying and selling rates applicable to the transaction or, alternatively, as the average rate for the shortest period applicable.

Exercise 4.

Two nonresidents walked into a commercial bank in Phnom Penh on Friday 22 November 2002 to cash travelers' checks (TCs). One was well dressed, carried an expensive briefcase and very impatient. He cashed US\$10,000 worth of TCs. The other person was very casual, carried a backpack and cashed TCs worth US\$50. November is the month designated in the ITRS schedule for that particular commercial bank to report in detail all transactions with nonresidents.

Solution

The transactor code would be 2 (Deposit Money Bank).

There are two different balance of payments transactions, both of which should be identified with different codes.

The first transaction, the encashment of a TC for US\$10,000, appears to have been made by a business traveler. This should be assigned the transaction code 241. The second transaction, the encashment of a TC for US\$50, appears to have been made by a personal traveler. This should be assigned the transaction code 242.

The countries of nonresident counter-parties could be ascertained from the clients' passports by the ITRS compilers since passports have to be shown when TCs are encashed.

The other parties' codes would be 7 (Individual Nonresident).

The currency of transaction is US\$ (code 51).

The amounts in original currency would be reported as 10,000.00, and 50.00.

To report the amount in Riel (millions), the amounts in original currency should be converted at the market exchange rate prevailing at the time the transaction takes place. This rate is defined as the midpoint between buying and selling rates applicable to the transaction or, alternatively, as the average rate for the shortest period applicable.

Exercise 5.

Mr. Pel Sarath, a Cambodian resident received a scholarship from the University of Pennsylvania to study in the United States for 5 years. The value of scholarship was US\$100,000, which was paid to him in the United States in five equal installments each year starting from January 1, 1998. Since this amount was not sufficient for Mr. Sarath to live in the United States, his wife sent him additional money of US\$10,000 once every year on October 1 through a Cambodian bank.

Solution

The transactor code would be 7 (Individual Resident).

The transaction code would be 243 (Travel- studies abroad).

The country of nonresident counter-party is the United States (code 840).

The other party code would be 9 (Resident Entity or Individual).

The currency of transaction is US\$ (code 51).

The amounts in original currency would be reported every year on October 1 as 10,000.00

To report the amount in Riel (millions), the amounts in original currency should be converted at the market exchange rate prevailing at the time the transaction takes place. This rate is defined as the midpoint between buying and selling rates applicable to the transaction or, alternatively, as the average rate for the shortest period applicable.

Exercise 6.

On September 29, 2002, a Thai company sent some garments on consignment to a factory in the newly established Industrial Estate in Koh Kong for affixing labels. It was a simple processing process as no substantial transformation of product took place. The garments were returned after processing on October 2, 2002. The Thai company paid US\$20,000 by check drawn on a Thai bank to the Koh Kong company for processing. The Koh Kong company deposited the check to its own account in a Cambodian bank on October 5, 2002.

Solution

The transactor code would be 6 (Other Enterprise).

The transaction code would be 120 (Processing fees for goods).

The country of nonresident counter-party is Thailand (code 764).

The other party code would be either 6 or 8. If the other party is the parent company or nonresident head office of the Cambodian company, code 6 should be assigned. If it is an unrelated party, code 8 should be assigned.

The currency of transaction is US\$ (code 51).

The amounts in original currency would be reported as 20,000.00.

To report the amount in Riel (millions), the amounts in original currency should be converted at the market exchange rate prevailing at the time the transaction takes place. This rate is defined as the midpoint between buying and selling rates applicable to the transaction or, alternatively, as the average rate for the shortest period applicable.

Exercise 7.

Golden Eagle Garments Company of Cambodia imports US\$2 million of fabrics from its parent company in Taiwan on June 3, 2002. No payments were made at the time of imports. On August 3, 2002, the Cambodian company exported the finished garments to the United States. The export order was arranged by the parent company, which also received the export proceeds of US\$4 million from the importer on September 15, 2002. The profits on this manufacturing operation was US\$1 million. The Cambodian company is 100 percent owned by the Taiwanese company. After retaining the amount owed by the Cambodian company for the cost of fabrics and its share of profits, the Taiwanese company returned the balance of the export proceeds to the Cambodian company. These proceeds were deposited to the Cambodian company's bank account in Phnom Penh.

Solution

The transactor code would be 6 (Other Enterprise).

The transaction code would be 860 (Short-term loans extended by nonresidents)

The only transaction that would go through the Cambodian banking system is the amount of US\$1 million, which is a recycling of working capital provided by the parent company to its subsidiary in Cambodia. Such recycling is usually a short-term financial transaction.

This transaction is a clear example of the nature of transactions between a direct investment enterprise and a direct investor. Since most of these inter-company transactions may not go through the Cambodian banking system, the balance of payments compilers have to obtain data from other sources such as surveys and administrative data.

The country of nonresident counter-party is Taiwan (code 158).

The other party code would be 6 (parent company of the Cambodian company).

The currency of transaction is US\$ (code 51).

The amounts in original currency would be reported as 1,000,000.00.

To report the amount in Riel (millions), the amounts in original currency should be converted at the market exchange rate prevailing at the time the transaction takes place. This rate is defined as the midpoint between buying and selling rates applicable to the transaction or, alternatively, as the average rate for the shortest period applicable.



International Transactions Reporting System - Instructions and Explanatory Notes

Purpose of the ITRS

The primary purpose of Cambodia's ITRS is to collect international transactions data in order to compile Cambodia's balance of payments statistics. In addition, a monthly summary report of aggregate statistics for the whole of the banking sector will be produced for the NBC and the commercial banks in order to monitor the growth in international transactions (i.e. total value and volume), as well as changes in the nature of these transactions. The information reported by the banking sector will only be used for statistical purposes.

Authority for the ITRS and Compliance

This information is collected under the authority of the *Law on the Organization and Conduct of the National Bank of Cambodia* and the *Statistics Law of Cambodia* which provide for the compulsory provision of a completed form.

Confidentiality of Individual Information

Scope of Cambodia's ITRS

The legislation ensures that individual information will remain confidential to authorized NBC staff and the data are only released in the form of aggregated statistics.

The scope of the proposed ITRS is to collect information from the NBC and commercial banks on the following international transactions, where:

- * A bank client buys foreign exchange from, or makes a withdrawal from a foreign currency account at, a resident bank to make a payment to a nonresident.
- * A bank client sells foreign exchange or makes a deposit to a foreign currency account, which has been received as a payment from a nonresident, to a resident bank.
- * A Cambodian resident intending to travel abroad acquires foreign currency from, or makes a withdrawal from a foreign currency account at, a resident bank.
- * A resident bank buys foreign currency travelers' checks or cash from a nonresident who is traveling in the domestic economy.
- * A resident bank undertakes a foreign exchange transaction with a correspondent nonresident bank abroad, including where the transaction is undertaken to exchange foreign exchange assets denominated in one currency for those denominated in another or to acquire (or sell) goods, services, other financial assets, etc.
- * A resident bank undertakes a foreign exchange transaction with another resident bank, including where this transaction is undertaken to settle balances in various currencies or to sell (or buy) foreign exchange to (from) the NBC.

Monthly Reporting

A separate monthly report should be prepared by for each Receipts and Payments transactions. Please include on each report the name of your bank, the reference month and reference year. For each transaction of \$10,000 or more, please provide the bank reference number, date of transaction, name of the Cambodian party and the transaction code (1 to 9), name of the nonresident party and other party code (1 to 9), country code for the nonresident party, purpose of transaction and transaction code (110 to 999), currency code (1 to 99), amount in foreign currency, amount in Riels and the exchange rate. For transactions of less than \$10,000 each, please provide the total number of these transactions and the total value in millions of Riels for the reference month. Also provide total value of all transactions in Riel millions.

Assistance

For assistance in completing the ITRS forms or for any other queries relating to the ITRS, please contact Mr. Mak Vannak, ITRS Officer, Balance of Payments Division, NBC on 012 955 911.

Reporting Deadline

Completed monthly reports are to be provided on a floppy disc along with a covering letter verifying the data included are accurate to the best of the bank's knowledge (i.e. signed by the bank manager or delegate), 10 working days after the reference month to Mr. Mak Vannak, ITRS Officer, BOP Division, NBC.



FORM 3R: ITRS RECEIPTS - MONTHLY SUMMARY REPORT

Name of Resident Bank:		Month (e.g. May):		Year:									
Reference Number	Date dd/mm/yy	Transactor (Cambodian Party) Name	Transactor Code (1 to 9)	Nonresident Party (Counter Party) Name	Other Party Code (1 to 9)	Country Code (004-994)	Purpose of Transaction (Brief Description)	Transaction Code (110 to 999)	Currency Code (1 to 99)	Amount in Original Currency	Amount in Riels Millions	Exchange Rate	
										0.00	0.00		
										0.00	0.00		
										0.00	0.00		
										0.00	0.00		
										0.00	0.00		
										0.00	0.00		
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										0.00	0.00		
										0.00	0.00		
										0.00	0.00		
										0.00	0.00		
										0.00	0.00		
Other Transactions (less than \$10,000):										Number:	0	Riel/million:	0.00
TOTAL TRANSACTIONS:												Riel million:	0.00



FORM 3P: ITRS PAYMENTS - MONTHLY SUMMARY REPORT

Name of Resident Bank:				Year:													
Month (e.g. May):	Date (dd/mm/yy)	Reference Number	Transactor (Cambodian Party) Name	Transactor Code (1 to 9)	Nonresident Party (Counter Party) Name	Other Party Code (1 to 9)	Country Code (004-894)	Purpose of Transaction (Brief Description)	Transaction Code (110 to 999)	Currency Code (1 to 99)	Amount in Original Currency	Amount in Riels Millions	Exchange Rate				
											0.00	0.00					
											0.00	0.00					
											0.00	0.00					
											0.00	0.00					
											0.00	0.00					
											0.00	0.00					
											0.00	0.00					
											0.00	0.00					
											0.00	0.00					
Other Transactions (less than \$10,000)												0.00	0.00				
TOTAL TRANSACTIONS												0.00	0.00				