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Cambodia's Persistent Dollarization: Causes and Policy Options

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Abstract

Cambodia's economic and social achievements over the past ten years have been the most impressive in its history. Nevertheless, Cambodia today is still as dollarized, if not more so, than it was ten years ago. What is this so, and what, if anything, should the Government do? This paper attempts to answer both these questions, by examining the reasons behind the apparent paradox between a decade of economic and political improvements and continued dollarization, and drawing policy implications from it. We advise against pursuing enforced de-dollarization, and advocate a policy option that focuses instead on accelerating accommodative reforms, especially in the financial sector and on legal and institutional reforms. We also identify a host of institutional barriers that need to be overcome to prepare the groundwork for a natural process of de-dollarization.

Keywords: Cambodia, dollarization, exchange rates, currency board, hysteresis.

JEL Classifications: E42, E58, F31, F33

I. Introduction

> *"For a long time it seemed that the extent of… dollarization was impervious to improved economic performance. Now however we have several examples of countries that have dedollarized successfully …, including Israel, Poland, Mexico, Egypt, and Turkey. And some signs of declining dollarization are evident in Latin American countries where it seemed that dollarization was impossible to reverse."*
>
> Stanley Fischer (2006)
> Governor, Bank of Israel

Cambodia has had a spectacular decade. The economic and social achievements over the past ten years have been the most impressive in its history. Gross domestic product (GDP) growth has averaged close to 10% over this period, resulting in an almost doubling of income per capita (Table 1). Poverty incidence is estimated to have fallen by about 1% per year (from 47% to 35%, for the decade up to 2004), even though inequality has worsened (World Bank 2007). Consumer price inflation has fallen sharply from an average of 56% over 1990–1998 to an average 3.5% over 1998–2007. Inflation has started rising again recently, with the spike in food and energy prices, but this is happening almost everywhere.[1] Government revenue collections have recently consistently exceeded expectations, and the budget deficit has fallen to manageable levels. The recent discovery of oil and gas could be a significant boon for the country, and should provide the resources necessary to address a range of socio-economic issues, providing they are not mismanaged.

It is against this backdrop that we find that Cambodia today is still as dollarized, if not more so, than it was 10 years ago. The US dollar still serves all three functions of money: it is widely used as a medium of exchange, store of wealth, and unit of account.[2] The IMF estimates the share of dollars in currency in circulation at about 90%, little changed from what it was a decade ago. The National Bank of Cambodia estimates the share of foreign currency deposits (FCDs) in broad money (M2) to have risen to its highest level ever, at 75% in 2006, significantly higher than the 54% recorded in 1998 (Table 1). Currently, about 97% of banking deposits are in US dollars.

The apparent lack of progress with de-dollarization has led to frustration among a number of commentators, some of whom are pressing the government to play a more direct, interventionist role. There is growing concern that the process may be irreversible, unless forced. At the launching of the Cambodia Economic Forum on 17 January 2006, Finance Minister Keat Chhon concluded his opening remarks by stating that "The combination of economic and political instability, which is disturbing the world now, requires Cambodia to be more proactive in enforcing de-dollarization policy…". An article in the June 2007 *Phnom Penh Post* titled "Moves to Ban US Dollar"[3] summarizes prevailing sentiments: "Renewed calls to remove the US dollar from widespread circulation in Cambodia are drawing bipartisan support, and some high-ranking government officials are calling the ban a pressing matter of national sovereignty and pride. The move to finally 'de-dollarize' the Cambodian economy has been sidelined for years ...". The

1 There are also concerns relating to excess liquidity fuelling inflation, and the inability of the National Bank of Cambodia to mop this up, because of the lack of monetary instruments as a result of dollarization (see Section 2).

2 A useful reference on the literature on dollarization is the collection of papers edited by Salvatore *et al*. (2003).

3 *Phnom Penh Post*, Issue 16 / 12, June 15–28, 2007.

same article quotes Tioulong Saumura, a Sam Rainsy Party lawmaker: "To de-dollarize is even more important now … Decree it. Ban it! This is unthinkable in other places". This frustration is indeed understandable. But is enforced de-dollarization the right choice for Cambodia?

In an article examining the pros and cons of dollarization in Cambodia, and policy options on the way forward, Menon (1998) concluded that "…dollarisation is not the *problem*, but is merely a *symptom*. The problem (or the *cause*) is a lack of confidence in the riel, whilst the symptom (or the *effect*) is the use of another currency such as the US dollar. The causes of the problem emanate from an underdeveloped monetary system, political and economic uncertainty, and weak legal and institutional structures. These are the problems that need to be addressed directly. When these problems are addressed, then the symptom, which is dollarisation, will also cease to be a constraint".

But political and economic uncertainty has since been significantly reduced; legal and institutional structures have improved; and even the monetary system has matured and deepened, to some extent. So, why is Cambodia still highly dollarized? Why have the spectacular economic, political, and other developments over the past decade failed to even start the process of de-dollarization? This paper attempts to answer this question, and explain the reasons behind the apparent paradox between a decade of economic and political improvements and continued dollarization.

The paper is in five parts. Section II examines the reasons behind the recent increase in dollarization, by drawing a distinction between so-called "good news" and "bad news" dollarization. We argue that this is part of a transition process, and therefore temporary in nature. But what needs to be explained is the longer-term factors underlying the persistence of the dollarization phenomenon in Cambodia. In Section III, this persistence is attributed to an unfinished reform agenda, as well as inertia and stickiness in the system in the form of *hysteresis*. The unique circumstances surrounding the introduction of dollars into the Cambodian economy, combined with a very high level of dollarization, suggests that the process of de-dollarization is likely to be more protracted than it would otherwise be. Based on these explanations, policy choices are then considered in Section IV. We consider the full spectrum of options, ranging from attempts to enforce de-dollarization at one end, to official dollarization at the other. In between we have a currency board, monetary union, and a "muddling through with accelerated reforms" approach. A final section concludes.

II. Explaining the Recent Increase in Dollarization: 'Good News' versus 'Bad News' Dollarization

Increasing dollarization is usually attributed to episodes of macroeconomic or political instability. So, why has dollarization in Cambodia increased recently, despite the spectacular economic achievements of the recent past? Rather than reversing the process, the current level of dollarization may partly be a reflection of the exceptional economic performance itself. Increased confidence in the economic and political situation may have been partly responsible for the increasing share of FCDs in M2. Large amounts of foreign currency, from both domestic and foreign investors, have been flowing in of late. It is an open secret that large amounts of foreign currency held by resident and non-resident Cambodians in offshore banks (in Singapore, Hong Kong, China etc.) have found their way back recently. Some of these flows have gone into real investment, but apparently the bulk has been speculative, in response to, as well as further fuelling, land price inflation. The latest *World Investment Report* from the United Nations Conference on Trade and Development (UNCTAD) estimates that the stock of foreign direct investment (FDI) has increased from $38 million in 1990 to $1.6 billion in 2000, to about $3.5 billion in 2007. The annual inflow in 2007 of $820 million is more than five times the average annual inflow for 1990–2000 (Table 1). So, increasing dollarization in this respect reflects increasing, rather than decreasing, confidence in the economy.[4]

There are other so-called "good news" factors driving increasing dollarization. Cambodia became a member of the World Trade Organization (WTO) in 2004, and today is much more open and outward-oriented than it was 10 years ago. Trade has flourished, with the export share in GDP rising from around 30% in 1998 to about 70% now. Its trade openness index is currently around 120%. In transitional economies especially, almost all trade and capital movements involve the use of foreign currency—usually dollars. Even on the financial side, there has been rapid growth in monetization (albeit from a low base) and increased financial intermediation (also from a low base), but both have contributed to the *increase* in dollarization. There is little doubt, however, that dollarization itself has facilitated financial deepening.

The increase in the share of dollars as a result of these factors should not be a cause for concern. This is because these are essentially *quantum* or *volume* effects, and not *substitution* effects. That is, with the volume of riel remaining relatively unchanged, large inflows of dollars is simply increasing its share in the aggregate. It is not that people are substituting riel for dollars, but that these types of transactions are naturally dollar-based. The fact that dollars continue to be regarded as the de facto currency of the country simply reinforces this.

But these "good news" factors are part of a transitory phase. The process of de-dollarization would need to involve a substitution of dollars for riel, and this has not yet started. We turn next to examining the longer-term factors that underlie the persistence of dollarization.

III. Explaining the Persistence of Dollarization: Degree of Required Reforms and 'Hysteresis'

There are two inter-related factors that explain the persistence of dollarization in Cambodia. The first relates to the *degree* or *magnitude* of the reforms themselves, and the second relates to *hysteresis*, or the fact that *history matters*.

Starting with the degree of reforms, the critical point here is not how far Cambodia has progressed in the past decade, but rather how much more needs to be achieved. While it is clear that Cambodia has come a long way in the last 10 years, and perhaps achieved more than most have expected, there is still a lot to be done before underlying uncertainties are substantially removed. While growth has been spectacular, and political uncertainty greatly reduced, Cambodia remains a low income country with significant inequality and poverty, and some degree of political uncertainly remains.

The greater constraint, however, relates to the level of development of financial, banking, and monetary systems, as well as the continued absence of riel-denominated interest-bearing assets. Cambodia continues to wrestle with the challenge of developing a viable banking

[4] An aspect of this that relates to dollarization is the inability of the National Bank of Cambodia to effectively mop up this excess liquidity, due to a lack of monetary instruments. It is increasingly acknowledged that this excess liquidity, in addition to food and energy prices, is pushing inflation up at the moment. Changes to reserve requirements can help, but are a blunt instrument in this context because dollarization allows capital inflows to become part of the money stock without passing-through the financial system.

system with emphasis on a solid legal and supervisory framework. Unlike many other transition economies, Cambodia faces a situation of rebuilding rather than transforming a banking system. This is confirmed by surveys that highlight the constraints to greater lending to business by the banking sector. The insufficient lending is often attributed to the: (i) weak credit risk assessment capacity of these commercial banks; (ii) unavailability and unreliability of borrower information; and (iii) absence of financial contract enforceability (Economic Institute of Cambodia, 2005). These are clearly long-term constraints, many of which are endogenous in the sense that they depend on progress in other areas, such as the legal system, human resource capacity, and overcoming all forms of market failure in the assessment of risk.

While banking system restructuring has made considerable progress, the state-owned Foreign Trade Bank retains its role as a key player. Furthermore, lax licensing requirements has led to a proliferation of weak joint-venture banks, putting a strain on Cambodia's supervisory and regulatory capacity, and whose problems have hampered the building of confidence in the banking system (Unteroberdoerster 2004). As a result, even though monetization has been increasing, Cambodia remains largely unbanked.

Many institutions, and laws, have appeared in the last decade, but many more need to emerge. A strong foundation for the banking system requires finalization of major pieces of legislation. In this light, it is promising that the Law on Secured Transactions was passed recently. A law on government securities and a law on the issuance and trading of nongovernment securities were also passed, allowing the Government to issue debt securities and helping set the stage for the development of a capital market (ADB 2008). Laws on anti-money laundering and combating terrorism financing require urgent attention. There are also important issues relating to the implementation of these laws that need to be addressed.

So, in sum, although Cambodia's economic, social, and political achievements over the past decade have been nothing short of spectacular, they have been insufficient to start the process of de-dollarization. Furthermore, monetary and financial reforms have lagged behind, and these are arguably more relevant in reversing dollarization.

These issues lead naturally to the second factor—hysteresis. The concept of hyteresis extends all the way from simple inertia to path-dependence to rigid irreversibiities. Basically, it suggests that history matters, and that there can be non-linearities, or 'stickiness', in the system, that should be taken into account in order to understand the process, or its unraveling. The circumstances under which Cambodia came to be dollarized are somewhat different from other dollarized economies, and this is important in understanding the persistence of dollarization.

Dollarization in Cambodia is the direct legacy of the destruction of economic and financial institutions after the 1970s, economic mismanagement in the 1980s, and the large inflows of US dollars that occurred during the UNTAC period in the early 1990s. Thus, unlike other countries where bouts of macroeconomic instability and hyperinflation induced or increased dollarization, the last and determining source of dollarization in Cambodia was a result of an administrative and political event.

With the cumulative cost of the UNTAC intervention estimated at a massive $1.7 billion, the subsequent level of dollarization was very high. Large inflows of foreign assistance and private transfers, all of them also in dollars, and political and economic uncertainties in the 1990s, have kept the level of dollarization at high levels. Cambodia was easily the most highly dollarized country in Asia, and one of the highest in the world. The *magnitude* and *duration* of dollarization have combined to create significant inertia and path-dependence in the system. In other words, it will take just as much and just as long, if not more of both, before any reversal is likely. The stronger hysteresis effect in Cambodia, compared to either Viet Nam or the Lao People's Democratic Republic (Lao PDR), suggests that the process of de-dollarization will be more protracted.

As Fischer (2006) puts it, "Dollarization typically has a long life, generally surviving long after the period of instability that gave rise to the phenomenon". This may be typical, but the special circumstances surrounding the introduction of dollars in Cambodia, combined with a high initial level of dollarization, implies an even greater level of persistence. In addition to this, and as noted earlier, recent "good news" on the economic and financial fronts has actually contributed to increasing dollarization, suggesting that the process of reversal is likely to take even longer. If all of this is true, then what is required is patience, since high and prolonged dollarization may have induced hysteresis, which will take much longer to reverse. Reacting, through frustration, by trying to enforce de-dollarization is then not only unlikely to work, but may be counter-productive, resulting in an even longer wait for the process of reversal to commence.

There is substantial international evidence to support this call for patience, as evinced in the quotation from Fischer (2006) that we presented at the very start. Cambodia too may appear as one of those countries where dollarization seems impossible to reverse, at present. But there are many examples of successful de-dollarization if patience is combined with a commitment to pursue credible economic and financial reforms, and almost as many examples where attempts to enforce de-dollarization have failed miserably.

IV. What to Do?

As noted in the introduction, there are growing calls in Cambodia for enforcing de-dollarization. The sentiments underlying these views are probably driven by a belief that: (i) the time is ripe for de-dollarization; and (i) dollarization has more costs than benefits.

The second point may well be right. Kang (2005) estimates the loss in seigniorage to be $682 million at the end of 2004, with an additional $61 million lost annually. Although this estimate is broadly consistent with the international evidence, which points to an annual loss amounting to about 2% of GDP, it is likely to be an underestimate in Cambodia because a significant, but undetermined, amount of foreign currency flows are unrecorded. Furthermore, there is the almost complete loss of monetary policy autonomy. This constraint is evident at present, with the US Federal Reserve running an expansionary monetary policy at a time when Cambodia needs tightening to curtail growing inflationary pressures. Even if we ignore the monetary policy constraint and unrecorded flows, the estimated seigniorage loss alone may well outweigh the benefits flowing from greater price stability, reduced exchange rate volatility, and other forms of macro policy credibility. But these benefits are even more difficult to quantify than the costs. Nevertheless, even if the costs do indeed outweigh the benefits, does this then mean that the time is ripe? In essence, this is akin to asking if enforced de-dollarization will be an improvement on the current situation. The international evidence would suggest otherwise (see Menon 2008).

Indeed, there is no need to look to Cuba, Liberia, or Russia to demonstrate the difficulties associated with attempting to enforce de-dollarization. A glance across the border to Lao PDR is sufficient. When the Bank of the Lao PDR moved to enforce Decree No. 53 in June 2007, stipulating that only the kip can be used as a medium of exchange in all domestic transactions, the result was counter-productive. The depreciation of the kip that followed actually reduced its value share in the money stock (see Menon 2007). In sum, it is not sufficient to demonstrate that the costs of dollarization outweigh the benefits; proponents of enforced de-dollarization have to also show that their so-called solution will be an improvement on the status-quo. All the international evidence suggests that this is highly unlikely.

If enforcement is not the answer, and the costs outweigh the benefits, what then should be done? There is a spectrum of policy options available, bounded by enforcement at one end, and official dollarization on the other, and in between lie currency board arrangements (CBAs) and the muddling through approach.[5]

Let's start with official dollarization. A number of Latin American countries, such as Ecuador, El Salvador and Panama, have chosen to officially adopt the US dollar as their currency. Most of these countries have had quite stable inflation rates subsequently, and Panama in particular is often hailed as a success story of formal dollarization. Given the high level of dollarization in Cambodia, could this be a feasible option? This is unlikely for a number of reasons. First, unlike the Latin American countries that have chosen official dollarization, Cambodia is not that closely integrated with the US economy. The US has also been unwilling to return seigniorage revenues to countries that formally dollarize. Thus, whatever seigniorage revenues that are currently being earned will be lost under official dollarization. But the main obstacle standing in the way of official dollarization is a political one. The government is unlikely to consider this option seriously because they are politically committed to reversing dollarization, and so are unlikely to go in the opposite direction.

Moving along the spectrum, let's consider CBAs next. A CBA is close to official dollarization, but there are important differences. First, it is less rigid in that devaluation is possible. Second, it would reinstate seigniorage when official dollarization would remove it completely. Although Hong Kong, China is perhaps the most well-known economy employing a currency board, a number of less well-known, newly-independent transitional economies such as Lithuania, Estonia, and Bosnia have implemented currency board-like systems with success, having their local currencies anchored to the Euro.[6]

How feasible is a CBA for Cambodia? At the moment, official reserves cover about three times the amount of riel in circulation at present exchange rates. Although this may sound impressive, the fact remains that most estimates place the share of foreign currency in circulation at between 85 to 95% (de Zamarocksy and Sa 2002). Taking the mid-point of these estimates, this implies that the riel constitutes only about 10% of currency in circulation. To recoup the foreign currencies in circulation at present would thus require a tripling in the amount of official reserves. Without substantially increasing government borrowings, most of which would have to come from abroad, this appears to be a binding constraint.[7]

Thus, although CBAs may provide an attractive alternative, either interim or permanent, to the current situation, implementing such an arrangement appears to be beyond the financial capacity of Cambodia at present.

[5] Another option involves a single currency or monetary union. This option is considered in detail in Menon (2008). Based on that analysis, it would appear that this is not a feasible option for Cambodia or its neighbors at present, since any feasible configuration fails to meet the criteria of an optimal currency area.

[6] Argentina had a currency board-like system anchored to the US dollar up until 2002, and many Caribbean states continue to employ a dollar-anchored CBA.

[7] This assumes that the foreign currencies in circulation are held for transaction purposes, or to serve the medium of exchange function. Some share of foreign currencies in circulation may be held to serve the store of value function, given low confidence in the domestic banking system. This share would not have to be recouped in implementing the CBA. Although the precise amount that this share constitutes is unknown, it is unlikely to be substantial enough to alter the conclusion that implementing a CBA in these countries will be financially demanding on governments.

This brings us finally to the "muddling-through but accelerating reforms" option. This involves the minimum amount of direct intervention, but maximum indirect changes in policy and reform measures. That is, with this approach, the current monetary arrangements are left as they are, but the focus shifts to accommodative policy reform. The macroeconomic situation must continue to improve as it has over the past decade, and the return of stability has to be a permanent feature of the political landscape. These are minimum requirements in the long-term challenge of reversing dollarization.

But more will be needed. For instance, it is critical that the key medium-term challenges identified in the Financial Sector Development Strategy 2006–2015, such as increasing intermediation, strengthening the links between banking and microfinance, and improving overall financial institution operations, are addressed. Macroeconomic stability will also be crucial in restoring confidence in the riel. The role that macroeconomic reform can play in reversing dollarization is easily illustrated by tax policy reform. A significant portion of the demand for riel is related to tax payments, since they need to be made in riel. The revenue base from tax collections is likely to increase, particularly in the context of sustained economic growth, as a result of: (i) fiscal reforms, including broadening of the tax base; (ii) improvements to tax collection mechanisms; and (iii) policies designed to curb tax avoidance. This will directly increase the demand for riel, as well as fiscal sustainability and macroeconomic stability. All of these will contribute to the process of de-dollarization.

These are the so-called 'big ticket' macro, political and financial issues that need to be addressed. There are a host of other institutional barriers that need to be dismantled, which currently adds to the differences, both perceived or real, between dollars and riel. These stand in the way of a gradual process of de-dollarizing, and some have been in place for decades now. These include the preference given to US dollars in the payment of wages to non-public sector workers. The fact that the Labour Law continues to define the minimum wage in US dollars exemplifies this preference. Another example is that international aid organizations and nongovernment organizations tend to pay their staff solely in US dollars in Cambodia, when in other countries organizations such as the UN tend to pay a minimum of 30% of salaries in the currency of the home country. A useful step in setting up the pre-conditions for de-dollarizing would be to remove this favored status of US dollars in the payment of wages. It goes without saying that government salaries should be paid in riel, even if indexed to a US dollar amount to ensure its purchasing power.

In essence, institutional constraints preventing greater use of the riel, when there is demand for it, should be removed. Another example relates to microfinance agencies who often complain of a physical lack of riel to cater to their lending requirements for small borrowers. It is estimated that the microfinance industry alone will require Riel 120 billion in 2008, and that amount is more than what is available in the market.[8] Apparently the restricted supply of riel is to avoid any further depreciation in its value against the dollar. If there is demand for more riel for lending purposes, then this concern would appear to be misplaced.

In sum, rules and regulations, whether implicit or explicit, that favor the use of US dollars are just as detrimental as those that impose the use of the riel in terms of the long-run objective of de-dollarizing. These can, and should, be removed immediately. Sustaining and building upon the macroeconomic and political achievements of the past decade, combined with renewed urgency in completing the reform agenda on the financial, legal, and institutional sides, will

[8] Quoted in "Microfinance needs more Riel to lend: *Phnom Penh Post*, 17 December, 2007.

eventually bring about a natural process of de-dollarization in Cambodia, as it has done elsewhere.

V. Concluding Remarks

Cambodia has come a long way in the past ten years. The economic achievements in particular, but also political, legal and institutional reforms, have surpassed the expectations of most commentators. With these achievements, many have expected that a process of de-dollarization would have been set in train by now. Instead, what we see is an increase in dollarization over this period. This has understandably led to frustration, and increasing calls for more interventionist action. In particular, there have been calls for government to try to enforce de-dollarization.

In this paper, we have tried to explain the recent increase in dollarization, as well as the apparent delay in the process of de-dollarization in Cambodia. We argued that the recent increase is part of a transition process, being driven by so-called "good news" rather than "bad news" factors. This is likely to be temporary in nature, and no cause for alarm. What is more worrying to some is the persistence of the dollarization phenomenon in Cambodia, or its apparent irreversibility. We attribute this persistence to an unfinished reform agenda, as well as inertia and stickiness in the system in the form of *hysteresis*. The unique circumstances surrounding the introduction of dollars into the Cambodian economy, combined with a very high level of dollarization, suggests that the de-dollarization process is likely to be more protracted than it would otherwise be. It is not that it is irreversible without direct intervention; it will just take more time.

For these reasons, any drastic policy action, such as attempts to enforce de-dollarization, is not only likely to fail, but could prove counter-productive. Since the costs of dollarization appear to exceed the benefits, some action is warranted. One option is formal dollarization, but this is politically unpalatable, as well as economically questionable. Another is the adoption of a currency board, but this too appears premature, if not financially unfeasible at present.

We therefore advocate a policy option that does not directly interfere with monetary arrangements, but focuses instead on accelerating accommodative reforms, especially in the financial sector and on legal and institutional reforms. We also identify a host of institutional barriers that need to be overcome to prepare the groundwork for a natural process of de-dollarization.

It would be foolish to predict that this policy prescription would lead to de-dollarization within the next decade. It is unclear how long it will take, and it may well take longer. But it will happen, naturally, as it has in Indonesia, Israel, Poland, Mexico, Egypt, and Turkey (to name just a few) and as it is happening next door in Viet Nam. Based on international evidence and an understanding of the Cambodian context, however, one thing is clear: trying to enforce de-dollarization will mean that it will take even longer still!

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Table 1: Selected Macroeconomic and Monetary Indicators, 1998–2007

	98–07 Ave	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP growth, %	9.3	5.0	12.6	8.4	7.7	6.9	8.5	10.0	13.5	10.8	9.6[a/]
Per capita income growth, %	5.5	-2.4	4.2	5.0	3.3	3.6	6.7	8.2	11.2	8.2	7.2
Inflation, % per year	3.8	12.6	0.0	0.5	0.3	3.3	1.2	3.8	5.9	4.7	5.9
Budget deficit, % of GDP	4.9	5.5	3.9	5.3	6.6	6.4	6.7	4.6	3.4	3.0	3.2
FDI, $mil	252	121	144	112	142	139	74	121	375	475	820
FCD\M2, %	67.5	54.0	60.0	68.0	70.0	69.0	69.0	71.1	71.4	75[b/]	NA

Notes:
[a/] ADB estimate from *Asian Development Outlook* 2008.
[b/] data from National Bank of Cambodia.

Sources:
Asian Development Outlook, various issues.
IMF Country Reports, various issues.
National Bank of Cambodia.

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About the paper

Jayant Menon examines the apparent paradox between a decade of economic and political improvements and continued dollarization in Cambodia. He advises against pursuing enforced de-dollarization and advocates a policy option on accelerating accommodative reforms, especially in the financial sector and on legal and institutional reforms.

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