

Use Case Library

Improving Financial Access for Unbanked Populations

Executive Summary edited by GBBC

According to the World Bank, only 22% of Cambodians over 15 years of age are banked. This means that the vast majority of Cambodia's population has no bank account, making it extremely difficult to access traditional financial services. This lack of access means that many Cambodians cannot effectively participate in the global economy or borrow money, among a range of other disadvantages that contribute to poverty.

To increase access to financial services, over two years ago Soramitsu began to work with the National Bank of Cambodia on a retail settlement system for the Kingdom that would allow Cambodians to use digital money from their mobile phone. The central bank wanted to take advantage of the latest technology and use the Hyperledger Iroha blockchain to manage account balances for their digital money.

In Project Bakong, while the central bank runs all the servers used to support the blockchain, private keys are generated on each user's mobile device and even the central bank cannot fake transactions or unlawfully steal money. This is an example of a central authority using blockchain technology for secure and centralized infrastructure while creating an application with decentralized business logic. After over two years of development a pilot is starting with 30 banks in the Kingdom of Cambodia.

Project Bakong is a collaboration with Soramitsu Co., Ltd. and the central bank of Cambodia to improve financial access and the efficiency and security of retail payment systems. Project Bakong is especially exciting because of its wide deployment and the aggressive but realistic goals of the Cambodian government.