



# Myanmar's Financial Sector

A Challenging Environment for Banks

(Updated Version, February 2015)



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(Updated Version)

Thomas Foerch  
Om Ki  
San Thein  
Sophie Waldschmidt

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GIZ ၏ ဘဏ္ဍာရေးကဏ္ဍဖွံ့ဖြိုးတိုးတက်ရေးစီမံကိန်းမှာ (၂၀၁၂)ခုနှစ်တွင်စတင်ခဲ့ပြီး (၂၀၁၆) ခုနှစ်ဒီဇင်ဘာလတွင် ပြီးဆုံးမည် ဖြစ်သည်။ ဤစီမံကိန်းကို လုပ်ငန်းစဉ် (၄) ခုအပေါ်တွင် အခြေခံ၍အကောင်အထည်ဖော်လျက်ရှိသည်။ ယင်းလုပ်ငန်းစဉ် (၄) ခုမှာ -

၁။ ဘဏ်လုပ်ငန်းကြပ်မတ်ကွပ်ကဲရေးနှင့်ပတ်သက်၍ တည်ငြိမ်သောဥပဒေမူဘောင်များချမှတ်ခြင်းနှင့် ယင်းဥပဒေများ အကောင်အထည်ဖော်ရာတွင် မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်အား အကူအညီပေးသည်။ မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်ဝန်ထမ်းများ၏ စွမ်းဆောင်ရည်ဖွံ့ဖြိုးတိုးတက်ရေးအတွက် ကျွမ်းကျင်မှုနှင့်နည်းပညာဆိုင်ရာအကူအညီများပေးလျက်ရှိသည်။

၂။ ဘဏ္ဍာရေးဆိုင်ရာအစီရင်ခံစာပြုစုခြင်းနှင့်စာရင်းစစ်ခြင်းတို့နှင့်ပတ်သက်၍ ဥပဒေမူဘောင်များခိုင်မာအားကောင်းအောင် ပြုလုပ်ခြင်းနှင့် အကောင်အထည်ဖော်ဆောင်ရွက်ခြင်းတို့တွင် ပါဝင်ပတ်သက်နေသူများကို အထောက်အပံ့ပေးသည်။ မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်၊ မြန်မာနိုင်ငံစာရင်းကောင်စီ၊ ပြည်ထောင်စုစာရင်းစစ်ချုပ်ရုံး၊ မြန်မာနိုင်ငံလက်မှတ်ရပြည်သူ့စာရင်းကိုင်များအသင်း စသည့်အဖွဲ့အစည်းများ၏ လူ့စွမ်းအားအရင်းအမြစ်ဖွံ့ဖြိုးတိုးတက်လာရေးအတွက် အကူအညီ ပေးလျက်ရှိသည်။

၃။ ဘဏ်လုပ်ငန်းကဏ္ဍတွင် လူ့စွမ်းအားအရင်းအမြစ်များဖွံ့ဖြိုးတိုးတက်ရေးအတွက် သင်တန်းပေးနေသောအဖွဲ့အစည်းများကို ထောက်ပံ့ပေးလျက်ရှိသည်။ အရည်အသွေးပြည့်ဝ၍ ဈေးကွက်လိုအပ်ချက်ကိုဖြည့်ဆည်းပေးနိုင်သောသင်တန်းများ ပေါ်ထွန်းလာ စေရန် အကူအညီပေးသည်။ ပြည်တွင်းဘဏ်များအကြား စွမ်းဆောင်ရည်ဖွံ့ဖြိုးရေးနှင့်ပတ်သက်သည့် သတင်းအချက်အလက်များ ဖလှယ်ခြင်းနှင့် ပူးပေါင်းဆောင်ရွက်ခြင်းတို့အတွက်လည်း ညှိနှိုင်းဆောင်ရွက်ပေးသည်။

၄။ အသေးစားနှင့်အလတ်စားစီးပွားရေးလုပ်ငန်းများအား ဘဏ္ဍာရေးဆိုင်ရာကူညီပံ့ပိုးရေး (SME Finance) အတွက်လိုအပ်သော နည်းစနစ်များဖွံ့ဖြိုးတိုးတက်လာစေရန်ဆောင်ရွက်ရာတွင် အကူအညီပေးသည်။ ၂၀၁၄ ခုနှစ်၊ဧပြီလမှစတင်ပြီး အသေးစားနှင့် အလတ်စားစီးပွားရေးလုပ်ငန်းများအတွက် လိုအပ်သောဘဏ္ဍာရေးဆိုင်ရာဝန်ဆောင်မှုများပေးနိုင်ရန် ပြည်တွင်းဘဏ် (၃) ခုကို ရွေးချယ်ကာ အကူအညီပေးလျက်ရှိသည်။

## GIZ in Myanmar



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is a German federal enterprise and supports the German government in international cooperation for sustainable development via technical advice and capacity development. GIZ operates in more than 130 countries and employs approximately 17,000 staff members worldwide.

On behalf of the German Ministry for Economic Cooperation and Development (BMZ), GIZ has resumed its activities in Myanmar in 2012 in the area of sustainable economic development. GIZ activities currently include three projects on a) Private Sector Development, b) Technical and Vocational Education and Training, and c) Financial Sector Development.

The GIZ Financial Sector Development project in Myanmar started in autumn 2012 and will last until December 2016. The project is based on four complementing pillars:

1 Regarding banking regulation and supervision, GIZ supports the Central Bank of Myanmar (CBM) in creating, enforcing and promoting stable framework conditions for banks. This includes the support of human capacity development within CBM as well as specific technical advice.

2 GIZ also supports Myanmar key stakeholders in strengthening the legal framework and the enforcement of adequate standards in the area of financial reporting and auditing. This includes the support of human capacity development of the relevant stakeholders, such as CBM, Myanmar Accountancy Council (MAC), Office of the Auditor General (OAG), and the Myanmar Institute of Certified Public Accountants (MICPA).

3 GIZ also supports training providers for the banking sector in the development of human resources in the banking industry. In this context, GIZ assists in the development of adequate and demand-oriented qualification and training measures. Furthermore, GIZ facilitates cooperation and the exchange of information concerning human capacity development among Myanmar banks.

4 The financial sector development project also supports the banking industry in developing adequate structures, processes, and products for SME finance. Three selected Myanmar pilot banks are currently being supported by GIZ in the development of tailor-made financial services for SMEs.

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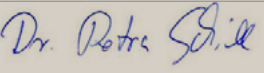
# ဥပေယျာဇဉ်

မြန်မာနိုင်ငံသည် စီးပွားရေးဆိုင်ရာပြုပြင်ပြောင်းလဲမှုများဆောင်ရွက်လျက်ရှိသည်။ နိုင်ငံ့စီးပွားရေးအပေါ် အစိုးရ၏ချုပ်ကိုင်မှု ဖြေလျှော့ပြီး ဗဟိုထိန်းချုပ်သည့် စီးပွားရေးစနစ်မှ ဈေးကွက်စီးပွားရေးစနစ်သို့ လျှောက်လှမ်းလျက်ရှိသည်။ ပြုပြင်ပြောင်းလဲရေးနှင့် အတူ ကြီးမားသည့်မျှော်လင့်ချက်များကလိုက်ပါလာသည်။ (၂၀၁၁)ခုနှစ်မှ စတင်ခဲ့သောပြုပြင်ပြောင်းလဲမှုများသည် ပြည်သူတို့၏ လူနေမှုအဆင့်အတန်းကို မြှင့်တင်ပေးနိုင်လိမ့်မည်ဟု မျှော်လင့်နေကြသည်။ သို့သော် လက်ဆုပ်လက်ကိုင်ပြနိုင်သော ကောင်းကျိုးများမခံစားရလျှင် ယင်းသို့သောပြုပြင်ပြောင်းလဲမှုများသည် ဆိုးကျိုးကိုဖြစ်ပေါ်စေတတ်သည်။ မြန်မာနိုင်ငံလူဦးရေ (၅၁) သန်း၏လေးပုံတစ်ပုံခန့်သည် ဆင်းရဲမှုမျဉ်းအောက်တွင် နေထိုင်ရဆဲဖြစ်သည်။ တိုင်းပြည်၏နေမျှဝေမှုသည်လည်း လူမှုသဟဇာတဖြစ်ရေးတွင် စိန်ခေါ်မှုများရှိနေသည်။ ဆွစ်ဇာလန်နိုင်ငံထုတ်နာရီများ၊ ဂျာမနီနိုင်ငံထုတ်ပြိုင်ကားများ စသည့် အနောက်နိုင်ငံထုတ်ဖိမ်ခံပစ္စည်းရောင်းသောဆိုင်ကြီးများ ရန်ကုန်မြို့၌ပေါ်ပေါက်လာနေသည်ကိုမြင်နေရချိန်တွင် ချင်းပြည်နယ် အတွင်းနေထိုင်သောလူဦးရေ၏ လေးပုံသုံးပုံခန့်မှာ တစ်နေ့အမေရိကန် (၂) ဒေါ်လာအောက်သာ သုံးစွဲနေကြရသည်။

မြန်မာနိုင်ငံ၏စီးပွားရေးရေရှည်ဖွံ့ဖြိုးတိုးတက်ရေးအတွက် ပုဂ္ဂလိကကဏ္ဍဖွံ့ဖြိုးတိုးတက်ရေးသည် အဓိကသော့ချက်ဖြစ်သည်။ အထူးသဖြင့် အသေးစားနှင့်အလတ်စားစီးပွားရေးလုပ်ငန်းများ (SME) သည် စီးပွားရေးဖွံ့ဖြိုးတိုးတက်ရေး၊ ဆင်းရဲမှုလျှော့ချရေးနှင့် အလုပ်အကိုင်ဖန်တီးရေးတို့အတွက် အဓိကမောင်းနှင်အားဖြစ်လာသည်။ မြန်မာနိုင်ငံတွင်စီးပွားရေးလုပ်ခြင်းသည် စိန်ခေါ်မှုများ ရှိနေကြောင်း သုတေသနစစ်တမ်းများနှင့်လေ့လာမှုများအရ သိရှိရသည်။ အထူးသဖြင့် ဘဏ္ဍာရေးဆိုင်ရာဝန်ဆောင်မှုများကို လက်လှမ်းမှီရေးနှင့်ချေးငွေရရှိနိုင်ရေးတို့သည် ပြည်တွင်းကုမ္ပဏီများအတွက် ကြီးမားသောအခက်အခဲတစ်ရပ်ဖြစ်နေသည်။ ကမ္ဘာ့စီးပွားရေးဖိုရမ်၏ ကမ္ဘာလုံးဆိုင်ရာယှဉ်ပြိုင်နိုင်မှုအညွှန်းကိန်းတွင် နိုင်ငံပေါင်း(၁၄၄)ခုအနက် မြန်မာနိုင်ငံက (၁၃၄)နေရာတွင် သာ ရောက်ရှိနေခြင်း၏အဓိကအကြောင်းရင်းမှာ ဘဏ္ဍာရေးဆိုင်ရာလက်လှမ်းမှီမှု အခြေအနေအားနည်းခြင်းကြောင့်ဖြစ်သည်။

ဘဏ္ဍာရေးကဏ္ဍဖွံ့ဖြိုးတိုးတက်မှုအတွက် ဂျာမနီနိုင်ငံနှင့်မြန်မာနိုင်ငံတို့သည် အနီးကပ်ပူးပေါင်းဆောင်ရွက်လျက်ရှိသည်။ ဂျာမနီ နိုင်ငံစီးပွားရေးပူးပေါင်းဆောင်ရွက်ရေးနှင့်ဖွံ့ဖြိုးရေးဝန်ကြီးဌာနအားကိုယ်စားပြု၍ ဂျာမနီနိုင်ငံအပြည်ပြည်ဆိုင်ရာပူးပေါင်း ဆောင်ရွက်ရေးအေဂျင်စီ (GIZ) သည် မြန်မာနိုင်ငံ၏စီးပွားရေးရေရှည်ဖွံ့ဖြိုးတိုးတက်ရေးအတွက် အကူအညီများပေးလျက်ရှိသည်။ အထူးသဖြင့် အသေးစားနှင့်အလတ်စားစီးပွားရေးလုပ်ငန်းများကို ဘဏ္ဍာရေးဆိုင်ရာလက်လှမ်းမှီမှုအခြေအနေတိုးတက်လာစေရန် ကူညီပေးလျက် ရှိသည်။

ဤစာတမ်းတွင် မြန်မာနိုင်ငံ၏ဘဏ္ဍာရေးကဏ္ဍကို ခြုံငုံသုံးသပ်ထားပြီး ဘဏ်လုပ်ငန်းကိုအဓိကဇောင်းပေးတင်ပြထားသည်။ ဤသို့ဖြင့် ဤစာတမ်းသည် အရေးကြီးသောကွက်လပ်တစ်ခုကို ဖြည့်ဆည်းပေးလိမ့်မည်ဟု ယုံကြည်ပါသည်။ မြန်မာနိုင်ငံတွင် သတင်းအချက်အလက်များသည် တန်ဖိုးကြီးမားပြီးရှားပါးလှသည်။ အထူးသဖြင့် ဘဏ္ဍာရေးကဏ္ဍတွင် သတင်းအချက်အလက်များ ရရှိရန် ပိုမိုခက်ခဲသည်။ ပိုမိုပွင့်လင်းမြင်သာသောအမြင်ရရှိစေရန်အတွက် နေရာမျိုးစုံမှသတင်းအချက်အလက်များကိုစုစည်းပြီး စိစစ်တင်ပြထားသည်။ ဤစာတမ်းကိုဖတ်ရှုခြင်းဖြင့် ရင်းနှီးမြှုပ်နှံသူများ၊ ဖွံ့ဖြိုးရေးမိတ်ဖက်အဖွဲ့အစည်းများ၊ ဖောက်သည်များစသည့် ပါဝင်ပတ်သတ်နေသူများသည် မြန်မာနိုင်ငံ၏ဘဏ္ဍာရေးကဏ္ဍအကြောင်းကို ပိုမိုနားလည်ပြီး သတင်းအချက်အလက်အပေါ် အခြေခံသည့်ဆုံးဖြတ်ချက်များ ချမှတ်နိုင်လိမ့်မည်ဟုမျှော်လင့်ပါသည်။ အခြားတစ်ဖက်တွင်လည်း ဘဏ္ဍာရေးကဏ္ဍတွင် ပွင့်လင်းမြင်သာမှုနှင့်စီမံအုပ်ချုပ်မှုအခြေအနေ တိုးတက်ကောင်းမွန်လာစေရန် အထောက်အကူပြုလိမ့်မည်ဟုမျှော်လင့်ပါသည်။ ဘဏ္ဍာရေးဆိုင်ရာသတင်းအချက်အလက်များကို ထုတ်ဖော်ကြေညာသည့်အလေ့အထများ တိုးတက်ကောင်းမွန်လာစေရေးအတွက် ဤစာတမ်းက အထောက်အကူပြုလိမ့်မည်ဟု မျှော်လင့်ပါသည်။ ဘဏ္ဍာရေးကဏ္ဍတွင် ပါဝင်ပတ်သက်နေသူများသည် ပွင့်လင်းမြင်သာမှုတိုးတက်လာစေရန် အပြုသဘောဖြင့်ကြိုးပမ်းဆောင်ရွက်ကြမည်ဟုလည်း ယုံကြည်ပါသည်။



ဒေါက်တာ ပီထရာရှေးလ်

ဌာနေညွှန်ကြားရေးမှူး

GIZ ၊ မြန်မာ

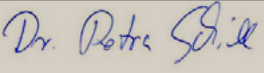
# Foreword

Myanmar is in the middle of an economic transition. The close grasp of the state on the economy is easing and the country is moving from a centrally directed economy to a market oriented one. Big hopes are attached to this change. People expect that the wide ranging reforms that started in 2011 will also raise their living standards. The reforms as such are at risk when the majority of the population does not experience tangible benefits from them. Nearly a quarter of Myanmar’s 51 million inhabitants still live below the poverty line. The distribution of the country’s wealth also poses challenges for the social cohesion. While we witness the first Western luxury brands opening up flagship stores in Yangon, selling Swiss watches and German sports cars, almost three-quarters of the population in Chin State live from less than 2 USD (PPP) per day.

The development of the private sector is key for the sustainable development of Myanmar’s economy. Especially the Small and Medium Sized Enterprises (SME) have the potential to become the engine for economic growth and thus also for poverty alleviation and job creation. Various surveys and studies show that doing business in Myanmar can be challenging. The access to financial services and credit is particularly a big hurdle for local companies. For example, the Global Competitiveness Index of the World Economic Forum ranks Myanmar at 134 out of 144 analyzed countries and identifies access to finance as the crucial factor for ranking at the bottom end.

Germany and Myanmar are working closely together in this area. On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) is supporting Myanmar to develop the economy in a sustainable way. Promoting access to finance for SMEs is a key area to achieve this goal.

This report provides an overview of the financial sector in Myanmar and focuses especially on the banking sector. By doing so, the report fills an important gap. Data is precious and notoriously scarce in Myanmar. The financial sector particularly stands out in its discreetness. In this report, data from various sources are compiled and analyzed in order to allow for a more transparent view. On one hand, we hope to provide various involved actors, whether it be customers, investors, or development partners, with a better understanding of the financial sector and hence the possibility to make informed decisions. On the other hand, we hope to contribute to an improved transparency and governance in the sector. We see this report as a start to an improved disclosure practice of financial information. We are confident that the stakeholders in the financial sector will build on this and proactive contributions to more transparency in the sector are on the horizon.



Dr. Petra Schill

Country Director, GIZ Myanmar



# Acronyms and Abbreviations

ADB	Asian Development Bank	ISA	International Standards on Auditing
AEC	ASEAN Economic Community	JCB	Japan Credit Bureau
AEG	Acceptance, Endorsement and Guarantee per contra	JPAC	Joint Public Account Committee, Union Parliament of Myanmar
AGD	Asia Green Development Bank	MAB	Myanmar Apex Bank
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism	MAC	Myanmar Accountancy Council
ASEAN	Association of Southeast Asian Nations	MADB	Myanma Agricultural Development Bank
ATM	Automated Teller Machine	MAP	Making Access Possible
AYB	Asia Yangon Bank	MBA	Myanmar Banks Association
AYWD	Ayeyarwady Bank	MBSC	Microfinance Business Supervisory Committee
BFILM	Banks and Financial Institutions Law of Myanmar	MCB	Myanmar Citizens Bank
CB	Co-operative Bank	MCDC	Mandalay City Development Committee
CBM	Central Bank of Myanmar	MEB	Myanma Economic Bank
CBML	Central Bank of Myanmar Law	MEC	Myanmar Economic Corporation
CPA	Certified Public Accountant	MFI	Microfinance Institution
CSO	Central Statistical Organization	MFRS	Myanmar Financial Reporting Standards
CUP	China UnionPay	MFTB	Myanma Foreign Trade Bank
DICA	Directorate of Investment and Company Administration	MI	Myanma Insurance
DIR	Daiwa Institute of Research, Daiwa Securities Group	MIB	Myanmar Institute of Banking
DoP	Department of Population	MICB	Myanma Investment and Commercial Bank
EU	European Union	MMB	Myanmar Microfinance Bank
FATF	Financial Action Task Force	MMK	Myanmar Kyat
FEC	Foreign Exchange Certificate	MoAI	Ministry of Agriculture and Irrigation
FMI	First Myanmar Investment Co., Ltd.	MoD	Ministry of Defence
FPB	First Private Bank	MoF	Ministry of Finance
FY	Financial/Fiscal Year	MoHA	Ministry of Home Affairs
GDP	Gross Domestic Product	MoU	Memorandum of Understanding
GIZ	Deutsche Gesellschaft für internationale Zusammenarbeit GmbH	MOB	Myanmar Oriental Bank
GT	Global Treasure Bank	MPU	Myanmar Payment Union
IBSB	Insurance Business Supervisory Board	MSA	Myanmar Standards on Auditing
IFC	International Finance Corporation	MSEC	Myanmar Securities Exchange Center Co., Ltd.
IFRS	International Financial Reporting Standards	MWD	Myawady Bank
IMF	International Monetary Fund	n.a.	not applicable
IOM	International Organization for Migration	NBFI	Non-bank Financial Institution
		NDC	Naypyitaw Development Committee
		NGO	Non-governmental Organization
		NPL	Non-performing Loan
		OAG	Office of Auditor General

p.a.	per annum
POS	Point of Sales
PRI	Policy Research Institute
RDB	Rural Development Bank
SECM	Securities and Exchange Commission of Myanmar
SME	Small and Medium-sized Enterprise
SMIDB	Small and Medium Industrial Development Bank
SRUDB	Shwe Rural and Urban Development Bank
T-bonds	Treasury Bonds
T-bills	Treasury Bills
TFB	Tun Foundation Bank
UAB	United Amara Bank
UMEHL	Union of Myanmar Economic Holdings Limited
UN	United Nations
UNDP	United Nations Development Programme
USD	United States of American Dollar
YCB	Yangon City Bank
YCDC	Yangon City Development Committee
YDNB	Yadanabon Bank
YSX	Yangon Stock Exchange
YUE	Yangon University of Economics



# စာတမ်းအနှစ်ချုပ်

မြန်မာနိုင်ငံ၏ဘဏ္ဍာရေးကဏ္ဍသည် အရှေ့တောင်အာရှနိုင်ငံများတွင် ဖွံ့ဖြိုးမှုအနည်းဆုံးဖြစ်ပြီး ဘဏ္ဍာရေးကြားခံလုပ်ငန်းအဖြစ် ကောင်းစွာဖြည့်ဆည်းနိုင်ခြင်း မရှိသေးပေ။ သို့သော် လက်ရှိပြုပြင်ပြောင်းလဲရေးဖြစ်စဉ်ကြောင့် ဤကဏ္ဍတွင် ကြီးမားသော ပြောင်းလဲမှုများတွေ့မြင်နေရသည်။ (၂၀၁၅) ခုနှစ်နှစ်ကုန်ပိုင်းတွင် စတော့ဈေးကွက်ပေါ်ပေါက်လာစေရန် ဆောင်ရွက်လျက်ရှိပြီး ယခင် နိုင်ငံတော်က လက်ဝါးကြီးအုပ်ထားသော အာမခံလုပ်ငန်းဈေးကွက်တွင်လည်း ဖြေလျှော့မှုများပြု လုပ်လျက်ရှိသည်။ သို့သော် အရင်းအနှီးဈေးကွက်နှင့် အာမခံလုပ်ငန်းဈေးကွက်တို့၏အခန်းကဏ္ဍသည် သေးငယ်နေဆဲဖြစ်ပြီး ဘဏ္ဍာရေးကဏ္ဍကို ဘဏ်များကသာ ဆက်လက်လွှမ်းမိုးထားဆဲ ဖြစ်သည်။ လက်ရှိအခြေအနေတွင် နိုင်ငံပိုင်ဘဏ်များသည် ပိုင်ဆိုင်မှု (Assets) တန်ဖိုးအများစုကိုပိုင်ဆိုင်ထားသော်လည်း ပြုပြင်ပြောင်း လဲရေး၏အရှိန်အဟုန်နှင့် ပုဂ္ဂလိကဘဏ်များ၏မြင့်မားသော တိုးတက်မှုနှုန်းတို့ကို အပိုလိုက်နိုင်ရန် ရုန်းကန်နေကြရသည်။ မြန်မာ့ဘဏ်လုပ်ငန်းကဏ္ဍဖွံ့ဖြိုးတိုးတက်မှု နိမ့်ကျနေပြီး အနာဂတ်တွင် ကြီးထွားလာမည့်ဈေးကွက်အလားအလာတို့ကြောင့် ဘဏ်လုပ်ငန်းကဏ္ဍ ဆက်လက်၍ဖွံ့ဖြိုးတိုးတက်နေဦးမည်ဖြစ်သည်။

လက်ရှိတွင် ပြုပြင်ပြောင်းလဲမှုများအကောင်အထည်ဖော်ဆောင်ရွက်နေသော်လည်း ဘဏ်လုပ်ငန်းအတွက် ဥပဒေမူဘောင်နှင့် ဘဏ္ဍာရေးအခြေခံအဆောက်အအုံများသည် နိုင်ငံတကာစံနှုန်းများကိုမမှီသေးပေ။ ဘဏ်လုပ်ငန်းကဏ္ဍတွင် ဆက်လက်ရင်ဆိုင်ရ မည့် အဓိကစိန်ခေါ်မှုများမှာ ပြုပြင်ပြောင်းလဲရေး၏သဘောသဘာဝနှင့်အတိုင်းအဆကိုစီမံခန့်ခွဲခြင်း၊ လူစွမ်းအားအရင်းအမြစ်များ ဖွံ့ဖြိုးတိုးတက်လာစေရန်ဆောင်ရွက်ခြင်းနှင့် ပြည်သူလူထု၏ယုံကြည်ကိုးစားမှုကို ပြန်လည်ရရှိအောင်ဆောင်ရွက်ခြင်းတို့ပင် ဖြစ်သည်။ (၂၀၁၅) ခုနှစ်နှောင်းပိုင်းကာလတွင် နိုင်ငံခြားဘဏ်များ မြန်မာနိုင်ငံတွင် ဖွင့်လှစ်တော့မည့်အခြေအနေနှင့် (၂၀၁၅) ခုနှစ်နှစ်ကုန်တွင် အာဆီယံစီးပွားရေးအသိုက်အဝန်း၏ တစ်ခုတည်းသောဈေးကွက်သို့ မြန်မာနိုင်ငံဝင်ရောက်တော့မည့် အခြေအနေတို့ကို ထည့်သွင်းစဉ်းစားလျှင် ဤစိန်ခေါ်မှုများသည် ပို၍ပင်အရေးကြီးလာတော့သည်။

ဤစာတမ်းသည် မြန်မာနိုင်ငံ၏ဘဏ္ဍာရေးကဏ္ဍအပေါ် လေ့လာသုံးသပ်မှုပြုလုပ်ထားပြီး ဘဏ်လုပ်ငန်းအကြောင်းကို အဓိက တင်ပြထားသည်။

# Executive Summary

The financial sector in Myanmar is the least developed of all countries in Southeast Asia and cannot adequately fulfill its role as a financial intermediary. However, due to the recent reform process, the sector has already undergone tremendous changes. Steps to develop a stock market in late 2015 are underway, and the insurance market, formerly monopolized by the state, has been liberalized. Nevertheless, capital and insurance markets still play a minor role, and the financial sector continues to be dominated by banks. While state-owned banks currently account for the majority of assets, they are struggling to maintain pace with the speed of reforms and high growth rates of their private sector peers. Given the low level of development of the banking sector and the size of the potential market, growth potentials continue to look promising.

Despite current reforms, the legal framework as well as the financial infrastructure of the banking industry lags behind international standards. The main challenges ahead for the banking sector are the management of the reforms including the pace thereof, the development of human resources and the trust of the public. These challenges become even more important when taking into consideration the two facts that foreign banks will enter the market by late 2015 and that Myanmar will join the single market of ASEAN Economic Community at the end of 2015.

This paper aims at providing an overview of the financial sector in Myanmar and will focus particularly on the banking industry.



# အခန်း (၁)

## အာဆီယံဒေသတွင်းမှ မြန်မာ့ဘဏ္ဍာရေးကဏ္ဍ

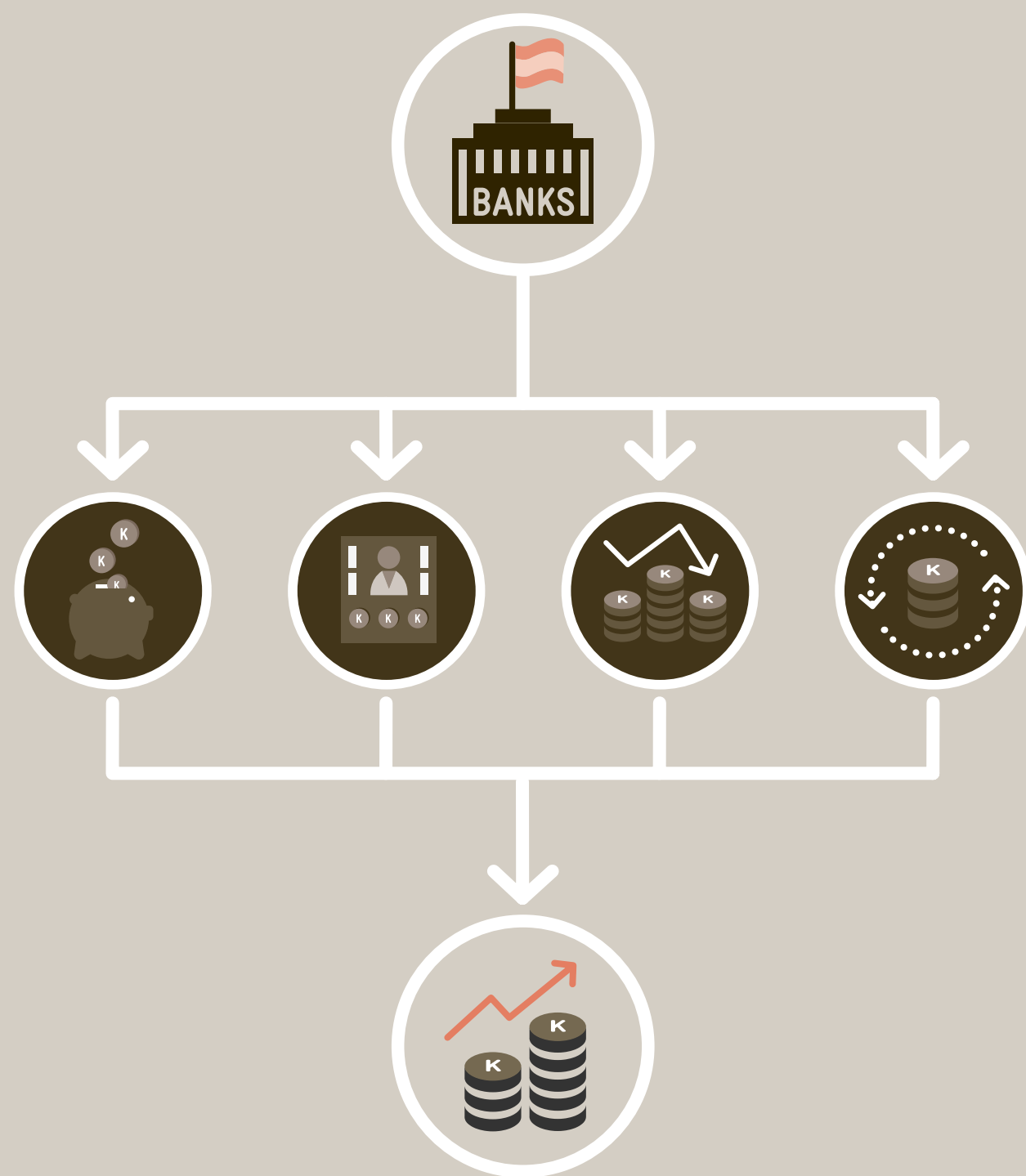


မြန်မာ့ဘဏ္ဍာရေးကဏ္ဍတွင် ဘဏ်လုပ်ငန်းကလွှမ်းမိုးနေပြီး အရှေ့တောင်အာရှတွင် ဖွံ့ဖြိုးမှုအနည်းဆုံးဖြစ်သည်။ ကောင်းမွန်သည့် ဘဏ္ဍာရေးစနစ်သည် စီးပွားရေးဖွံ့ဖြိုးမှုအတွက် ကြီးမားသည့်အထောက်အပံ့ကိုပေးသည်။ စုဆောင်းငွေများလက်ခံခြင်း၊ ချေးငွေများ ထုတ်ချေးခြင်းဖြင့် စီးပွားရေးဖွံ့ဖြိုးတိုးတက်စေသည်။ ထိရောက်ကောင်းမွန်သောဘဏ္ဍာရေးစနစ်က ကုန်ထုတ်လုပ်မှုနှင့် ကုန်သွယ်မှုတို့တွင် စရိတ်နှင့်ဆုံးရှုံးမှုများကို လျော့ပါးစေသည်။ ဘဏ္ဍာရေးကဏ္ဍသည် ငွေစုဆောင်းသူနှင့်ရင်းနှီးမြှုပ်နှံသူ၏ လိုအပ်ချက်များကို ကြားမှဖြည့်ဆည်းပေးခြင်းဖြင့်စီးပွားရေးဖွံ့ဖြိုးတိုးတက်မှုကိုအထောက်အကူပြုသည်။မြန်မာနိုင်ငံ၏ဘဏ္ဍာရေးစနစ်သည်တိုးတက်မှုအားနည်းသည်။ ကြားခံလုပ်ငန်းလုပ်ဆောင်ရာတွင် ထိရောက်မှုမှာလွန်စွာအားနည်းလျက်ရှိသည်။ ဤသည်မှာ အနှစ်ငါးဆယ်ခန့် စစ်အုပ်ချုပ်ရေးနှင့်ဆိုရှယ်လစ်စနစ်အောက် ဖိနှိပ်ကန့်သတ်မှုများကြောင့်ဟု သုံးသပ်ကြသည်။ ယခင်က ကမ္ဘာ့စပါးကျီဟုတင်စားရသောမြန်မာနိုင်ငံသည် တစ်ဦးကျပ်ငွေနှိမ့်ကျပြီး မြန်မာ့ဘဏ္ဍာရေးကဏ္ဍသည်လည်း ဒေသတွင်း ဖွံ့ဖြိုးမှုအနည်းဆုံးဖြစ်နေသည်။

သို့သော် (၂၀၁၀-၁၁)ဘဏ္ဍာနှစ်မှ (၂၀၁၃-၁၄)ဘဏ္ဍာနှစ်အထိ လွန်ခဲ့သောလေးနှစ်တာကာလအတွင်း ဘဏ်များတွင် အပ်ငွေသာမက ချေးငွေပါ သိသိသာသာတိုးတက်လာသည်ကိုတွေ့ရသည်။ အပ်ငွေသည် လေးနှစ်အတွင်း (၃)ဆကျော် တိုးမြင့်ခဲ့သည်။

ပိုင်ဆိုင်မှုအရကြည့်ပါက ဘဏ်များ၏ပိုင်ဆိုင်မှုမှာ (၉၀%) ကျော်ရှိသည်။ သို့ဖြစ်ြားလည်း မြန်မာ့ဘဏ်လုပ်ငန်းကဏ္ဍသည် အခြေခံအဆင့်တွင်သာရှိနေပြီး ဘဏ်များ၏ပိုင်ဆိုင်မှုတန်ဖိုးမှာ GDP အချိုးအရ (၂၀၁၃-၁၄)ဘဏ္ဍာနှစ်တွင် (၅၅%) ခန့်ရှိနေသည်။ ထိုင်းနိုင်ငံတွင် ဤအချိုးသည် (၁၀၀%) ကျော်ရှိသည်။

(၂၀၁၀)ပြည့်နှစ်အထွေထွေရွေးကောက်ပွဲအပြီးတက်လာသော အစိုးရသစ်လက်ထက်တွင် စီးပွားရေးနှင့်နိုင်ငံရေးဆိုင်ရာပြုပြင် ပြောင်းလဲမှုများ များစွာလုပ်ဆောင်ခဲ့သည်။ ဘဏ္ဍာရေးကဏ္ဍတွင် ဖြေလျှော့မှုများနှင့်ဥပဒေအသစ်ပြဌာန်းမှုများဆောင်ရွက်ခဲ့သည်။ (၂၀၁၂)ခုနှစ်၊ဧပြီလတွင် နိုင်ငံခြားသုံးငွေစီမံခန့်ခွဲမှုဥပဒေပြဌာန်း၍ (၃၅) နှစ်ကြာအထူးထုတ်ဝေခွင့် (SDR) နှင့် ချိတ်ဆက်ထားသော ပုံသေလဲလှယ်နှုန်းမှ ဈေးကွက်အခြေခံလဲလှယ်နှုန်းသို့ ပြောင်းလဲကျင့်သုံးခဲ့သည်။ ထို့အပြင် ပြည်ပငွေပေးငွေယူစာရင်း သာမန်စာရင်းပိုင်းဆိုင်ရာအပေးအယူများကို ဤဥပဒေ၏နောက်ဆက်တွဲနည်းဥပဒေဖြင့် လွတ်လပ်စွာလုပ်ဆောင်ခွင့်ပြုခဲ့သည်။ (၂၀၁၁)ခုနှစ်၊အောက်တိုဘာလမှစ၍ ပုဂ္ဂလိကဘဏ်များအား နိုငံခြားငွေရောင်းဝယ်ခွင့်ပြုခဲ့ပြီး (၂၀၁၂)ခုနှစ်၊ဒီဇင်ဘာလတွင် ဘဏ်မဟုတ်သောငွေလဲကောင်တာများ ဖွင့်ခွင့်ပြုခဲ့သည်။



# 1 Financial Sector Overview and Regional Perspective

The financial system in Myanmar is dominated by the banking sector and is the least developed in Southeast Asia.

A sound financial system is an essential pillar of every economy. The financial sector mobilizes savings and allocates credits, thereby promoting economic growth. It enables coping with economic uncertainties by hedging, pooling, sharing and pricing risks. The financial sector furthermore provides payment services, facilitating monetary transactions. An efficient and effective financial sector hence reduces the cost and risk of producing and trading goods and services. The financial sector thus makes an important contribution to economic growth.

The financial sector in Myanmar can fulfill its role as a financial intermediary only to a limited extent. For almost five decades, Myanmar's population and economy faced harsh restrictions under the rule of a military junta which set up a strict socialist regime (ADB, 2012). The international sanctions under the military rule led to international isolation of the nation. The

former Asian granary Myanmar has become the poorest country in Southeast Asia, with a GDP per capita of USD 1,113, compared with Lao's USD 1,646, Indonesia's USD 3,475 and Thailand's USD 5,779 (WB, 2014). Furthermore, Myanmar's financial sector is the least developed in the region.

## Box 2 Reliability and consistency of data

Data in Myanmar is scarce, not always reliable and inconsistent. This holds especially true for the financial sector. Most financial institutions do not publish their annual reports or disclose data. Transparency is, however, increasing as well as efforts towards improving financial data. For example, CBM just recently started to publish key banking data in its annual reports. Legal reforms shall, furthermore, help to ensure the consistent application of international financial reporting standards.

This report uses data from official Myanmar sources, international organizations and individual financial institutions. Additionally, GIZ conducted interviews with national and international finance experts and representatives of the Myanmar financial industry. Whenever data is presented, the source is clearly stated. GIZ cannot guarantee the accuracy of this data. Most data must be treated carefully.

## Box 1 Myanmar in figures

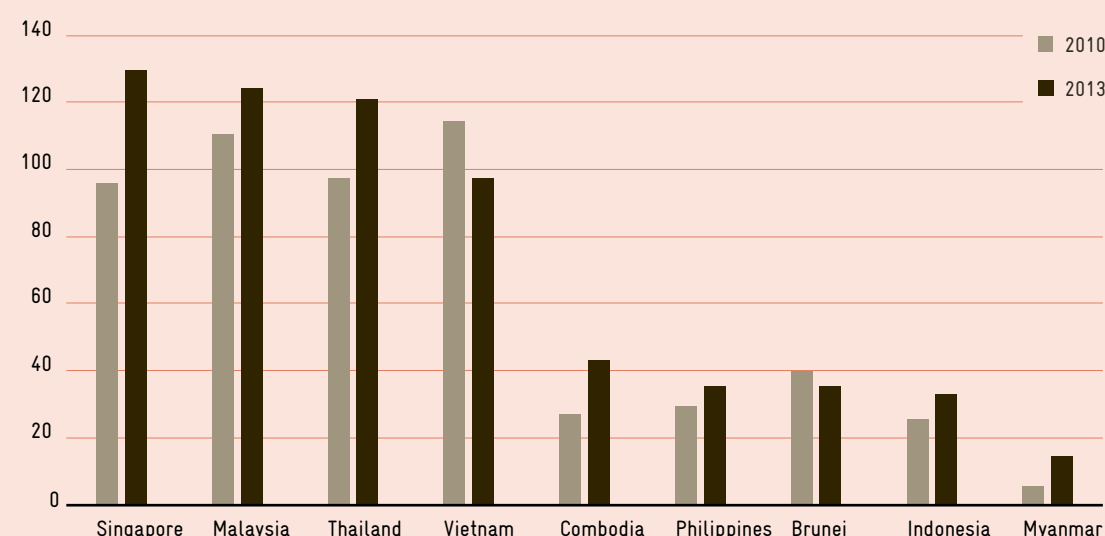
**Population :** 51.42 million (May 2014 Census)  
**Area :** 676,590 sq. km.  
**GDP (Nominal) :** USD 56.8 billion (FY 2013-2014)  
**GDP per capita :** USD 1,113 (FY 2013-2014)  
**Real GDP growth:** 8.25% (FY 2013-2014)  
**Inflation :** 5.7 % (FY 2013-2014, period average)  
**Reference :** IMF (2014), CSO (2014), DoP (2014)

Figures 1 and 2 use the financial intermediary ratio (Credit to GDP) to illustrate the status and development of the financial sector in both regional perspective and over time. The financial intermediary ratio is a common proxy for the development of a financial sector. It should be especially noted that Myanmar was the only country in ASEAN (Association of Southeast Asian Nations) that could not increase its financial intermediary ratio between 2001 and 2011. Although it has increased since 2010, it is still the lowest in ASEAN countries (Figure 1). Hence,

Myanmar's financial system cannot adequately support the country's economic development.

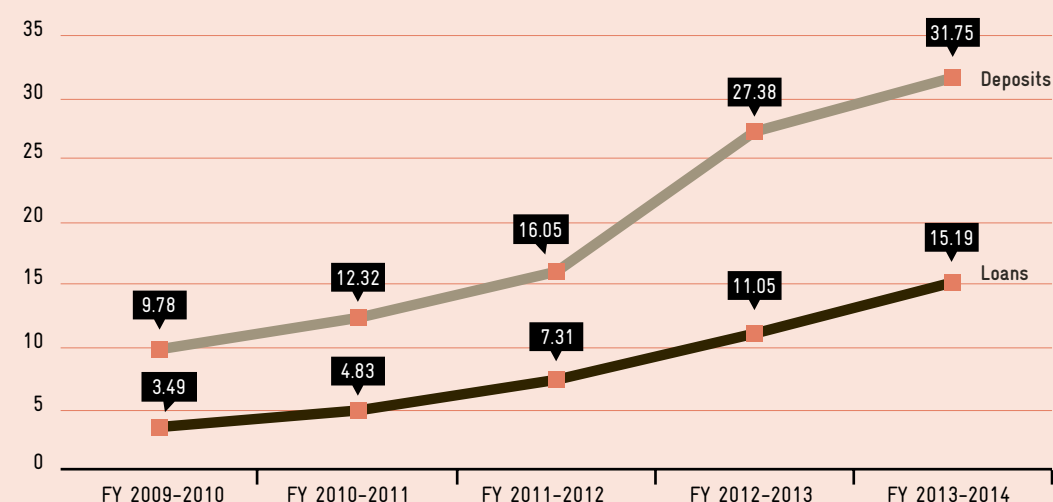
However, looking more closely at the development of financial sector in Myanmar, it is encouraging to learn that Myanmar's financial intermediation, both in terms of bank credit and deposit, has been improving significantly during the last four years (Figure 2).

**Figure 1** Domestic credit to the private sector (% of GDP)



Reference: IMF (2014)

**Figure 2** Financial intermediation in Myanmar over the last five years (% of GDP)



Reference: GIZ(2014), CBM (2014), IMF (2011& 2014)

Similar to other ASEAN low-income countries (Cambodia, Lao PDR, Vietnam)<sup>2</sup>, the Myanmar financial sector is dominated by the banking sector, which represents about 90% of all financial sector assets in 2014 with about MMK 30.15 trillion (Figure 3).<sup>3</sup>

Nevertheless, the banking sector in Myanmar is at a rudimentary stage. In the fiscal year (FY) 2013-2014, the 26 banks<sup>4</sup> held total assets of MMK 30.15 trillion, which equals 55% of GDP, compared with 117% in Thailand (Siam Commercial Bank, 2013 and IMF, 2014).

**Figure 3** Size of Myanmar financial sector in terms of total assets in 2014 (MMK billion)



Reference: GIZ (2014), CSO (2014), MI (2014), CBM (2014)

A series of far-reaching reforms has been underway since the new Myanmar government began an economic and political transformation after the 2010 elections. The authorities have started to revise the legal framework and various requirements for the financial sector (Table I in the annex) in order to modernize the infrastructural and institutional framework, liberalize the foreign exchange market, relax administrative controls, allow more competition and innovations, and improve fiscal and foreign exchange management capacities. A new Foreign Exchange Management Law and exchange rate regime (managed float exchange rate system) were introduced in April 2012. The 35-year old peg to the Special Drawing Rights (SDR) at MMK 8.51/SDR<sup>5</sup> was replaced by a managed float which defines the market-determined reference rates through daily auctions at the Central Bank of Myanmar (CBM). The new Foreign Exchange Management Law and its associated rules have lifted all restrictions on transactions in the current account of the country's balance of payments, such as transactions on exports and imports of goods and services. Private banks were allowed to open foreign exchange counters in October 2011, private non-bank money changers in December 2012 and an interbank foreign exchange market in August 2013.

Before taking a closer look at the Myanmar banking sector in Chapter 2, the report will give a brief overview of the other components of the Myanmar financial sector, including capital markets (1.1), microfinance (1.2), finance companies (1.3), insurance markets (1.4), pawnshops (1.5) and the informal financial sector (1.6). The report will lastly focus in Chapter 3 on challenges and the future outlook of the banking sector.

**Box 3** Currency Conversion

1 USD = 1025.0 MMK

1 EUR = 1216.8 MMK

Reference: CBM (January 07, 2015)





## ၁.၁။ အရင်းအနှီးဈေးကွက်

မြန်မာနိုင်ငံတွင် အရင်းအနှီးဈေးကွက်ဆိုင်ရာကြန်အင်လက္ခဏာများ မရှိသေးပါ။ သို့သော် (၂၀၁၅)ခုနှစ်တွင် စတော့ဈေးကွက်တစ်ခု ပေါ်ပေါက်လာရန် ဆောင်ရွက်လျက်ရှိသည်။

အစိုးရငွေတိုက်စာချုပ်များရောင်းဝယ်သည့် ကနဦးဈေးကွက်တစ်ခုကို (၁၉၉၃)ခုနှစ်တွင် စတင်ခဲ့သည်။ သို့သော် အလွယ်တကူ လက်ပြောင်းလက်လွှဲလုပ်နိုင်သော ဒုတိယဈေးကွက်မဖြစ်ပေါ်သေးပေ။ အကြောင်းမှာ ငွေစုဘဏ်အတိုးနှုန်းနှင့် ငွေတိုက်စာချုပ် အပေါ် အတိုးနှုန်းကွာဟချက်နည်းပါးလွန်းသောကြောင့်ဖြစ်သည်။ မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်က (၂)နှစ်သက်တမ်းရှိ ငွေတိုက်စာချုပ်အပေါ် (၈.၇၅%) အတိုးနှုန်းဖြင့်လည်းကောင်း၊ (၃)နှစ်သက်တမ်းစာချုပ်အပေါ် (၉%) နှင့် (၅)နှစ်သက်တမ်း စာချုပ်အပေါ် (၉.၅%)ဖြင့်လည်းကောင်း အသီးသီးသတ်မှတ်ခဲ့ပြီး ယင်းစာချုပ်များအပေါ်ထား၍ ဗဟိုဘဏ်မှ (၁၀%) အတိုးဖြင့် ငွေပြန်လည်ချေးယူနိုင်ပါသည်။ ထို့အပြင် (၃)လငွေတိုက်လက်မှတ်များကို တစ်နှစ်လျှင် (၄%) အတိုးဖြင့် ဘဏ္ဍာရေးဝန်ကြီးဌာနမှ ဘတ်ဂျက်လိုငွေဖြည့်ဆည်းရေးအတွက်ထုတ်ရောင်းရာ ဗဟိုဘဏ်မှဝယ်ရပါသည်။

လောလောဆယ်တွင် မြန်မာငွေချေးသက်သေခံလက်မှတ်ရောင်းဝယ်ရေးဌာန (MSEC) သည် အစုရှယ်ယာများရောင်းဝယ်ရာ တစ်ခုတည်းသောဈေးကွက်ဖြစ်သည်။ (၂၀၁၅) ခုနှစ် ဇန်နဝါရီလတွင် အများပိုင်ကုမ္ပဏီ (၁၇၀) ခုခန့်ရှိရာ နှစ်ခုသာ MSEC တွင် စာရင်းတင်၍ ၎င်းတို့၏ရှယ်ယာများကို အရောင်းအဝယ်ပြုကြသည်။ ၎င်းကုမ္ပဏီနှစ်ခုမှာ သစ်တောဖက်စပ်ကုမ္ပဏီနှင့် မြန်မာနိုင်ငံသားများဘဏ်တို့ဖြစ်သည်။ MSEC ကို ၁၉၉၆ ခုနှစ်တွင် မြန်မာ့စီးပွားရေးဘဏ်နှင့်ဂျပန်ဒိုင်ဝါကုမ္ပဏီတို့ ဖက်စပ် ထူထောင်ခဲ့သည်။

စတော့ဈေးကွက်တစ်ခုထူထောင်ရေးအတွက် (၂၀၁၃)ခုနှစ်၊ဇူလိုင်လတွင် ငွေချေးသက်သေခံလက်မှတ်များလဲလှယ်ရောင်းဝယ်ရေး ဥပဒေကို ပြဌာန်းခဲ့ပြီး နည်းဥပဒေကိုလည်း မကြာမီထုတ်ပြန်နိုင်ရန် စီစဉ်လျက်ရှိသည်။ (၂၀၁၄)ခုနှစ်၊ ဩဂုတ်လတွင် ငွေချေးသက်သေခံလက်မှတ်လုပ်ငန်းကြီးကြပ်ရေးကော်မရှင်ကို အဖွဲ့ဝင် (၇) ဦးဖြင့်ဖွဲ့စည်းခဲ့သည်။

(၂၀၁၂)ခုနှစ်တွင် မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်သည် ရန်ကုန်စတော့ဈေးကွက်ထူထောင်ရေးအတွက် ဂျပန်ဒိုင်ဝါသုတေသနနှင့် တိုက်ရိုက်စတော့အိတ်ချိန်းတို့နှင့် နားလည်မှုစာချွန်လွှာရေးထိုးခဲ့သည်။ (၂၀၁၄)ခုနှစ်၊ဒီဇင်ဘာလတွင် မြန်မာ့စီးပွားရေးဘဏ်သည် ဂျပန်ဒိုင်ဝါနှင့်ဂျပန်အိတ်ချိန်းအဖွဲ့တို့နှင့် နားလည်မှုစာချွန်လွှာရေးထိုးပြီး Yangon Stock Exchange Joint Venture Company Ltd. ကိုဖွဲ့စည်းထူထောင်ခဲ့သည်။ မတည်ရင်းနှီးငွေ၏ (၅၁%) ကို မြန်မာ့စီးပွားရေးဘဏ်မှထည့်ဝင်ပြီး ကျန် (၄၉%) ကို ဒိုင်ဝါနှင့်ဂျပန်အိတ်ချိန်းအုပ်စုတို့က ထည့်ဝင်ကြသည်။ (၂၀၁၅)ခုနှစ်၊အောက်တိုဘာလတွင်ထူထောင်မည့် ရန်ကုန်စတော့အိတ်ချိန်း (YSX) တွင် ပါဝင်ရန်အတွက် FMI၊ MAPCO နှင့် AGDဘဏ် စသည့်ကုမ္ပဏီများက စိတ်ဝင်စားစွာ ဆောင်ရွက်လျက်ရှိသည်။

ရန်ကုန်စတော့အိတ်ချိန်းအောင်မြင်စွာဖော်ဆောင်နိုင်ရေးအတွက် (၂၀၁၅)ခုနှစ်၊ဇန်နဝါရီလတွင် ငွေချေးသက်သေခံလက်မှတ်ကြီးကြပ်ရေးကော်မရှင်မှ ငွေချေးသက်သေခံလက်မှတ်ကုမ္ပဏီလိုင်စင် (၄) မျိုးအတွက် လျှောက်လွှာများခေါ်ယူခဲ့သည်။ YSX ထူထောင်ရာတွင် ဆက်သွယ်ရေးနည်းပညာ၊ လူစွမ်းအားကဏ္ဍအားနည်းမှု၊ စာရင်းရေးဆွဲမှုစနစ်နှင့် ပွင့်လင်းမြင်သာရှိမှုတို့မှာ အဓိကစိန်ခေါ်မှုများဖြစ်နေသည်။

## 1.1 Capital Markets

Myanmar lacks most features of modern capital markets. Necessary reforms are underway towards the establishment of a stock exchange in 2015.

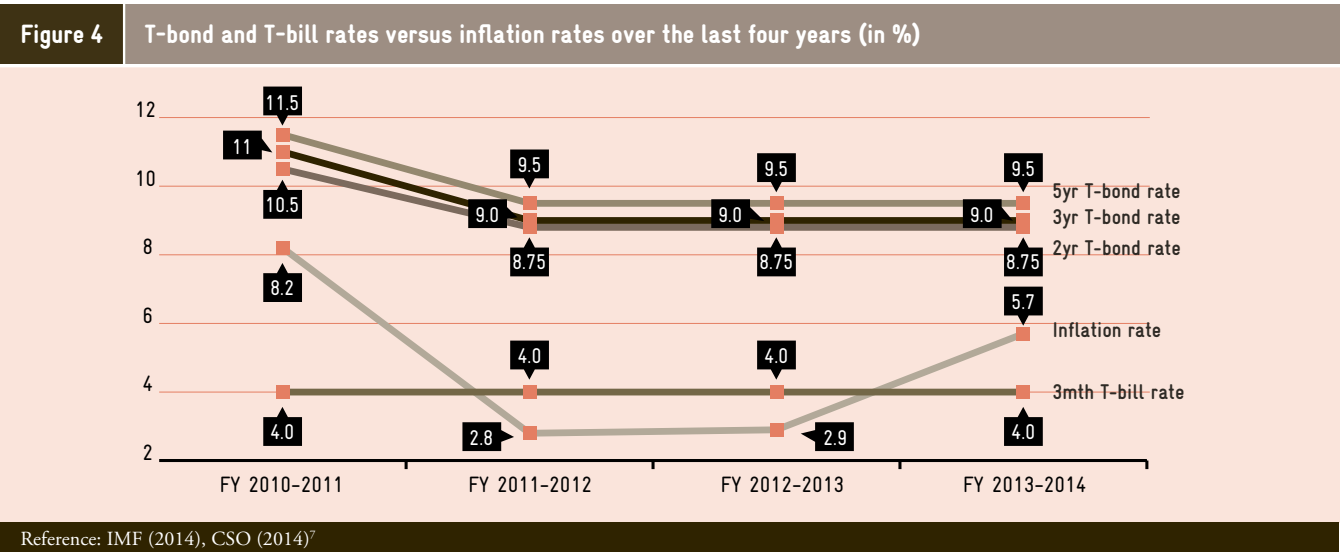
A primary government treasury bond (T-bond) market was established in 1993. However, a secondary market for on-trading bonds has not yet been established. The thin spread between T-bonds and deposit rates is the main reason why no efficient mar-

ket has developed so far. Though most of the buyers of T-bonds used to be the local private banks that invest their surplus funds according to the Myanmar Securities Exchange Center (MSEC) Ltd., state-owned banks have been becoming the main players in T-bond market since 2009 due to the permission granted to invest their excess liquidity in T-bonds (OECD, 2014). The amount of total treasury bonds outstanding reached MMK 2.9 trillion in June, 2014 (Table 1).

Table 1 Total outstanding amount of government T-bonds as of June 2014 (MMK billion)				
Sr	Type of T-bonds	Amount outstanding held by		Outstanding (Total)
		General Public	Private Enterprises	
1	2-year T-bonds	83.35	520.10	603.45
2	3-year T-bonds	106.33	468.45	574.78
3	5-year T-bonds	22.73	1,671.80	1,694.53
	Total	212.41	2,660.35	2,872.76
Note: In addition to the T-bonds, 3-month T-bills also exist. However, no data on these are available. Reference: CSO (2014)				

The Central Bank of Myanmar has been issuing 3- and 5-year T-bonds since 1993 and 2-year T-bonds since 2010. These T-bonds bear the interest rates of 8.75% per annum for two-year T-bonds, 9% for three-year and 9.5% for five-year T-bonds (Figure 4). Private banks can borrow from CBM at its interest rate of 10% by placing their T-bonds as collaterals. Furthermore, the

Ministry of Finance (MoF) also issues shorter maturity treasury bills (T-bills), usually of 3 months. At the moment, they are merely used for short-term financing of budget deficits, and CBM is the sole investor in these T-bills. There is no proper market demand due to an extremely-low annual interest rate of 4%.<sup>6</sup>

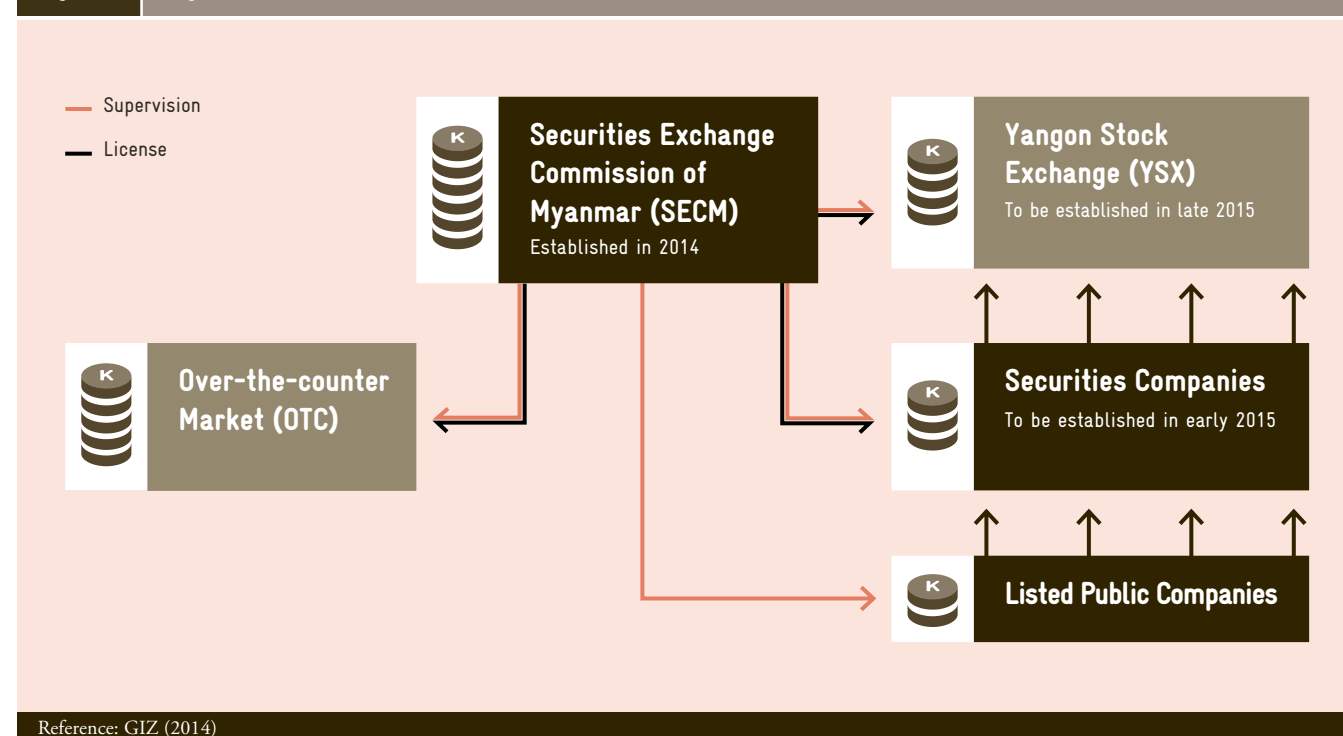




The MSEC is currently the only market place in the country for trading government securities and shares of listed companies. Although there are 172 public companies licensed as of January 2015 (The Voice Weekly, 2015), only two public companies, namely Forest Products Joint Venture Corporation Ltd. and Myanmar Citizen Bank Ltd., have been listed so far. The MSEC was established in April 1996 as a joint venture<sup>8</sup> between the state-owned Myanma Economic Bank (MEB) and the Japanese Daiwa Institute of Research. The explicit objective initiative is to create and develop a securities market in Myanmar and to support marketization, privatization and internationalization of the economy. MSEC's activities and services include acting as an intermediary in securities trading and providing consultancy services to the government in the capital market reform process.

As part of the capital market reforms, a new Securities and Exchange Law, drafted by MSEC and MoF, was enacted on July 31, 2013. The legal structure of the securities market can be observed in Figure 5. In addition, with the assistance of the Policy Research Institute (PRI) of Ministry of Finance of Japan and the Financial Services Agency of Japan, the rules deriving from the new Securities and Exchange Law have already been finalized and are planned to be sent to the Parliament in early 2015 for approval. In order to supervise and manage the stock exchange and securities market, the Securities and Exchange Commission of Myanmar (SECM), chaired by the Deputy Minister of Finance, was formed with 7 members<sup>9</sup> on August 19, 2014 (Myanmar Gazette, 2014c). It will be the regulatory body to issue the licenses and supervise the securities exchange market.

Figure 5 Legal structure of the securities market



While under the Ministry of Finance, CBM signed a Memorandum of Understanding (MoU) with Daiwa Institute of Research (DIR) and Tokyo Stock Exchange in 2012 to establish a stock exchange in Myanmar by late 2015. On December 23, 2014, two Japanese firms and state-owned MEB signed an MoU to set up a joint venture firm by the name of "Yangon Stock Exchange Joint Venture Ltd." in order to establish the Yangon Stock Exchange (YSX) (Myanmar Times 2014c). Its paid-up capital will be MMK 32 billion, 51% of which will be raised by MEB and the remaining 49% by the Japanese partners

(30.25% by DIR and 18.75% by Japan Exchange Group – JPX) (Myanmar Gazette, 2014a & Myanma Alinn Daily, 2014c).

Some companies have already shown their keen interest in the upcoming stock market. For example, First Myanmar Investment Co., Ltd (FMI) has signed an engagement letter with Japan's Daiwa Securities and MSEC for advisory services to be listed on the exchange (FMI 2014). Likewise, Myanmar Agribusiness Public Corporation (MAPCO) and Asia Green Development Bank (AGD) have been taking preparatory steps for a listing on

YSX. Listing will most probably be done in Myanmar Kyat, and formal and substantial requirements for public companies to get listed are expected to be defined in early 2015.

In order to implement YSX, SECM has in January 2015 invited local companies, including those forming joint-ventures with foreign firms having a minority stake, to apply for 4 types of

securities licenses<sup>10</sup> between January 19 and February 27, 2015. The establishment of YSX within 2015 seems challenging and more time might be needed for this process. In addition to deficiencies in IT and human capacity development in the securities exchange market, appropriate accounting and disclosure standards are still lacking.

## ၁.၂။ အာမခံလုပ်ငန်းကဏ္ဍ

အာမခံလုပ်ငန်းကဏ္ဍအတွက်ပြုပြင်ပြောင်းလဲမှုမှာ (၂၀၁၃)ခုနှစ်အတွင်း အာမခံလုပ်ငန်းကဏ္ဍတွင် ပုဂ္ဂလိကများအားခွင့်ပြုခဲ့ခြင်း ဖြစ်သည်။

(၁၉၆၃)ခုနှစ်အထိ မြန်မာနိုင်ငံတွင် အာမခံလုပ်ငန်းများထွန်းကားခဲ့သည်။ ဆိုရှယ်လစ်အစိုးရလက်ထက် (၁၉၆၄) ခုနှစ်တွင် အာမခံ လုပ်ငန်းအားလုံးဖျက်သိမ်းပြီးနောက်ပိုင်း အာမခံလုပ်ငန်းအပေါ် ပြည်သူများအာရုံစိုက်စားမှုနှင့် အာမခံထားသည့် အလေ့အထများ ဆိတ်သုဉ်းခဲ့ရသည်။ (၁၉၆၉) ခုနှစ်မှ (၁၉၇၆) ခုနှစ်အထိ အာမခံလုပ်ငန်းမှာ ပြည်သူ့ဘဏ်၏ဌာနတစ်ခုအဖြစ်သာ ရပ်တည်ခဲ့ပြီး ပြည်သူ့ဘဏ်ဥပဒေ(၁၉၇၅)အရလုပ်ငန်းများပြန်လည်ခွဲရာတွင် အာမခံလုပ်ငန်းအားလုံးအသစ်ဖွဲ့စည်းသည့် မြန်မာ့အာမခံလက်အောက် ရောက်ရှိခဲ့သည်။ မြန်မာ့အာမခံသည် မြန်မာ့အာမခံဥပဒေ(၁၉၉၃)အရ အာမခံလုပ်ငန်းများ လုပ်ကိုင်ခဲ့သည်။ (၁၉၉၆)ခုနှစ်တွင် အာမခံ လုပ်ငန်းလိုင်စင်များချပေးရန်အတွက် အာမခံလုပ်ငန်းလုပ်ကိုင်ခွင့်ဥပဒေပြဌာန်းပြီး အာမခံလုပ်ငန်းကြီးကြပ်မှုအဖွဲ့ (IBSB) ဖွဲ့စည်းခဲ့သည်။ ဘဏ္ဍာရေးကဏ္ဍပြုပြင်ပြောင်းလဲရေးအစီအစဉ်အပိုင်းတစ်ရပ်အဖြစ် ပုဂ္ဂလိကကုမ္ပဏီ(၁၂)ခုကို အာမခံလုပ်ငန်းလိုင်စင်များ ထုတ်ပေးခဲ့သည်။ အရင်းအနှီးအဖြစ် အသက်အာမခံတစ်ခုတည်းသာလုပ်ကိုင်ပါက ကျပ် ၆ ဘီလီယံနှင့် အခြားအာမခံလုပ်ငန်းများ အတွက် ကျပ် ၄၀ ဘီလီယံ၊ စုစုပေါင်း ကျပ် ၄၆ ဘီလီယံ ထည့်ဝင်ကြရသည်။ ၎င်းတို့အား အာမခံအမျိုးအစား (၆) မျိုးဖြစ်သော အသက်အာမခံ၊ မီး၊ မော်တော်ယာဉ်၊ သမား၊ ငွေပိုငွေသယ်နှင့် ငွေသားလုံခြုံမှုအာမခံတို့ကို ခွင့်ပြုခဲ့သည်။ အထူးခရီးသွားအာမခံကို (၂၀၁၄)ခုနှစ်၊မေလတွင် ခွင့်ပြုခဲ့သည်။ ထို့အပြင် IKBZ၊ Grand Guardian၊ First National Insurance နှင့် အောင်သစ္စာဦး အာမခံလုပ်ငန်းလေးခုအား အမေရိကန်ဒေါ်လာဖြင့် အာမခံလုပ်ငန်းလုပ်ဆောင်ရန်ခွင့်ပြုခဲ့သည်။

ဘဏ်လုပ်ငန်းများနည်းတူ အာမခံလုပ်ငန်းတွင်လည်း ပြည်ပကုမ္ပဏီများ၊ အထူးသဖြင့် ဂျပန်နိုင်ငံမှအာမခံကုမ္ပဏီများက မြန်မာနိုင်ငံတွင် ကိုယ်စားလှယ်ရုံးများဖွင့်ပြီး လုပ်ငန်းလုပ်ကိုင်ခွင့်ရရန်စောင့်ဆိုင်းနေကြသည်။

သို့သော် မြန်မာ့အာမခံလုပ်ငန်းကဏ္ဍတွင် ကျွမ်းကျင်လုပ်သားရှားပါးမှု၊ ခေတ်မီအာမခံနည်းစနစ်များခေါင်းပါးမှု၊ အာမခံလုပ်ငန်း အပေါ် ကြီးကြပ်မှုအားနည်းချက်များက အဓိကပြဿနာများဖြစ်သည်။ အာမခံလုပ်ငန်းအပေါ် ပြည်သူများအာရုံစိုက်စားမှုလည်း အဓိက အားနည်းချက်ဖြစ်နေပါသေးသည်။



## 1.2 Insurance Sector

Reforms in the insurance sector show first results: Private insurance companies have been entering the market since mid-2013.

The insurance sector in Myanmar dates back to a long and eventful history. While the insurance sector flourished in the pre-socialist era, lasting until 1963, insurance habits and awareness have almost disappeared over the last decades.<sup>11</sup> By nationalizing a local insurance company, the Burma National Insurance Company, the state-owned Union Insurance Board was established in 1952. The nationalization process of the insurance sector began when, first, all life insurance businesses were state-monopolised under the Union Insurance Board in 1959, and, second, the socialist government abolished all private insurance companies in 1964.

From late 1969 to 1976, all insurance business activities were centralized under the Insurance Division of the People's Bank of the Union of Burma. Under the Union Bank Law (1975), banking functions were decentralized, and the insurance business was outsourced to the newly formed Myanma Insurance (MI). The Myanmar Insurance Law (1993) empowers MI to engage in all insurance business activities (reinsurance business, determination of various insurance rates etc.). For more than two decades, MI monopolized all the insurance businesses in Myanmar. As of August 2014, MI operates its business activities via approximately 40 offices with around 1,500 staff members across the country. The Insurance Business Law (1996) entrusts the Insurance Business Supervisory Board (IBSB), controlled by

MoF, to scrutinize and decide on applications for the business license of an insurer, underwriting agent or insurance broker, and to determine their capital and limits of investment.

As part of the current financial sector reforms, IBSB launched a license application process for private insurance companies in November 2012 to diversify the provision of insurance services and to modernize the sector. IBSB received 20 applications from private companies, out of which 12 met the requirements. Of the 12 companies (Table 2), three (Capital Life Insurance Ltd., Aung Myint Moh Min Insurance Company and Citizen Business Insurance Company) plan to focus their business on life insurance only, which requires a total paid-up capital of MMK 6 billion. The remaining nine companies will engage in the life- and non-life insurance business (paid-up capital: MMK 40 billion for non-life insurance, MMK 46 billion for both life-and non-life insurance).<sup>12</sup> Insurance companies have to deposit 60% of their capital at a state-owned bank and can withdraw it after one year. Furthermore, 10% of the capital must be deposited into an interest-bearing MEB account as a provision for emergency compensation, and the remaining 30% should be used to purchase T-bonds. The companies have to pay a MMK 3 million license fee and a MMK 1 million annual fee. Operations must start within one year after licensing. IBSB supervises all private insurance companies. Because the insurance sector is now open for private firms, it currently has enormous potential for growth since only 2.3% of the Myanmar population<sup>13</sup>, i.e. about one million people, have formal insurance (BC Finance Limited, 2014).



Myanma Insurance building in Yangon

Table 2 Licensed local private insurance companies and their parent companies			
Sr	Logo	Licensed insurance company	Parent company
1		IKBZ Insurance Co., Ltd.	KBZ Group of Companies
2		Grand Guardian Insurance Public Co., Ltd.	Shwetaung Development Co., Ltd
3		Citizen Business Insurance Co., Ltd.*	Citizen Business Group of Companies
4		First National Insurance Co., Ltd.	Htoo Group of Companies
5		Young Insurance Global Co., Ltd.	Young Investment Group Co., Ltd.
6		Global World Insurance Co., Ltd.	Asia World Co., Ltd.
7		Excellent Fortune Insurance Co., Ltd.	Excellent Fortune Development Group Co., Ltd.
8		Aung Thitsa Oo Insurance Co., Ltd.	Union of Myanmar Economic Holdings Ltd. (UMEHL)
9		Pillar of Truth Insurance Co., Ltd.	Parami Energy Group of Companies
10		Capital Life Insurance Co., Ltd.*	Diamond Star Co., Ltd.
11		Ayeayar Myanmar Insurance Co., Ltd.	Max Myanmar Group of Companies
12		Aung Myint Moh Min Insurance Co., Ltd.*	Myanmar Economic Corporation (MEC)
Note: * indicates the insurance company which specializes on life insurance only. Ref: GIZ (2014)			



Although private insurance companies are allowed in the country, their operations are still severely restricted. Currently, all private insurance companies are to use the same premium rates in order to avoid potentially harmful competition. However, IBSB announced that it will liberalize the market in the near future (Asia Insurance Review, 2013). Since May 2013, private insurance companies have been allowed to engage in six insurance policies: life, fire <sup>14</sup>, motorcar <sup>15</sup>, fidelity, cash-in-transit and cash-in-safe. A special highway insurance was added to the list in May 2014. A health insurance system is also planned to be established in the form of a joint program between MI and a private insurer in Yangon and Mandalay, starting from January 2015 at the earliest or April 2015 at the latest (The Weekly Eleven, 2014). IKBZ and Grand Guardian Insurance were the first local private insurers that started operations on June 12, 2013. Since May 2014, four insurance companies (IKBZ, Grand Guardian Insurance, First National Insurance, and Aung Thitsa Oo Insurance) were allowed to sell their products on a USD basis. In order to operate accordingly, each insurance provider was required to increase its paid-up capital by USD 500,000.

So far, fourteen foreign insurance companies <sup>16</sup> have set up representative offices in Myanmar (The Nation 2014). According to the MoF, foreign institutions will probably be allowed to enter the insurance market in 2015 (Strohal Legal Group, 2013). In a first step, they are supposed to be allowed to start operations in three Special Economic Zones (Thilawa, Kyaukphyu, and Dawei) starting in January 2015 (Myanmar Times, 2014).

Despite the promising recent developments, the Myanmar insurance sector is struggling in important aspects such as skilled workforce, modern insurance technology, reinsurance and experience in insurance supervision. A lack of public awareness about the importance of an insurance system is also one of the challenges faced by Myanmar insurance companies (Paing, 2013). As a micro-insurance market has not yet emerged, access to insurance services is still limited to a relatively small part of the population, mainly from the middle and upper class.

၁.၃။ ငွေရေးကြေးရေးကုမ္ပဏီများ

ယနေ့အထိ ငွေရေးကြေးရေးကုမ္ပဏီများ၏ အခန်းကဏ္ဍသိပ်မရှိလှသေးသော်လည်း နောင်အနာဂတ်တွင် ရှိလာနိုင်ပါသည်။

(၁၉၉၆)ခုနှစ်မှ (၂၀၁၃)ခုနှစ်၊ဇန်နဝါရီလအထိ မြန်မာအရှေ့တိုင်းဘဏ်၏လုပ်ငန်းခွဲတစ်ခုဖြစ်သော အိုရီရင်တယ်လီစင်းဟူသည့် ငွေရေးကြေးရေးကုမ္ပဏီတစ်ခုသာ ရှိခဲ့သည်။ (၂၀၁၄)ခုနှစ်၊ဒီဇင်ဘာလအထိ ငွေရေးကြေးရေးကုမ္ပဏီ (၁၀) ခုရှိသည်။ အဓိကလုပ်ငန်းများမှာ ချေးငွေထုတ်ချေးခြင်း၊ အငှားချသည့်လုပ်ငန်း (leasing) နှင့် အငှားဝယ်သည့်လုပ်ငန်း (Hire purchase) တို့ဖြစ်သည်။

### 1.3 Finance Companies

Finance companies do not play a significant role so far but have the potential to play greater role in the future.

Until January 2013, there had been only one finance company, Oriental Leasing Company Limited. Established in 1996 as a subsidiary of the Myanmar Oriental Bank Ltd (MOB), its main activity is hire-purchase, mostly motor vehicles, agricultural machineries and electrical goods. For Oriental Leasing, the investment funds pooled under the bank’s trust fund scheme are the main source of funds for its operation.

Box 4	Finance companies
<b>Interest rate of loans :</b> 24-35% p.a. <b>Maximum maturity of loans :</b> 1 year <b>Major products:</b> lending, hire-purchase and leasing	
<b>Minimum paid-up capital :</b> MMK 3 billion <b>License fee &amp; annual fee :</b> 0.1 % of existing capital <b>No. of licensed finance companies:</b> 10 (as of Nov 2014)	

Finance companies fall under the Financial Institutions of Myanmar Law 1990, which remains, however, rather vague on this type of institution. According to the central bank, the three main functions of a finance company are lending, hire-purchase and leasing. The current minimum capital is set at MMK 3 billion. Finance companies are not allowed to receive deposit from the public. They can receive long-term loans from

institutional investors and foreign financial institutions subject to the approval of CBM.

By the end of December 2014, nine additional finance companies were licensed: Two were granted license in 2013 and seven in 2014 (Table 3). About ten more companies applied for a license and are currently waiting for the approval by CBM.

Table 3	Licensed finance companies as of December, 2014	
Sr	Name of Finance Company	Date of License Issued
1	Oriental Leasing Company Ltd.	January 08, 1996
2	Myat Nan Yone Finance Company Ltd.	January 25, 2013
3	National Finance Company Ltd.	February 22, 2013
4	Ryuji Finance Company Ltd.	May 28, 2013
5	Mahar Bawga Finance Company Ltd.	April 23, 2014
6	Jewel Spectrum Company Ltd.	May 08, 2014
7	Century Finance Company Ltd.	June 05, 2014
8	Win Progress Services Company Ltd.	June 11, 2014
9	Z Corporation Company Ltd.	June 25, 2014
10	Global Innovations Finance Company Ltd.	August 04, 2014
Reference: CBM (2014)		

Box 5	Non-bank money changers
<ul style="list-style-type: none"><li>• Non-bank money changers have been allowed since December 2012.</li><li>• Their minimum capital is set at MMK 30 million.</li><li>• Based on the central bank’s daily reference rate, they deal in USD, EURO and Singapore dollar. They set their own buying and selling rates within the bands of plus or minus 0.8% of central bank’s daily reference rate.</li><li>• As of October 2014, there were about 300 non-bank-money-changers in Myanmar.</li></ul>	
Reference: GIZ (2014)	



## ၁.၄။ အသေးစားငွေရေးကြေးရေးလုပ်ငန်း

အသေးစားချေးငွေလုပ်ငန်းကို (၁၉၉၀)ပြည့်နှစ်များတွင် ကုလသမဂ္ဂဖွံ့ဖြိုးရေးအစီအစဉ် (UNDP)၏ လူ့စွမ်းအားတိုးမြှင့်ရေးအစီအစဉ် (Human Development Initiative) မှတစ်ဆင့်ပြီး အစိုးရမဟုတ်သောအဖွဲ့အစည်းများ ပါဝင်ခဲ့သည်။ ထိုစဉ်က အတိုးနှုန်းမှာ တစ်နှစ် (၂၀%)ခန့်ရှိခဲ့သည်။

အသေးစားငွေရေးကြေးရေးလုပ်ငန်းဥပဒေကို (၂၀၁၁)ခုနှစ်၊နိုဝင်ဘာလတွင်ပြဌာန်းခဲ့သည်။ ယင်းဥပဒေတွင် ချေးငွေအပေါ် အတိုးနှုန်းကို အများဆုံးတစ်လ (၂.၅%) နှင့် အပ်ငွေအပေါ်အတိုးနှုန်းအနည်းဆုံး (၁.၂၅%) သတ်မှတ်ထားသည်။ (၂၀၁၄)ခုနှစ်၊ အောက်တိုဘာလတွင် အများဆုံးထုတ်ချေးနိုင်သည့်ချေးငွေပမာဏကို ကျပ်ငါးသိန်းမှသိန်းငါးဆယ်သို့ တိုးမြှင့်သတ်မှတ်ခဲ့သည်။ ဤဥပဒေအရ ပြည်တွင်းပြည်ပ မှပုဂ္ဂလိကအသေးစားငွေရေးကြေးရေးလုပ်ငန်းများကို ခွင့်ပြုခဲ့သည်။ အသေးစားငွေရေးကြေးရေး လုပ်ငန်းတွင် အားနည်းချက်များအဖြစ် အရင်းအနှီးသတ်မှတ်ချက်နည်းပါးခြင်း (ကျပ်သန်း ၃၀)၊ ကြီးကြပ်ကွပ်ကဲမှုအားနည်းခြင်းနှင့် ငွေကြေးအဖွဲ့အစည်းများမှချေးငွေ ရယူရန်ကန့်သတ်ချက်များရှိနေခြင်းကြောင့် ဘဏ္ဍာငွေဖြည့်ဆည်းရေးတွင်အားနည်းခြင်းတို့ကို တွေ့မြင်ရသည်။ ထို့အပြင် အသေးစားငွေရေးကြေးရေးလုပ်ငန်းအများစုသည် ဆင်းရဲမှုရေရှည်တိုက်ဖျက်နိုင်ရေးအတွက် အသေးစားစီးပွားရေးလုပ်ငန်းများ ထူထောင်ပေးရေးဆောင်ရွက်ရာတွင်အားနည်းသည်ကိုတွေ့ရသည်။ ကုလသမဂ္ဂအရင်းအနှီးဖွံ့ဖြိုးမှုရန်ပုံငွေ (UNCDF) ၏ခန့်မှန်းချက်အရ မြန်မာနိုင်ငံတွင်လိုအပ်သည့် အသေးစားချေးငွေပမာဏမှာ အမေရိကန် ဒေါ်လာ (၁ ဘီလီယံ) ဟုခန့်မှန်းထားသော်လည်း (၂၀၁၃) ခုနှစ်၊အောက်တိုဘာလအထိ ထုတ်ချေးငွေစုစုပေါင်းမှာ အမေရိကန် ဒေါ်လာ (၁၁၈ သန်း) ခန့်သာရှိပါသည်။

## 1.4 Microfinance

The landscape of microfinance institutions (MFI) has changed and grown rapidly over the last three years. Effective supervision of the sector is needed.

Formal microfinance operations in Myanmar only started in the late 1990s with the UNDP Human Development Initiative. All NGOs operating under this program had been working with different solidarity group lending schemes and charged about 20% interest rate per annum. By that time, framework conditions, including high inflation rates, were unfavorable for the operations of MFIs in the country.<sup>17</sup>

A legal framework for microfinance was established in November 2011. The law finally legalizes and regulates the already existing microfinance operations and, furthermore, provided a sound basis for new institutions. The law allows both local and foreign investors to establish completely privately owned MFIs.<sup>18</sup> The Microfinance Business Law imposes interest rate caps for micro-loans (maximum interest rate of 2.5% declining per month) and micro-savings (minimum interest rate of 1.25% per month). The maximum loan size was capped at MMK 0.5

Box 6

Microfinance

**Micro savings interest cap:** min. 15% p.a.

**Micro loan interest rate cap:** max. 30% p.a. (declining)

**Maximum loan size:** MMK 5 million

**Micro insurance:** not yet allowed

**Minimum paid-up capital:**  
MMK 15 million for non-deposit-taking MFIs &  
MMK 30 million for deposit-taking MFIs

Reference: Microfinance Business Law (2011)

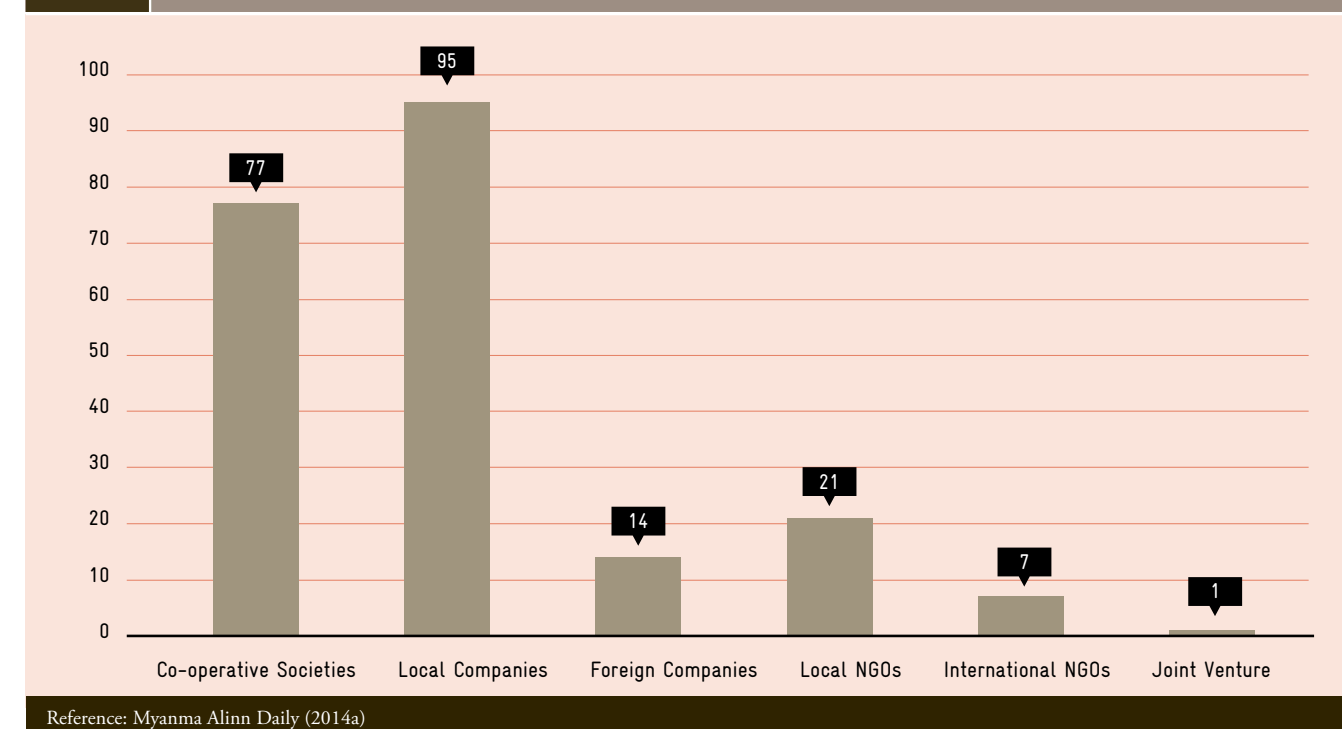
million but since October 2014, it has been raised to MMK 5 million (Microfinance Business Supervisory Committee - MBSC Notification No. 3/2014). The notification also allows local MFIs to get loans from Myanma Economic Bank and foreign MFIs from foreign legal financial institutions subject to the approval of CBM and provided they keep their Debt-to-Equity ratio under 5:1. MFIs can engage in mobile payment systems, under which the amount per transaction is kept at MMK 0.5 million and three transactions per day can be made with the restricted total amount of MMK 1 million. Moreover, local MFIs can receive equity financing from foreign and local institutions.

The enacted legal framework comes with certain challenges. First, low capital requirements<sup>19</sup> for MFIs led to a large number of licensed MFIs: 215 licenses by the end of October 2014 (Myanmar Alinn Daily, 2014a). Moreover, eleven MFIs, of which three are foreign companies and eight are local companies,

were granted one-year temporary license in November 2014 (Myanmar Alinn Daily, 2015b). Second, supervision is fragmented and lacks the necessary know-how: Banks are under the supervision of CBM, and cooperatives operating in the microfinance sector are under the control of the Ministry of Cooperatives. MFIs are supervised by Financial Supervisory Department (FSD)<sup>20</sup> under MoF, which is struggling to build up necessary resources. Third, funding remains a key challenge for MFIs although the authorities recently allow them to receive loans and equity financing from home and abroad.

According to the United Nations Capital Development Fund, the current demand for microcredits in Myanmar is around USD 1 billion. The Myanmar Microfinance Supervisory Enterprise reported in October 2013 that the total loan portfolio of the licensed MFIs amounted to only USD 118 million. The financing gap is hence still wide, with less than one-eighth of the potential loan market tapped.

Figure 6 Licensed MFIs (215 in total) as of October 2014



### ၁.၅။ အပေါင်ဆိုင်များ

အတိုးနှုန်းမြင့်သော်လည်း ဆင်းရဲသားများအနေဖြင့် အလွယ်တကူငွေချေးရသဖြင့် အပေါင်ဆိုင်များကို အားကိုးကြရသည်။

အပေါင်ဆိုင်များသည် တရုတ်လူမျိုးစီးပွားရေးသမားများ၏ မိရိုးဖလာလုပ်ငန်းတစ်ခုဖြစ်ခဲ့သည်။ အများအားဖြင့် ဈေးနှင့်နီး၍ လူထုထပ်ရာနေရာများတွင် အပေါင်ဆိုင်လုပ်ငန်းများဖွင့်လေ့ရှိသည်။ လက်လုပ်လက်စားအများစုက အရေးပေါ်ငွေလိုအပ်လျှင် အပေါင်ဆိုင်ကို အားထားကြသည်။ ရွှေပေါင်ခံငွေချေးပါက ပေါက်ဈေး၏သုံးပုံနှစ်ပုံခန့်ချေးယူနိုင်ပြီး လစဉ်အတိုးနှုန်း (၂-၃%) ရှိသည်။ အတိုးငွေကို ချေးငွေယူစကပင် ဖြတ်တောက်ယူသည်။ အခြားပစ္စည်းများအတွက် ဗိုက်နာရောင်းဈေးပေါ် ထက်ဝက်ခန့်သာချေးပြီး လစဉ်အတိုးနှုန်းမှာ အများအားဖြင့် (၁၀%) ဖြစ်သည်။ အပေါင်ဆိုင်များကို မြို့နယ်စည်ပင်သာယာရေး ကော်မတီခွင့်ပြုချက်ဖြင့် ဖွင့်လှစ်နိုင်ပြီး နှစ်စဉ်လိုင်စင်ကြေးမှာ ရန်ကုန်တွင် (ကျပ် ၅ သန်း)မှ (ကျပ် ၂၀ သန်း)နှင့် နယ်မြို့များတွင် (ကျပ် ၃ သိန်းမှ ၅ သိန်း) ထိ ကောက်ခံပါသည်။

## 1.5 Pawn Shops

Despite high interest rates, demand for uncomplicated loans from pawn shops remains high.

The pawn shop business is traditionally run by the Chinese community.<sup>21</sup> Pawn shops tend to be located in populated and poor areas, close to market places. Most of the customers live from hand to mouth and often get a pawn shop loan to bridge income shortcomings and ensure coverage of daily living expenses or emergency cases (illness, funeral, etc.). They can place not only gold and machines as collateral, but also other consumer goods such as watches, bicycles and reconditioned clothes. The loan amount granted and the interest rate charged depend on the type and market value of the collateral. For gold, the loan can amount to up to two-thirds of the market value, and the monthly interest is set at 2-3% flat (depending on the loan amount, it will initially be deducted from the loan amount). For all other items, the loan amount granted will only be 50% of the forced-sale value of the collateral item(s), and the monthly interest rate is 10% flat. Pawn shops are regulated and supervised by the respective local authorities. In Yangon, for example, the Yangon City Development Committee (YCDC) issues licenses and supervises pawnshops. It has fixed the repayment period for all pawn shop loans at four months and ten days. Depending on the location of the pawn shop, the annual license fee will be between MMK 5 and 20 million in Yangon and between MMK 300,000 and 500,000 in other areas where registration has to be made with respective local authorities.

Box 7

Pawn shops

**Interest rate:** 24 -120% p.a.  
**Loan amount:** 50-65% of forced-sale value  
**Repayment period:** 4 months and 10 days  
**Collaterals:** Gold, watches, machinery, bicycles, garments, and reconditioned clothes

Reference: GIZ (2014)



### ၁.၆။ ပြင်ပတရားမဝင် ငွေကြေးဈေးကွက်

တရားဝင်ငွေကြေးဈေးကွက်သည် ဆက်သွယ်သူဖောက်သည်များ၏ လိုအပ်ဆန္ဒကိုဖြည့်ဆည်းရန် ကြိုးပမ်းနေစဉ်မှာပင် တရားမဝင်ငွေကြေးဈေးကွက်သည် သွက်သွက်လက်လက်လှုပ်ရှားနေပြီး အရေးပါအရာရောက်လျက်ရှိသည်။

တရားမဝင်ငွေချေးခြင်းသည် စီးပွားဖြစ်ထွန်းသော သမားရိုးကျလုပ်ငန်းတစ်ခုဖြစ်သည်။ ဤလုပ်ငန်းကို (၁၉) ရာစုအလယ်ပိုင်း ကာလမှပင် ချစ်တီးများက စီးပွားရေးဆန်ဆန်ဆောင်ရွက်ခဲ့ကြသည်။ အထူးသဖြင့် ကျေးလက်နေပြည်သူများသည် အရေးပေါ် ငွေလိုအပ်ချက်များကြုံတွေ့ရလျှင် တရားမဝင်ငွေကြေးဈေးကွက်ကိုသာ အားကိုးကြရသည်။ တရားမဝင်ငွေကြေးဈေးကွက်တွင် ငွေချေးငှားသည့်ပုံသဏ္ဌာန်အမျိုးမျိုး တွေ့ရသည်။ အပေါင်ပစ္စည်းအမျိုးအစားပေါ်မူတည်၍ လစဉ်အတိုး (၃%) မှ (၈%)ထိ ရှိတတ်သည်။ တခါတရံ ငွေချေးခြင်းသည် ဘဏ်ချေးငွေရရှိရေးအတွက်လည်းကောင်း၊ ဘဏ်ချေးငွေမယူခင်စပ်ကြားကာလ အတွက်လည်းကောင်း ဖြစ်တတ်ရာ အချိန်ပိုင်းအတွင်း ငွေပြန်ပေါ်သည့်လုပ်ငန်းတစ်ခုဖြစ်သည်။ ပြန်လည်ပေးဆပ်ရသည့်ကာလမှာ (၃)လမှ (၆) လရှိတတ်သည်။ အများစုမှာ အချိန်တိုအတွင်းပြန်မဆပ်နိုင်သဖြင့် အပေါင်ပစ္စည်းများလက်လွှတ်ဆုံးရှုံးကြရသည်။

တရားမဝင်ဟွန်ဒီငွေလွှဲစနစ်ကို ဆိုရှယ်လစ်စနစ်တွင်စတင်အသုံးပြုခဲ့ပြီး (၁၉၈၈)ခုနှစ်နောက်ပိုင်းအထူးတွင်ကျယ်လာသည်။ ပြည်တွင်းပြည်ပတစ်နေရာမှအခြားတစ်နေရာသို့ လျင်မြန်လွယ်ကူစွာလွှဲပို့နိုင်ခြင်းကြောင့် ဟွန်ဒီစနစ်ကို တောရောမြို့ပါ အသုံးများလာခဲ့သည်။ ဘဏ်များဦးဆောင်သောတရားဝင်ငွေကြေးစနစ်ကြီးတိုးတက်ဖွံ့ဖြိုးရန် ကြိုးပမ်းနေသည့်ကာလတွင်ပင်လျှင် ဤတရားမဝင်ဟွန်ဒီလုပ်ငန်းမှာလည်း လူသုံးများ၍အရေးပါနေဦးမည်ဖြစ်သည်။

## 1.6 Informal Financial Sector

As the formal financial services sector is struggling to satisfy clients' needs, the informal financial sector is very active and has gained an important role in Myanmar.

Informal money lending is a traditional and prospering business in Myanmar. Chettiers, people of a mercantile caste originally from Southern India, had successfully operated as professional money lenders since the mid-19th century. By 1930, there were more than 1,600 Chettiar offices in Myanmar (Turnell 2005).

Especially people living in rural areas rely on the informal sector when it comes to (urgent) money matters and are willing to pay higher interest rates than they would with banks or MFIs. Today's informal money lending business models vary greatly and are, for instance, linked to real estate or bank brokerage activities. Such broker services regularly include the intermediation between (less financial literate) clients and banks offering credit services. In the case of informal lending, interest rates depend on the type of collateral placed and vary between 3% and 8% per month.<sup>22</sup> Uncollateralized loans are an exemption. However, collateral requirements are often not as strict as for formal loans.

For example, the loan amount in relation to the forced-sale value of the collateral is favorable for the customers with money lenders than with formal financial service providers (80% with money lenders vs. 30-50% of forced-sale value of collateral for formal loans). The usual repayment period is between three to six months and can often be extended. However, many informal borrowers cannot manage to repay the loan during this short period and have to sell out their property (well below market price) to finally meet their obligations with informal money lenders.

With national and international payment services being underdeveloped, even restricted under the socialist rule, the use of an informal system for money transfers is widespread, especially the so-called the hundi system. It grew in use after 1988 as the economy and foreign trade expanded with private sector participation, but many foreign exchange controls remained. It operates through an extensive network of relationships, reaching out to most rural areas in Myanmar, and with a high degree of trust but minimal formality involved (no ID has to be presented; money transfers are often only based on a phone call and can hence be handled comparatively quickly).

Although the formal financial sector has been growing remarkably over the last three years, it is still struggling to fulfill its role as a financial intermediary in an efficient way. Therefore, it is expected that informal financial services, notably the hundi payment system, are likely to continue to play an important role in Myanmar.

Box 8

Informal money lenders

**Interest rate:** 36-96% p.a.

**Loan amount:** 30-80% of forced-sale value

**Repayment period:** 3-6 months

**Collateral:** Land, building, gold and gems etc.

Reference: GIZ (2014)

Endnotes

- 1 The total amount of deposits in the whole banking sector increased from MMK 4,911 billion in the FY 2010-2011 to MMK 17,385 billion in the FY 2013-2014.
- 2 Cambodia: 98.6%, Lao PDR: 98.2%, Vietnam: 96.7% of total assets in the financial sector held by banks (as of 2011).
- 3 The financial sectors in all these countries are growing from a generally low basis.
- 4 Excluding CBM and Shwe Rural & Urban Development Bank (SRUDB) licensed in July, 2014.
- 5 Apart from the official rate of around MMK 6/USD 1, there were a black market rate, FEC (Foreign Exchange Certificate) rate, export earning rate, account transfer rate, hundi rate, etc., all of which had severely complicated business activities and drastically reduced investors’ confidence.
- 6 The government mainly relies on government T-bills to finance budget deficits and tries to avoid paying high interest on its debt by fixing a low T-bill rate. The Joint Public Account Committee (JPAC) of the Lower House and Upper House of Myanmar Parliament reported in 2014 that the components of T-bonds and T-bills in deficit financing are 32:68 in FY 2011-2012 and 22:78 in FY 2012-2013 although the targeted component of T-bills is set at 50% (JPAC, 2014a).
- 7 International estimations, e.g. IMF, for the inflation rate are higher.
- 8 USD 1.7 million paid-up capital each.
- 9 The SECM comprises the following 7 members: (Myanmar Gazette, 2014c);

1. Dr. Maung Maung Thein, Deputy Minister, MoF Chairman;

2. Dr. Than Swe, Rector (retired), Meikhtila Institute of Economics Member;

3. Daw Khin Lay Myint, Deputy Director General (retired), Budget Department of MoF Member;

4. U Htay Chun, Deputy Director General (retired), DICA Member;

5. Daw Tin Kyi Oo, Deputy Director General (retired), Office of Union Auditor-General Member;

6. Daw Tin May Oo, Deputy Director General (retired), Project Appraisal and Progress Reporting Dept. Member;

7. Director General, Office of SECM Secretary

- 10 AMinimum paid-up capital for securities licenses are set as follows: (Myanmar Alinn Daily, 2015a)

1) Underwriting license: MMK 15 billion (About US\$ 15 million),

2) Dealing license: MMK 10 billion (About US\$ 10 million),

3) Brokerage license: MMK 7 billion (About US\$ 7 million) and

4) Advisory license: MMK 0.03 billion (About US\$ 30,000).
- 11 According to the Asia Insurance Review, before 1964, there were nearly 80 foreign insurance companies and 4,000 agents operating in Myanmar. As of 2013, local insurance experts estimate the number of private agents to be around 1500 nationwide.
- 12 The U.S. insurance company MetLife, which has established a representative office in Myanmar, expects the market for life insurance premiums to grow from USD 1 million (2012) to almost USD 1 billion until 2018.
- 13 According to the provisional results of Population and Housing Census of Myanmar 2014 by the Ministry of Immigration and Population, the total population of the whole country is 51,419,420 (51.42 million).
- 14 Banks ask their clients to get insurance policies for items (land, building, machinery, etc.) they placed as collateral.
- 15 With the automotive market currently flourishing in Myanmar, motor insurances are among the most popular products. Different policies cover the own losses or damages as well as the losses, damages and injuries or deaths of third parties. The insurance period is up to one year and can be renewed annually. Depending on the use and value of the car, the premium range varies between 0.8% and 1.2% of the sum insured.
- 16 American International Assurance Co., ACE INA International Holdings, Samsung Life Insurance, Mitsui Sumitomo Insurance Co., Muang Thai Life Assurance, Sompoo Japan Insurance, Tokio Marine & Nichido Fire Insurance co., Taiyo-Life Insurance Co., Poema Insurance, the Great Eastern Life Assurance Co., Prudential Holdings, Pana Harrison (Asia) Pte., Manulife Financial Life Insurance, Willis Co. and United Overseas Insurance.
- 17 According to the IMF, the inflation rate heavily fluctuated in the last decade, almost reaching 50% in 2007, and was also high on average (2001-2010: > 20%) (IMF 2013). It started to fall in 2011, as food prices dropped and CBM policy towards budget financing changed (e.g. reduced amount of T-bills). In the first quarter of 2013, inflation rate was lower than 5%.

- 18 According to chapter 1 of the Microfinance Business Law (November 30, 2011), “Microfinance Institution means local and foreign institutions, partnership firms, companies, co-operative societies, banks and other non-banking financial institutions (...) which carry out microfinance business (...) by contributing the capital, charity and grant (...).”
- 19 While deposit-taking MFIs in Cambodia must have a minimum capital of USD 61,000, deposit-taking MFIs in Myanmar only need MMK 30 million (about USD 30,000).
- 20 On September 1, 2014, Myanmar Microfinance Supervisory Enterprise was officially re-formed into Financial Supervisory Department under MoF which will supervise MFIs formed under the Microfinance Law, private insurance companies and state-owned banks. (Myanmar Alinn Daily, 2014c)
- 21 Insights gained into this business was provided by one pawn shop owner who is a member of the Chinese community in Yangon.
- 22 Among the providers of informal financial services in Myanmar interviewed by GIZ, some informal money lenders charge interest rates based on the declining balance method.



အခန်း (၂)  
ဘဏ်လုပ်ငန်းကဏ္ဍ



၂.၁။ ဘဏ်သမိုင်း

ဆိုရှယ်လစ်စနစ်အောက်တွင် ပြည်သူပိုင်သိမ်းခြင်း၊ (၂၀၀၃)ခုနှစ်တွင် ဘဏ်အကျပ်အတည်းပေါ်ပေါက်ခဲ့ခြင်း စသည့်ခါးသီးသည့် အတွေ့အကြုံများရရှိခဲ့ပြီး ယခုအခါစဉ်ဆက်မပြတ်ဖွံ့ဖြိုးတိုးတက်နိုင်ရေးအတွက် ဘဏ်လုပ်ငန်းကဏ္ဍတွင် အရေးပါသည့် ပြုပြင်ပြောင်းလဲမှုများ ဆောင်ရွက်လျက်ရှိသည်။

(၁၉) ရာစုမှစ၍ မြန်မာနိုင်ငံဘဏ်သမိုင်းစတင်ခဲ့သည်။ (၁၈၆၁)ခုနှစ်တွင် အိန္ဒိယနိုင်ငံမှ (Presidency Bank of Bengal) ၏ ဘဏ်ခွဲတစ်ခုကို မြန်မာနိုင်ငံတွင် လာရောက်ဖွင့်လှစ်ခဲ့သည်။ လွတ်လပ်ရေးရပြီးနောက်ပိုင်း ပါလီမန်ဒီမိုကရေစီအစိုးရ လက်ထက်တွင် ပြည်တွင်းပြည်ပဘဏ်လုပ်ငန်းများ ထွန်းကားခဲ့သည်။ တော်လှန်ရေးကောင်စီအစိုးရက အာဏာသိမ်းပြီးနောက် (၁၉၆၃)ခုနှစ်တွင် ဘဏ်များအားလုံးကို ပြည်သူပိုင်သိမ်းခဲ့သည်။ ထိုစဉ်က နိုင်ငံသားပိုင်ဘဏ်(၁၀)ခုနှင့် ပြည်ပဘဏ်(၁၄)ခု ရှိခဲ့သည်။

ငွေစက္ကူများတရားဝင်မူသုံးကြိမ်ရပ်ဆိုင်းခဲ့ရာတွင် နောက်ဆုံး (၁၉၈၇)ခုနှစ် ငွေစက္ကူတရားမဝင်ကြေညာမှုသည် လှည့်လည်သုံးစွဲငွေ ၏ (၇၅%) မှာ တန်ဖိုးမဲ့ဖြစ်စေခဲ့ပြီး ပြည်သူအများစု၏စုဆောင်းငွေများ တန်ဖိုးမဲ့ခဲ့ရသည်။

(၁၉၉၀)ခုနှစ်တွင် မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်ဥပဒေနှင့် မြန်မာနိုင်ငံတော်ငွေရေးကြေးရေးအဖွဲ့အစည်းများဥပဒေများ ပြဌာန်းခဲ့ပြီး နောက် (၁၉၉၂) ခုနှစ်မှစ၍ ပုဂ္ဂလိကဘဏ်များပေါ်ပေါက်လာခဲ့သည်။ (၂၀၀၀)ပြည့်နှစ်ဦးပိုင်းတွင် အကျိုးဆောင်ကုမ္ပဏီများ ပြုလဲရာမှတစ်ဆင့် ငွေရေးကြေးရေးအကျပ်အတည်းတစ်ခုပေါ်ပေါက်ခဲ့သည်။ ငွေစက္ကူများတရားဝင်ရပ်စဲခြင်းနှင့် (၂၀၀၃)ခုနှစ် ငွေကြေးအကျပ်အတည်းက ဘဏ်များအပေါ် ပြည်သူလူထု၏ယုံကြည်ကိုးစားမှုကို ကြီးမားစွာထိခိုက်စေခဲ့သည်။

ပြည်သူလူထု၏ယုံကြည်ကိုးစားမှုပြန်လည်ရရှိရေးအတွက် ပုဂ္ဂလိကဘဏ်များက စွမ်းစွမ်းတမံကြိုးပမ်းခဲ့ကြသည်။ ရလဒ်အဖြစ် (၂၀၀၆-၂၀၀၇) ခုနှစ်မှစ၍ ဘဏ်အပ်ငွေနှင့်ချေးငွေများ မှန်မှန်တိုးတက်ခဲ့သည်။ ထိုသို့တိုးတက်လင့်ကစား မြန်မာ့ဘဏ်လုပ်ငန်း စနစ်မှာ ငွေစက္ကူအခြေပြုစနစ်သာဖြစ်ပြီး ခေတ်နောက်ကျနေဆဲဖြစ်သည်။

# 2 Banking Sector

## 2.1 History of Banking in Myanmar

After nationalizing the banking system during the socialist era and experiencing a severe banking crisis in 2003, the Myanmar banking system is currently undergoing a significant reform process aiming at growth and sustainability.

Myanmar's banking history dates back to the 19th century, when Myanmar was under British colonial rule and the Indian Presidency Bank of Bengal opened its Yangon branch in 1861 (Tin 2013). The Yangon branch office of the Reserve Bank of India became the first Central Bank in Myanmar (1939 – 1947). After Myanmar's independence in 1948, the banking sector, including domestic and foreign banks, developed quickly under the democratic government and accounted for at least one-third of Myanmar's GDP (Tin, 2013). Nevertheless, after the Revolutionary Council had taken state power, all banks (10 domestic and 14 foreign) were nationalized in 1963. One consequence of the then established socialist banking system was the country-wide deployment of nationalized banks which was intended to create more outreach (banks were almost exclusively present in Yangon before).

A total of three demonetization waves (1964, 1985 and 1987) hit the country since independence. The most recent demonetization of 1987 rendered 75% of the currency in circulation worthless and a large part of the population deprived of their savings.

New financial laws such as the Central Bank of Myanmar Law (CBML) and the Financial Institutions of Myanmar Law (FIML) were promulgated in July 1990 (see also 2.2). Subsequently, the first private bank licenses were issued in 1992.

In early 2003, the collapse of numerous Ponzi type institutions licensed by the Ministry of Cooperatives, which took advantage of a weak interest rate policy<sup>23</sup> at that time, finally led to a banking, a financial, and an economic crisis in Myanmar. Most services through the banks, including the payment of employees and business operations, stopped. Private banks attempted to acquire liquidity through selling their properties, they also recalled their loans, which in turn forced individuals and companies to sell their assets and suspend or close down their business operations to meet their loan obligations. As one of the consequences, a secondary market for frozen bank accounts emerged, with prices far below face value. Trust in the banking and financial sector, already shaken by the previous waves of demonetization, has been severely compounded by this banking crisis.

In order to regain public confidence, private banks put much effort into providing improved customer services. Since FY 2006-2007, their efforts proved successful with loan and deposit portfolios growing steadily.<sup>24</sup> Nevertheless, Myanmar's banking sector remains underdeveloped and the economy functions in large on a cash basis.

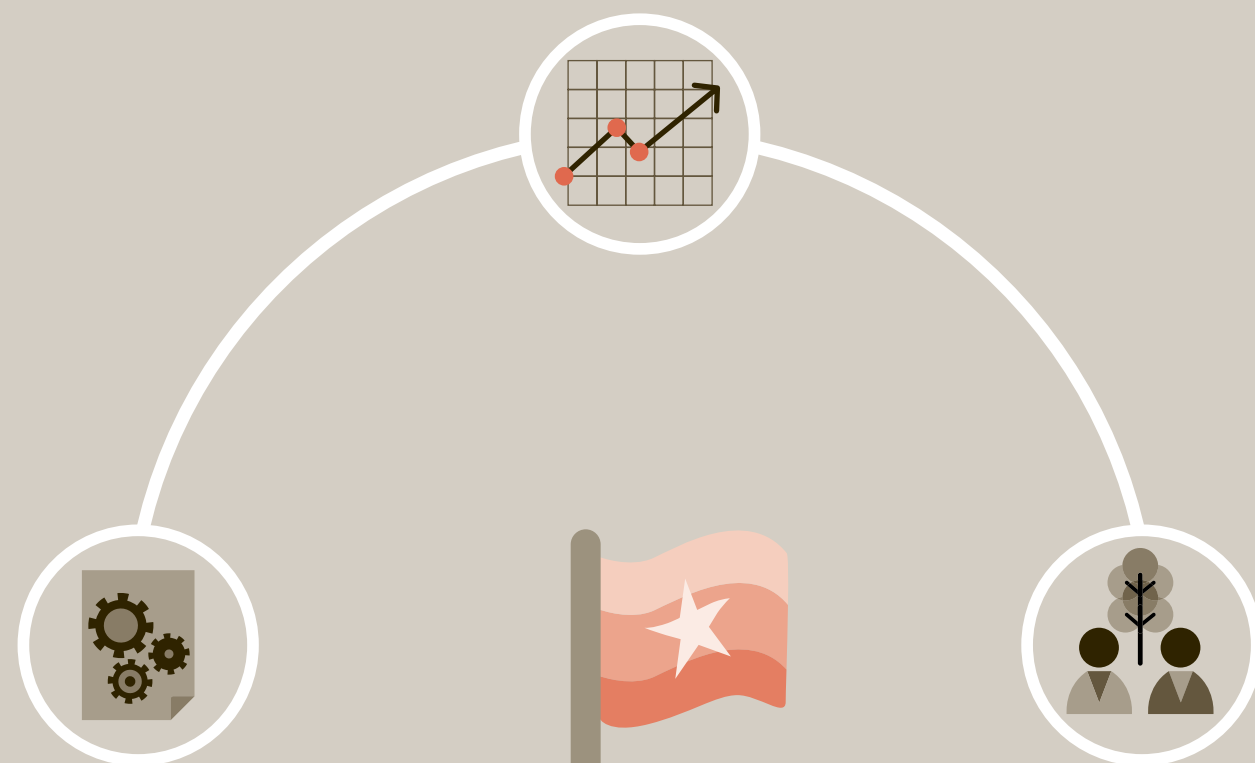
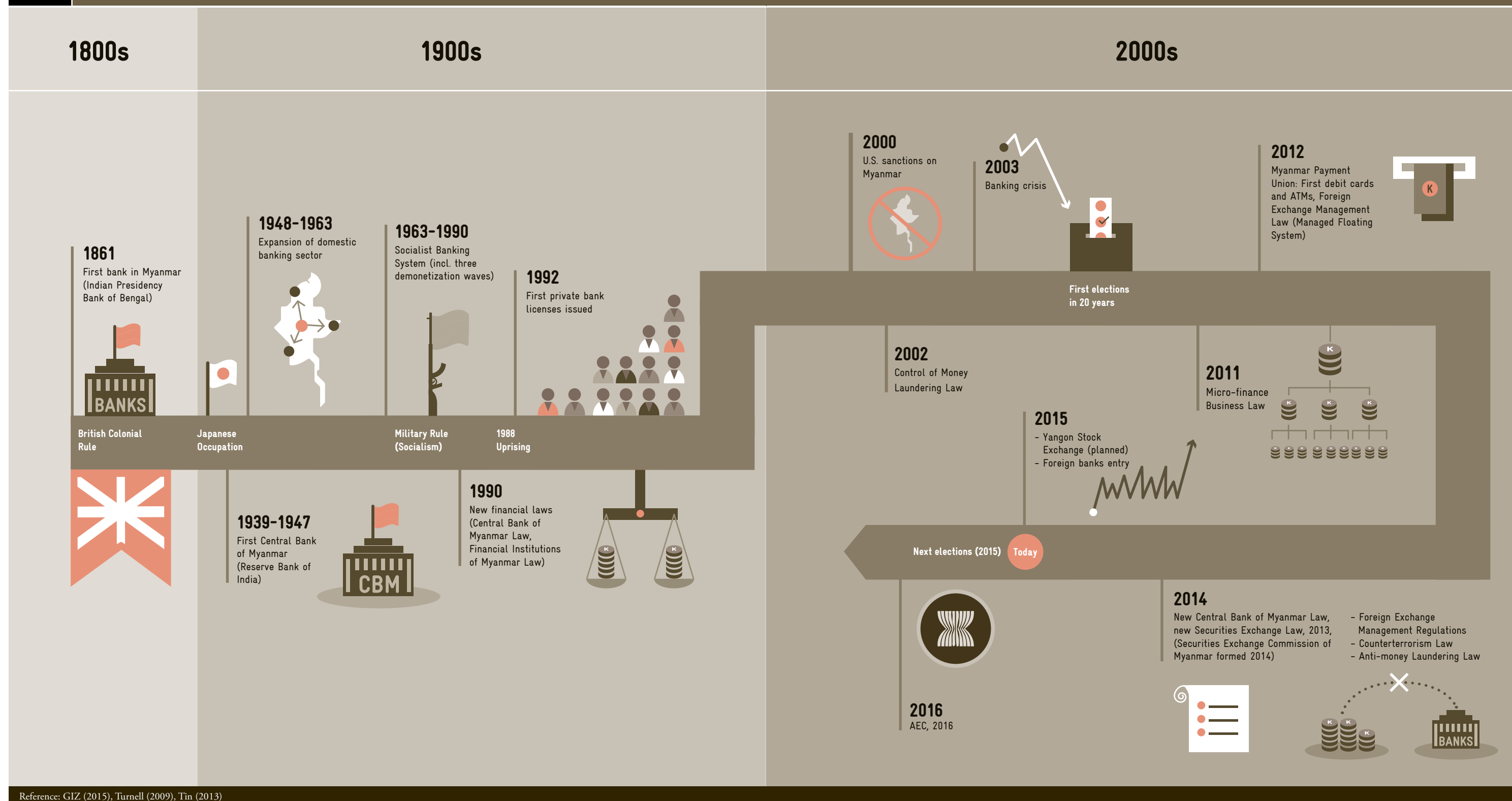






Table 4 Major developments in the Myanmar Banking Sector (1861-2016)



Reference: GIZ (2015), Turnell (2009), Tin (2013)



၂.၂။ ဥပဒေများနှင့်ကြပ်မတ်ကွပ်ကဲမှု

ပြန်လည်ရေးဆွဲသည့်ဥပဒေများက မြန်မာ့ဘဏ်များ၏လုပ်နည်းလုပ်ဟန်ကို ပြောင်းလဲစေပြီး ဘဏ်စနစ်ကိုလည်း နိုင်ငံတကာ အဆင့်သို့ တွန်းတင်ပေးသည်။

မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်သည် ဥပဒေစည်းမျဉ်းစည်းကမ်းများထုတ်ပြန်၍ ပြည်တွင်းဘဏ်များကို ကြီးကြပ်ကွပ်ကဲသည်။ ဘဏ်လုပ်ငန်းဆိုင်ရာဥပဒေစည်းမျဉ်းများကို ပြန်လည်ရေးဆွဲလျက်ရှိပြီး မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်ဥပဒေသစ်ကို (၂၀၁၃) ခုနှစ်၊ ဇူလိုင်လတွင် ပြဌာန်းခဲ့သည်။ ဥပဒေသစ်က မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်အား ဗဟိုဘဏ်တစ်ခု၏လုပ်ပိုင်ခွင့်အားလုံးပေးခဲ့ပြီး တိုင်းပြည်၏ငွေကြေးနှင့်နိုင်ငံခြားငွေလဲလှယ်ရေးပေါ်လစီတို့ကို လွတ်လပ်စွာဖော်ဆောင်ခွင့်ပေးခဲ့သည်။ ဗဟိုဘဏ်အား သီးခြားရပ်တည်စေပြီး ဗဟိုဘဏ်ဥက္ကဋ္ဌအား ဝန်ကြီးအဆင့်သို့ တိုးမြှင့်ပေးခဲ့သည်။ ဗဟိုဘဏ်အနေဖြင့် တာဝန်ခံမှုနှင့် ပွင့်လင်းမြင်သာမှုရှိစေရေးအတွက် တိုင်းပြည်၏ငွေရေးကြေးရေးကိစ္စရပ်များကို အစိုးရနှင့်ပြည်ထောင်စုလွှတ်တော်သို့ တစ်နှစ်လျှင် နှစ်ကြိမ်တင်ပြရသည်။ ဥပဒေသစ်အရ ပြည်သူများသို့လည်း သုံးလတစ်ကြိမ်အစီရင်ခံစာများ ထုတ်ပြန်ပေးရသည်။

မြန်မာနိုင်ငံတော်ငွေရေးကြေးရေးအဖွဲ့အစည်းများဥပဒေ(၁၉၉၀)ကို ဘဏ်နှင့်ငွေရေးကြေးရေးအဖွဲ့အစည်းများဆိုင်ရာဥပဒေကြမ်းအဖြစ် ပြန်လည်ရေးဆွဲပြီး ပြည်သူများလေ့လာနိုင်ရန်အတွက် (၂၀၁၄)ခုနှစ်၊နိုဝင်ဘာလတွင် ထုတ်ပြန်ခဲ့သည်။ အသစ်ပြဌာန်းမည့်ဥပဒေတွင် ငွေရေးကြေးရေးအဖွဲ့အစည်းများကို ကူးသန်းရောင်းဝယ်ရေးဘဏ်၊ ဖွံ့ဖြိုးရေးဘဏ်၊ ဘဏ်မဟုတ်သောငွေရေးကြေးရေးအဖွဲ့အစည်းများနှင့် ဇယားဝင်အဖွဲ့အစည်းများဟူ၍ (၄) မျိုးခွဲခြားထားပြီး ပထမသုံးမျိုးသာ ဤဥပဒေတွင်အကျုံးဝင်သည်။ ဤဥပဒေအရ ကန့်သတ်ထားမြစ်ချက်များတွင် တစ်ဦးတစ်ဖွဲ့အား ဘဏ်၏အဓိကမတည်ငွေရင်း၏ (၂၀%) ထက်ကျော်၍ ငွေထုတ်ချေးခြင်းမပြုရန်၊ ဗဟိုဘဏ်ကသတ်မှတ်သည့်နည်းလမ်းအတိုင်း သီးသန့်ရန်ပုံငွေထိန်းသိမ်းထားရှိရန်၊ အနည်းဆုံးမတည် ရင်းနှီးငွေအချိုးနှင့် ငွေငြိမ်လွယ်သောရပိုင်ခွင့်များအချိုးကို ဗဟိုဘဏ်ကသတ်မှန်လမ်းညွှန်သည့်အတိုင်းထားရှိရန်နှင့် ထည့်ဝင်ပြီးမတည်ရင်းနှီးငွေကို ပြည်တွင်းဘဏ်ဖြစ်ပါက အနည်းဆုံး ကျပ်(၂၀ ဘီလီယံ)နှင့် ပြည်ပဘဏ်ခွဲဖြစ်ပါက အနည်းဆုံး အမေရိကန်ဒေါ်လာ (၇၅ သန်း) ထားရှိရန်တို့ပါဝင်သည်။

စီးပွားရေးလုပ်ငန်းများ၏ဘဏ္ဍာရေးဆိုင်ရာစာရင်းထိန်းသိမ်းမှုကို မြန်မာနိုင်ငံကုမ္ပဏီများအက်ဥပဒေ (၁၉၁၄)၊ မြန်မာနိုင်ငံစာရင်းကောင်စီဥပဒေ (၁၉၉၄) နှင့် ပြည်ထောင်စုစာရင်းစစ်ချုပ်ဥပဒေ (၂၀၁၀) နှင့်၎င်းကိုပြင်ဆင်သည့်ဥပဒေများက ထိန်းချုပ်ပါသည်။ မြန်မာနိုင်ငံ၏စာရင်းရေးသွင်းမှုစနစ်နှင့် စာရင်းစစ်ဆေးမှုစနစ်များကို နိုင်ငံတကာအဆင့်မီစေရန် ဆောင်ရွက်လျက်ရှိသည်။

ငွေရေးကြေးရေးအဖွဲ့အစည်းများကြီးကြပ်စစ်ဆေးရေးဌာနသည် ပြည်တွင်းပြည်ပဘဏ်များအား ကြီးကြပ်ကွပ်ကဲရသည်။ ဘဏ်များအနေဖြင့်လည်း ဗဟိုဘဏ်သို့ နေ့စဉ်၊အပတ်စဉ်၊လစဉ်စသည်ဖြင့် လုပ်ငန်းဆိုင်ရာစာရင်းဇယားများ ပေးပို့ရသည်။ ဗဟိုဘဏ်မှ တစ်နှစ်တစ်ကြိမ် စစ်ဆေးရေးအဖွဲ့များစေလွှတ်သည်။ ဥပဒေသစ်မူကြမ်းတွင် ယင်းသို့စစ်ဆေးမှုကို နှစ်နှစ်လျှင်အနည်းဆုံးတစ်ကြိမ် စစ်ဆေးရမည်ဟုပါရှိသည်။ ငွေကြေးခဝါချမှုတားဆီးရေးနှင့်ပတ်သက်သည့်အစီရင်ခံစာများကို လည်း ဘဏ်များမှ ငွေကြေးခဝါချမှုတိုက်ဖျက်ရေးဗဟိုကော်မတီသို့ ပေးပို့ရမည်။

2.2 Regulatory and Supervisory Framework

The on-going revision of the legal framework is bringing Myanmar closer to international standards and is changing the way banks operate.

The Central Bank of Myanmar (CBM) takes over the role as the regulator and supervisor of the banking sector. The legal framework for the banking sector has come under revision during the last three years. A new Foreign Exchange Management Law (August 2012) and a revised Central Bank of Myanmar Law (July 2013) were enacted. The key banking laws encompass the Financial Institutions of Myanmar Law (FIML) and CBM rules and regulations which are currently under revision (Table I in the annex). Furthermore, in September 2014 CBM took the remaining key step of IMF Article VIII obligations, which is the issuance of a comprehensive set of regulations for the Foreign Exchange Management Law.

Enacted on July 11, 2013, the revised Central Bank of Myanmar Law (CBM Law) has far-reaching consequences. It gives CBM

the authority and responsibility to carry out all central banking functions including the independent implementation of the country's monetary policy and exchange rate policy. With the new law, the Central Bank is no longer under the control of MoF but became an independent institution with its governor being at the minister level. In order to ensure accountability and transparency, CBM has to submit its reports to the government as well as the parliament at least twice a year, and CBM's monetary reports must be published quarterly.

The Financial Institutions of Myanmar Law has been rewritten with the technical assistance of the World Bank. The new version of law under the name of Banks and Financial Institutions Law of Myanmar (BFILM) is expected to be discussed in Parliament in the beginning of 2015, and it was published in newspaper in November 2014 for public consultation (Myanma Alinn Daily, 2014). This law and its associated rules and regulations will profoundly re-shape the framework conditions under which the banks operate, develop and innovate.

Box 9

Main CBM provisioning rules for Myanmar banks (effective September 2014)

**General Provisioning:** CBM rules on general provisioning require each bank to keep a provision of at least 2% based on its total outstanding loans and advances.

**Specific Provisioning:** Specific provisioning is defined according to the five loan categories (Standard, Watch, Sub-standard, Doubtful and Bad) as outlined below:

Loan category	Criteria (Days past due)	Provision on shortfall in security value
Standard loans/advances	No days	nil
Watch	31-60 days	5%
Sub-standard	61-90 days	25%
Doubtful	91-180 days	50%
Bad Loans/ advances	More than 180 days	100%

CBM emphasizes that the above guidelines represent only the minimum requirement that banks must observe in respect of provision for bad and doubtful debts and classification of non-performing loans/advances. Any bank which chooses to adopt a more stringent standard is encouraged to do so.

Reference: CBM (2014)



Central Bank of Myanmar, Yangon

Under the new draft law, financial institutions are classified as Bank<sup>25</sup>, Development Bank<sup>26</sup>, Non-bank Financial Institution<sup>27</sup> and Scheduled Institution<sup>28</sup>. The new law does not apply to scheduled institutions which are established under different laws. The new BFILM outlines various banking functions that have to be approved by the CBM before becoming effective.<sup>29</sup> Furthermore, the BFILM also requires the banks to meet the following key ratios and limits.

- First, regarding the single exposure limit, no customer's borrowing should exceed 20% of core capital.
- Second, with regards to maintenance of reserve fund, at least 50% of the net profits of every year must be transferred to the reserve fund until it reaches 50% of the total paid-up capital, followed by the requirement of at least 25% of net profits to be transferred until the reserve fund equals the total paid-up capital.
- Third, the minimum liquidity ratio (liquid assets to current liabilities) is to be set by CBM (currently 20%).

- Fourth, the minimum paid-up capital is increased and set at MMK 20 billion for domestic banks and USD 75 million for foreign banks.
- Fifth, the minimum capital adequacy ratio is to be set by CBM (currently 10% of risk-weighted assets).

Apart from the audit requirements outlined in the BFILM, the Myanmar legal and statutory framework for corporate financial reporting is based on the following laws:

- Myanmar Companies Act (1914),
- Myanmar Accountancy Council Law (1994)<sup>30</sup> and
- Auditor General of Union Law (2010) and its amendments<sup>31</sup>.

In 2009 and 2010, Myanmar Accountancy Council (MAC), the regulatory body for accounting and auditing standards in Myanmar, officially released a series of notifications on Myanmar Financial Reporting Standards (MFRS) and Myanmar Standards on Auditing (MSA). First, a notification on MFRS for SME (Small and Medium Enterprises) was released in 2009, legally requiring all SMEs to follow it<sup>32</sup>. Second, another notification on a full set of MFRS was announced in 2010 for the financial

institutions, public companies and accountants to follow it<sup>33</sup>. Regarding the auditing standards, MAC announced Myanmar Standards in Auditing (MSA) in 2009<sup>34</sup>, followed by the second notification of 2010 which added more auditing standards<sup>35</sup>, legally requiring all the Certified Public Accountants (CPA) to follow them. MFRS and MSA follow their international counterpart IFRS (International Financial Reporting Standards) and ISA (International Standards on Auditing) as of 2009. Nonetheless, there is no process for official adoption and publication of MFRS and MSA when international standards are amended and new standards are issued. At the time of report writing, the MAC Law was revised and sent to the parliament to be discussed and enacted.

The Financial Institutions Supervision Department within CBM is responsible for the supervision of the local and foreign banks. It issues necessary instructions and conducts both on-site examination and off-site monitoring. The off-site monitoring consists of regular reporting (daily, weekly, monthly, quarterly, and annually; see Table IV in the annex) from the banks to the supervision department. The on-site supervision is conducted on an annual basis (at least once in two years according to BFILM) and covers announced visits to the banks' headquarters and branches to assess their internal control systems, corporate governance, their financial data as well as measures of Anti-money Laundering and Combating of the Financing of Terrorism (AML/CFT) and other compliances. If a bank is not in line with CBM's prudential ratios and limits, a penalty of one-fifth of 1% of the shortfall amount can be charged.

The Control of Money Laundering Law was enacted on June 17, 2002. While the rules of this law waited to be enacted, the United States of America, in November 2003, accused Myanmar and two domestic private banks, the Asia Wealth Bank and the Myanmar Mayflower Bank, of being involved in

money laundering activities. Myanmar responded to the US allegation by enacting the Control of Money Laundering Rules and establishing an eight-member team to investigate the two suspicious banks. In addition to the revocation of licenses of Asia Wealth Bank and Myanmar Mayflower Bank, Myanmar Universal Bank was also closed down in 2005, being suspected of involvement in money laundering. After passing the Control of Money Laundering Rules in 2003, CBM introduced a reporting system for banks, in which bank transactions of MMK 100 million and above as well as suspicious transactions are to be reported.

In October 2006, the Financial Action Task Force (FATF) removed Myanmar from its list of Non-Cooperative Countries and Territories, but substantial deficiencies in the AML/CFT regime remain. FATF stated in its public statement released on October 24, 2014 that Myanmar has undertaken the steps towards improving its AML/CFT regime. Although Myanmar's political commitment is high to cooperate with the FATF and APG (Asia Pacific Group) to address its strategic AML/CFT deficiencies, Myanmar has not made sufficient progress in implementing its action plan (FATF 2014). Areas for improvement mentioned by FATF include, amongst others, adequate procedures to criminalize terrorist financing, to identify and freeze terrorist assets, to ensure a fully operational and effectively-functioning financial intelligence unit and to enhance financial transparency. In order to deal with anti-money laundering activities, the Myanmar Parliament enacted in 2014 a new Counterterrorism Law as well as a new Anti-money Laundering Law to meet international standards. In order to implement these new laws, the Financial Intelligence Unit and the Anti-Money Laundering Central Board<sup>36</sup> were formed in August 2014 (Myanmar Gazette, 2014b).





## ၂.၃။ အဖွဲ့အစည်းများနှင့်အခြေခံအဆောက်အအုံများ

နိုင်ငံစီးပွားရေးပြုပြင်ပြောင်းလဲမှုများနှင့်အတူ ဘဏ်များ၏လိုအပ်ချက်အရ အထောက်အကူပြုသည့်အဖွဲ့အစည်းများ လျင်မြန်စွာ ဖြစ်ထွန်းလာသည်။

ဘဏ်လုပ်ငန်းကဏ္ဍတွင် မြန်မာနိုင်ငံဘဏ်များအသင်း၊ ဘဏ်သင်တန်းကျောင်း၊ ရန်ကုန်စီးပွားရေးတက္ကသိုလ်နှင့် Myanmar Payment Union (MPU) တို့မှာ အဓိကအဖွဲ့အစည်းများဖြစ်ကြသည်။ ဘဏ်လုပ်ငန်းကဏ္ဍကို အထောက်အကူပြုသည့် အဖွဲ့အစည်းများတွင် အပ်ငွေအာမခံစနစ်ကို (၂၀၁၁)ခုနှစ်အောက်တိုဘာလမှ စတင်အကောင်အထည်ဖော်ခဲ့သည်။ ချေးငွေအာမခံစနစ်ကို (၂၀၁၄)ခုနှစ်၊ဇူလိုင်လတွင် အကောင်အထည်ဖော်ခဲ့သည်။ ချေးငွေဆိုင်ရာသတင်းအချက်အလက်ဌာန (Credit Bureau) ကို အကောင်အထည်ဖော်ရန် စီစဉ်လျက်ရှိသည်။ မြန်မာနိုင်ငံဘဏ်များအသင်းကို ဗဟိုဘဏ်မပါဘဲ သီးခြားလွတ်လပ်စွာ ပြန်လည်ဖွဲ့စည်းခဲ့သည်။ ဘဏ်များအသင်းရှိ ဘဏ်သင်တန်းကျောင်းသည် စီးပွားရေးတက္ကသိုလ်နှင့် ဘဏ်လုပ်ငန်းပညာရှင်များ၏အကူအညီဖြင့် ဘဏ်သင်တန်းအမျိုးမျိုးဖွင့်လှစ်ပို့ချပြီး ဘဏ်လုပ်ငန်းကဏ္ဍအတွက် ကျွမ်းကျင်သူများ မွေးထုတ်ပေးလျက်ရှိပါသည်။

MPU ကို (၂၀၁၁)ခုနှစ်တွင် စတင်တည်ထောင်ခဲ့သည်။ ATM များ၊ ဈေးဝယ် POS များတွင် ၎င်း၏ကတ်များကို အသုံးပြုနိုင်ပြီး ငွေစက္ကူများအစား အီလက်ထရွန်းနစ်ကတ်များ တွင်ကျယ်စွာအသုံးပြုနိုင်ရေးကို ဦးတည်ဆောင်ရွက်လျက်ရှိသည်။ နိုင်ငံတကာနှင့် ငွေလွှဲပြောင်းမှုကဏ္ဍတွင် Western Union၊ Xpress Money၊ Money Gram စသည့်နိုင်ငံတကာအဖွဲ့အစည်းများနှင့် ပြည်တွင်းဘဏ်များပူးပေါင်းဆောင်ရွက်လျက်ရှိသည်။ China UnionPay (CUP)၊ Japan Credit Bureau (JCB)၊ Visa ၊ Master Card စသည်တို့က ပြည်တွင်းဘဏ်များနှင့်ပူးပေါင်းကာ နိုင်ငံတကာကတ်ငွေပေးချေမှုစနစ်ကို ဆောင်ရွက်လာကြသည်။ (၂၀၁၅) ခုနှစ်တွင် MPU သည် နိုင်ငံတကာနှင့်ချိတ်ဆက်၍ ငွေပေးချေမှုလုပ်ငန်းထူထောင်နိုင်ရန် ကြိုးပမ်းလျက်ရှိသည်။

## 2.3 Institutions and Infrastructure

Backed by the banks' strong demands as well as political and economic liberalization, the supporting infrastructure for banks is developing at a fast pace.

Several centralized institutions form a supporting network for banks in Myanmar. This includes the Myanmar Banks Association (MBA), the Myanmar Institute of Banking (MIB), Yangon University of Economics<sup>37</sup> (YUE) and the Myanmar Payment Union (MPU). Several other institutions that would further secure and support the smooth functioning of a financial system are currently not in place or still in an infant stage. For example, the deposit insurance scheme has been in place since October 2011 but covers deposits only up to an amount of MMK 500,000. A credit guarantee insurance for SMEs was set up as a division under the Myanmar Insurance in July 2014. It is a temporary program before a proper legalized credit guarantee scheme is in place. A Credit Bureau is planned to be set up in 2015.

The Myanmar Banks Association (MBA) was formed in April 1999 to provide a platform for solving domestic banking industry issues and to cooperate on an international level (e.g. with the ASEAN Bankers' Association). All local banks are members of the association. Until summer 2013, MBA used to be chaired by the CBM Governor, and representatives of local banks assumed vice-chairmen and secretary functions. In September 2013, MBA for the first time elected a Board of Directors independent from CBM. U Thein Tun, Chairman of Tun Foundation Bank, was elected Chairman of MBA. The three Vice-chairmen are from First Private Bank (Dr. Sein Maung), Yoma Bank (U Theim Wai @ Surge Pun) and KBZ (U Than Cho). The next election for the Board of Directors is supposed to take place in September 2015.

The Myanmar Institute of Banking (MIB) was founded in 2002 and is a quasi-department within MBA. It provides banking training, in particular for entry to middle-level management. Various training courses on general banking topics are being conducted at MIB in Yangon to upgrade local banking through



full-time and part-time training courses on banking. MIB's core trainings include a one-month General Banking Training course and a one-to-two-year Diploma in Banking. With the regular and structured Diploma and General Banking Course, MIB trains about 250 participants per year. About 25 short-term courses are offered per annum, mostly in an ad-hoc manner together with international institutions and banks such as Overseas Chinese Banking Corporation (OCBC), Sumitomo Mitsui Banking Corporation (SMBC) and also GIZ. Most trainers at MIB are former and current lecturers from YUE as well as (often retired) local senior bankers. MIB does not have a pool of full-time lecturers. Due to decades of isolation, MIB struggles to upgrade training content and methodology to international standards. While the classes do provide a general overview and understanding of the functions and structures of financial and banking markets, MIB largely lacks specific courses on specialized banking topics targeted at specialists and the management of banks. In addition to this, the demand for classes greatly exceeds the current supply.

The Yangon University of Economics (YUE) has been offering a three-year Master of Banking and Finance since December 2012. The demand for the master program is far higher than the available places. There are 56 candidates in the first batch of the master which started in the 2012-2013 academic year and 65 candidates in the second batch starting in the 2013-2014 academic year.

The Myanmar Payment Union (MPU) was formed in September 2011 to reform the Myanmar payment system. Local credit cards (offline transaction) were already introduced in Myanmar by Asia Wealth Bank in 1996, and ten offline ATMs had been installed by Myanmar Mayflower Bank by 2002, but their use was stopped during the banking crisis which took place during the first half of 2003. A Payment System Development Committee

was founded under MBA in July 2007 aiming at reducing the cash-based payment, improving existing payment systems, and connecting them with international payment systems. On September 15, 2011, the committee was transformed into MPU, consisting of 17 members<sup>38</sup>: three state-owned and 14 private banks. Later, two more private banks<sup>39</sup> joined MPU, resulting in 19 total members. MPU started its operations in September 2012 and became a national payment brand. Its business model is similar to that of China UnionPay (CUP). All MPU cardholders can have access to any ATM of all member banks and also make payments at any Point of Sales (POS) of all member banks for goods and services they purchase. ATM operations (cash dispensing, balance inquiry, account transfer and mini-statements) were re-launched in November 2011. In September 2012, MPU debit cards were introduced.

As of September 2014, the number of MPU card holders has risen to around 662,000 nationwide (interview with MPU). By September 2014, the 19 MPU member banks have installed 913 ATMs<sup>40</sup>. The number of POS rose to 2995 with 1,876 in Yangon and the remaining 1,119 in other areas of the country, mostly in Mandalay. ATMs and POSs have extensively grown over the last two years. Since February 2013, Union Pay Card (formally known as China Union Pay) has access to MPU terminals in which 13 local banks<sup>41</sup> are involved. In December 2013, these banks also started accepting JCB (Japan Credit Bureau) cards at their MPU terminals.

Since August 2012, MasterCard has been cooperating with nine local banks<sup>42</sup>, operating via 564 ATMs. Similarly, Visa entered the Myanmar market in August 2012 by working closely with its 8 client banks<sup>43</sup>, operating via 858 ATMs by October 2014. MPU plans to launch E-Commerce in November 2015 and issue



Mobile money changer in downtown Yangon



credit cards and co-brand cards in two years' time. Appreciating their role in building payments infrastructure for the growth of financial inclusion, MPU has invited Visa and MasterCard to join the MPU network and implement an international MPU credit card scheme. However, the American financial service providers remain reluctant as some of MPU's shareholders appear on U.S. sanctions lists (see Table 5).

Global money transfer services are in high demand. Next to the hundi system and banks, Western Union, Xpress Money and MoneyGram are the most active providers of such services in Myanmar. Since January 12, 2013, nine domestic banks<sup>44</sup> and 280 agents across Myanmar have been linked to about 500,000 Western Union agents around the world (Myanmar Times 2013b). Western Union reports that since operations

Table 5	Current U.S. sanctions on Myanmar
<b>MAIN RESTRICTIONS</b>	
<b>Exportation of financial services: partly prohibited</b>	
<b>Executive Order 13310 of 2003 (July 2003)</b>	
Prohibited the exportation or re-exportation, directly or indirectly, to Myanmar of financial services from the United States or by a U.S. person, implementing the Burmese Freedom and Democracy Act to restrict the financial resources of the military junta	
<b>General License No. 16 of 2012 (July 2012)</b>	
Allowed (re-)exportation of financial services to Myanmar , except for:	
<ul style="list-style-type: none"><li>• (in)direct transfers to the Myanmar Ministry of Defence (MoD),</li><li>• any state or non-state armed group in Myanmar or</li><li>• any entity in which the MoD or any armed group in Myanmar holds 50% or more interest.</li></ul>	
Banks on Burma SDN (Specially Designated Nationals) list: Myawady Bank, Innwa Bank, AGD, AYWD, MEB, MICB and MFTB.	
<b>General License No. 19 of 2013 (February 2013)</b>	
Allowed transactions with MEB, MICB, AGD, and AYWD since early 2013, but no investments can be made with these banks.	
<b>New investment in Burma and facilitation: partly prohibited</b>	
Burmese Sanctions Regulations by the U.S. Department of Treasury, General License No. 17 of 2012	
U.S. citizens are allowed to invest in Myanmar, except if they want to cooperate with people or entities listed on the SDN list. Investments worth more than USD 500,000 have to be reported to the U.S. State Department.	
<b>Importation of Myanmar products allowed;</b>	
<b>Importation of gems mined in or extracted from Burma: prohibited</b>	
JADE (Junta's Anti-Democratic Efforts) Act of 2008, General License No. 18 of 2012	
Reference: U.S. Treasury Department (2014)	

in Myanmar started, people have already sent money from 107 countries. Xpress Money, another global leader in money transfer services, in collaboration with the two local banks (MCB and SMIDB) launched its international money transfer and remittance services for Myanmar nationals working abroad on April 29, 2013. Xpress Money's services are available from about 120 locations to Myanmar. Further international money

transfer service companies such as MoneyGram are trying to engage with local banks to facilitate their services. Maybank Money Express is engaged with 5 local banks (KBZ, CB, AGD, AYWD, MEB), MoneyGram with 3 banks (AGD, MCB and TFB), International Money Express with CB and AGD as well as Singapore Post with 4 banks (TFB, KBZ, CB and AGD).



According to the International Organization for Migration (IOM), official remittance flows into Myanmar amounted to an estimated USD 566 million in 2012 (IOM, 2012).<sup>45</sup> It is assumed that the majority of flows is outside the formal financial sector and, therefore, unregistered. The development of the financial sector as well as the proliferation of internet and

Table 6	International money transfer service providers and connected domestic banks			
Sr	Money transfer service provider	Connected domestic banks		
1		1. FPB, 2. Yoma, 3. MOB,	4. KBZ, 5. GTB, 6. CB,	7. AYWD, 8. UAB, and 9. MAB
2		1. MCB, and 2. SMIDB		
3		1. MCB, 2. TFB, and 3. AGD		
4		1. KBZ, 2. CB, 3. AGD,	4. AYWD, and 5. MEB	
5		1. AGD, and 2. CB		
6		1. TFB, 2. KBZ,	3. CB, and 4. AGD	
Reference: BC Finance Limited (2014)				





mobile banking are likely to bring larger parts of the remittance flow back into the official sector.

Banks are trying to improve their payment services (Box 10) by upgrading their IT systems and expanding their networks locally and externally through correspondent banks.

#### Box 10 Payment services

Both national and international payment services are in Myanmar often referred to as remittances. Local banks with foreign banking license (authorized dealer license) try to expand their international payment services, establishing correspondent banking relationships and engaging with international money transfer service providers such as Western Union, MoneyGram, Xpress Money etc. With the enactment of Foreign Exchange Management Law in August 2012 and Rules in September 2014, the country's severe foreign exchange restriction has been lifted and banks are allowed to conduct transactions in the current account of the country's balance of payments up to the amount of USD 10,000 per transaction without prior approval of CBM. The move has effectively promoted the country's formal remittance transfer services.

CBM plans to develop electronic payment and settlement systems to allow electronic interbank transfers, as well as the use of debit and credit cards. With the support of IMF and JICA, CBM is working to establish an auto clearing system; a real time gross settlement system; and the banking network for electronic fund transfer as well as necessary reporting system by 2014-15. (OECD 2014)



An international money transfer service provider in Yangon

#### Box 11 Mobile banking

The current payment system is predominantly cash-based. Most people are conducting their financial transactions in the old way of transferring physical banknotes, sometimes even by bus into the rural areas. Mobile banking is new to the vast majority of the people. However, acknowledging its important role in the payment system, CBM has allowed local banks to engage in mobile banking since December 2013. It has set the limits on both transaction amount and number of transactions per day: per transaction amount is limited to MMK 500,000, and three transactions can be made per day, but not more than MMK 1.0 million in total. Local banks, depending on their capability of technology, offer their mobile banking facilities to their customers. The mobile banking system can be promoted with an increased usage of mobile phones. The government is trying to improve its telecommunication infrastructure by enacting the Telecommunication Law in October 2013 and its associated rules in 2014, and licenses were issued to the two international telecommunication companies of Ooredoo and Telenor in February 2014. The government plans to increase the telephone density from 50% in 2014/15 to 80% in 2015/16 mainly by mobile phone network (Myanma Alinn Daily 2014). As of September 2014, the teledensity reached 25.08% (11.6 million of Myanmar Posts and Telecommunication, 1.6 million of Ooredoo and 0.26 million of Telenor), which indicates a lot of potential for expansion of mobile banking network. (Myanmar Alinn Daily, 2014).

Five local banks (CB, FPB, MWD, Innwa, and AYWD) have introduced mobile banking services (The Voice Weekly 2015). Nevertheless, the functions vary from one bank to another depending on the technologies provided by their mobile network operators. The benefit of the system is to have access to the banking facilities without visiting the bank. They can save time and transportation costs. Money can be kept electronically in a mobile phone. The system helps transform the current cash-based economy to a lesser cash-based one. It promotes financial inclusion. It can effectively reduce the printing cost of banknotes by the central bank. With the system, banks can expand their network with having less physical brick and mortar branches and thus they can minimize the cost of expanding the network.

In fact, using mobile devices can make access to finance easier and can lower banks' operational costs. At the same time, technology bears its own risks (security) and without personal, regular client contact, banks might find it hard to develop a long-term relationship with clients.

#### ၂.၄။ ဘဏ်များ

မြန်မာနိုင်ငံဘဏ်လုပ်ငန်းကဏ္ဍတွင် နိုင်ငံပိုင်ဘဏ်များသည် ပိုင်ဆိုင်မှုအရအကြီးမားဆုံးဖြစ်ပြီး ဘဏ်အားလုံး၏ပိုင်ဆိုင်မှုတန်ဖိုးမှာ တိုင်းပြည်ရှိဒီပီ၏ (၅၅%) ရှိသည်။

(၂၀၁၄)ခုနှစ်၊ဩဂုတ်လတွင် တိုင်းပြည်အနှံ့ဘဏ်ခွဲပေါင်း (၁၃၀၀)ကျော်ရှိပြီး ၎င်းတို့မှ (၄၀%) မှာ နိုင်ငံပိုင်ဘဏ်များဖြစ်သည်။ ပုဂ္ဂလိကဘဏ်များသည် ဘဏ်ခွဲများ အလျင်အမြန်တိုးချဲ့ဖွင့်လှစ်လျက်ရှိသည်။ မြန်မာနိုင်ငံတွင် ဘဏ်လုပ်ငန်းများကို ဗဟိုဘဏ်မှ ကန့်သတ်တားမြစ်ခြင်းကြောင့် ဘဏ်လုပ်ငန်းများဆင်တူယိုးမှားဖြစ်လျက်ရှိသည်ကို တွေ့မြင်ရမည်။ ၎င်းတို့ပေးသည့်ဝန်ဆောင်မှုနှင့် ဘဏ်အဆောက်အဦတည်နေရာတို့သာ ကွာခြားသည်။





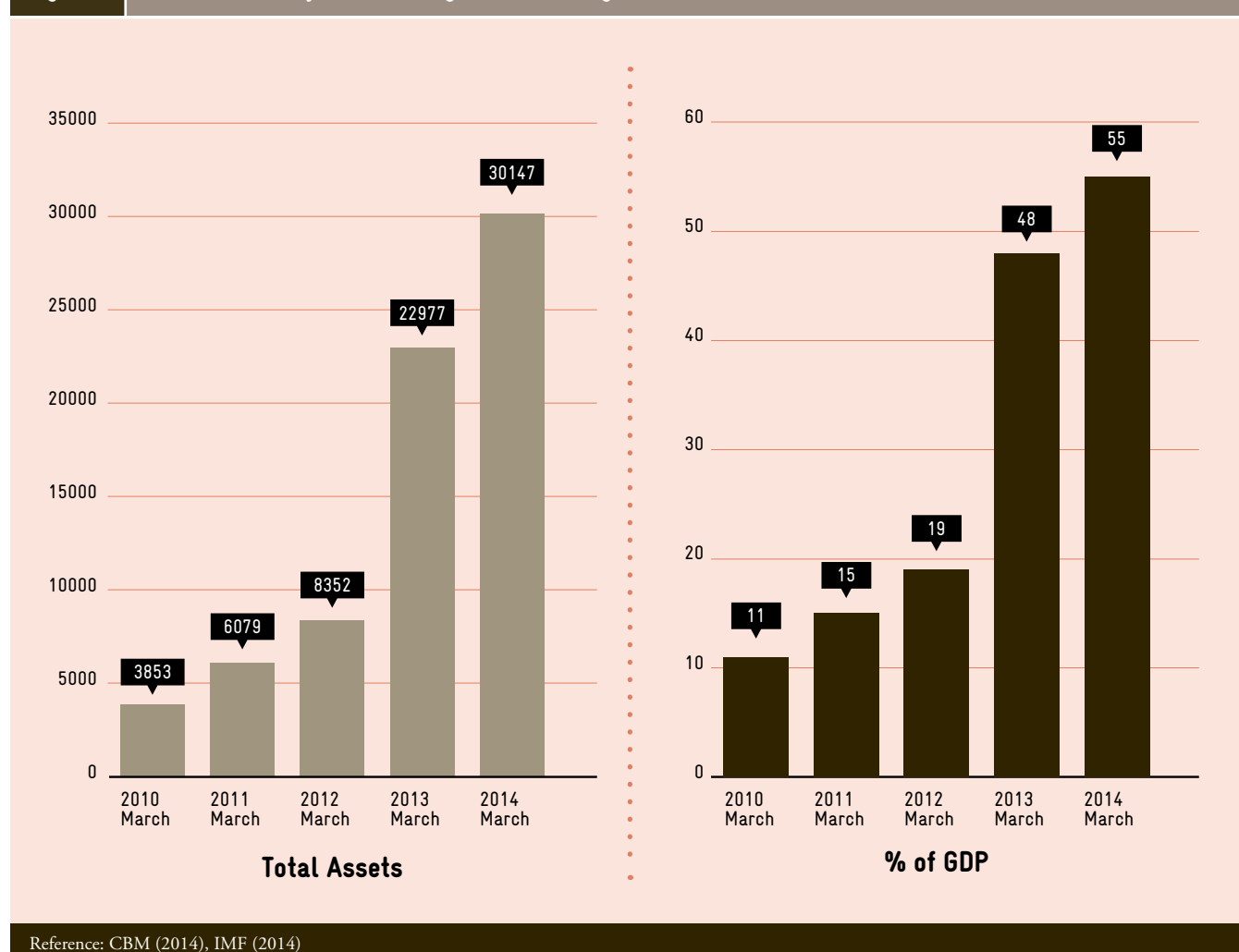
## 2.4 Banks

The banking sector in Myanmar consists of 27 banks with accumulated assets amounting to around 55% of GDP. State-owned banks dominate the sector in terms of assets.

As of August 2014, 1,300 bank branches (state-owned, semi-governmental and private banks) operate in Myanmar, of which approximately 40% belong to the state-owned banks. While the number of state-owned bank branches (MEB: 310 branches

and MADB: 206 branches) has remained rather stable over the previous years, private and semi-governmental banks are expanding their branch network rapidly<sup>46</sup>. Figure 8 illustrates the uneven distribution of banks in the country. On the national level, there are 2.5 banks per 100,000 people. Nevertheless, because of the different characteristics of the provinces, this number differs when looking at the sub-union level (7 states, 7 regions and 1 union territory). Most banks per person can

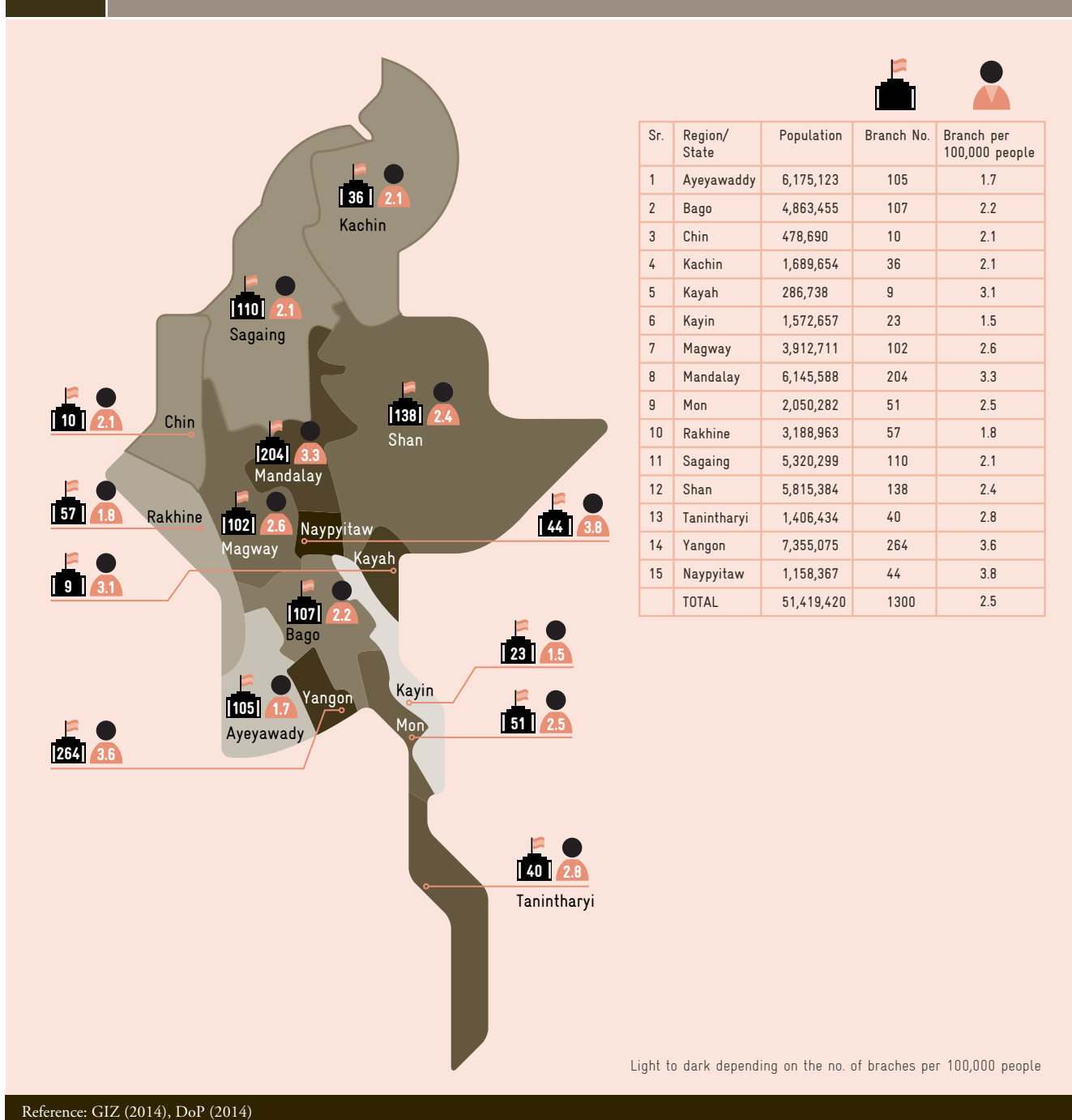
Figure 7 Total assets of Myanmar banking sector including CBM (MMK billion and % of GDP)



be found in Nay Pyi Taw Union Territory, where 3.8 bank branches serve 100,000 persons. Least served is Kayin State with 1.5 bank branches per 100,000 persons. In general, differences on the sub-union level exist, but are less distinct than one would expect. Partly responsible for this are the two state-owned banks MEB and MADB, which represent more than 500 out of the

total 1300 bank branches. The branches of these two big state-owned banks are to be found especially in rural areas across the country. Private and semi-governmental banks on the other side are rather concentrated in urban areas.

Figure 8 Population and bank branches as of August 2014



Banks are restricted in the kinds and characteristics of products they can offer (Box 12). Part of the current regulation is the sector-wide application of minimum and maximum interest rates set by CBM for saving and loan products. Therefore, banks compete currently mainly by their service provision and physical presence in the market.



Box 12 Bank loans and deposits

Financial products:

- Commercial and development loans, overdrafts
- Savings, time, demand and call deposits
- Saving certificates
- Hire purchase; Leasing
- Debit cards ; International prepaid cards
- Mobile banking and internet banking,
- Foreign banking;
- Domestic and international remittances

Total loan portfolio (all non-state-owned banks, 2013-2014): MMK 6,362 billion

Total deposits (all non-state-owned banks, 2013-2014): MMK 9,373 billion

Loan to deposit ratio (all non-state-owned banks, 2013-2014): 67.8%

Central Bank rate: 10% p.a.

Average loan interest: 13% p.a. (flat) (= interest rate cap, maximum including bank charges)

Average deposit interest: 8.25% p.a. (8% is interest rate cap, minimum)

Loan period: Usually one year

Loan amount: 30-60% of forced-sale value of the collateral for land and buildings, 80% for gold

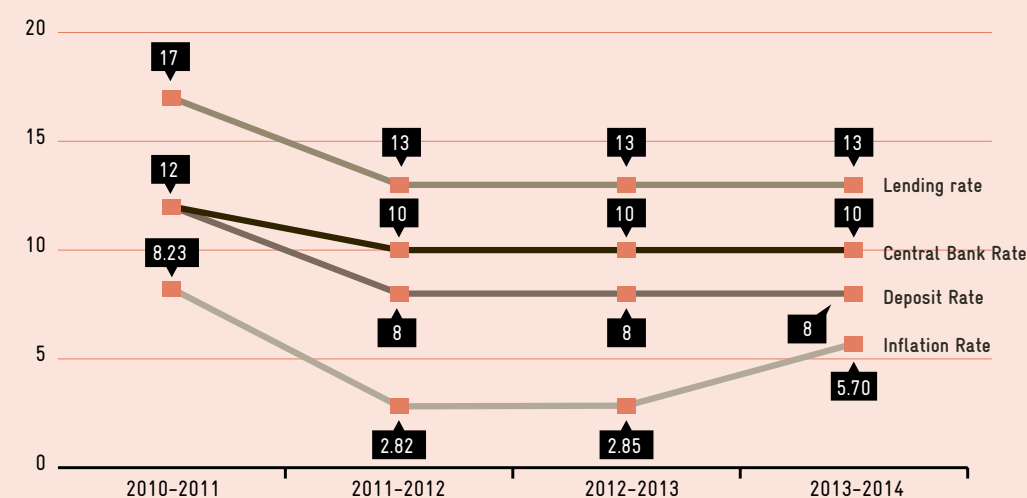
Collateral: land, buildings (not apartments), gold and jewelry, deposits and exportable crops (rice, beans, pulses, and sesame)

Subsidized loan schemes:

- SMIDB (SME loan, 8.5% p.a.)
- MADB (Agricultural loan, 8.5% p.a. but 5% p.a. effective from Jun 1, 2014)

\* Not accepted in practice as the assessment of crops' quality is often too complicated for banks.

Figure 9 Bank rates versus inflation rates over the last four years (in %)



Reference: CSO (2014)

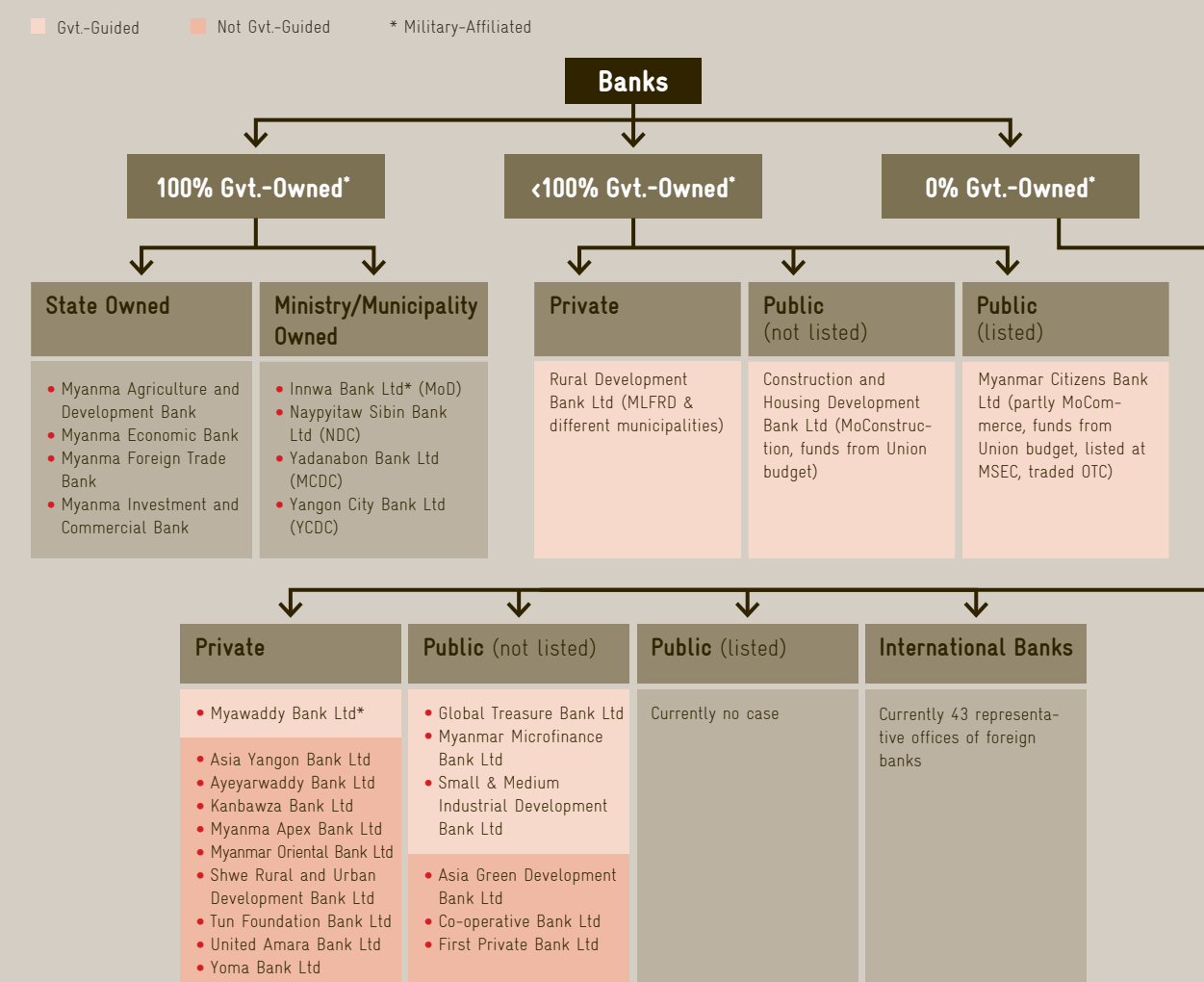
As part of its monetary policy and with the intention of stimulating the economy, CBM reduced interest rate ceilings over the last four FYs (Figure 9). Discussion on liberalization of interest rates is still on-going and prospect for relaxation is high. In October 2014, a deputy governor of CBM announced that relaxation on interest rates would be possible in the next 12 months (Economic Intelligence Unit 2014).

Banks in Myanmar are often classified as government banks, semi-government banks, and private banks. This classification is, however, often blurry as state ownership and state influence are not clearly separated. In order to provide a better understanding of the banking structure, this report takes a different approach and strictly classifies according to ownership. The domestic

banks are classified in this report in terms of three categories: i) 100% government-owned, ii) government-ownership of less than 100% and iii) non-government-owned institutions (Table 7). A secondary classification follows: The government-owned banks are further classified according to ownership by Union Government vs. ownership by ministries or municipalities. The partly government-owned and non-government owned banks are further classified according to their legal form: private, public non-listed, and public listed. Affiliation to military as well as guidance by the government are indicated by color coding.

The following sub-chapters will provide a closer look to the various types of banks.

Table 7 Types of domestic banks in Myanmar



\* "Gvt." refers to Union Government, Ministries, Municipalities

Note: The two public banks (CHDB and MCB) are assumed to have their capital contribution out of budgetary allocation of respective ministries.  
Reference: GIZ (2014)



၂.၄.၁။ နိုင်ငံပိုင်ဘဏ်များ

နိုင်ငံပိုင်ဘဏ် (၄) ခုအပါအဝင် ဝန်ကြီးဌာနနှင့်စည်ပင်သာယာရေးအဖွဲ့များလက်အောက်ခံ ဘဏ်များ၏ပိုင်ဆိုင်မှု(Assets)သည် ပြည်တွင်းဘဏ်အားလုံးပိုင်ဆိုင်မှု၏ ငါးပုံသုံးပုံခန့်ရှိသော်လည်း ဖွံ့ဖြိုးတိုးတက်မှုတွင် ပုဂ္ဂလိကဘဏ်များအား ခက်ခက်ခဲခဲ ယှဉ်ပြိုင်နေကြရသည်။

မြန်မာ့စီးပွားရေးဘဏ်သည် ဘဏ်ခွဲပေါင်း (၃၀၀) ကျော်၊ဝန်ထမ်းပေါင်း (၉၀၀၀) ခန့်ဖြင့် အကြီးဆုံးဘဏ်ဖြစ်သည်။ မြန်မာ့စီးပွားရေးဘဏ်သည် ကျေးလက်ဒေသရှိလူဦးရေ (၇၀%) အတွက် ဘဏ်လုပ်ငန်းဆောင်ရွက်ရန် အကောင်းဆုံးအနေအထားတွင်ရှိနေသည်။ ၎င်းဘဏ်မှတစ်ဆင့် လယ်ယာကဏ္ဍနှင့်အသေးစားစီးပွားရေးလုပ်ငန်းကဏ္ဍသို့ သက်သာသော အတိုးနှုန်းများဖြင့် ချေးငွေများကို မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ်နှင့် အသေးစားနှင့်အလတ်စားစက်မှုလုပ်ငန်းဖွံ့ဖြိုးရေးဘဏ်များမှ တစ်ဆင့် ထုတ်ချေးသည်။

မြန်မာနိုင်ငံခြားကုန်သွယ်မှုဘဏ်သည် နိုင်ငံခြားဘဏ်လုပ်ငန်းကို အထူးပြုဆောင်ရွက်လျက်ရှိပြီး မြန်မာ့ရင်းနှီးမြှုပ်နှံမှုနှင့် ကူးသန်းရောင်းဝယ်ရေးဘဏ်သည် ပြည်တွင်းဘဏ်လုပ်ငန်းနှင့်နိုင်ငံခြားဘဏ်လုပ်ငန်းနှစ်ခုစလုံးကို ဆောင်ရွက်သည်။

မြန်မာ့လယ်ယာဖွံ့ဖြိုးရေးဘဏ်သည် ကျေးလက်နေတောင်သူလယ်သမားများအား စိုက်ပျိုးရေးချေးငွေနှင့်လယ်ယာသုံးစက်ကိရိယာများဝယ်ယူရန် နှစ်လတ်ချေးငွေများထုတ်ချေးသည်။ ဘဏ်ခွဲပေါင်း (၂၀၀) ကျော်ဖြင့် ဒုတိယအကြီးဆုံးနိုင်ငံပိုင်ဘဏ်ဖြစ်ပြီး စပါးချေးငွေအဖြစ် တစ်ဧကကျပ်တစ်သိန်း၊ အခြားသီးနှံများအတွက် တစ်ဧကကျပ်(၂၀၀၀၀)နှုန်းကို ယခင်က တစ်နှစ် (၈.၅%) အတိုးနှုန်းဖြင့် ထုတ်ချေးခဲ့ရာမှ (၂၀၁၄) ခုနှစ်၊ဇွန်လမှစတင်၍ (၅%) သို့လျှော့ချခဲ့သည်။

ဤကဏ္ဍတွင် ဝန်ကြီးဌာနနှင့်စည်ပင်သာယာရေးအဖွဲ့များ၏ အစုရှယ်ယာများပါဝင်သောဘဏ်များဖြစ်သည့် ကာကွယ်ရေးဝန်ကြီးဌာနလက်အောက်ခံ အင်းဝဘဏ်၊ နေပြည်တော်စည်ပင်သာယာရေးကော်မတီလက်အောက်ခံ နေပြည်တော်စည်ပင်ဘဏ်၊ မန္တလေးစည်ပင်သာယာရေးကော်မတီလက်အောက်ခံ ရတနာပုံဘဏ်နှင့် ရန်ကုန်မြို့တော်စည်ပင်သာယာရေးကော်မတီ လက်အောက်ခံ ရန်ကုန်မြို့တော်ဘဏ်တို့ကို ထည့်သွင်းထားပါသည်။ ၎င်းတို့သည် အရွယ်အစားနှင့်ပိုင်ဆိုင်မှုတန်ဖိုးအရ သေးငယ် ကြပါသည်။

2.4.1 Government-owned Banks

The four state-owned banks account for over three-fifths of total banking assets but are struggling to keep pace with the modernization and growth of the private sector peers.





The Myanmar Economic Bank (MEB), Myanmar Foreign Trade Bank (MFTB) and Myanmar Agricultural Development Bank (MADB) were all established under the socialist Union of Burma Bank Law in 1975. A fourth state bank, the Myanmar Investment and Commercial Bank (MICB), was set up in 1990 in order to stimulate the growth of industry and production in the country.

State-owned banks are currently losing market share to their private competitors. They are struggling to keep pace with the growth and reforms of their private sector peers. They face challenges especially with respect to capitalization, information

technology and their policy framework. Lacking recapitalization limits the growth of these institutions. Deficiencies with respect to most modern means of information technology hamper efficiency. Political goals (subsidized loans to certain groups) limit their operational freedom.

The Myanmar Economic Bank is controlled by the Ministry of Finance and largely acts on its behalf. It is the country's largest bank in terms of outreach, with its domestic banking network of 310 branches across the country and employment of 8,612 personnel (699 officials and 7646 staff as of April 2013; MEB 2013).

With its extensive branch network across the country, MEB can provide financial services in rural areas where 70% of the Myanmar population lives. Furthermore, MEB provides subsidized policy loans to other banks in order to enable them

Table 8		Four state-owned banks in terms of branches and staff				
Sr	Logo	Name of Bank	No. of Branches	No. of Staff	As of	Controlling Ministry
1		Myanma Economic Bank	310	8610	March 31, 2013	MoF
2		Myanma Foreign Trade Bank	1	556	October 31, 2014	MoF
3		Myanma Investment and Commercial Bank	2	316	March 31, 2014	MoF
4		Myanma Agricultural Development Bank	206	2581	March 31, 2014	MoAI
Total			519	12065		
Reference: GIZ (2014), MoF (2014)						

to serve specific target groups. Because of this, MADB and SMIDB in particular are receiving credits below the market rate to serve farmers and SMEs respectively. Also due to the provision of subsidized loans, MEB has accumulated substantial losses over the past years. According to the Office of Auditor General (OAG), MEB could not make any profits over the last 22 years and has been operating at loss since 1990. In order to cover the losses, MMK 79 billion of the state's budget have been used in the FY 2012-2013 alone (Eleven 2013b). Like all other state- and non-state banks, customers of MEB also prefer to keep saving accounts (about 75% of the accounts), which bear interest and can be withdrawn once a week without any limits, different from current and fixed accounts.

The Myanmar Foreign Trade Bank specializes in international banking. It was the only bank to do such business until MICB was established in 1990. All government departments and state-owned enterprises keep their foreign exchange accounts with this bank. Some private companies, but mainly private individuals, particularly sailors, have accounts at MFTB. Since the private banks are allowed to engage in foreign banking services, the customers from MFTB are shifting their accounts to such private banks as KBZ and CB.

The Myanmar Investment and Commercial Bank, which is smaller than MEB and MFTB and overlaps with each of them,

is carrying out both domestic and foreign currency businesses. Its main business is extending banking services to private companies, including foreign joint ventures. Unlike foreign trade banks in other countries, both MFTB and MICB offer no credit facilities to finance foreign trade. A foreign exchange deposit of 100% must be in place before a Letter of Credit is issued, and there are often administrative delays, which in turn limit the turnover of the exporters and importers.

The Myanmar Agricultural Development Bank was founded in 1953 under the State Agricultural Bank Act and was part of the People's Bank of the Union of Burma between 1969 and 1975. Its name was changed into Myanmar Agriculture and Rural Development Bank in 1990, and then into Myanmar Agricultural Development Bank in 1997. It extends credits to farmers in order to support the development of agriculture and livestock, as well as rural enterprises. This bank provides seasonal loans for crop cultivation and term loans for acquiring farming machinery and equipment. MADB promotes a savings culture among farmers by operating a program for rural savings mobilization. It is the main official financing source for farmers and provides loans of MMK 100,000 per acre for paddy production and MMK 20,000 for production of farm crops at 8.5% interest, compared to the commercial lending rate of 13% (it gets an annual credit line from MEB through a budgetary system at an interest rate of 4%). However, with effect from June



1, 2014, the annual interest rate of agricultural loans to farmers has been reduced to 5% (CSO 2014b). Although the amount of loans per acre has increased considerably over the last years, it falls significantly short of covering the cost of paddy production, which is estimated at about MMK 200,000 per acre for low-quality rice and MMK 400,000 for high-quality rice (World Bank 2014).

The bank's seasonal loans are classified as monsoon loans, winter loans, and pre-monsoon loans.<sup>47</sup> The loans are disbursed for producing paddy, oil seeds, beans and pulses, long cotton, and jute. MADB also extends one-year loans for producing sugarcane, tea leaves, salt and palm-oil. Moreover, it extends more than three-year term loans for acquiring farming machinery and equipment, allowing the borrowing farmers to repay the loan by installments, which is similar to a hire-purchase system. As a precondition for getting loans from the bank, the borrowing farmers must have saving deposits with MADB. The loans are disbursed to groups of five to ten farmers who collectively take responsibility to repay the loans. The bank's loan committee

disburses the loans for up to ten acres to farmers who have the capacity to repay the loans. According to MADB, the disbursement of monsoon loans reached MMK 956.918 billion in 2014, compared with MMK 557.85 billion in 2013 (The New Light of Myanmar, 2013b). The restructuring of MADB is currently under discussion.

Banks owned by ministries or municipalities include Innwa Bank Ltd. (owned by the Ministry of Defense - MoD), Naypyitaw Sibin Bank Ltd. (owned by Naypyitaw Development Council - NDC and established in 2013), Yadanabon Bank Ltd. (owned by Mandalay City Development Committee - MCDC), and Yangon City Bank Ltd. (owned by Yangon City Development Committee - YCDC). These banks are limited in size and outreach.

What role the state owned banks will play in the future is uncertain at the moment. Clear roles will need to be defined, and a large-scale reform process needs to be developed and implemented.

## ၂.၄.၂။ အစိုးရတစ်ပိုင်းနှင့်ပုဂ္ဂလိကဘဏ်များ

အစိုးရတစ်ပိုင်းပိုင်ဘဏ် (၃) ခုနှင့် ပုဂ္ဂလိကပိုင်ဘဏ် (၁၆) ခုတို့သည် ဘဏ်လုပ်ငန်းခေတ်မီဖွံ့ဖြိုးတိုးတက်ရေးအတွက် အဓိကအခန်းမှ ပါဝင်လှုပ်ရှားနေကြသည်။

၎င်းဘဏ်များသည် ဈေးကွက်မြှင့်တင်ရေးနှင့်အသစ်တီထွင်လုပ်ကိုင်ရေးတို့ကို ကြိုးပမ်းဆောင်ရွက်နေကြသည်။ မြန်မာနိုင်ငံရှိ ကူးသန်းရောင်းဝယ်ရေးဘဏ်များ၏ ရပိုင်ခွင့် (Assets) မှာ လွန်ခဲ့သည့် (၂၀၀၉-၂၀၁၀) ဘဏ္ဍာနှစ်နှင့်နှိုင်းယှဉ်ပါက (၂၀၁၃-၂၀၁၄) ဘဏ္ဍာနှစ်တွင် ခြောက်ဆတိုး၍ ကျပ် ၁၁၅၅၀ ဘီလီယံထိ ရှိလာပါသည်။ (၂၀၁၄)ခုနှစ်၊မတ်လတွင် ကမ္ဘောဇဘဏ်၊ သမဝါယမဘဏ်နှင့် မြဝတီဘဏ်တို့မှာ ပိုင်ဆိုင်မှု(Assets)အရ အကြီးဆုံးဘဏ်များဖြစ်သည်။

### 2.4.2 Semi-governmental and Private Banks

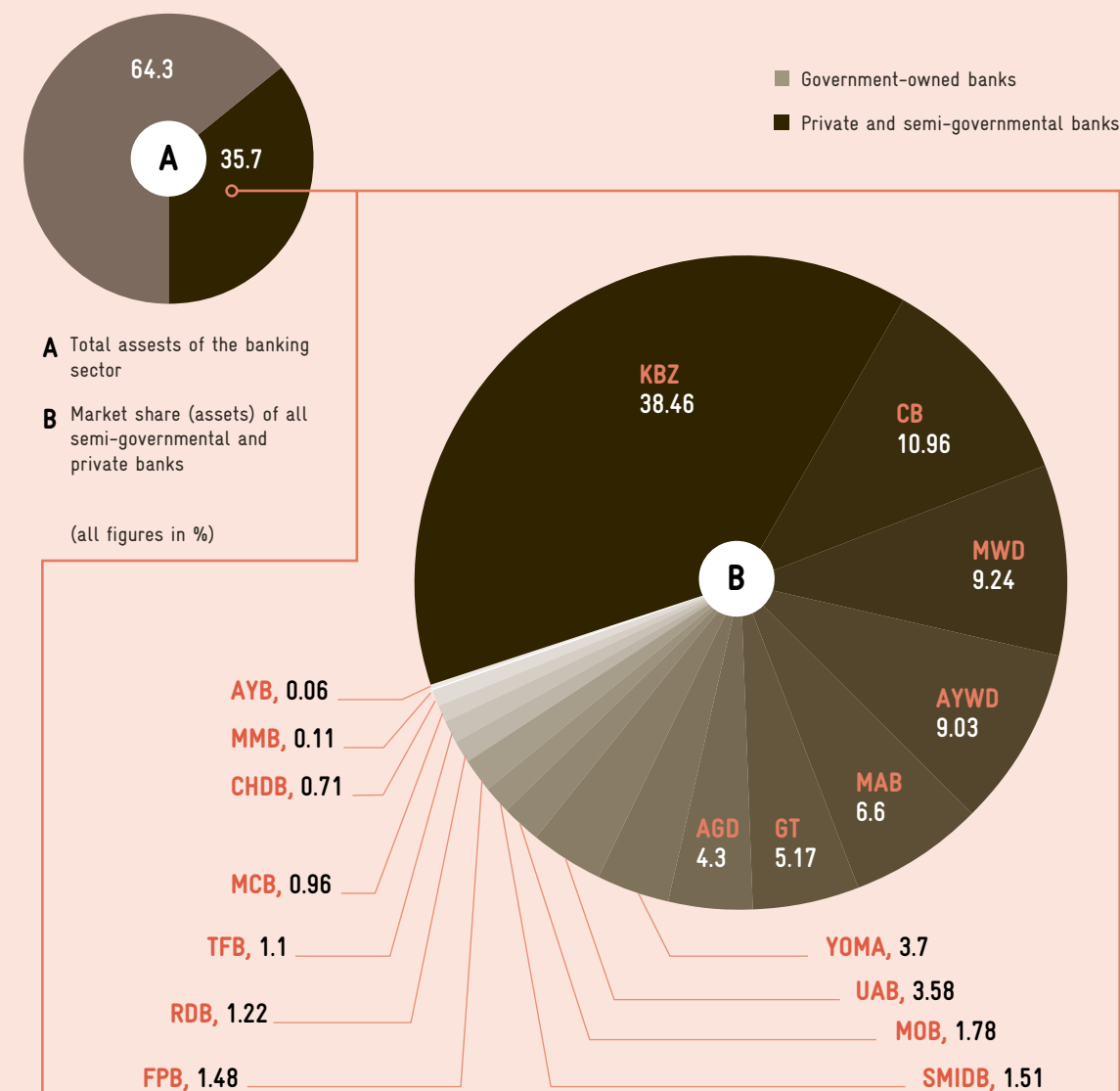
The 3 semi-governmental banks and 16 private banks are the drivers towards modernization of the banking sector.

Semi-governmental and private banks play the leading role in terms of marketing campaigns and technological innovation (e.g. introduction of debit cards or installment of ATMs). However, existing rules and regulations (Box 12) limit the ways banks can differentiate each other via products or prices.

A number of new institutions have (re)joined the existing banks over the past four years. In 2010, four new banks (MAB, UAB,

AGD and AYWD) were founded, and one bank (Yoma Bank) regained its full banking license in 2012. Also founded in 2013 were two new banks: the Myanmar Microfinance Bank<sup>48</sup> and the Construction and Housing Development Bank<sup>49</sup> controlled and partly owned by the Ministry of Construction. Moreover, Shwe Rural and Development Bank, owned by Shwe Than Lwin group, was also granted license in July 2014. Further interested parties in opening a bank include the Myanmar Gems and Jewellery Entrepreneurs Association (Myanmar Business Today, 2015) and the Myanmar Tourism Federation (Mizzima 2014). Banks for the development of farmers can also be established with a minimum paid-up capital of MMK 20 billion, and their

Figure 10 Market share (in terms of assets) of all operating semi-governmental and private banks as of March 2014



Reference: CBM (2014), GIZ (2014)

headquarters must be located at the respective states and regions (CBM Notification 3/2014).

The commercial banking sector is gaining a growing importance in Myanmar. With total assets of private banks amounting to MMK 11.55 trillion (21% of GDP) in March 2014, their total assets are almost 6 times higher than four years ago (MMK 1.95 trillion in March 2010). Private and semi-governmental

banks roughly account for almost two-fifths of total assets in the banking sector. Nevertheless, state-owned banks are still in a dominant position in terms of assets.

Looking at the private and semi-governmental banks, over 60% of the market shares in terms of assets are held by the top four banks: Kanbawza Bank, Co-operative Bank, Myawaddy Bank and Ayeyarwaddy Bank (Figure 10B).





Table 9 Ten largest private banks of Myanmar: Their assets, branches, staff and ATMs as of August 2014						
Sr	Logo	Bank	Assets (MMK billion)	No. of Branches	No. of Staff	No. of ATMs
1		Kanbawza Bank	4144.97	180	11111	259
2		Ayeyarwaddy Bank	1200	76	3500	156
3		Co-operative Bank	1180.7	100	5255	223
4		Myawaddy Bank	1028.1	37	2088	26
5		Myanmar Apex Bank	721.2	45	2600	56
6		Global Treasure Bank	588.9	81	1817	0
7		Yoma Bank	506	51	2221	0
8		United Amara Bank	505	32	1400	70
9		Asia Green Development Bank	463.1	50	2400	116
10		Myanmar Oriental Bank	238.9	26	975	22
Total of top 10 banks			8923.4	678	33367	928

Reference: Interviews by GIZ (2014)

Box 13 Focus: SME finance

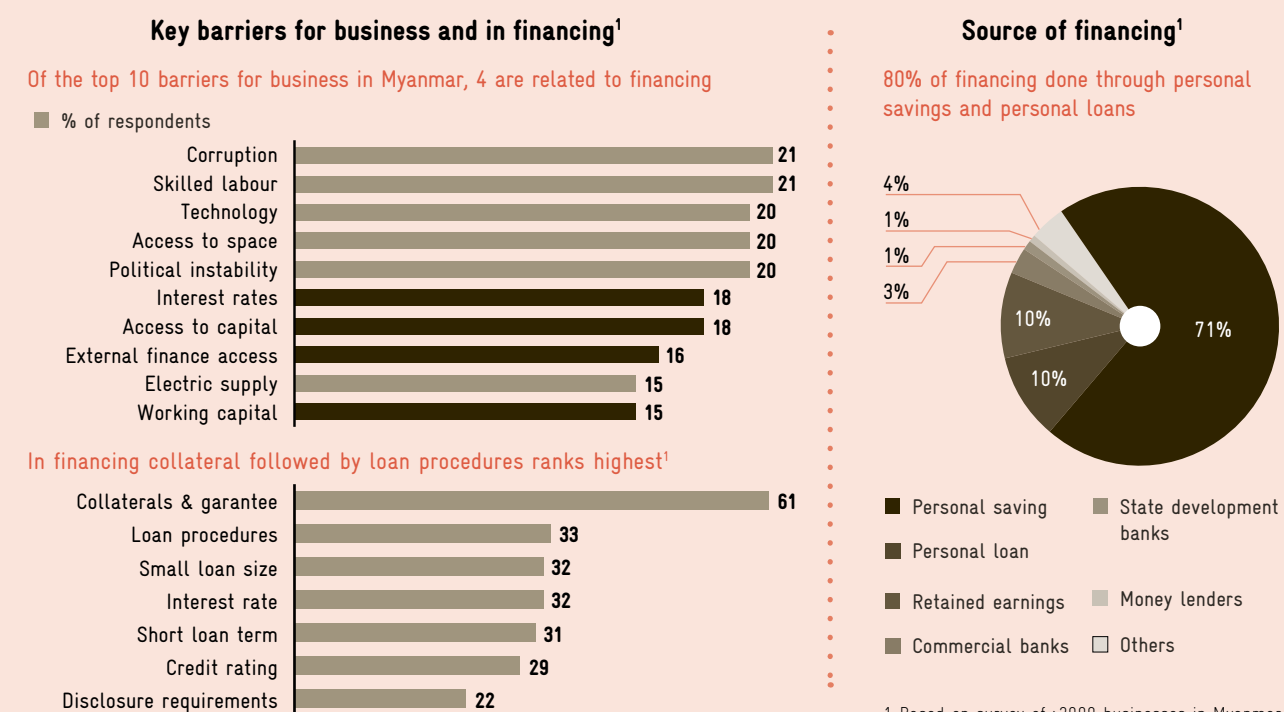
Strengthening small and medium-sized enterprises (SMEs) is a key element of the Myanmar government's Framework for Economic and Social Reforms (Government of Myanmar, 2013). SMEs represent over 99% of the total industries in Myanmar, but at least half of them are not registered officially, and hence exact figures for this sector do not exist. Apart from a strong need for infrastructure modernization and skilled labor, SMEs need a reliable legal framework and funding. As of September 2014, a new SME law has already been discussed and approved by the upper house of parliament (House of the Nationalities) and was sent to the lower house (House of the Representatives). Some Myanmar banks have, furthermore, started to or plan to have customized SME loan products.

Apart from SMIDB's SME development loans (8.5% interest rate, 3 years repayment period), no explicit SME loan product is currently in place. While other banks also do business with SMEs, they do not have specific SME products or monitor this particular target group separately. Available data (especially the low penetration of the financial sector) as well as interviews with banks and SMEs suggest a substantial lack of access to formal financial services for SMEs. Reliable data to measure this SME finance gap are, however, not available.

Banks cite the prohibitive regulatory framework conditions as the main obstacles to developing their SME finance segment. This includes the strict collateral requirements and short repayment periods that usually do not exceed 12 months. The loan amount granted on average is furthermore only 50% of the forced sale value of the collateral item. For start-up businesses, financing still remains a big challenge as there is no special loan program provided for new businesses, and credits are only extended to running businesses.

A credit guarantee scheme for SMEs has been set up as a department under the Myanmar Insurance. The premium fee for the first year is 2%, second year 1.5% and the third year 1% with collateral, and 3%, 2% and 1% without collateral.

Figure 11 Key barriers for business and in financing and source of financing



Reference: Deloitte (2014)



### ၂.၄.၃။ နိုင်ငံခြားဘဏ်များ

ဆယ်စုနှစ်ငါးခုအတွင်း ပထမဆုံးအကြိမ်အဖြစ် နိုင်ငံခြားဘဏ် (၉) ခုအား နိုင်ငံအတွင်း ဘဏ်လုပ်ငန်းများဆောင်ရွက်ခွင့်ပြုခဲ့သည်။

(၁၉၆၃) ခုနှစ်တွင် နိုင်ငံခြားဘဏ် (၁၄) ခုကို ပြည်သူပိုင်သိမ်းပြီးနောက် မည်သည့်နိုင်ငံခြားဘဏ်ကိုမှ မြန်မာနိုင်ငံတွင် ခွင့်မပြုခဲ့ပေ။ ထိုစဉ်က ဘဏ်လုပ်ငန်းများထွန်းကားခဲ့ရာ ပြည်ပဘဏ်များသည်လည်း ပြည်တွင်းဘဏ်များနည်းတူ လုပ်ငန်းများဆောင်ရွက်နိုင်ခဲ့ကြသည်။

(၁၉၉၀)ခုနှစ်တွင် မြန်မာနိုင်ငံတော်ငွေရေးကြေးရေးအဖွဲ့အစည်းများဥပဒေပြဌာန်းပြီးနောက် ပြည်ပမှဘဏ်ကိုယ်စားလှယ်ရုံးများ ဖွင့်ခွင့်ပြုခဲ့ရာ ယခုအခါ ကိုယ်စားလှယ်ရုံး (၄၀) ကျော်ထိရှိလာသည်။ (၂၀၁၄)ခုနှစ်အောက်တိုဘာလတွင် ပြည်ပဘဏ်(၉)ခုအား ဘဏ်လုပ်ငန်းလိုင်စင်ထုတ်ပေးရန်အတွက် ရွေးချယ်ခဲ့သည်။ တစ်နှစ်အတွင်း ဘဏ်လုပ်ငန်းများစတင်ရမည်ဖြစ်သော်လည်း အကန့်အသတ်ဖြင့်သာလုပ်ငန်းလုပ်ကိုင်ခွင့်ပြုသည်။ ဤဘဏ်များအား ဘဏ်ခွဲတစ်ခုသာဖွင့်ခွင့်ပြု၍ လက်ကားဘဏ်လုပ်ငန်းကို သာဆောင်ရွက်ရမည်ဖြစ်သည်။ နိုင်ငံခြားကုမ္ပဏီများနှင့်ပြည်တွင်းဘဏ်များအား ချေးငွေထုတ်ချေးနိုင်သည်။ ပုဂ္ဂိုလ်တစ်ဦးချင်းထံမှ အပ်ငွေလက်ခံခြင်းအပါအဝင် လက်လီဘဏ်လုပ်ငန်းများလုပ်ဆောင်ခွင့်မရပေ။ ခွင့်ပြုပြီးတစ်နှစ်၊နှစ်နှစ်အကြာတွင် ယင်းကန့်သတ်ချက်များဖြေလျှော့ပေးရန် ဗဟိုဘဏ်မှပြန်လည်စဉ်းစားမည်ဖြစ်သည်။

#### 2.4.3 Foreign Banks

For the first time in five decades, foreign banks are about to become active in the country. CBM has granted preliminary approval to nine foreign banks to operate in Myanmar.

Since 1963, when a total of 14 foreign banks, including Chartered Bank, OCBC, and HSBC, were nationalized by the then military government, foreign banks were not granted licenses and hence could not operate in the country. Before 1963, there was no discrimination between foreign banks and local banks. Foreign banks were allowed to do all banking functions like local banks. In some areas such as foreign trade, they were more active than their local counterparts. At the time of bank nationalization in 1963, foreign banks represented more than half of the total capital in the sector.

The Financial Institutions of Myanmar Law 1990 allowed foreign banks' representative offices in the country. Since 1994, foreign banks have started opening their representative offices in the country. They are not permitted to conduct banking business in Myanmar. Most of them are primarily engaged in gathering information for their foreign customers trading with Myanmar. Currently, there are more than 40 representative offices of foreign banks in Myanmar (Annex Table VI).

In October 2014, CBM granted preliminary approval to 9 banks (Table 10) to prepare for commencement of banking operations. CBM invited all foreign banks with representative

offices to apply for licensing. Jointly with the Ministry of Finance and the Office of the Attorney General and with the help of an international consultancy firm, CBM selected the winning applications. The 9 banks will be initially allowed to operate limited functions and network. Each foreign bank will be allowed to open a branch at only one location by bringing in the minimum paid-up capital of USD 75 million. They are not permitted to operate retailed banking. They can engage in wholesale banking, grant loans and take deposits from foreign corporates and domestic banks in international currency and MMK (Scope of license and EOI invitation by licensing committee). They can make loans to local companies in coordination with local banks by establishing a syndicated loan extension program. The selected foreign banks are expected to contribute to the development of the domestic banking sector by participating in the interbank market, by lending to domestic banks, by engaging into foreign exchange business, etc. A possible extension of the scope of license or relaxation on foreign banks will be considered within 12-24 months.

The preliminary approval will be followed by an intervening period of 12 months during which operations have to be established. Within the intervening period, the license recipients will have to take all necessary measures to ensure functional banking operations from the first day of business on. Upon fulfillment of the aforementioned criteria, CBM will grant the final license to operate in Myanmar. It is anticipated that all nine banks will be allowed to operate in the country.

Table 10 Foreign banks which received preliminary license from CBM



Reference: CBM (2014), GIZ (2014)





Endnotes

23 The interest rates set by the CBM were lower than inflation rates, and the CBM thus produced real negative interest rates.

24 According to the CBM, total deposits in private banks rose approximately by a factor of 6 between the FY 2007-2008 and the FY 2011-2012.

25 Bank means a company licensed under BFILM to carry on commercial banking or development banking business and includes a foreign bank branch licensed under this law.

26 Development bank means a bank which accepts the deposits with terms exceeding one year and financing of specific economic sectors at terms consistent with the terms of the resources collected by such banks or funds provided by the government.

27 Non-bank financial institution means an institution which carries on one or more of the following businesses: finance companies, leasing, factoring, credit token, money services and any other credit services CBM may prescribe.

28 Scheduled institutions mean rural development bank, agricultural bank, MFIs licensed under microfinance law 2011, credit societies and postal savings bank which are not under BFILM.

29 Key aspects of the draft BFILM are listed in the annex (Annex Table II).

30 This revised MAC law was published in the newspaper for public consultation on January 24 & 25, 2015.

31 The Law amending Auditor General of Union Law (2013) and the Law amending Auditor General of Union Law (2014).

32 MAC Notification 2/2009.

33 MAC Notification 1/2010.

34 MAC Notification 1/2009.

35 MAC Notification 3/2010.

36 The Anti-money Laundering Central Board was formed on August 4, 2014 with the following members: (Myanmar Gazette 2014b)

1. Minister, Ministry of Home Affairs (MoHA) - Chairman
2. Governor, CBM - Member
3. Deputy Minister, MoHA - Member
4. Deputy Minister, MoF - Member
5. Deputy Attorney-General, Office of Union Attorney-General - Member
6. Director General, Office of Chief Justice of the Union - Member
7. Director General, Bureau of Special Investigation, MoHA - Member
8. Director General, General Administration Department, MoHA - Member
9. Director General, Settlement and Land Records Department, Ministry of Agriculture - Member
10. Director General, Customs Department, MoF - Member
11. Director General, Internal Revenue Department, MoF - Member
12. President, Union of Myanmar Federation of Commerce and Chamber of Industry - Member
13. Head of Department, Trans-boundary Crime Department -Member
14. Chief, Myanmar Police Force - Secretary
15. Commander, Financial Intelligence Unit - Co-secretary

37 Yangon Institute of Economics (YIE) was officially re-named as Yangon University of Economics (YUE) in 2014.

38 Eight out of 27 banks are not part of the MPU: Yoma Bank (Yoma), First Private Bank (FPB), Yadanabon Bank (YDNB), Asia Yangon Bank (AYB), Myanmar Microfinance Bank (MMB), Myanma Agricultural Development Bank (MADB), Naypyitaw Sabin Bank (NPTS) and Shwe Rural & Urban

Development Bank (SRUDB). The CBM is also not a member of the MPU.

39 Yangon City Bank (YCB) as well as Construction and Housing Development Bank (CHDB)

40 This is a low number in comparison to the neighboring countries. According to the ADB Institute, Lao PDR and Cambodia have four and five ATMs respectively, and Thailand even has 75 ATMs per 100,000 adults. (ADBI 2013).

41 Asia Green Development Bank (AGD), Ayeyarwaddy Bank (AYWD), Cooperative Bank (CB), Kanbawza Bank (KBZ), Myanmar Apex Bank (MAB), Myanmar Oriental Bank (MOB), Myawady Bank (MWD), Myanmar Citizens Bank (MCB), Small and Medium Industrial Development Bank (SMIDB), United Amara Bank (UAB), Tun Foundation Bank (TFB), Innwa Bank (Innwa) & Myanma Foreign Trade Bank (MFTB).

42 CB (issued a prepaid travel card for locals travelling internationally called the CB Bank EASI Travel Prepaid MasterCard in October 2013), KBZ (issued KBZ Explore Master Prepaid Card in 2014), UAB, MAB, MCB, MOB, AYWD, AGD and Yoma.

43 CB (issued Easi Travel VISA Card in 2014), KBZ (issued KBZ Explore VISA Prepaid Card in 2014), UAB, MAB (issued MAB VISA Prepaid Card: Multi-currency in 2014), MOB, MCB, AYWD (issued AYA World Travel VISA prepaid Card: Multi-currency in 2014) and AGD.

44 FPB, Yoma, MOB, KBZ, GTB, CB, AYWD, UAB and MAB.

45 Remittance inflow as share of GDP (2013) in selected Asian countries: Nepal (28.8%), Bangladesh (10.7%), Philippines (9.8%), Sri Lanka (9.6%), Vietnam (6.4%), Pakistan (6.2%), Myanmar (4.7%) (BC Finance Limited, 2014).

46 Still, CBM has to authorize the opening of all new bank branches individually.

47 The monsoon loans are disbursed in May-August and collected in December-March (following year). The winter loans are disbursed in September-January and collected in February-June of the following year. The pre-monsoon loans are disbursed in January-February and collected in December of the same year.

48 It is a newly established bank to support microfinance activities in the country.

49 The new Construction and Housing Development Bank is expected to give out long-term (20-30 years) housing loans for acquiring apartments in a government housing complex.

အခန်း (၃)

စိန်ခေါ်မှုများနှင့်အလားအလာများ

3

မြန်မာ့ဘဏ်လုပ်ငန်းကဏ္ဍသည် ပြုပြင်ပြောင်းလဲရေး၏သဘာဝနှင့်အတိုင်းအဆတို့တွင် ရင်ဆိုင်ကြုံတွေ့ရမည့်စိန်ခေါ်မှုများရှိသည့် အပြင် လူစွမ်းအားဖွံ့ဖြိုးတိုးတက်မှုနှင့် ပြည်သူလူထု၏ယုံကြည်ကိုးစားမှုပြန်လည်ရရှိရေးဆိုင်ရာ စိန်ခေါ်မှုများကိုလည်း ရင်ဆိုင်နေကြရသည်။

မကြာမီကချမှတ်ခဲ့သောပြုပြင်ပြောင်းလဲရေးလုပ်ငန်းကြောင့် ဘဏ်လုပ်ငန်းကဏ္ဍတွင် ကြီးမားသည့်အပြောင်းအလဲများ ဖြစ်ထွန်းခဲ့သည်။ လာမည့်နှစ်များတွင်လည်း ပြုပြင်ပြောင်းလဲမှုများ ဆက်လက်ရှိနေဦးမည်ဖြစ်သည်။ မကြာမီပေါ်ထွက်လာမည့် ဘဏ်နှင့်ငွေရေးကြေးရေး အဖွဲ့အစည်းများဥပဒေကလည်း ပိုမိုလွတ်လပ်သည့်ဘဏ်လုပ်ငန်းများဆောင်ရွက်ခွင့်ပေးလိမ့်မည်ဟု မျှော်လင့်ရပါသည်။

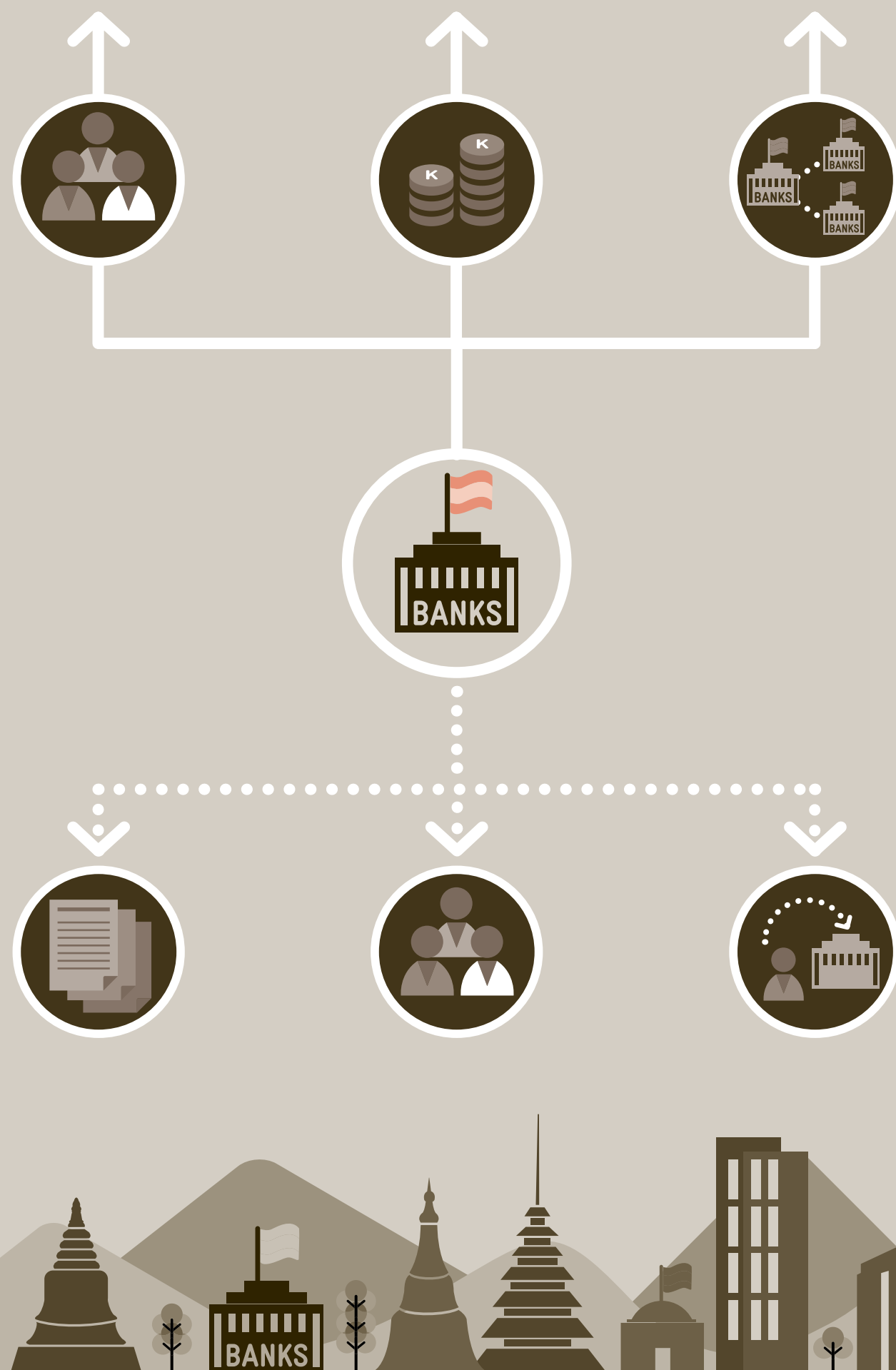
ယခုလောလောဆယ်တွင် အဓိကရင်ဆိုင်ရမည့်စိန်ခေါ်မှု (၃)ရပ်မှာ သင့်လျော်ကောင်းမွန်သည့်ဥပဒေများကို စနစ်တကျဆက်လက် ပြဌာန်းရေး၊ ဘဏ်များတွင်လူစွမ်းအားအရင်းအမြစ်ဖွံ့ဖြိုးတိုးတက်ရေးနှင့် ပြည်သူလူထု၏ယုံကြည်ကိုးစားမှုရယူရေး တို့ဖြစ်သည်။

ဘဏ်ဥပဒေများအသစ်ပြန်လည်ရေးဆွဲပြဌာန်းရခြင်း၏အဓိကရည်ရွယ်ချက်မှာ ဘဏ်လုပ်ငန်းကို နိုင်ငံတကာအဆင့်မီစေရန်နှင့် ယှဉ်ပြိုင်မှုအားကောင်းလာစေရန်ဖြစ်သည်။ အနာဂါတ်တွင် ပြုပြင်ပြောင်းလဲမှုများကို အစီအစဉ်တကျဆောင်ရွက်ရပေမည်။ ပြုပြင်ပြောင်းမှုကိုပြုလုပ်ရာတွင် ပြည်သူ၏လိုလားချက်နှင့် စီးပွားရေးလုပ်ငန်းများ၏လိုအပ်ချက်များနှင့်ကိုက်ညီမှသာ ထိရောက် ကောင်းမွန်ပြီး ဆင်းရဲမှုကိုလျှော့ချပေးနိုင်မည်။ ယင်းသို့ဆောင်ရွက်ရာတွင် ဖြစ်ပေါ်လာနိုင်မည့်ဆုံးရှုံးမှုအန္တရာယ်များကိုလည်း သတိမူရပေမည်။ တိုးတက်ဖွံ့ဖြိုးလာမည့်ဘဏ်လုပ်ငန်းများကို ဘဏ်များမှကောင်းစွာကိုင်တွယ်နိုင်ရမည်ဖြစ်သလို ဗဟိုဘဏ်က လည်း ကောင်းစွာကြီးကြပ်နိုင်ရပေမည်။ ပြဌာန်းထားသည့်ဥပဒေများမည်မျှကောင်းမွန်စေကာမူ ဥပဒေအသက်ဝင်အောင် မဆောင်ရွက်နိုင်ပါက အချည်းနှီးသာဖြစ်ပေမည်။ သင့်လျော်ကောင်းမွန်သည့်ကြီးကြပ်ကွပ်ကဲမှု၊ ကောင်းမွန်သည့်အုပ်ချုပ်ရေး၊ ယုံကြည်အားထားရသော ကိန်းဂဏန်းအချက်အလက်များ၊ ဆုံးရှုံးနိုင်ခြေရှိမှုအပေါ်စီမံခန့်ခွဲမှုနှင့် ဖွင့်လင်းမြင်သာရှိမှုတို့သည် မြန်မာနိုင်ငံ၏ဘဏ်လုပ်ငန်း ဖွံ့ဖြိုးတိုးတက်ရေးတွင် အဓိကဖြစ်နေပါသည်။

မြန်မာ့ဘဏ်လုပ်ငန်းကဏ္ဍတိုးတက်လာသည်နှင့်အမျှ ကျွမ်းကျင်ဝန်ထမ်းများပိုမိုလိုအပ်လာမည်ဖြစ်သည်။ လက်ရှိဘဏ်နှင့် ဘဏ္ဍာရေးအသိပညာများ ဖြန့်ဖြူးပေးနေသည့်သင်တန်းကျောင်းများတွင် သင်ကြားမှုစနစ်နှင့်သင်ရိုးညွှန်းတမ်းဆိုင်ရာ အားနည်းချက်များရှိနေသည်။ ကိုယ်ပိုင်သင်တန်းကျောင်းများထားရှိပြီး လုပ်ငန်းခွင်ဝင်ရောက်မည့်သူများအား သင်တန်းပို့ချ နေကြသည့်အပြင် ပြည်ပဘဏ်များ၏အကူအညီဖြင့်လည်း သင်တန်းများပို့ချကြသည်။ ဘဏ်များအနေဖြင့် အနာဂါတ်တွင် ပြည်ပဘဏ်များနှင့် ကောင်းစွာယှဉ်ပြိုင်နိုင်ရန်အတွက် အဆင့်ဆင့်သောဝန်ထမ်းများအား နိုင်ငံတကာအဆင့်မီသင်တန်းများ ပေးခြင်းဖြင့် လိုအပ်ချက်များကို ဖြည့်ဆည်းကြရမည်။

အထက်ပါအချက်များဖြည့်ဆည်းမှုအပြင် ပြည်တွင်းဘဏ်များအနေဖြင့် ပြည်သူလူထု၏ယုံကြည်ကိုးစားမှုကို ပြန်လည်ရရှိနိုင်ရန် ကြိုးစားကြရမည်။ ငွေစက္ကူများတရားမဝင်ပြုမှုနှင့် (၂၀၀၃)ခုနှစ်ဘဏ္ဍာရေးအကြပ်အတည်းတို့ကြောင့် ဘဏ်များအပေါ်ယုံကြည်မှု ကျဆင်းခဲ့ရသည်။ အိမ်ခြံမြေနှင့်ရွှေကဲ့သို့သောပိုင်ဆိုင်မှုများဈေးကောင်းလာခြင်းက ဘဏ်များအပေါ်ပြည်သူလူထု၏ယုံကြည်မှု အားနည်းနေသေးကြောင်းတွေ့ရသည်။ အခြားသောအာဆီယံနိုင်ငံများနှင့်နှိုင်းယှဉ်ပါက ဘဏ်များတွင် ပြည်သူလူထု၏အပ်ငွေသည် GDP အချိုးအရ လွန်စွာနည်းနေသေးသော်လည်း (၂၀၁၄)ခုနှစ်ကိန်းဂဏန်းများအရ ပြည်သူ၏ယုံကြည်မှုတိုးတက်လာသည်ကို တွေ့ရသည်။ သို့သော် ပြည်သူအများစုတွင် ဘဏ်များအပေါ်စိုးရိမ်မှုများရှိနေသည်ကို အောက်ပါအချက်များအရအကဲခတ်နိုင်သည်။ ဘဏ်အပ်ငွေကိုလေ့လာကြည့်လျှင် တောင်းလျှင်ချက်ချင်းပြန်ရနိုင်သည့် Demand Deposit များက အပ်ငွေ၏ (၉၀%) ခန့်ရှိနေခြင်းက ဘဏ်များတွင် ကာလရှည်ငွေအပ်နှံရန်တွန့်ဆုတ်နေသည့်သဘောကို ပြနေသည်။ ထို့အပြင် ဈေးကွက်အခြေအနေနှင့်ကောလဟလတို့အပေါ် ငွေအပ်နှံသူများ၏တုံ့ပြန်မှုကလည်း အထက်ပါအချက်ကို ထောက်ခံသကဲ့သို့ဖြစ်နေသည်။ ကမ္ဘောဒဘဏ်နှင့် ပတ်သက်သည့် ကောလဟလကြောင့် (၂၀၁၂)ခုနှစ်တွင် ငွေအမြောက်အမြားပြန်ထုတ်ခဲ့ကြသကဲ့သို့ ယူနိုက်တက်အမေရိကန်သို့ (၂၀၁၄)ခုနှစ်နိုဝင်ဘာလတွင် ငွေအမြောက်အမြားပြန်လည်ထုတ်ယူသည့်သာကေများက သက်သေခံနေသည်။ ထို့ကြောင့် ဘဏ်များအနေဖြင့် လွန်ခဲ့သည့်ဆယ်စုနှစ်များအတွင်း ပျောက်ဆုံးခဲ့ရသည့်ယုံကြည်မှုကို အချိန်ယူပြန်လည်တည်ဆောက်ရင်းလုပ်ငန်းများတိုးတက်အောင် ဆောင်ရွက်ကြရဦးမည်ဖြစ်သည်။

မြန်မာနိုင်ငံတွင် ဘဏ်များအတွက် စိန်ခေါ်မှုများများစွာရှိနေသည်။ ရှေ့ဆက်ရမည့်ခရီးသည် အစဉ်သဖြင့်ဖြောင့်ဖြူးနေမည်မဟုတ်။ စိန်ခေါ်မှုများများပြားနိုင်သလို ဆုံးရှုံးမှုအန္တရာယ်များလည်းရှိနိုင်သည်။ ဤစာတမ်းကိုဖတ်ရှုခြင်းဖြင့် ဆုံးဖြတ်ချက်ချမှတ်သူများသည် မြန်မာနိုင်ငံ၏ဘဏ္ဍာရေးကဏ္ဍအခြေအနေကို ကောင်းစွာသိမြင်သဘောပေါက်ပြီး ယထာဘူတကျသည့်ဆုံးဖြတ်ချက်များ ချမှတ်နိုင်မည်ဟုမျှော်လင့်ပါသည်။



# 3 Challenges and Outlook

The Myanmar banking sector is particularly facing challenges in the pace and nature of the regulatory reform process, in developing human resources, and in re-establishing public trust in the banking sector.

During the recent reform process, the banking sector in Myanmar has already undergone tremendous changes. The upcoming years will continue to bring along changes and will pose challenges to the sector and its actors. Banks are currently scaling up their operations and growing in terms of clients, branches, staff members and total assets. The upcoming new banking law is expected to provide banks with more freedom to further develop their range and pricing of products.

For the time being, three major challenges for the banking sector should be highlighted: the sound continuation of regulatory reforms, the development of human resources and the gaining of public trust.

With the new CBM Law enacted in 2013 and the upcoming new BFILM as well as other relevant laws such as the new MAC Law which has already been sent to the parliament, the legal framework under which banks operate is changing on a large scale and at a fast pace. The direction of the legal reform process is clear: Myanmar is heading towards international good practices and increasing competition in the financial sector. At the same time, it has to be noted that these laws remain rather general and will still be specified with the help of secondary rules and regulations.

The future reform process needs to be well-sequenced and carefully-managed. Coordination and cooperation among the involved bodies will prove essential for that. In a liberalized financial sector, financial services could be designed to better meet the demands of more people and enterprises, and hence access to finance would improve and poverty could be reduced. In order to materialize the potential benefits of a liberalized

banking market, also the potential risks need to be carefully managed. Regulation needs to assure that the risks that come along with liberalization and a growing banking business can, on the one hand, be managed properly by the Myanmar banks and, on the other hand, also adequately be supervised by CBM. These two aspects require massive efforts from both banks and CBM. The best legal framework is of no use if it cannot be implemented and enforced. To ensure sound supervision and proper bank management, good corporate governance, reliable data and transparency as well as adequate risk management are inevitable prerequisites which still need to be further promoted in Myanmar. The Central Bank must, furthermore, pay attention to its own resources when steering the future reform paths. Especially the supervisory capacities have to keep up with the regulatory developments and the developments of the banks.

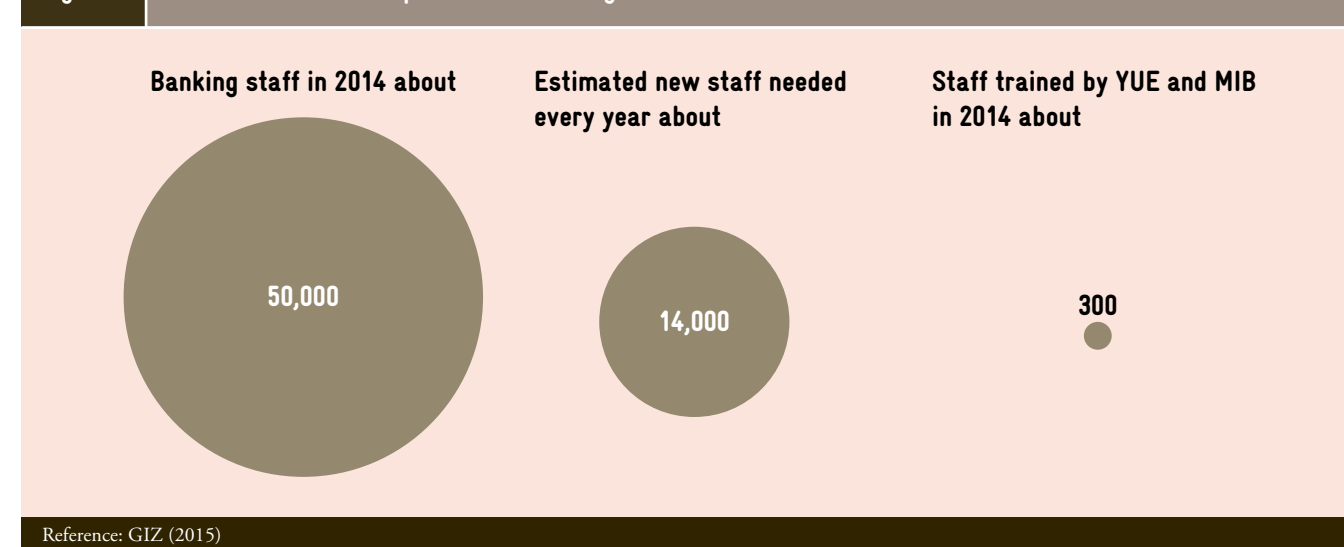
As Myanmar's banking sector grows in terms of size and complexity, so will the demand on human resources for the banks. As of mid-2014, Myanmar banks (including CBM) employ a total of more than 50,000 staff. This number is expected to double within the next 4 years<sup>50</sup>. Including the regular retirement process, this results in about 14,000 new staff joining the banking sector every year. In 2014, centralised training providers (YUE and MIB) trained a total of about 300 graduates for the work in the financial sector.<sup>51</sup> Figure 12 illustrates the training gap in the banking sector. However, not only the sheer numbers pose challenges to the banks. Also the demanded skills are changing and there is currently no specialized training offered in the sector. Banks need specialists in various functions and are struggling to adequately fill these positions. The environment will continuously progress from a restricted and uniform market with limited products to a competitive service-oriented and less cash-focused setting. In addition, Myanmar's local banks will face regional and international competition in the coming years with foreign banks bringing in their skilled staff and potentially attracting the most skilled of the domestic workforce with higher salaries. The changing environment puts great demand on local



banks' human resources and their competency requirements. Myanmar's isolation for almost half a century also constrained innovation in the education and training sector. The primary, secondary, and tertiary education systems of Myanmar are not up to regional or international standards, and at the same time, the hands-on vocational training in the banking sector is virtually non-existent. The significant national training providers for imparting banking and financial knowledge are MIB and YUE (see 2.3). However, their outreach remains limited, and training is too general and theoretical to close the wide knowledge gaps of local bank employees and adequately prepare the large number of new staff to enter the market. Other domestic training institutes are emerging but will take time to develop further until they reach a considerable size and scope of their training programs.

Therefore, more and more domestic banks hire repatriates or international staff in key positions with regional working experience. They also attempt to bridge the training gap with in-house training schools or classes, which might be sufficient to train entry-level staff but which usually lacks more specialized trainings. Recently, several banks have started to introduce new specialized modules to their in-house training with the assistance of their international correspondence banks or foreign training providers. Nevertheless, domestic banks need more structured, comprehensive, and needs-based trainings for all hierarchy levels to learn more about innovative approaches and international banking practices which can enable them to better deal with the changing environment and foreign competitors in the future.

Figure 12 Human resource development in the banking sector

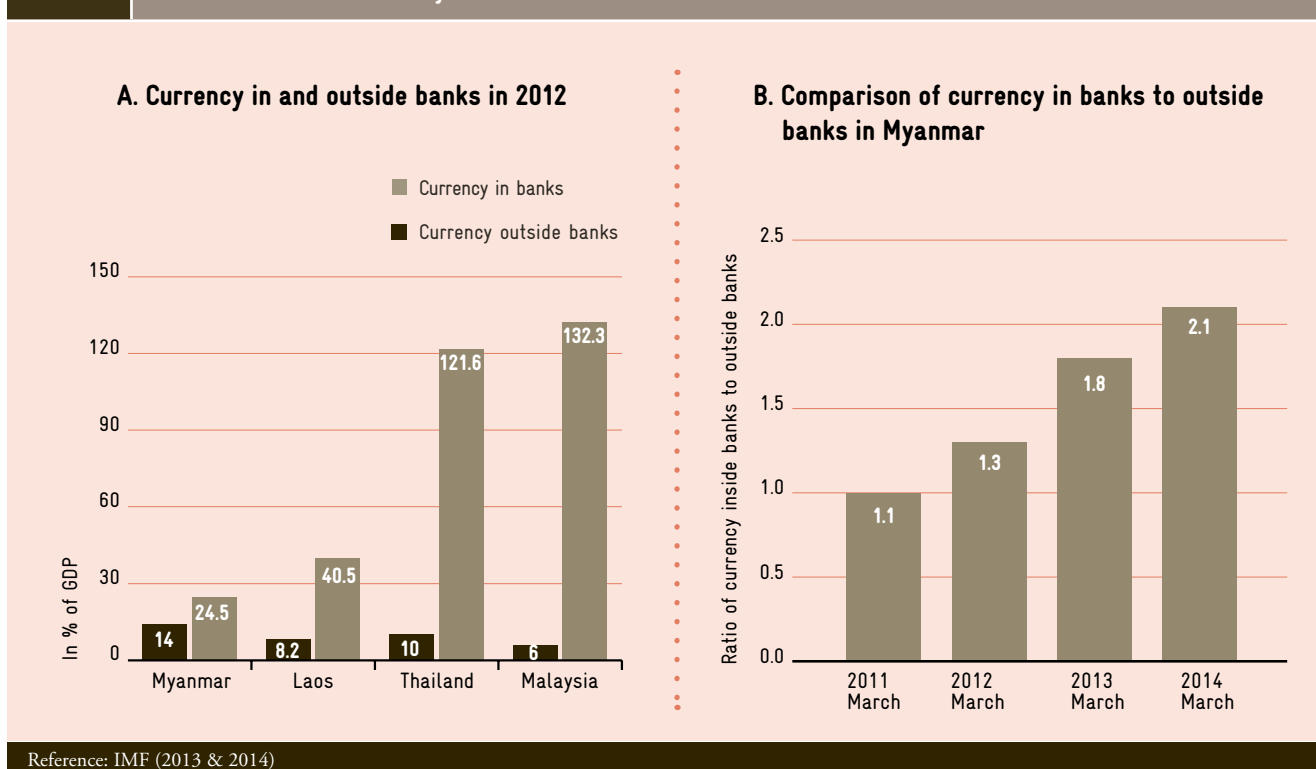


Challenges for banks are not limited to internal adaptations – public trust, which is the essence of every financial system, has to be regained by Myanmar banks. Peoples' trust in the financial and particularly the banking sector has been shaken severely by a series of demonetization and especially the banking crisis in 2003, which resulted in the closure of two banks<sup>52</sup> and severe losses for, and consequently loss of, its depositors. Rising property prices and stockpiling of physical assets, especially gold, are signs of this lack of trust in the financial sector. Another sign is the relatively large volume of cash outside banks when compared to its ASEAN peers (Figure 13A). In 2012, Myanmar had the highest proportion of currency outside the banking sector to GDP in the ASEAN region. At the same time, it had the lowest share of currency in the banking sector, again compared to GDP. There are, however, signs of growing trust. Over the last

three years, the ratio of currency inside the banking sector to the currency outside the banking sector has almost doubled. In 2011, for every kyat in bank, there was one kyat outside bank. In 2014, there were two kyats in bank for every kyat outside of it (Figure 13B), indicating a growing public trust in banks.

Taking a closer look, however, reveals that cautious behavior is still in place. For example, deposits in the banking sector are to a vast extent (more than 90%) demand deposits. Term deposits and hence the willingness to commit one's savings to a bank for a longer period of time, are barely existent. Another sign of the limited trust in the banking sector is the immediate reaction of depositors to rumors and market developments. For example, rumors about liquidity problems of the largest private bank, KBZ, led to massive withdrawals from depositors in autumn

Figure 13 Currency in and outside banks in Myanmar and three ASEAN countries (% of GDP in 2012) and ratio of currency in banks to outside banks in Myanmar



2012, with daily customer withdrawals amounting to MMK 8 billion (from an average MMK 1-2 billion) (Myanmar Times, 2013c). A more recent incident in November 2014 included massive withdrawals of deposits from United Amara Bank. Within only one day on November 4, 2014, the total withdrawal amount reached MMK 26 billion (The Voice Weekly 2014b). The background was the inclusion of the parliamentarian U Aung Thaung, the father of the owner of the bank, to the US designated persons list. Depositors feared resulting consequences to the bank. Therefore, it seems as if banks still have a long way to go until they earn back the trust lost in the last decades and can make full use of their potential as financial intermediaries.



Myanmar presents a challenging environment for banks. The way forward will certainly not always be easy. Too great are the challenges and risks. It is hoped that our work as GIZ

and this report in particular help decision-makers to better understand the situation of the sector and hence to make better informed decisions.

## Endnotes

- <sup>50</sup> Expert judgments from the Myanmar banking sector.
- <sup>51</sup> Induction training is provided by the banks. It is normally not regarded as a main task of centralized training providers. We nevertheless use the comparison to illustrate the training needs and gap. Centralized training

- providers normally conduct specialized training. Economies of scale allow them to offer such trainings more efficiently compared to individual banks.
- <sup>52</sup> Asia Wealth Bank and Myanmar Mayflower Bank





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# Annex

Table I	Recent Legal Reforms for The Myanmar Financial Sector <sup>53</sup>		
Name of the Law	Date of enactment	Main changes	
Microfinance Business Law (new)	November 30, 2011	<ul style="list-style-type: none"><li>• Legalization of microfinance operations</li><li>• Introduction of interest rate caps</li><li>• Allows domestic and foreign investors to establish fully privately owned MFIs</li></ul>	
Foreign Exchange Management Law (new)	August 10, 2012	<ul style="list-style-type: none"><li>• Introduction of a managed float system</li><li>• Eliminated exchange rate restrictions and removed multi-currency practices</li></ul>	
Foreign Investment Law (new)	November 2, 2012	<ul style="list-style-type: none"><li>• 5-year tax holiday with various tax and customs duty relief</li><li>• Non-nationalization and non-suspension of the business</li><li>• Land use allowed up to 70 years (50+10+10)</li><li>• Right to repatriation of profits and capital brought in</li></ul>	
Central Bank of Myanmar Law (revised)	July 11, 2013	<ul style="list-style-type: none"><li>• Independence of the CBM from the MoF</li><li>• Autonomous power to implement monetary and exchange rate policies</li><li>• CBM Governor becomes a minister level</li></ul>	
Securities Exchange Law (new)	July 31, 2013	<ul style="list-style-type: none"><li>• Provides a framework for a stock market</li><li>• Allows an over-the-counter market</li><li>• Establishes a Securities and Exchange Commission, the main regulatory body</li><li>• Mobilizes the accumulation and allocation of financial resources</li></ul>	
Anti-money Laundering Law (new)	March 14, 2014	<ul style="list-style-type: none"><li>• Provides a legal and regulatory framework for anti-money laundering activities</li></ul>	
Banks and Financial Institutions Law of Myanmar (revised)	Sent to the parliament for discussion in early 2015 and published in the newspaper for public consultation	<ul style="list-style-type: none"><li>• Implementation of a modern banking system</li></ul>	

Reference: GIZ (2014)

Table II	Salient Points of Draft BFILM <sup>54</sup>		
Section	Topic	Particular	Remark
4	Objectives	To maintain the stability, safety and soundness of the financial system and to reduce the risk of loss to depositors	
8	Application of the law	The law applies banks, development banks and non-bank financial institutions (NBFI) but not Scheduled Institutions such as Rural Development Bank, Agricultural Bank, MFIs licensed under the Microfinance Law of 2011, credit societies and postal savings bank.	
27	Maintenance of capital fund	Minimum paid-up capital: MMK 20 billion for a local bank and USD 75 million for a branch of a foreign bank.	
27	Capital adequacy ratio	A bank is required to maintain capital adequacy ratio on a consolidated basis	Currently, it is 10%
28	Maintenance of reserve fund	At least 50% of the net profits of every year must be transferred to the reserve fund until it reaches 50% of the total paid-up capital, followed by the requirement of at least 25% of net profits to be transferred until the reserve fund equals the total paid-up capital.	
29	Maintenance of liquid assets	Minimum or minimum average amount of liquid assets shall be maintained as specified by CBM.	Currently, it is 20%
30	Maintenance of assets in Myanmar	Minimum amount of assets must be maintained as specified by CBM	
32	Provisions for loans and other assets	Provision for loans, advances and other assets must be made before any profit or loss is declared	See Box-10
50	Single exposure	Not more than 20% of core capital	
53	Restriction on related party lending	Related party (directors, officer or shareholders holding more than 5% of voting shares) lending is prohibited.	Same as before
55	General prudential requirements	To be announced by CBM	
62	Number of directors	5 to 9, including independent non-executive director(s)	
74	Audit Committee	Consists of 3 members (not members of the board and management) appointed by general meeting of the shareholders for a period of 4 years	
77	External auditors	To be appointed by general meeting of the shareholders but not the same auditor for more than three consecutive times. External auditors shall be replaced at least once every five years.	
60	Consumer Protection	It is the responsibility and duty of CBM to promote consumer protection and financial capability of the financial consumers.	



Section	Topic	Particular	Remark
61	Restrictions on Investment	Banks are not allowed to invest in non-public companies. Investment is restricted to 10% of its capital fund in other company/enterprise. Investment is restricted to 5% of the capital funds of another bank or an NBFi.	
75	Transparency	Disclosure of audited financial statements must be made in various ways as prescribed by CBM.	
Reference: Draft BFILM (2014)			

Table III	CBM Rules on Risk Weights	
Categories		Risk weights %
Balances due from banks		
Residual maturities up to one year		20
Residual maturities over one year		100
Loans and advances		
Mortgages		50
Secured		50
Unsecured		100
Fixed assets		20
Cheques, bills and all receivables		20
Other assets (excluding claims on Government, Government departments, State-owned enterprises)		100
Reference: GIZ (2014)		

Table IV	Reporting Frequencies and Financial Data Reported to CBM		
Daily		Weekly	Monthly
<ul style="list-style-type: none"><li>Free capital</li><li>Cash receipts/payments and balance for each branch</li><li>Deposit account balance (current, savings, call, foreign currency and fixed accounts)</li><li>Remittance transactions</li><li>Loan account balance (loan, overdraft, trade finance and hire purchase)</li><li>Consolidated trail balance</li></ul>		<ul style="list-style-type: none"><li>Cash ratio</li><li>Reserve ratio</li><li>Liquidity ratio (20%)</li></ul>	<ul style="list-style-type: none"><li>Cash transactions and cash balance</li><li>Income and expenditure statement</li><li>General ledger return</li><li>Capital adequacy ratio</li><li>Types of loans and collaterals</li><li>Daily progress of loans</li><li>Loans outstanding</li><li>NPL ratio</li></ul>
Reference: MOB (2015)			

Table V	Aggregate balance sheet of the Myanmar banking sector, FY 2008-2009 to 2013-2014 (MMK million) <sup>55</sup>					
Financial Year	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014
Assets						
Cash	1,130,375.52	1,463,407.49	2,332,303.61	2,382,134.35	9,541,469.96	11,425,090.13
Equity investment	3,353.39	3,369.39	8,363.89	19,273.35	19,426.20	41,226.89
Loans and Advances	870,006.27	1,129,831.18	1,925,903.45	3,172,230.65	5,289,043.90	8,318,018.19
Government Securities	485,191.97	926,050.00	1,291,427.30	2,021,972.30	2,579,932.00	3,314,547.00
Public Securities	0	200.00	200.00	220.00	772.80	872.80
Bills Purchased & Discounted	35,162.83	110,737.22	180,623.82	74,014.31	80,285.06	66,310.88
Fixed Assets	35,725.55	49,628.52	83,708.75	140,390.35	222,994.68	375,946.64
Other Assets	96,702.16	142,017.16	227,628.33	499,368.97	4,597,971.76	5,455,521.01
AEG <sup>56</sup>	27,586.44	27,791.13	29,334.50	42,748.50	645,213.64	1,149,486.89
Total	2,684,104.13	3,853,032.09	6,079,493.65	8,352,352.78	22,977,110.00	30,147,020.43
Liabilities						
Paid-up Capital	94,281.20	130,808.00	240,457.60	344,492.23	467,204.65	625,110.18
Reserves	27,139.33	35,925.30	51,773.52	76,814.09	121,266.30	186,291.76
Other Reserves	25,915.38	28,888.48	42,807.19	61,377.62	1,147,011.81	1,180,268.64
Profit & Loss	1,950.62	3,377.20	6,559.79	12,131.55	14,191.19	28,593.89
Share Premium	1,368.47	2,219.55	2,672.50	3,589.39	1,828.29	13,589.26
Deposits <sup>57</sup>	2,186,663.69	3,162,502.84	4,911,005.43	6,961,246.25	13,057,304.48	17,384,273.19
Borrowing	23,283.10	47,713.56	275,812.13	198,726.62	552,073.10	1,367,517.97
Bills Payable	123,087.88	228,264.31	268,772.75	81,213.49	1,255,136.29	2,003,632.18
Other Liabilities	172,828.02	185,541.72	250,298.24	570,013.04	5,715,880.25	6,227,246.38
AEG	27,586.44	27,791.13	29,334.50	42,748.50	645,213.64	1,130,046.89
Total	2,684,104.13	3,853,032.09	6,079,493.65	8,352,352.78	22,977,110.00	30,147,020.34
Increase in total assets (%) y-o-y	37.65	43.55	57.78	37.39	175.10	31.21
Reference: CBM (2014)						

Table VI	Foreign Banks’ Representative Offices in Myanmar as of November 2014		
Country of Origin	Banks	Date of License Issued	Date of Commencement
Australia	ANZ Bank*	6.12.2012	5.4.2013
Bahamas	First Overseas Bank Limited	30.4.1996	15.5.1996
Bangladesh	National Bank Ltd.	6.7.1995	16.7.1996
	Arab Bangladesh (AB)Bank Limited	10.12.2010	6.6.2012
	Eastern Bank Limited	26.3.2014	–
Brunei	Brunei Investment Bank(BIB)	18.9.1995	1.7.1996
Cambodia	Maruhan Japan Bank PLC	7.5.2012	28.7.2012
China	Industrial and Commercial Bank of China Ltd.*	16.9.2011	2.12.2011
France	BRED Banque Populaire	11.6.2014	–
India	United Bank of India	19.6.2012	5.12.2012
	Bank of India(BOI)	7.5.2013	–
	Export-Import Bank of India	14.6.2013	9.9.2013
	State Bank of India	26.3.2014	–
Japan	Sumitomo Mitsui Banking Corporation(New Licence for Merger)*	18.4.2001	18.4.2001
	The Bank of Tokyo-Mitsubishi UFJ, Limited *	17.3.2006	17.3.2006
	Mizuho Corporate Bank Limited* (New Licence for Merger)	12.11.2013	12.11.2013
Malaysia	Malayan Banking Berhad* (MAYBANK), Malaysia	12.8.1994	11.4.1995
	CIMB Bank Berhad (New Licence for Name of Change)	19.2.2008	19.2.2008
	RHB Bank Berhad	26.3.2014	–
Mauritius	State Bank of Mauritius	11.4.2014	–
Korea	Hana Bank	20.9.2012	5.2.2013
	Woori Bank	25.10.2012	15.11.2012
	Korea Development Bank	27.12.2012	12.6.2013
	Shihan Bank	13.3.2013	9.4.2013
	Industrial Bank of Korea	14.3.2013	23.4.2013
	Kookmin Bank	4.6.2013	19.12.2013
	The Export-Import Bank of Korea	16.12.2013	20.1.2014
Singapore	DBS Bank Limited	10.11.1993	29.3.1994
	United Overseas Bank Limited*	10.11.1993	2.8.1994
	Oversea-Chinese Banking Corporation Limited*	8.2.1994	15.11.1994
Sri Lanka	Commercial Bank of Ceylon PLC	26.3.2014	–
Taiwan	ESun Commercial Bank	1.4.2013	17.7.2013
	Cathay United Bank	11.4.2014	–
	First Commercial Bank (New License for Change of Management Office)	18.3.2013	30.4.2013

Country of Origin	Banks	Date of License Issued	Date of Commencement
Thailand	Bangkok Bank Public Company Limited*	24.10.1994	18.8.1995
	Siam Commercial Bank Public Company Limited	23.4.2012	23.12.2012
	Krung Thai Bank Public Company Limited	14.6.2012	20.12.2012
	Kasikornbank Public Company Limited	18.7.2012	9.1.2013
	Bank of Ayudhya Public Company Limited	26.3.2014	–
United Kingdom	Standard Chartered Bank	27.12.2012	5.2.2013
Vietnam	Bank for Investment and Development of Vietnam	1.3.2010	3.4.2010
	Vietin Bank	12.12.2012	1.3.2013

Note: Nine banks with \* got preliminary license from CBM on October 1, 2014.  
Reference: CBM (2014), GIZ (2014)

### Profiles of largest non-state-owned banks (in terms of assets/branch network) and an SME-specialized Bank (SMIDB)

**Kanbawza Bank** is the largest commercial bank in Myanmar in terms of assets (MMK 4144.97 billion as of August 2014). KBZ belongs to the business conglomerate KBZ Group, chaired by U Aung Ko Win. Initially, it was created as a local bank in Taunggyi (Shan State) in 1994. In 2000, the headquarter was relocated to the former capital Yangon. As of September 2014, KBZ has 181 branches in addition to 81 mini-branches and 259 ATMs as well as POS terminals all over Myanmar and wants “to become Myanmar’s premier bank with a strong base in Myanmar financial market” (vision). The product range of KBZ includes savings, current, call and fixed deposits, loans, overdrafts and hire purchase as well as domestic and international remittances. KBZ Group controls two airlines (Air KBZ and Myanmar Airways International) and jade and gem mining concessions. The Group also owns Inlay Shoe Manufacturing Co., Ltd. and the IKBZ Insurance Company.

Box A

Kanbawza Bank




- Private bank
- Founded in Jul 1994 (Shan State)
- Branches as of Aug 2014: 180 (plus 81 mini-branches)
- Employees as of Aug 2014: 11,111
- Total assets as of Aug 2014: MMK 4144.97 billion

**Ayeyarwady Bank** was established in August 2010. Its assets reached MMK 1200 billion by August 2014. It is owned by U ZawZaw (known as Max Zaw Zaw in the country). He is the chairman of Max Myanmar Group of Companies, a major conglomerate with interests in the timber, gems, rubber, construction and hotel industries and many more. He also serves as the chairman of the Myanmar Football Federation.

Box B

Ayeyarwaddy Bank



- Private bank
- Founded in 2010
- Branches as of Aug 2014: 76
- Employees as of Aug 2014: 3500
- Total assets as of Aug 2014: MMK 1200 billion

**Co-operative Bank** was established in 1992 under the guidance of the Ministry of Co-operatives, the third largest bank in terms of total assets (MMK 1180.72 billion in the FY 2013-2014). There used to be Co-operative Farmers Bank and Co-operative Promoters Bank under the ministry, both established in 1996, which were merged together with Co-operative Bank into the new Co-operative Bank in June 2004. In contradiction to its name, Co-operative Bank is not built on co-operative principles in its governance structure. Although the bank has received strong support from the Ministry of Co-operatives, the ministry itself does not have any shares in the bank. Its major shareholders are U Khin Maung Aye and his Citizen Business Private Company, who owns 10% of the bank's shares. There are many lines of businesses under the company including Kaytumadi Trading, a hotel business, Golden Myanmar Airline, and the new Myanmar Microfinance Bank. The company also owns Citizen Business Insurance Company.

Box C

Co-operative Bank




- Public bank
- Founded in Aug 1992
- Branches as of Aug 2014: 100
- Employees as of Aug 2014: 5,255
- Total assets as of Aug 2014: MMK 1180.72 billion

Established in 1993, **Myawaddy Bank** is owned by a military holding called Union of Myanmar Economic Holdings Limited (UMEHL), the fourth largest bank with total assets of MMK 1028.1 billion as of Aug 2014. The Ministry of Defence (MoD) owns the “A” shares of this holding and the UMEHL management also works for MoD’s Directorate of Procurement. The “B” shares are held by serving and retired army personnel and related organizations such as Regimental Funds and Veterans’ Associations. Through foreign and local joint ventures and 100% owned companies, UMEHL’s activities span a broad range of industries: trading, hotels and tourism, banking, buses and taxis, iron and steel, cement, cigarettes, brewing, paint, garments, jade, precious stones and jewellery. UMEHL also owns Aung Thitsa Oo Insurance Company.

Box D

Myawaddy Bank




- Private bank
- Founded in 1993
- Branches as of Aug 2014: 37
- Employees as of Aug 2014: 2088
- Total assets as of Aug 2014: MMK 1028.1 billion

**Myanmar Apex Bank** was established in August 2010. Its total assets reached MMK 721.1 billion by August 2014. It is owned by U Chit Khaing (Eden Group of construction companies), a leading property developer. Eden Group owns the Aye-Tha-Yar Golf Resort in Taunggyi and numerous hotel complexes in popular tourist spots around the country. The bank plans to extend temporary loans to farmers by taking rice stocks as collaterals.

Box E

Myanmar Apex Bank




- Private bank
- Founded in 2010
- Branches as of Aug 2014: 45
- Employees as of Aug 2014: over 2600
- Total assets as of Aug 2014: MMK 721.2 billion

**Yoma Bank** was founded in 1993 and was one of the largest private banks prior to the Myanmar banking crisis in 2003. As a consequence of the banking crisis, Yoma Bank’s business was restricted to domestic remittances, based on the domestic Western Union-style business model. In August 2012, Yoma Bank was reinstated with a full banking license. The bank is majority-owned and controlled by the businessman, Serge Pun. Thirty percent of Yoma Bank is owned by the public company, First Myanmar Investment (FMI), which was also founded by Serge Pun. Its total assets amounted to MMK 506 billion by August 2014.

Box F

Yoma Bank




- Private bank
- Founded in 1993
- Branches as of Aug 2014: 51
- Employees as of Aug 2014: 2221
- Total assets as of Aug 2014: 506 billion

**United Amara Bank** was established in August 2010. Its total assets amounted to MMK 505 billion by August 2014. It is owned by IGE Group of Companies. The two sons of former minister of industry U Aung Thaung, Pyi Aung, and Nay Aung founded Aung Yee Phyo Co Ltd and IGE Co Ltd. They hence gained a foothold in the oil, gas, agricultural products and timber trading industries. IGE was established in 1994 and registered in Singapore in 2001. IGE also owns a newspaper, the Trade Times.

Box G

United Amara Bank



- Private bank
- Founded in 2010
- Branches as of Aug 2014: 32
- Employees as of Aug 2014:1400
- Total assets as of Aug 2014: 505 billion

**Asia Green Development Bank** was established in August 2010, and its total assets amounted to MMK 463.11 billion by March 2014. It is owned by the Htoo Group of Companies. Its chairman is U Tay Za. Htoo Group Companies is the parent company of Air Bagan, a privately-held airline company. The company has several subsidiaries. Htoo Wood Products Company Ltd., for instance, is engaged in logging and exporting timber (especially teak). Htoo Trading Company is engaged in construction, property development, agriculture, transportation, shipping, mining, hotels and tourism operations. Htoo Group also owns First National Insurance Company.

Box H

Asia Green Development Bank



- Private bank
- Founded in 2010
- Branches as of Aug 2014: 50
- Employees as of Aug 2014: 2400
- Total assets as of Aug 2014: 463.1 billion





**SMIDB** is a public bank under the guidance of the Ministry of Industry. It was founded as the Myanmar Industrial Development Bank in 1996 but shifted its mission and vision towards SMEs in the course of the current national reform process. SMIDB strives for becoming a leading bank in SME finance by supporting SMEs financially. SMIDB accepts current, fixed and saving deposits and extends commercial (13% flat p.a.) and SME loans (8.5% flat p.a.) to businesses, particularly small and medium-sized businesses. In order to promote SMEs, the Government of Myanmar (via MEB) granted two MMK 5 billion credit lines (November 2012 and July 2013) at an interest rate of 8.25% to SMIDB. It has lent this money to 62 domestic SMEs at an annual interest rate of 8.5% and for the duration of three years. Furthermore, SMIDB received MMK 20 billion credit line from MEB to be disbursed to SMEs in 2014.

Box I

Small and Medium Industrial Development Bank



- Semi-governmental bank
- Founded in 1996
- Branches as of Aug 2014: 14
- Employees as of Aug 2014: 440
- Total assets as of Mar 2014: MMK 163 billion.

Endnotes

**53** The World Bank and IMF has been providing technical assistance for drafting some of these new laws and to prepare Myanmar for joining IMF Article VIII member countries (IMF Country Report No. 13/250).

**54** The law was revised with the technical assistance of the World Bank and sent to the parliament in January 2015 for discussion and published in the newspaper in November 2014 for public consultation.

**55** Including CBM.

**56** AEG = Acceptance, Endorsement and Guarantee per contra.

**57** The shares of non-interest bearing demand deposits and fixed deposits (8-10% interest p.a.) are comparatively low. Savings deposits (8 - 8.5% interest rate p.a.) make up the majority of deposit accounts held at semi-governmental and private banks.



Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH

Financial Sector Development Project  
E: [fsd-myanmar@giz.de](mailto:fsd-myanmar@giz.de)  
I [www.giz.de](http://www.giz.de)