

## **British Chamber Financial Services Working Group – Market Update #007**

**November 2020**

### **COVID-19 Update**

Myanmar and Global Dashboards

[Coronavirus Disease 2019 \(COVID-19\) Surveillance Dashboard \(Myanmar\)](#)

[WHO Coronavirus Disease \(COVID-19\) Dashboard](#)

[Analysis: The Myanmar Economic Recovery & Reform Plan](#)

The National League for Democracy (NLD) looks set for another large majority. We therefore take an in-depth look at the NLD's most recent forward-looking policy document on the economy and financial sector - the Myanmar Economic Recovery & Reform Plan (MERRP). Like the Myanmar Sustainable Development Plan (MSDP) and the Covid-19 Economic Recovery Plan (CERP) before it, the MERRP consists of broad "goals" broken down into more specific "strategies" and yet more high-level "action plans".

The MERRP introduction by Daw Aung San Suu Kyi states that the goals are "a re-statement of our values and priorities but written with the specific context of a COVID-19-affected world." That introduction also suggests the MERRP be read as "a relevant addendum and update to the Myanmar Sustainable Development Plan 2018-2030 (MSDP)".

As the goals are broken down into many different action plans, MFSB issue 129 has highlighted two main areas within the Financial Services area. Please click the links below to read more:

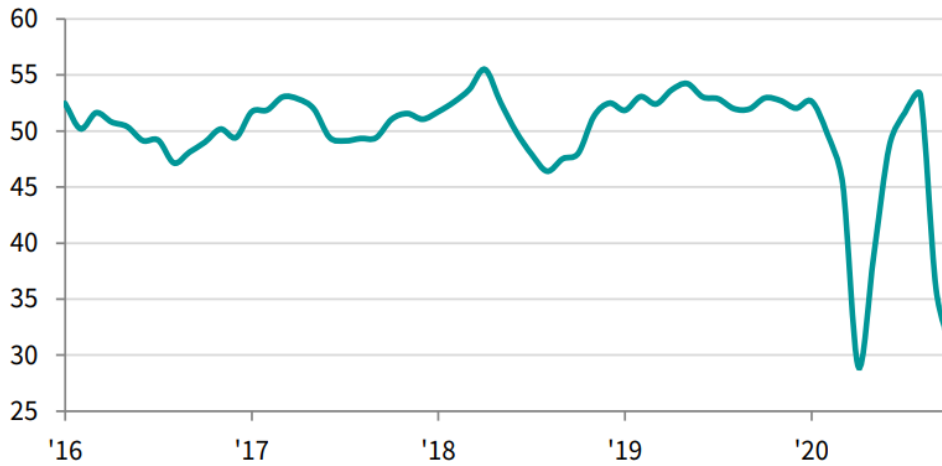
[MERRP: T-bond purchases and interest rate changes hinge on inflation outlook](#)

[MERRP: swaps and stability for forex market](#)

### **Economy/Regulations**

Business Outlook

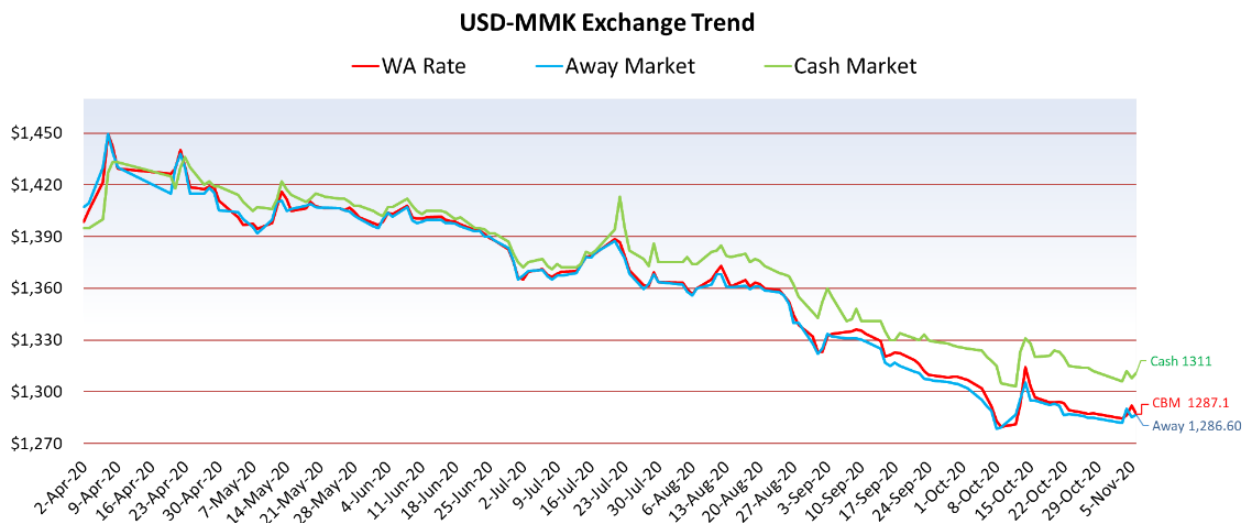
**Myanmar Manufacturing PMI**  
sa, >50 = improvement since previous month



Source: IHS Markit.

USD MMK Exchange Trend

MMK continued to strengthen against USD –



### [CBM to scrutinise AML measures in wake of UDP scandal](#)

The Central Bank of Myanmar (CBM) will review anti-money laundering measures after it transpired the chair of the United Democratic Party (UDP) had deposited vast amounts of illegal money in multiple private banks, CBM Deputy Governor U Soe Min told the *Irrawaddy* on 23 October.

“We have already issued directives related to this so we are not issuing anything new,” said U Soe Min. “However, since this has occurred CBM has to scrutinize more carefully and conduct more detailed reviews.”

Local private banks are required to report deposits of Ks100m and above, the opening of multiple accounts, multiple transfers and other suspicious activities to CBM and the Financial Intelligence Unit (FIU).

### [IFC plans \\$25m investment in Navis CLMV fund](#)

The International Finance Corporation (IFC) is planning a proposed investment of \$25m in Navis Capital Partners’ CLMV co-investment fund, the institution disclosed on 21 October.

The Kuala Lumpur-based firm is targeting \$150m for its buyout fund to primarily invest in businesses in Cambodia, Laos, Myanmar and Vietnam (CLMV). The fund will be managed by Navis Capital Partners Limited, or an affiliate thereof, and will co-invest alongside Navis Asia Fund VIII and its parallel funds in investments in the CLMV markets.

### [NPCI and Euronet bid for CBM's payments system](#)

A National Payments Corporation of India (NPCI) subsidiary and Kansas-based fintech firm Euronet have submitted a joint bid to Myanmar’s central bank to build the country’s real-time payments system and QR-code generation and repository system.

“The CBM project has received grants from the World Bank, and a successful implementation of NPCI’s expertise could give a serious boost to its international aspirations,” an unnamed source said.

NPCI made the bid through new subsidiary MPC International. The subsidiary was launched in August and is headed by Ritesh Shukla, a former chief of Middle East and Africa at Mastercard.

## **Banking**

### [Data analysis: Banks by asset share](#)

*Myanmar Financial Services Monitor* looks at the asset market share of different banks based on the Central Bank of Myanmar’s (CBM) most recent annual report.

State-owned banks' share of aggregate domestic banking assets has been falling for most of the last decade. Until the end of the 2014-15 financial year, the state-owned lenders still had a majority of aggregate assets, but their share fell to 46% in 2015-16.

According to the CBM's 2018-19 report, domestic private sector banks held 59.74% of the total banking assets, 29.69% was held by the state-owned banks and the remaining 10.58% held by the foreign banks.

### Domestic Lenders

The CBM data for the end of 2018-19 shows KBZ remains the largest by assets with 35% share of total assets. AYA Bank was 17%, CB Bank 16% and MAB 12.6%. All other banks have a single digit percentage share of banking assets.

### Foreign Lenders

Among foreign lenders, Mizuho ended 2018-19 with the largest market share. The bank had 16.2% of aggregate foreign bank assets up from 12% in 2017-18.

## **Microfinance**

### [MFIs told not collect loans in November and December](#)

Microfinance Business Supervisory Committee of the MOPFI issued Directive 5 on the eve of the Thadingyut holidays, asking the MFIs to postpone loan repayments from customer due in November and December 2020 until April 2021. The directive covers MFI operating in Yangon, Bago & Rakhine regions.

Repayments may start from May 2021.

The directive also mentioned that MEB give interest free loans to MFIs equivalent to their affected portfolio. These loans will be repayable between May and October 2021. Specific details of the MEB loan will be issued later.

## **Fintech**

### [Singapore fintech firm Fincy withdraws from Yatai City project](#)

Singapore-based fintech firm Fincy said on 14 October it was closing down business and individual customer accounts in Yatai City in response to “unsubstantiated claims made in the media that the project’s stakeholders were using the Fincy app to conduct nefarious activities.” Yatai New City project is a colossal \$15bn mega project in Kayin State, often referred to as the Shwe Kokko project after the name of a village on the development site. The controversial project has attracted scrutiny from the press, the public and lawmakers mainly for its links to illegal gambling and violating of local laws.

### [WavePay becomes first mobile wallet linked to Shop.com.mm](#)

Wave Money entered a partnership with Shop.com.mm on 9 November to add its WavePay mobile wallet as a payment option on the online shopping mall.

The partnership makes Wave Pay the first mobile wallet integrated into Shop with other payment options being cash on delivery and prepayment through credit or debit cards.

## **Insurance**

### [Nippon Life eyes micro insurance in Myanmar, regional markets](#)

Nippon Life Insurance is moving into “micro” insurance for low-income customers and targeting 350,000 policies in the next five years. Nippon Life will first make the policies available in Indonesia through its local entity Sequis Life. The Japanese insurer will then expand the product to three more group companies in India, Thailand and Myanmar

### [MPT launches insurance service](#)

State-owned telco MPT has introduced an ‘MPT U-Life Digital Insurance’ service in collaboration with GGI Nippon Life and AYA SOMPO Insurance, the firm announced on 19 October. GGI Nippon and AYA SOMPO are the underwriters for the new service, which MPT described as “the first of its kind in Myanmar, providing comprehensive coverage for general healthcare and personal accident protection for its customers.”

MPT is partnering with GGI Nippon Life to offer a health insurance product called Zi Wa Ka. The partnership with AYA SOMPO Insurance offers personal accident insurance called Thet Taw Saunt for MPT SIM users, according to MPT’s announcement.

## **Capital Markets**

### [COVID delays introduction of YSX bonds trading and pre-listing board](#)

The COVID-19 pandemic has delayed a planned trial of corporate bond trading and the creation of a “pre-listing board” on the YSX. The trial will now take place in the first half of 2021, according to the article. The SECM is in talks with the IFC to “facilitate corporate bond sales to qualified investors”, U Htay Chun told *Bloomberg*.



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**This market update is compiled from public sources for the Financial Services Working Group by Frontier Myanmar Research (FMR). It is intended to provide a high-level round up for members, with more detailed information available to Myanmar Financial Services Monitor subscribers.**

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