

British Chamber Financial Services Working Group – Market Update #008-9

December 2020 and January 2021

COVID-19 Update

[Worldometer Covid-19 Coronavirus Pandemic](#)
[COVID Myanmar Dashboard](#)

MERRP

The full analysis of The Myanmar Economic Recovery & Reform Plan can be found [here](#) and below.

[MERRP: Vision for financial stability](#)
[MERRP: Secured transactions and NBFIs to help access to finance](#)
[MERRP: T-bond purchases and interest rate changes hinge on inflation outlook](#)
[MERRP: MFIs and MADB to help boost rural growth](#)
[MERRP: Swaps and stability for forex market](#)

Economy and Regulations

[Credit Bureau Asia IPO success](#)

Credit Bureau Asia (CBA), which has a large stake in Myanmar's only credit bureau, made its IPO on the Singapore stock exchange last week. CBA's stock finished 15% higher than its IPO price at S\$0.93 on 4 February. The firm reported its IPO was 60.8 times subscribed. Singapore's business times reports that the firm raised S\$23.6m from the IPO "of which it intends to use S\$11.8 million for strategic investments, regional expansion and acquisitions."

[Credit Bureau Asia launches Myanmar's first credit bureau](#)

SGX mainboard-listed Credit Bureau Asia (CBA) on 30 December launched Myanmar's first credit bureau. The Myanmar Credit Bureau (MMCB) is a 60:40 joint venture between MB Investment, a company formed by members of the Myanmar Banks Association, and CBA's wholly-owned subsidiary NSP Asia Investment Holding. MMCB will support financial institutions and consumers in Myanmar by implementing a credit reporting system to promote responsible lending, CBA said in a news release.

[CBM issues remittance business licences to NBFIs](#)

The Central Bank of Myanmar has issued remittance business licences to five non-bank financial services (NBFIs). The NBFIs are domestic companies OK Zune, Wakhema Trading, Top Shine General Services and OK Myanmar Global Remittance. Thai-based 2C2P also received a license.

The central bank used to only permit banks to engage in foreign remittance services, but in November 2019 announced it will start granting licences to other non-bank companies for the first time to help curb the informal hundi money transfer services.

[CBM launches updated financial network system](#)

The Central Bank of Myanmar (CBM) launched an upgraded version of its digital payment and settlement system on 16 November. The appropriately-named Central Bank of Myanmar Financial Network System 2 (CBM-NET2) is an advanced version of the original CBM-NET, launched in January 2016 with support from JICA. The CBM states the upgrade reflects the rapid development of information and communications technology in Myanmar, such as mobile banking, mobile wallets and core banking systems.

[Delta Capital plans to raise \\$100m for third fund](#)

Delta Capital Myanmar will use a planned \$100m fund to target larger deals in the country according to an article in DealStreet Asia. Nick Powell told the publication he was in talks with existing limited partners on the fundraising and expects the first close in March next year. Partners include Denmark's Investeringsfonden for Udviklingslande, Norwegian Norfund and the UK's CDC Group.

[CVC to buy Irrawaddy Green Towers for around \\$700m](#)

CVC Partners has agreed to buy the country's largest tower company for around \$700m, according to Reuters. The valuation comes from people familiar with the deal but not identified. This is CVC's first investment in Myanmar and the second largest deal ever involving Myanmar assets.

Banking

[CBM approves three more foreign bank branches](#)

The Central Bank of Myanmar (CBM) has given final approval to three more foreign lenders to open branches, according to an 8 January announcement from the bank. The three banks are Mega International Commercial Bank, which received final approval on 5 January, and Korea Development Bank and Cathay United Bank which were approved on 6 January. We note that this is part of the third round of foreign bank licensing, which was finalised in early 2020 and saw seven banks given preliminary licenses.

[MCB loan loss provisions cut profits](#)

Myanmar Citizens Bank published its 2019-20 financial year report recently, showing a surge in loan loss provisions resulted in a net loss. The bank's loan book rose slightly from Ks315.2bn to Ks316.1bn during the financial year. Elsewhere in its report, the bank states that total loans and advances, including past due and impaired, rose from Ks315.7bn to Ks323.1bn in 2019-20.

[FPB struggles amid pandemic, stronger competition](#)

First Private Bank (FPB) published its annual report for the 2019-20 financial year, showing a lender struggling to keep customers amid strong competition. Total deposits fell from Ks205.5bn at the end of 2018-19 to Ks180.6bn at the end of 2019-20.

[SMED Bank plans new branches, partners with OK Dollar](#)

SME Development Bank on 2 December announced a list of 9 new branch offices it plans to open across Bago and Yangon regions. The bank currently has 40 branches across Myanmar and is looking to expand its presence. The lender has also entered into a partnership with OK Dollar on 7 December to allow its customers to make deposits to their bank accounts through the mobile money provider's app.

[KB Bank Myanmar set to open in December](#)

South Korea-based Kookmin Bank will officially launch KB Bank Myanmar in December. We note that Kookmin Bank was one of seven foreign banks granted preliminary licences by the Central Bank of Myanmar in April.

Microfinance

[FMO conducts evaluation of MFI investments](#)

FMO, a Dutch impact investor, started to invest in Myanmar's financial sector right after the 2015 elections and recently assessed the impact of its early engagement in the country, according to a recent update. The research agency SEO Amsterdam Economics and Myanmar Survey Research reviewed how FMO and the MASSIF fund have contributed to the financial sector and impacted livelihoods in Myanmar. FMO specifically commissioned an evaluation of its investments in four MFIs: ACLEDA, Early Dawn Microfinance, Maha Agriculture and Thitsar Ooyin.

[Government mulls three-year loan for MFIs](#)

The Myanmar government is planning a three-year loan programme for microfinance institutions (MFIs) hit by COVID-19, according to U Zaw Naing, the Director-General of the Financial Regulatory Department. Lenders are facing increasing difficulties collecting loan repayments from borrowers affected by COVID-19 and the Microfinance Business Supervisory Committee (MBSC) has repeatedly issued instructions that MFIs not to force borrowers to repay their debts during the pandemic.

Fintech

[Mastercard working closely with Central Bank for digital payments](#)

In August, the company announced the opening of its local office in Yangon to demonstrate its “long-term commitment to advancing Myanmar’s national digital agenda and reflecting the company’s continued confidence in the market,” Khan said. This year, with the need to reduce physical cash transactions amid COVID-19, the company quickly expanded its presence in the country by partnering with Myanmar Apex Bank and Yoma Bank to roll out new card payment offerings.

[Wave Money responds to unauthorised withdrawal issues](#)

Wave Money users reported unauthorized withdrawal issues during the week between the end of November and early December. Wave Money announced that they have reimbursed the WavePay account holders for their loss and issued an official apology to customers.

Insurance

[AYA and AIA Myanmar form bancassurance partnership](#)

AYA Bank, AYA SOMPO Insurance and AIA Myanmar have entered a bancassurance partnership under which the two insurers will sell policies through the bank’s extensive branch network. The partnership follows an approval by the Ministry of Planning, Finance and Industry on 20 November for the three entities to launch a bancassurance channel through a corporate agency license.

[Myanma Insurance rolls out travel, health insurance for Thailand](#)

State-owned Myanma Insurance launched a travel and health insurance plan for Myanmar citizens traveling to Thailand on 6 January. This new plan comes at a time when Myanmar citizens face tougher Thai travel restrictions due to COVID-19, including a requirement that workers must have a health insurance plan that provides at least \$100,000 in coverage and lasts for at least six months.

Capital Markets

[YSX approves Amata Holding listing](#)

The Yangon Stock Exchange (YSX) announced the listing of Amata Holding Public (Amata) on the main board of the exchange on 28 December 2020. With the new listing, Amata will become the seventh company to list on the exchange. The company is expected to announce its listing date for investors in the coming weeks, and the base price for its stocks will be posted on the YSX website one day before the listing date.

[FMI hits foreign shareholder limit](#)

First Myanmar Investment (FMI) has hit its self-set limit on foreign shareholders. Foreign investors had purchased 4.46 million shares as of end-November, taking total foreign ownership to 13.47%, the article said. The article reported that FMI’s upper limit was 14% or 4.6 million shares.

Selected investment deals in Myanmar (since June 2020)

Date	Investment	Investors	Sale price	Sector
June 2020	Maha	FMO	\$3m	Microfinance
June 2020	Frontiir	Ascent Capital	\$26m	ICT
June 2020	AdsZay	EME, Seiji Kurokoshi and EZay	Six-figure	Retail
July 2020	Proximity	Finnfund, Proparco and NMI	\$14m	Microfinance
July 2020	Myancare	SPARX	\$600,000	Health tech
August 2020	Fincy	GBCI Ventures	\$11m	Fintech
August 2020	Zay Chin	UMG	N/A	Grocery delivery
September 2020	Yangon Broom	Yangon Capital Partners, EME, NestTechVN	N/A	Cleaning service
September 2020	PGMF	FMO	\$15m	Microfinance
September 2020	BRAC	FMO	\$7.5m	Microfinance
September 2020	PGMF	SIFEM	\$8m	Microfinance



For more information on the FSWG Market Update please contact any of the following –

Peter Crowhurst
CEO, British Chamber of Commerce Myanmar
peter.crowhurst@britishchambermyanmar.com

Azeem M. Azamuddin
SCFO and Advisor to Chairman, AYA Bank
Chair, British Chamber Financial Services Working Group
azeemazimuddin@ayabank.com

Eve Jackson
Events and Marketing Manager, British Chamber of Commerce Myanmar
events@britishchambermyanmar.com

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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