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World Bank Supports Myanmar to reduce Poverty



On 23rd April 2015, World Bank Group announced that Myanmar is joining the World Bank's full partnership framework for the first time in 30 years. About three million pregnant women and children are expected to get better health services and six million Myanmar citizens will have better access to electricity

and other basic services in the next three years provided by the World Bank. The 2015-17 Country Partnership Framework (CPF) endorsed by the World Bank Group's Board of Executive Directors will support up to \$1.6 billion in credits, loans and grants together with technical assistance. The International Finance Corporation

(IFC), the private sector arm of the World Bank Group will also provide Myanmar up to \$1 billion in investments and \$20 million in technical assistance. Private lenders and investors in Myanmar will also benefit from political risk insurance offered by the Bank's Multilateral Investment Guarantee Agency (MIGA). The CPF is the World

Bank Group's first full strategic framework for Myanmar since 1984. The CPF comes and helps Myanmar with its economy shifting from state-directed to market-oriented during the country's transition from military rule to democratic governance.

"The new Country Partnership Framework for Myanmar is based on priorities developed in close consultation and engagement with stakeholders in Myanmar," said Ulrich Zachau, World Bank Country Director for Myanmar. "The Framework focuses on reducing rural poverty, providing basic services, and stimulating the private sector in an inclusive manner, so that especially the poor and vulnerable share in the benefits of reform. We look forward to working in partnership with the government, investors and civil society groups for the prosperity of the people of Myanmar."

"Myanmar's priority is to advance development and cut poverty in our country," said Union Minister for the ministry of Finance, U Win Shein. "Financing and innovative ideas from the World Bank Group can help create jobs, end poverty by 2030 and build Myanmar through growth that reaches everyone in Myanmar, especially the poorest people." Mainly, the CPF will help to reduce poverty in rural areas where more than 75 percent of Myanmar's poor live.

OCBC launched Yangon branch: Comeback after 52 years

OCBC's first Myanmar branch is opened in Yangon on 23th April, Thursday. OCBC Yangon branch has a registered capital of US\$75 million (SG\$102 million) and will focus on financing in telecommunications, power, infrastructure, real estate, and increasingly the distribution of Fast-Moving Consumer Goods. The new Branch has over 20 employees, more than half of whom are Myanmar nationals.

"Our mission is to help our customers, all across the region – in Greater China, in Southeast Asia, Singapore, Malaysia, Indonesia – all of our customers have been caught up with the promise of Myanmar," said OCBC's global commercial banking head Linus Goh. "And so what we hope to do is to be able to help these customers come into this country and successfully engage with Myanmar businesses to build successful businesses from here."

OCBC's very first Myanmar branch was founded in 1923 in Rangoon, by then, by the Oversea-Chinese Bank, one of the three banks that merged to form OCBC Bank in 1932. OCBC then established another branch in Lashio in 1939 as the Burma Road leading to the southwest of China opened up and the country's trade with its neighbor bloomed. OCBC had been active with international trade, finance and foreign exchange activities until 1963. By 1st October 2014, OCBC was awarded the Provisional Banking License by the government.

OCBC Bank is the longest established Singa-



pore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. OCBC Bank is listed on the Singapore Stock Exchange as one of the largest listed companies in Singapore by market capitalization. It is also the second largest financial services group in Southeast Asia by assets and has more than 29,000 employees globally.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, spe-

cialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services. Its key markets are Singapore, Malaysia, Indonesia and Greater China. It has over 630 branches and representative offices in Indonesia operated by subsidiary Bank OCBC NISP, and 95 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

In 2011, Myanmar granted nine foreign banks licenses to operate in the country on a provisional basis. OCBC intends to offer a full range of banking services, which include cash management and project financing. It will also provide treasury and capital markets advisory and services to both foreign companies and domestic banks in Myanmar.

Suzuki to build new plant in Myanmar



Suzuki, the Japanese automaker announced to invest millions of dollars to build a new plant in Myanmar which will be the second one for Suzuki in the country. The company aims to make quick inroads in the country's growing market by increasing Suzuki's output in Myanmar more than five times. The plant will initially employ 300 people and the total investment is expected to amount to several billion yen.

The company has decided to build the plant on 20 hectares plot at Thilawa special economic zone Southeast of Yangon. The construction will be started later this year and is expected to complete in 2017. The new plant will assemble imported parts and initial outputs that it will be able to produce about 10,000 cars a year including the Ertiga, a seven-seat compact.

Suzuki Motor Corporation is Japan's fourth largest automaker (trailing Toyota Motor Corporation, Nissan Motor Co., Ltd., and Honda Motor Co., Ltd.), marketing its vehicles in more than 190 countries around the world. Suzuki is now assembling around 150 Carry mini-pickup trucks per month at its first factory in South Dagon Industrial Zone in Yangon. The plant was built in 1998 through the local joint venture but the firm resumed the production there only in 2013. Current Myanmar's automobile market is dominated by another Japanese brand, Toyota and Suzuki is one of the top public preferences locally. Japanese companies including automakers have invested in large amount in Myanmar and getting involved in several key infrastructure projects since the democratization process began in 2011.

Schindler and CVT signed a MOU



Myanmar Jardine Schindler and Center for Vocational Training (CVT) are planning to open Schindler - CVT Vertical Transportation Certification Program. The two organizations signed the MOU on April 29th at Ruby

Hall, Parkroyal Hotel. Christoph Burgener, Ambassador of Switzerland and the representatives from the Ministries, universities, and organizations attended the MOU signing ceremony. The program is aimed for young talents who would like to develop a

career in the lift industry and to contribute to Myanmar society by uplifting the quality and safety standards of lifts installation and maintenance.

In the program, the classroom lessons are conducted by CVT with practical hands-on

experience with Schindler. The program is designed for the graduates to be skillful and to have ability to install and maintain a lift at a high standard of quality. The Schindler-CVT program will set the standards of quality and safety for the people working in the Myanmar Lift Industry. Schindler will offer career opportunities to the graduates from the program, Schindler explained.

The Schindler Group is a leading global provider of elevators and escalators with 54,000 employees operating in more than 100 countries. The Group has been operating in Myanmar for 16 years and delivering premium customer services to Myanmar clients. Last year, Schindler took the lead to organize for PALEA (Pacific Asia Lift & Escalator Association) representing all sectors of the lift industry for 24 Asian Pacific countries, to meet up with Myanmar Engineering Society on a 1-day workshop on Codes and Standards of the industry.

Schindler collaborated with CVT since 2011 and provided job opportunities and safety-training classes to CVT students sharing Swiss attributes of technology and quality.

Recently launched BTMU to support MBA

Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), one of nine foreign banks given approval last October 2014, has opened its first branch in Yangon. On 22nd April 2015, to commemorate the opening of its first branch in Myanmar BTMU announced that it will fund the development of a brand new learning centre at the Myanmar Institute of Banking (MIB) that is the training arm of the Myanmar Banks Association (MBA). The centre will be used to provide computer-literacy and language training programs for the staff of MBA's member banks and is expected to be ready by the second half of 2015. In 2013, BTMU signed a Memorandum of Understanding (MOU) with MBA.

Mr. Go Watanabe, Chief Executive Officer for Asia & Oceania of BTMU said, "In order to realize the vision for long-term mutual prosperity of Myanmar and Japan, it is important for the bank to support Myanmar as it embarks on its journey to build a strong and mature economy. This new learning centre marks the beginning of a mutually beneficial partnership between BTMU and Myanmar Banks Association in raising the overall competency of the workforce in the financial services sector. This I believe will help Myanmar to build a solid foundation for a more sustainable future growth."

BTMU Yangon branch, located at Union Financial Centre, has recently started operating with about 30 staff and is to support full banking services, including deposits, loans, and foreign exchange, to foreign companies and domestic banks in Myanmar. BTMU is in collaboration with Japan International Cooperation Agency (JICA) to develop the Information and Communication Technology infrastructure for the Central bank of Myanmar. In 2014, BTMU teamed up with CB Bank and Myanmar Microfinance Bank by signing a MOU to provide technical assistance and funds in micro-financing as



well as to support Myanmar's Government in developing the country's micro-finance industry.

"We recognized that this is just the beginning of a long journey but we are confident that together, we can help transform Myanmar's financial sector into one that is well-developed and can effectively spur and drive sustainable economic growth. Moving forward, the new BTMU Yangon Branch will play a critical role in facilitating greater cross-border trade between Myanmar and the MUFG global network that spans more than 40 locations," Mr. Go Watanabe commented on the BTMU being the first foreign bank opening up in Myanmar within six months after October approval.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) is a member of a Japan's premier bank, Mitsubishi UFJ Financial Group Inc (MUFJ), with presence in more than 40

countries. By 31st March 2014, MUFJ has reached total assets of 258 trillion Yen (2.5 trillion in US\$) from its services of com-

mercial banking, trust banking, securities, credit cards, consumer finance, asset management and leasing.



FAST TRACKING FINANCIAL INCLUSION IN MYANMAR

Jay P. Supetran



The relevance of microfinance

Microfinance is considered as the most efficient ways of ensuring financial inclusion in Myanmar. This is in line with the objective of decreasing the number of poor, as the country showed consistent high growth rate since it opened up its economy to the rest of the world. Financial inclusion is the provision of financial services to people who are considered “unbankable” and are excluded from the services of formal financial institutions. With less than 5% of the people having bank accounts, a lot of things has to be done for the financial services industry to be inclusive.

Financial inclusion initiatives in Myanmar started with the right step. The government

passed a microfinance law and formed a regulatory agency. International NGOs with microfinance operations helped in generating interest until the private sector gradually took part in the industry resulting to more than 200 registered microfinance service providers. There were areas for improvement to make the industry more inclusive and aligned with the global practices in microfinance, but suffice it to say that the industry has delivered financial services in the rural areas. Some advocates of financial inclusion would like to see Myanmar following the best practices of Southeast Asian countries like Cambodia and the Philippines who were able to develop vibrant microfinance industries.



development of appropriate legal framework. Other international development agencies like UNDP Capital Development Fund (UN-CDF), International Finance Corporation (IFC) and European Union (EU) among others have also started providing direct assistance to Myanmar in financial inclusion.

There is a continuing push to do more on financial inclusion. No less than the UN Special Advocate for Financial Inclusion in the person of Queen Maxima of Netherlands visited the country last March to promote financial inclusion and advocate to make financial services more accessible to most people in the rural areas. She witnessed the launch of the Myanmar Financial Inclusion Roadmap aimed at increasing the usage of financial services from 30% in the year 2014



Some observers however view the present condition as rather slow. More poor people could have been extended services if the regulatory framework is improved, particularly the creation of a demand-driven environment, to create interest for more private sector participation. One of the main issues is the restriction for microfinance institutions (MFI) to access loan funds from foreign funding agencies and social investors.

Support from donor agencies

At present, the biggest MFIs in the country are supported by the Livelihood Trust Fund (LIFT), the multi-donor agency supporting rural development. It has supported the development of the microfinance industry by providing loan funds to MFIs and in the de-

velopment of appropriate legal framework. Other international development agencies like UNDP Capital Development Fund (UN-CDF), International Finance Corporation (IFC) and European Union (EU) among others have also started providing direct assistance to Myanmar in financial inclusion.

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cial services offers great potentials.

The challenge of generating more funds

Loan funds remain to be the main concern of MFIs. The current situation is that most MFIs have limited funds and there are no domestic sources that can supply the requirements needed for expansion and scaling up of operations. Current government policies restricted the MFIs' capacity to borrow. As such, it cannot access from social investors that have financed and helped develop microfinance industries in other parts of the world.

The Myanmar Microfinance Supervisory Enterprise (MMSE) is the regulatory agency for microfinance institutions, but for loans and financial infusion, the authority is with the Central Bank. The main priority of the Central Bank is financial stability which is why it is strict in its implementation of its mandate. Considering that the country has experienced several bank crises in the past, the Central Bank does not want a repeat of those crises. International funding institutions that would provide loans to current microfinance institutions has to pass through a local government bank and channel the funds through it. Since MFIs are treated as for-profit companies, they are required to produce real estate properties as security for the loan, a basic lending requirement. This requirement is what most MFI finds to be limiting and hard to comply.

The other option is to generate internal resources through savings mobilization. However, to have substantial volume, the MFI has to invest in good staff and capacity building, IT and management information system (MIS) and equipment that may be too costly for the MFI to take on. Besides, the past bank crisis that sucked the money of ordinary people are too fresh for them to appreciate depositing their money to financial institutions.

Scaling up to impact poverty reduction

Financial inclusion does not end with the provision of microfinance services. The relationship of the MFI with the borrower client should also result to the enhancement of financial discipline and the management skills of the latter to sustain the livelihood activities. To some, it should also result to the scaling-up of the economic activity to increase the income-generating capacity of the clients. It means expanding the present economic activity or diversifying and engaging in other productive activities that will provide additional income.

Prof. Muhammad Yunus of the Grameen Bank referred this as social entrepreneurship. As he shared during a public forum in Yangon last March, enterprises become

viable when a big number of people are involved. The most ideal examples he cited are the cellphone program of the Grameen Bank where women acquired cellphones through loan and offer it as pay-for-service in the village. Another example was the solar power

Moving up from livelihood to micro-enterprises and later on small enterprises requires formalization and other adjustments. These changes ensures that the enterprise will not just be a hole-in-the-wall and fly-by-night operation, but a sustainable business

living and as the MFIs are finding ways to provide the much needed capital, what remains to be done can be shared by all stakeholders. Government agencies can create the right environment for financial services to flourish and provide much needed infusion in the marginalized areas of the country.

As early as this time, MFIs should also focus on scalable enterprises and not only the livelihood-type activities. These scalable enterprises can be aligned with sectors that experience growth, and where the social enterprises can partner like tourism, agriculture, environment and other sectors.

Finally, promoting community-owned financial service providers like cooperatives that can help distribute wealth and create a more equitable society. Through these institutions, economic development can thrive with grassroots participation.

“Financial inclusion is the provision of financial services to people who are considered “unbankable” and are excluded from the services of formal financial institutions.

promotion where people outside the grid were able to enjoy power supply through the solar home systems. The volume of these enterprises allows the Grameen Bank to earn while the people also earn or increase their productivity.

that will increase income and maybe in the future create employment opportunities for others.

Future actions

As the poor people are struggling to make a



BUILDING SPACES FOR RENT

With each level featuring nearly 5000 square feet, this upcoming nearly renovated building is only 30m from Bogyoke Aung San market, 50m from Sule Shangri-La Hotel, and less than 100m from Sakura Tower. You are guaranteed to receive a lot of human traffic in this best of the best locations in the heart of Yangon CBD.

Contact Us: +95 (0) 951-33056, 944-801-8113
Email : enquiry@myanmarinsider.com