

## **British Chamber Financial Services Working Group – Market Update #002**

**June 2020**

### **Economy / Regulations**

#### [Parliament approves foreign loans for COVID- 19 relief](#)

Parliament has approved a number of loan proposals submitted by the Central Bank of Myanmar and several international institutions to support the COVID-19 Economic Relief Plan (CERP). These include a Ks1.3tn (\$922 million) loan from the Central Bank to finance the budget deficit for the 2019-20 fiscal year, \$700m in loans from the International Monetary Fund (IMF), a \$278.7m (JP¥30bn) loan from the Japan International Cooperation Agency (JICA), and a \$60 million loan from the Asian Development Bank (ADB) to set up the Credit Guarantee Corporation for SME, among others.

#### [Amyotha Hluttaw discusses Microfinance Bill amendments](#)

The Upper House of Parliament (Amyotha Hluttaw) discussed amendments to the microfinance bill on 19 May, according to the Ministry of Information. It is encouraging that it is being given priority during the first week back to parliament.

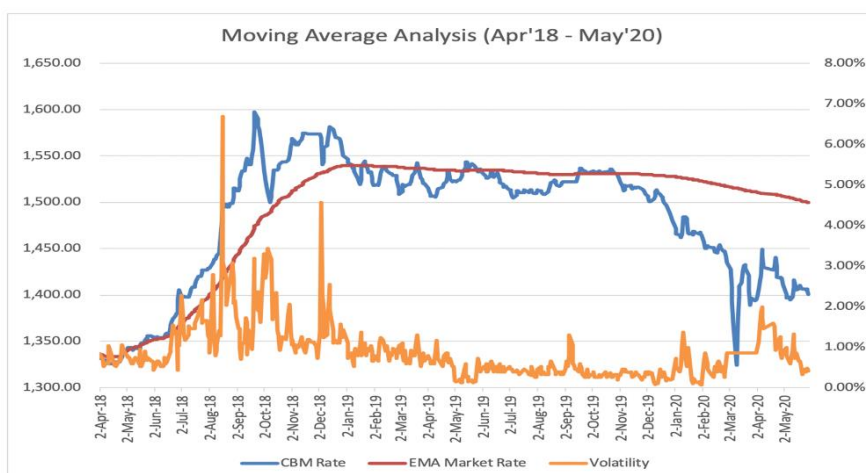
#### [Myanmar added to EU money-laundering blacklist](#)

The European Commission added Myanmar last Thursday to a blacklist of 22 countries failing to enforce curbs against money laundering and other financial crimes.

### **The IHS Market Myanmar Manufacturing PMI**

The PMI increased to 38.9 in May 2020 from a record low of 29.0 in the prior month April, amid signs that the most extreme phase of COVID-19 disruption to the goods-producing sector had passed. Buying activity continued to fall, with the rate of decline was still the second-fastest on record. Sentiment remained weak in the context of the survey history.

### **MMK continued to strengthen against USD**



The appreciation of MMK against USD without fundamental improvement in the economic factors, has a corresponding increase in the latent volatility of the currency pair.

## **Banking**

### **CBM cuts interest rates by additional 1.5%**

The Central Bank of Myanmar (CBM) has reduced interest rates by an additional 1.5% effective 1 May. This is the third time the CBM has reduced rates since announcing a 0.5% cut on 12 March, followed by a further 1% reduction on 24 March. In total, the CBM has cut rates by 3% in less than two months.

The rates in the Interbank market as well as the Bills and Bonds have started to reflect this:

	<b>March</b>	<b>April</b>	<b>May</b>
1w Interbank	6% to 7%	6% to 7%	4% to 5%
2w Interbank	6% to 7%	6% to 7%	5% to 6%
1m Interbank	7% to 8%	7% to 8%	6% to 7%
3m Tbills	8.05%	7.89%	7.05%
6m Tbills	8.90%	8.48%	7.63%
1y Tbills	9.45%	9.23%	8.20%
2y Bonds	9.78%	9.61%	7.85%
5Y Bonds	10.00%	9.95%	7.95%

### **Local banks adjust savings and fixed deposit rates**

Consequent to CBM's Policy Rate cuts local banks have adjusted their interest rates to align with the lowered interest rates (list is based on information shared by the banks)

<b>Bank</b>	<b>Savings</b>	<b>1 Month</b>	<b>2 Months</b>	<b>3 Months</b>	<b>6 Months</b>	<b>9 Months</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>
A Bank	7.00%	-	-	-	-	-	-	-	-
AGD	6.25%	6.25%	-	7.30%	7.55%	7.80%	8.25%	8.75%	-
AYA Bank	6.00%	7.00%	-	7.25%	7.50%	7.75%	8.00%	8.50%	-
CB	6.00%	6.50%	-	7.25%	7.35%	7.50%	7.75%	8.25%	-
CHIDB (Personal)	5.25%	5.25%	-	6.25%	6.50%	6.75%	7.00%	-	-
CHIDB (Corporate)	5.00%	-	-	-	-	-	-	-	-
FPB	5.00%	-	-	5.25%	5.50%	5.75%	6.00%	-	-
G Bank	6.20%	-	-	-	-	-	-	-	-
GTB	6.00%	-	-	-	-	-	-	-	-
Innwa	6.25%	6.25%	-	6.75%	7.00%	7.50%	8.00%	8.50%	-
KBZ	5.00%	6.50%	-	6.50%	6.60%	6.75%	7.25%	8.00%	8.50%
MAB	6.00%	6.75%	7.00%	7.00%	7.10%	7.20%	7.75%	-	-
MCB	6.75%	7.50%	-	7.75%	8.00%	8.25%	8.50%	-	-
MD Bank	6.00%	-	-	-	-	-	-	-	-
MMB	6.00%	-	-	-	-	-	-	-	-
MOB	6.00%	-	-	-	-	-	-	-	-
MTB	7.00%	7.50%	7.75%	8.00%	8.25%	8.25%	8.50%	-	-
Myawaddy (Personal)	6.00%	-	-	-	-	-	-	-	-
Myawaddy (Corporate)	5.00%	-	-	-	-	-	-	-	-
Naypyitaw Devt. Bank	5.25%	-	-	5.75%	6.00%	6.25%	6.50%	6.75%	-
Shwe Bank	7.00%	-	-	-	-	-	-	-	-
SME Devt. Bank	8.25%	-	-	-	-	-	-	-	-
TCB	6.00%	-	-	-	-	-	-	-	-
UAB	6.00%	-	-	-	-	-	-	-	-
Yangon City Bank	5.50%	-	-	-	-	-	-	-	-
Yoma	5.50%	6.50%	-	7.25%	6.85%	6.95%	7.10%	-	-

### [Deadlines for prudential regulations deferred to 2023](#)

The Central Bank of Myanmar (CBM) has extended the period for capital adequacy and large exposure limit compliance and liquidity ratio requirements by three years to 31 August 2023, marking a further extension on an already deferred deadline.

### **Microfinance**

#### [Gov't extends suspension of microfinance operations](#)

As the government extended the ban on microfinance activities for an additional two weeks, sector experts are calling for greater support of an industry that could play a vital role in the economic recovery process after COVID-19.

### **FinTech**

#### [Alibaba fintech arm invests \\$73m in Wave Money](#)

Ant Financial Services Group and Digital Money Myanmar announced on 18 May a strategic partnership to promote financial inclusion for the unbanked and underbanked communities in Myanmar.

#### [AYA Pay looks to build a payment ecosystem](#)

AYA Bank, the second largest bank in Myanmar, quietly launched its mobile wallet app at the start of the year.

Since then, the AYA Pay team has been building partnerships and undertaking various pilots to improve the wallet's service offerings and usability.

### **Insurance**

#### [First National Insurance separates into two entities](#)

First National Insurance Public Company (FNI) has passed a special resolution to separate into First National Insurance (Life) and First National Insurance (General).

#### [IBRB releases reinsurance directive, opens Thilawa to general insurers](#)

The Insurance Business Regulatory Board (IBRB) on 12 May released a directive outlining the regulations and procedures for reinsurance operations in Myanmar.

Directive 4/2020 is a significant step forward in liberalising Myanmar's insurance regulatory regime and will allow insurers to issue larger policies in high-risk industries.

## **Capital Markets**

### [Neville Daw provides update on YSX special task force](#)

The Securities and Exchange Commission of Myanmar is finally hoping to see new firms list shares this year, largely due to the work of the task force in building a proper pipeline of potential offerings.

### [Ever Flow River Group announces YSX listing date](#)

Logistics services provider Ever Flow River Group Public Co (EFR) will list on the Yangon Stock Exchange (YSX) on 28 May, as stated in an announcement filed with the exchange. The company had been scheduled to list in March but delayed due to COVID-19.

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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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