

British Chamber Financial Services Working Group – Market Update #003

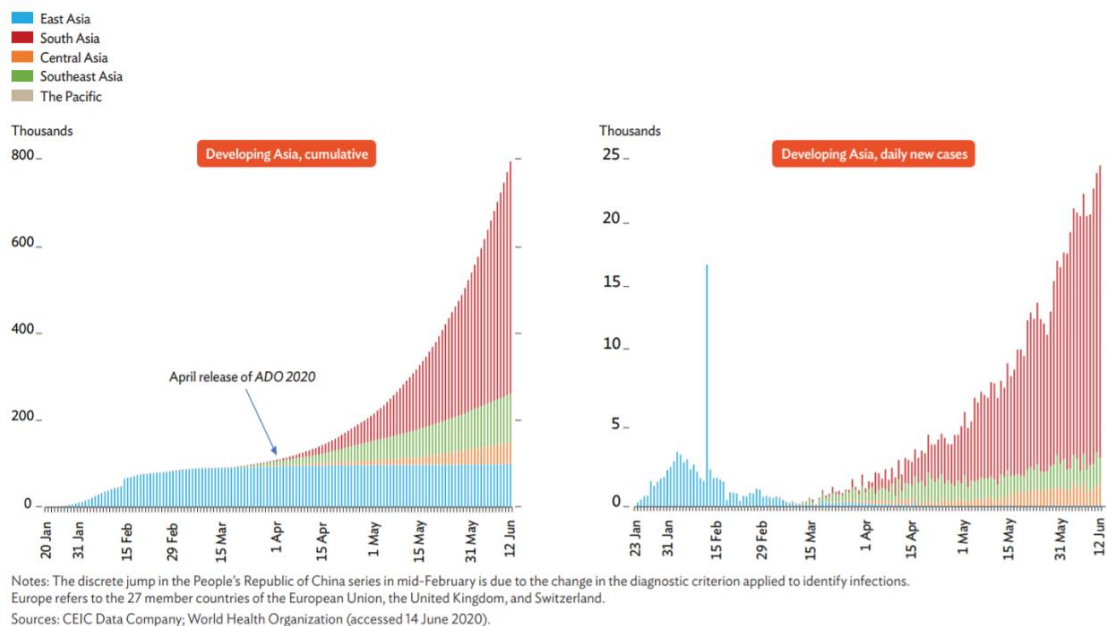
July 2020

COVID-19 Update

Myanmar announced 299 confirmed cases of COVID 19 as compared to 224 last month. Almost all the new cases reported are imported cases with the travel history in infected countries.

Government received approval from the parliament to borrow up to USD 2.5 billion to support its deficit.

Government expects the budget deficit of MMK 3 trillion in this fiscal year and **MMK 6.8 trillion in fiscal year 2020/21**. COVID rehabilitation, Election and other regular allocations to priority sectors are major expenditure items.



Economy/Regulations

Positive financial sector signs amid pandemic

Although the World Bank's new Myanmar Economic Monitor (MEM) expects growth to fall from 6.8% to 0.5% in 2019-20, the report suggests microfinance repayment rates may be recovering and that increased public awareness could help drive growth in the insurance sector.

[IMF board approves emergency financing to Myanmar](#)

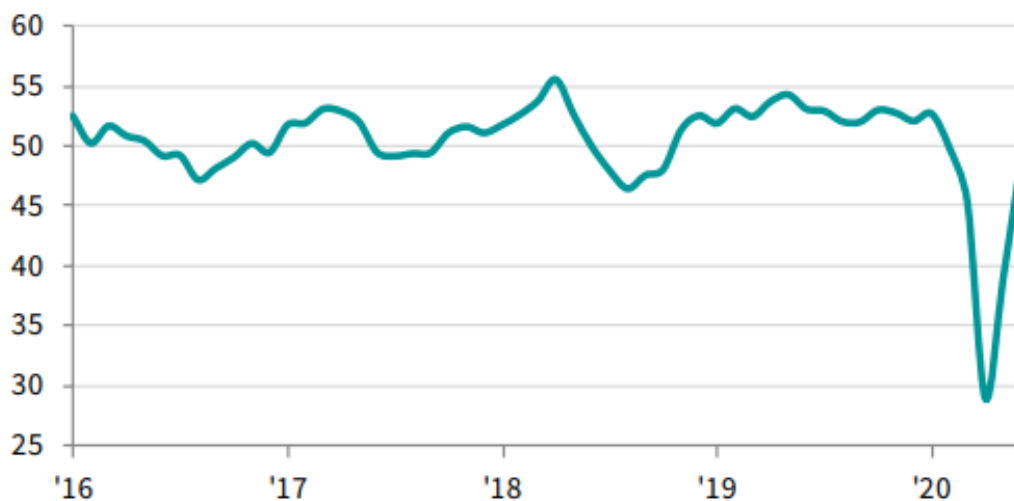
The International Monetary Fund (IMF) on 26 June approved \$356.5m in emergency assistance to help Myanmar address the COVID-19 Pandemic.

[CBM holds conference on four year performance](#)

The Central Bank of Myanmar (CBM) is taking action against gambling dens using digital currencies, according to a CBM press conference discussing the regulator's work over the last four years.

Myanmar Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

[Government issues seventh batch of COVID-19 emergency loans](#)

The government working committee tasked to deal with the economic impact of COVID-19 has granted a seventh round of emergency lending totaling Ks14.5bn (\$10.7m) to 307 businesses, according to a committee announcement on 1 July. This follows a Ks49.1bn to 2078 businesses announced on 15 June

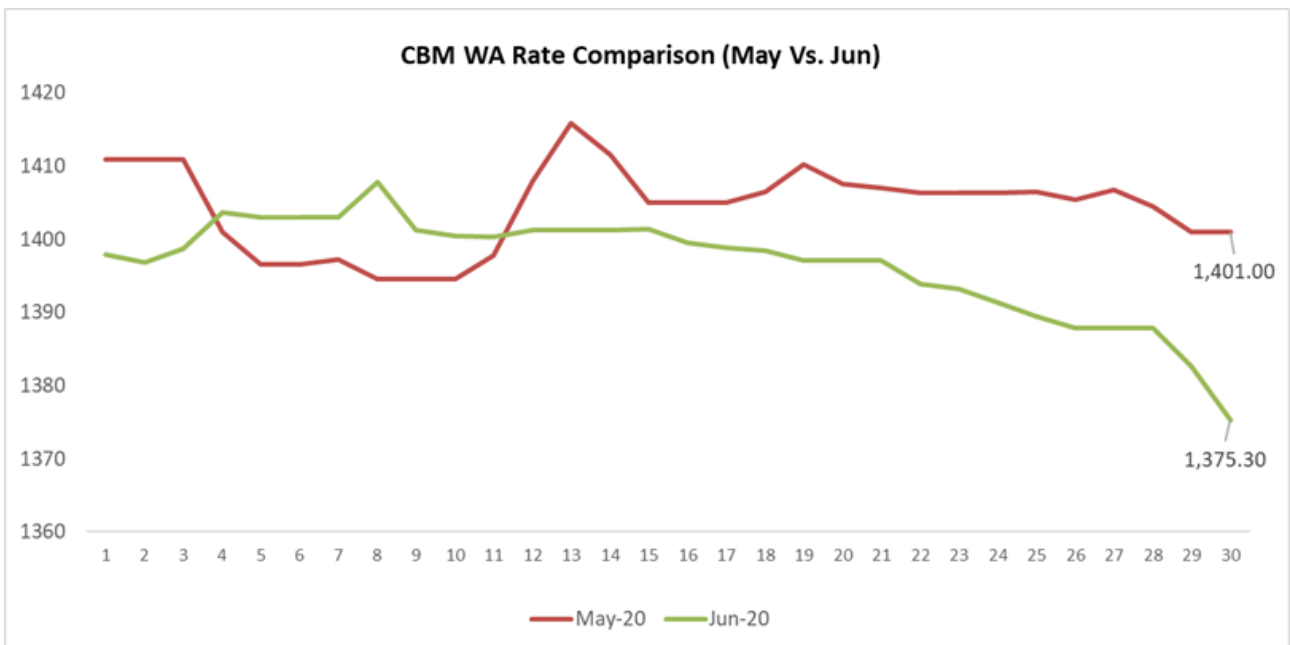
[Infrastructure Asia, MoPFI sign collaboration agreement](#)

Singapore's state-owned Infrastructure Asia and Myanmar's Ministry of Planning, Finance and Industry signed a collaboration agreement to help advance implementation of key infrastructure projects.

[Gov't approved to borrow Ks1.3tn from CBM](#)

Parliament approved a loan of over Ks1.3tn (\$954m) from the Central Bank of Myanmar (CBM) to cover the budget deficit. Borrowing from the CBM will fund 20% of the total deficit, while auctions of both treasury bills and bonds will each cover another 40%.

USD/MMK FX Rate



Banking

[Banks provide loan relief with CBM permission](#)

Many commercial banks have provided exemptions on loan principal and interest payments for up to six months as part of a COVID-19 relief response.

Myanmar Financial Services Monitor has summarised certain banks relief programmes in the table below.

Bank	Programme	Period	Month started
AYA Bank	Loan principal payment deferral and interest rate reduction	Three to twelve months on case to case basis	April
CB Bank	Moratorium on loan repayments	Six months (for corporate customers and SMEs), Three months (for home and car loans)	May
KBZ Bank	Extension for overdraft or term loans and loan principal and interest deferral	Six months	June
UAB Bank	Moratorium on loan repayments	Six months	April
Yoma Bank	Loan principal exemption	Six months	April

[IMF report outlines banking supervision progress](#)

The IMF has published a technical assistance report on banking supervision and regulation, which outlines the improvements Myanmar's central bank has made to banking supervision.

The result was a guide to risk-based supervision in general and a separate guide for offsite banking supervision. The report states the Central Bank of Myanmar (CBM) has formally adopted the guide for offsite supervision and was planning to adopt the second guide after translation.

Microfinance

[LIFT/TCX approve third round of MFI lending](#)

The Livelihoods and Food Security Multi-Donor Fund (LIFT), in partnership with the Government, has approved a third round of allocations through a currency hedging facility to provide funding to six Myanmar microfinance firms.

The list of eligible microfinance institutions for third round of allocations are as follows:

- Pact Global Microfinance Fund (PGMF)
- Vision Fund Myanmar
- Proximity Finance
- MAHA Agriculture Microfinance
- Dawn Microfinance
- ADVANS Myanmar

[MRSD notifies MFIs against forced repayment](#)

The Microfinance Regulation and Supervision Division (MRSD) issued an instruction on 15 June warning microfinance institutions against forcing borrowers to make repayments.

FinTech

[MCB launches MPU-JCB co-branded card](#)

Yangon-listed Myanmar Citizens Bank (MCB) now offers an MPU-JCB co-branded debit card, which can be used for e-commerce and POS purchases through MPU's local network and JCB's international network.

[Yoma Strategic to buy Telenor's stake in Wave Money](#)

Yoma Strategic Holdings plans to acquire Telenor Group's 51% stake in Wave Money for \$76.5m. The proposed acquisition will allow Yoma Strategic to strengthen its interest in Myanmar's financial services sector and forge greater collaboration between Wave Money and Yoma Group, the company said.

[Round up: mobile money partnerships](#)

Three mobile money operators – MPT Money, AYA Pay and Onepay – entered into new partnerships for payments digitalisation.

MPT Money teamed up with Myanma Agricultural Development Bank (MADB) for digital loan disbursement on 12 June.

Onepay, a lifestyle app, announced a partnership with Elite Express on 18 June, allowing users to make bookings and purchase bus tickets directly through Onepay's ONE-Travel feature.

AYA Pay signed with digital wallet payment gateway provider Dinger.

Insurance

[Chubb Life launches three new products](#)

Foreign insurer Chubb Life announced three new products on 10 June. The firm is offering three new policies across health, accident and critical illness.

Chubb Health Shield provides financial protection of up to Ks10m in the event of hospitalisation due to illness, accidents or death.

[Yoma picks PRUGroup Life for employees](#)

Yoma Bank announced on 5 June that the bank has chosen Prudential's PRUGroup Life Insurance for over 3,000 of its employees across Myanmar.

PRUGroup Life is a group term plan for companies and organisations, providing insurance coverage in the event of death, total and permanent disability and injury. The plan also provides financial security for an employee's family members.

Capital Markets

[Ever Flow River Group listing raises corruption concerns](#)

Justice for Myanmar, a Yangon-based rights group, said in a statement late May that the Ever Flow River Group (EFR) had failed to disclose the firm's connections to a military conglomerate in its listing on the Yangon Stock Exchange (YSX).

[Ascent Capital makes Myanmar debut with Frontiir deal](#)

Ascent Capital Partners has made its first deal in Myanmar, leading a combined \$26m investment in internet service provider Frontiir.

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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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