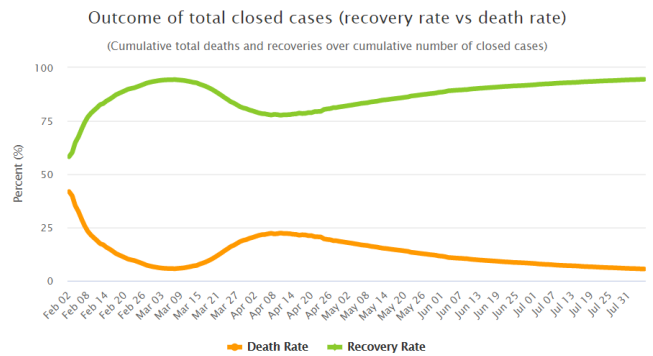
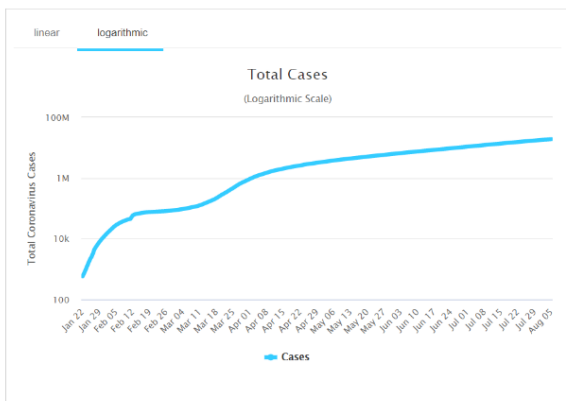


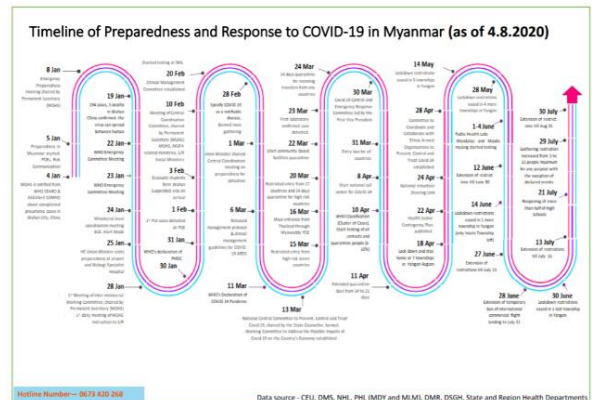
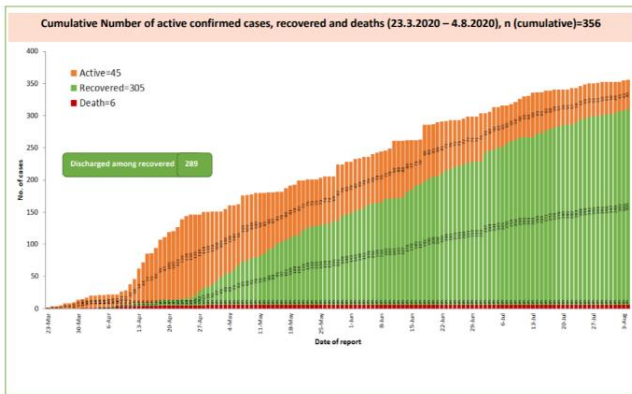
British Chamber Financial Services Working Group – Market Update #004

August 2020

Global COVID-19 Update



Myanmar COVID-19 Update



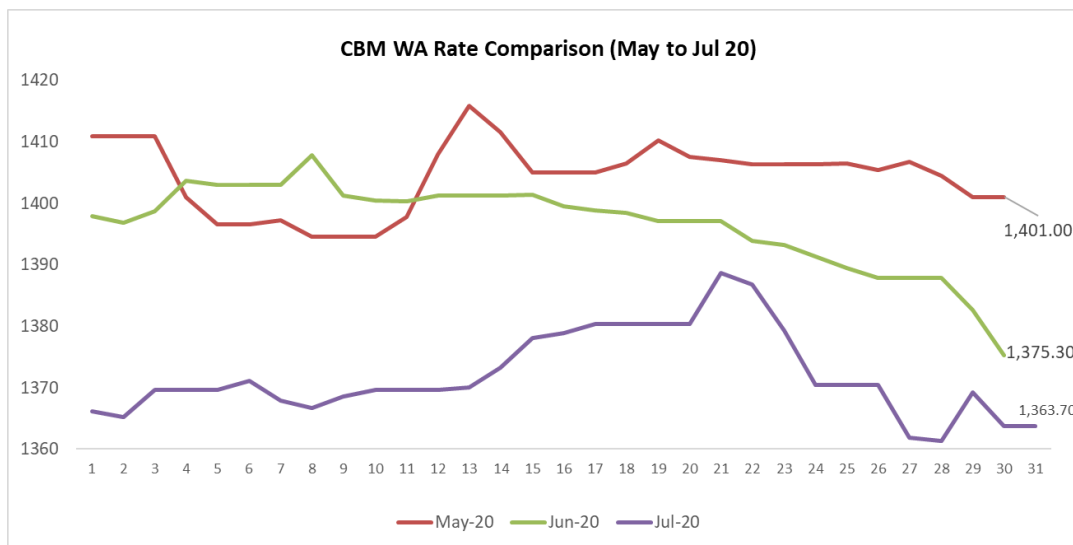
Economy / Regulations

[Borrowing booms as government turns to IFIs](#)

The government approved over \$350m in loans from the Asian Development Bank (ADB) for power and water projects and is debating borrowing over \$700m more.

The concessional 32-year loan will have an interest rate of 1% during an 8-year grace period and a 1.5% rate over the 24-year repayment period.

MMK / USD



[Tax amnesty comes to an end](#)

The 2019-20 tax amnesty will end on 1 October with the new fiscal year, and citizens will once again face a 30% levy on purchases made with untaxed funds, the government said.

Deputy Finance Minister U Maung Maung Win told the Pyidaungsu Hluttaw on 13 July that reinstating the 30% penalty would boost tax revenue by Ks280bn to around Ks2.8trn in 2020-21

[CBM issues interest instruction for NBFIs](#)

The Central Bank of Myanmar released a set of basic principles on 9 July to regulate the way non-bank financial institutions (NBFIs) calculate interest.

The regulations will hopefully help make the sector more systematic and safer by providing recourse for NBFIs borrowers and the institutions in the event of disagreement. The instruction letter includes a set of principles for signing loan agreements, calculating interest, drafting loan principal collection and repayment schedules as well as the collection of other fees.

[IFPRI study warns remittance slump to send poverty rates rising](#)

An International Food Policy Research Institute (IFPRI) study has warned that a prolonged drop in remittances as a result of COVID-19 could send 200,000 households into poverty.

Xinshen Diao and Kristi Mahrt published their policy note “Assessing the Impact on Household Incomes and Poverty of Declines in Remittances Due to COVID-19” in June. Under the assumptions of a 50% and 30% drop in international and domestic remittances respectively “the poverty rate among remittance-receiving households will rise by 7.5 percentage points”, the report said.

[E-commerce guidelines released for comment](#)

Law firm DFDL has outlined the key features of draft e-commerce guidelines sent out by the commerce ministry for comment.

The guidelines contain three main classifications for e-commerce entities, according to the law firm’s note. First is platform operators, which operate e-commerce platforms. Second are operators that sell goods or services on those platforms, and thirdly “other operators”, which are operators selling goods or services through their websites.

Banking

[MCB profits slump as pandemic bites](#)

The Yangon-listed Myanmar Citizens Bank (MCB) published its results for the six-month period to 31 March, which show a stark fall in profits.

The bank posted Ks486m in post-tax profit for the six months to 31 March - the first half of the 2019-20 fiscal year. That represents a 77% drop relative to the same period in 2018-19.

Microfinance

[GOVT ANNOUNCES LOAN FUND FOR MFIS](#)

As part of the COVID-19 Economic Relief Plan (CERP), the Microfinance Regulation and Supervision Division (MRSD) announced short term commercial loans for MFIs on 23 July.

Myanma Economic Bank (MEB) will have an initial Ks100bn (\$73.6m) in funding from the union general surplus fund, according to the Financial Regulatory Department (FRD) directive 3/2020.

We note that a recent report from analytics firm M-Crill concludes the MFI sector will need its own financial support programme. M-Crill estimated the 20 largest Myanmar microlenders may experience a liquidity shortfall of around \$177m.

[Bill Committee approves microfinance amendments](#)

The Upper House of Parliament (Amyotha Hluttaw) approved a range of amendments to the 2011 microfinance law on 14 July, according to the Ministry of Information.

The amended law would introduce more severe penalties and fines for entities conducting microfinance operations without a valid licence, as well as provisions against illegal monitoring, disclosure or inappropriate use of financial information and customer data.

The Myanmar Financial Services spoke to Myanmar Microfinance Association secretary Phyu Yamin Myat for a previous article, which highlighted the below expected changes:

- Allowing MFIs to take collateral for loans larger than Ks3m
- Increasing the enterprise loan limit from Ks10m to Ks20m
- Setting up mobile financial services for MFIs and making sure the existing legal framework for digital financial services will not restrict MFIs
- Allowing an information system to check borrower information, similar to a credit bureau
- Expanding insurance related clauses

FinTech

[Insurers announce new mobile money partnerships](#)

Two insurance companies announced new mobile money partnerships:

AYA SOMPO signed a strategic partnership with AYA Pay on 15 July for the digitalisation of insurance payments.

On 13 July, MAB Mobile, the mobile application of Myanma Apex Bank (MAB), announced that the insurance premium fees for GGI Nippon Life (GGINL) can now be paid through MAB's mobile platform.

[IRD encourages companies to pay taxes online](#)

Myanmar companies with a Taxpayer Identification Number (TIN) are urged to pay taxes using electronic payment systems made available online starting October 1

This is to facilitate ongoing efforts to control the spread of COVID-19 by avoiding mass gatherings in public places.

The Director General of the IRD, Daw Swe Swe Khine told the Myanmar Financial Services Monitor that the department has plans to integrate its systems to allow online tax payments from all financial institutions, once the banks have set up the necessary digital infrastructure.

Insurance

[Global World responds to IBRB warning over rule violation](#)

The Insurance Business Regulatory Board (IBRB) issued a warning letter on 18 June to two private sector insurers for breaking regulations in order to attract customers.

The regulator sent the warning letter, which was addressed directly to Global World Insurance (GWI) and Young Insurance, to all local insurers.

The letter states that the two named insurance companies provide comprehensive motor insurance - for trucks and passenger vehicles carrying loads two tons and above - near the Road Transport Administration Department (RTAD) Ywar Thar Gyi office.

The IBRB has found that the firms are breaking rules and regulations related to the sale of comprehensive motor insurance at this location.

GWI later sent a response suggesting the IBRB was incorrect.

The insurer said the IBRB's warning on regulatory violations was harsh, and that sending it to other insurance firms had negatively affected GWI's reputation.

GWI pledged to challenge the warning letter and have it removed in accordance with the Insurance Business Law, Chapter 10 references.

[Prudential Myanmar partners with Easy Health](#)

Prudential Myanmar signed an agreement with Easy Health on medical services on 14 July, which will allow Prudential policyholders to receive medical check-ups and discounted health services at Easy Health Branches.

Easy Health is a health care clinic chain that offers walk-in doctor consultations, pharmacy services, laboratory tests, medical check-ups and home care services. The company reports it works with over 10 foreign and local insurance companies to provide affordable and quality healthcare in Myanmar.

Capital Markets

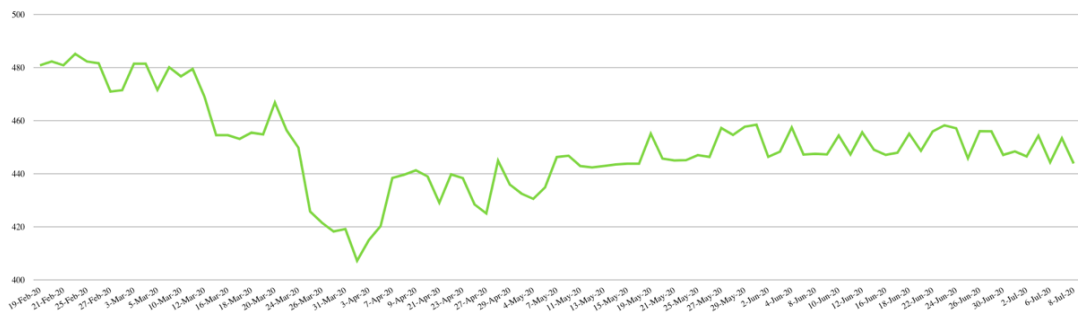
[YSX trading recovers in June](#)

Yangon Stock Exchange (YSX) trading volumes rose slightly to Ks1.3bn (\$955,000) in June, an increase of around Ks100m compared to May, according to the YSX monthly report.

Trading volumes began to fall sharply in March due to the economic impact of COVID-19. The rise in June is the first sign of recovery in YSX trading. Trading volumes were helped by the listing of Ever Flow Group Public (EFR) in late May.

The MYANPIX index shows an uptick in trading for June.

MYANPIX





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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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