

# **The Republic of the Union of Myanmar**

**Ministry of Planning and Finance  
Financial Regulatory Department**

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# Linkages between Macroeconomic Policies and Financial Inclusion in Myanmar

# Content:

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- ❑ **Myanmar Financial Inclusion**

# Highlight of economic condition in Myanmar

## General review:

- Population (millions): 53.4
- GDP growth (annual%): 6.5
  - Agriculture(% of GDP):28
  - Industry (% of GDP):30
  - services (% of GDP):42
- Inflation (GDP deflator, annual%): 9.3%

## Gaps in financial inclusion:

- Majority of people is thinly-served by financial services
- Highly informal economy
- Limitations of financial infrastructure

# Gaps in financial inclusion

- **Majority of people is thinly-served by financial services:**
  - 30% of adults use regulated financial services but only 6% of adults use more than one service
- **Highly informal economy:**
  - Estimate 9.2 million adults have a loan from unregulated financial services provider with estimate USD 5.7 billion debt outstanding
  - Lack of sustainable business models to serve rural areas
- **Limitation of financial infrastructure:**
  - Cash based economy with weak culture for formal savings
  - Capital constraint from extend credit
  - barriers of Microfinance

# Financial inclusion and macroeconomic policy

- **Why macro policies need to evolve with financial inclusion?**
- **How financial inclusion influence on Macro policies?**

# Financial inclusion and macroeconomic policy

- **Why macro policies need to evolve with financial inclusion?**

Because financial inclusion is:

- A key to poverty reduction and enabling economic growth
- Countries with more developed formal financial systems show faster decline in income inequality and poverty reduction.

# Financial inclusion and macroeconomic policy

- **How financial inclusion influence on Macro policies?**

## **Influence on fiscal policies:**

- Target toward addressing market failures and provide liquidity in financial market and more economic opportunity
- Gain better financial knowledge, risk management tools and resilience among the beneficiaries

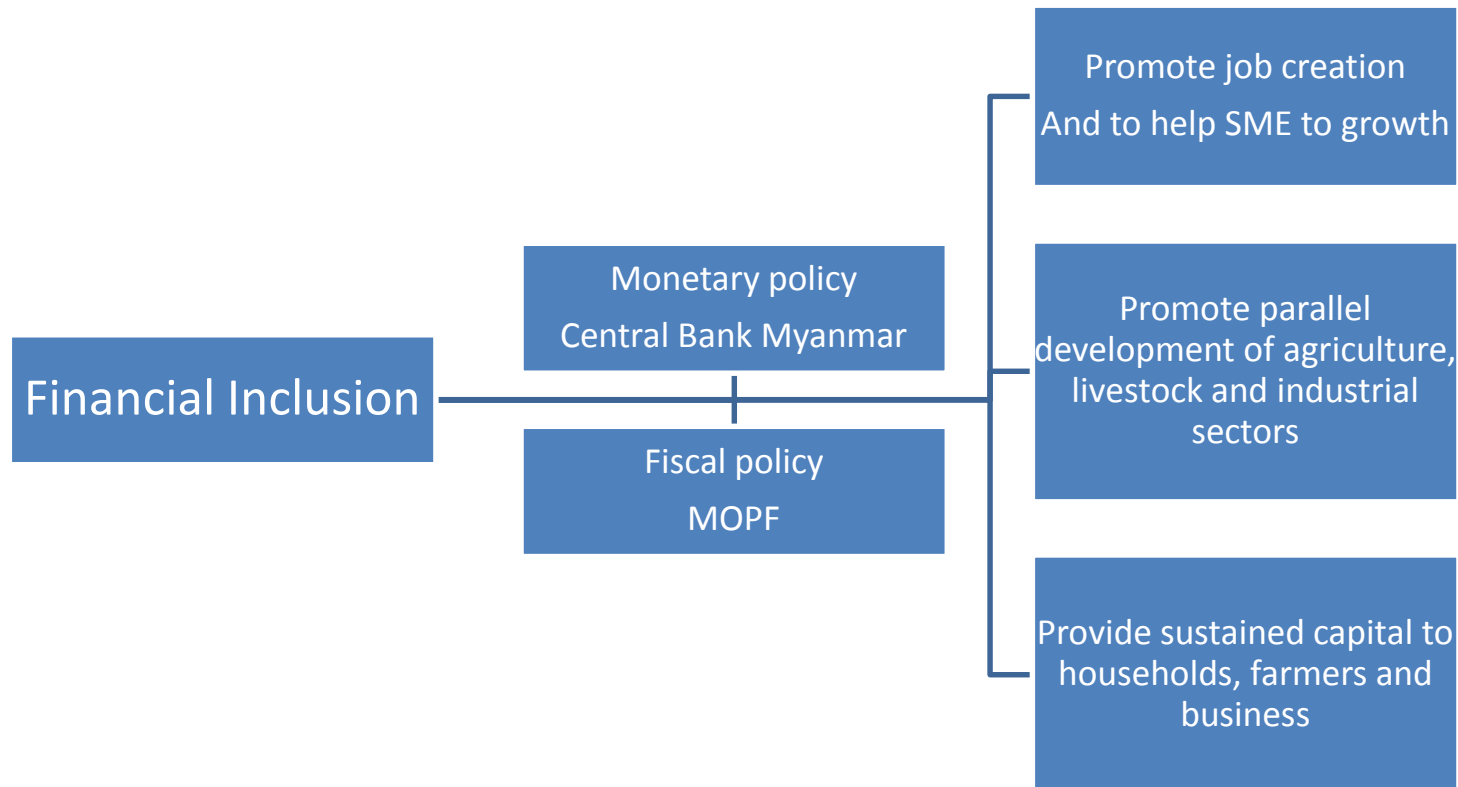
## **In addition:**

- Financial inclusion can reduce the net costs of financial service, which can:
  - solve the limited access of SME to finance
  - narrow the gender gap and underserved population by financial institutions



# The government's 12 point economic policy and financial inclusion

Financial Inclusion, as a macro strategy introducing to the current strategic plan could have a positive impact on responding the macro economic policy.



# What Financial Inclusion means to Myanmar

**Financial inclusion** that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the financial tools they need to manage risks and invest in their businesses and families

**Financial inclusion** means providing effective access to credit, savings (defined to include current accounts), payments, and insurance services from formal institutions.

**Effective access** means convenient and responsible service delivery, at a cost affordable to the customer and sustainable for the provider.

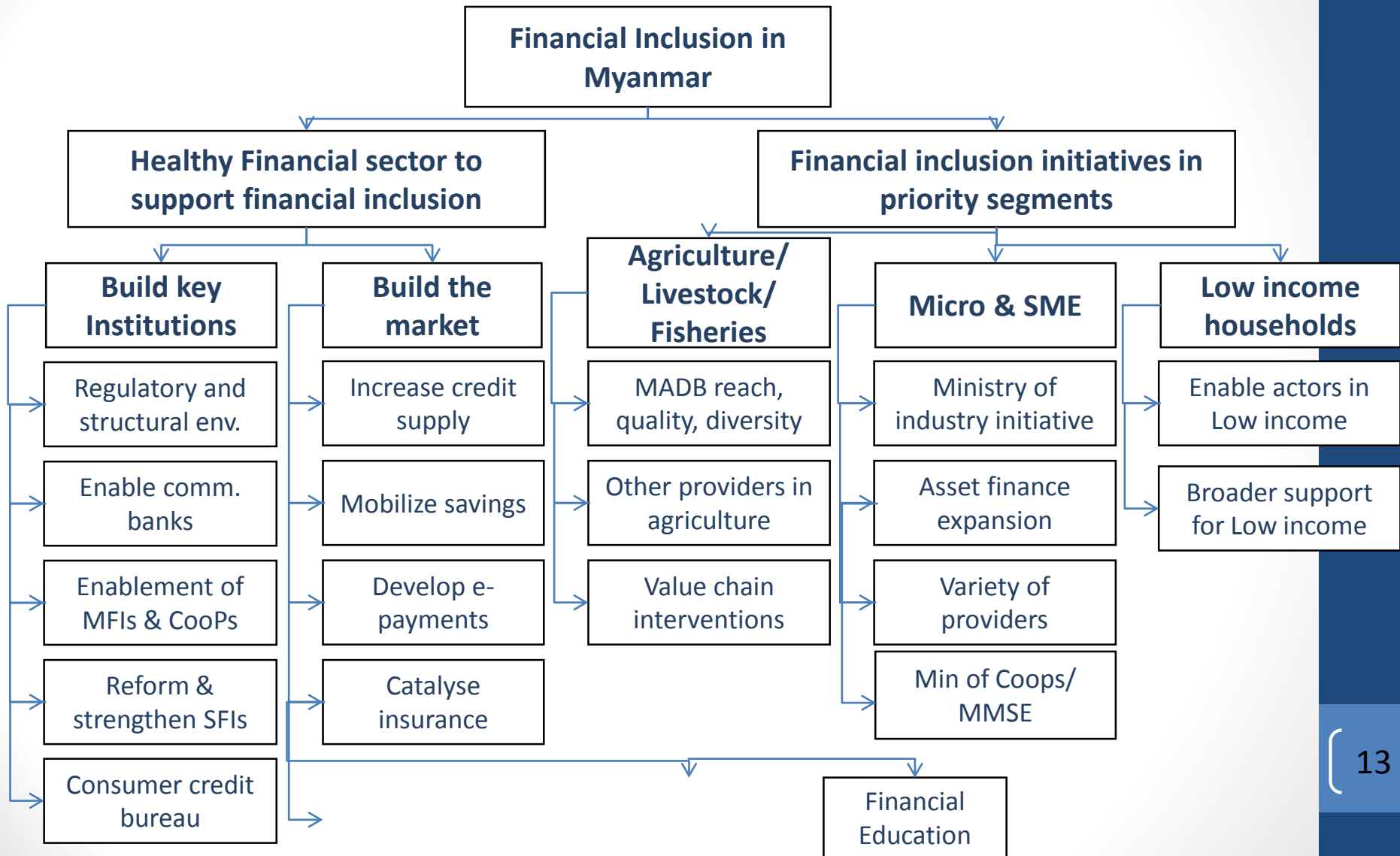
# Myanmar Financial Inclusion Background

- The first Making Access Possible (MAP) was completed in 2014
- The Financial Inclusion Road Map (FIRM) was developed
- FIRM was launched and approved by the Government in 2015
- Financial Inclusion theme was showcased at the 2015 ASEAN summit in Myanmar
- A MAP refresh process is being undertaken and is expected to be finalized by the second quarter in 2018
- FIRM will be updated based on the MAP results

# Myanmar Financial Inclusion Road Map

- The roadmap is a strategy document that details focus areas and responsibilities to take the strategy process forward.
- It is the foundation for the development of an action plan, which adds further detail and timelines to create an implementable and sustainable plan.

# Myanmar Financial Inclusion Road Map proposed initiatives



# Financial Inclusion in Myanmar

## Level and quality of access are a challenge

- Only 30% have access to formal financial services
- Only 6% have > 1 formal product
- Only 5% have a bank account in their name



- Low opinion of banking sector as 70% of adults believe they can easily live life without a bank account
- Limited experience with formal financial institutions as 60% of adults say they cannot open a bank account without formal employment
- The rural enjoy slightly higher levels of access than urban

# Myanmar Financial Inclusion Targets

## Targets by 2020:

- Increase Financial Inclusion in Myanmar from 30% in 2014 to 40%
- Adults with more than one product from 6% to 15%
- A full range of affordable, quality and effective financial services by getting all stakeholders to work together in an integrated manner

**Thank You**