

Financial Sector Development in Myanmar – Financial Reporting in the Banking Sector

Project name	Banking and Financial Sector Development
Local Partners	Central Bank of Myanmar (CBM) Office of the Auditor General (OAG) Myanmar Accountancy Council (MAC) Myanmar Institute of Certified Public Accountants (MICPA)
Instruments	International and national long term experts Short term consultants Capacity development activities Exposure visits Committee steering and cooperation support Facilitation of stakeholder exchanges

Approach and key activities

GIZ aims at assisting financial sector stakeholders in implementing and enforcing International Financial Reporting Standards in Myanmar's banking sector.

Key activities include:

- Supporting partner institutions to develop a Country Strategy and Action Plan (CSAP) in order to implement and enforce MFRS and MSA in the banking sector
- Supporting human capacity development on IFRS and ISA for partners to implement and enforce international standards
- Increasing communication and exchanges between partner institutions and the banking sector

Opportunities and challenges

Since 2009 Myanmar has officially adopted the Myanmar Financial Reporting Standards (MFRS) and Myanmar Standards on Auditing (MSA) that are based on International Financial Reporting Standards (IFRS), however the implementation and enforcement of Financial Reporting Standards is limited. The preparation and availability of standardized and timely financial data in the banking sector needs considerable improvement in Myanmar.

Implementation of Financial Reporting Standards is important for several reasons; Banking sector regulators face great difficulty in effective supervision and auditing. Without reliable data, their tasks to safeguard the financial system become increasingly challenging as the sector develops and opens up to complex international markets. In addition, in order to attract capital investment, the financial and corporate sectors will need to be more transparent about reporting of their financial transactions and positions to their shareholders and the public. Increased transparency of banks will increase public confidence in the financial sector, allowing it to become a foundation for stable economic growth in Myanmar.

Achievements so far

- Establishment of an Action Plan Implementation Committee with officials from CBM, OAG, MAC and MICPA for joint development of the Country Strategy and Action Plan*. In 2015 the committee officially launched the Action Plan which included a comprehensive report of the current reporting environment in Myanmar for Banks, a gap analysis and a roadmap for actions to be undertaken by the respective stakeholders of the committee.
- Delivery of 12 workshops by an international expert on accounting and auditing and 4 workshops by a national expert to participants from CBM, OAG/MAC and MICPA since 2014
- Providing English language training to OAG/MAC staff

* CSAP can be downloaded from:
www.giz.de/en/worldwide/17772.html



Contact Person: Thomas Foerch, Head of Project

E: fsd-myanmar@giz.de
T: +95 12306085
No. 635-E Yoma Yeikthar Street, Kamayut Township Yangon, Myanmar

- Organization of learning and study tours to Malaysia for members from CBM, OAG, MAC and MICPA in collaboration with the Malaysian Institute of Accountants, Bank Negara Malaysia, the National Audit Department and Audit Oversight Board

Testimonials

"We not only have to reform ourselves [CBM] but we also have to reform other entities, like for example the banks. When we talk about financial stability, the Central Bank has to take decisions that banks often don't like. There is a cost of IFRS adoption however there is a benefit too. It's a different environment now, and what's going to happen if you comply with Financial Standards? Sky is the limit for business expansion, not only domestically, but internationally too. So this is why we want to get the banks to adopt IFRS, to be transparent, and take measures towards financial sector stability"

U Set Aung, Deputy Governor of Central Bank Myanmar



"Going forward, we hope to expand the Action Plan Committee's membership and increase collaboration among stakeholders. The interest, actions and coordination of stakeholders are critical to improving financial reporting in Myanmar and we thank them and GIZ for their continued and active support."

U Myo Myint, Deputy Auditor General of the Office of Auditor General of the Union of Myanmar

Contributing to the United Nations Sustainable Development Goals

10 REDUCED INEQUALITIES



Target 10.5: Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

Outlook

- The implementation and coordination activities of the CSAP will be supported by international and national experts in regular meetings of the Action Plan Implementation Committee.
- Harmonization of Reporting standards and Prudential Reporting requirements will be undertaken.
- Committee membership will be expanded to other stakeholders of the financial sector where further action items can be identified.
- IFRS accounting and auditing workshops will continue with a special focus on IFRS transformation strategies for Myanmar Banks.
- A third study tour for the partners to intensify their knowledge, share experiences and build linkages within the ASEAN region will be conducted.

Published by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Registered offices Bonn and Eschborn, Germany

Financial Sector Development in Myanmar
No. 635-E, Yoma Yeikthar Street, Kamayut Township, Yangon, Myanmar
T +95 1 230 6084
F + 95 1 501 257
fsd-myanmar@giz.de
www.giz.de

On behalf of Federal Ministry for Economic Cooperation and Development (BMZ)

Division 2200

Addresses of the BMZ offices
BMZ Bonn
Dahlmannstraße 4
53113 Bonn, Germany
T +49 (0)228 99 535-0
F +49 (0)228 99 535-3500
poststelle@bmz.bund.de
www.bmz.de

BMZ Berlin
Stresemannstraße 94
10963 Berlin, Germany
T +49 (0)30 18 535-0
F +49 (0)30 18 535-2501

Author(s) Anthony Deary
Layout Vanessa Petzold, Bich Chau Ho
As at January 2016

GIZ is responsible for the content of this publication.