Opportunities and challenges

In July 2013, the new Central Bank Law was enacted, giving the Central Bank of Myanmar (CBM) independence from the Ministry of Finance. This institutional reform step was also accompanied by personnel changes. A new Governor and three new Deputy Governors took over the task of steering CBM in this transition process.

As regulatory and supervisory authority, the CBM has the challenging role of overseeing the banking sector. The sector is developing at a fast pace; existing banks are expanding in terms of size, having their assets more than double over the last three years. Furthermore, new local banks are being established and foreign banks are now entering the market.

The current regulatory environment greatly restricts the banking sector and the supervisory practice lags behind international standard, however the newly enacted Financial Institutions Law will empower the CBM to take further reform steps.

Approach and key activities

GIZ aims at supporting the development of a regulatory and supervisory framework which promotes a stable and inclusive banking sector.

The component focuses on two departments of the CBM. The Financial Institution’s Supervision and the Regulation Departments are supported by GIZ through:

- Strengthening the human capacities with a systematic training approach
- Offering technical support on specific regulatory and supervisory aspects. This includes especially financial reporting aspects, risk based supervisory approaches and the regulation and supervision of small and medium-sized enterprises.
-Facilitating the exchange with domestic stakeholders in the banking sector as well as the cooperation with international central banks

Achievements so far

A series of demand-driven capacity development measures have taken place. This includes soft skills like English classes. Since 2013 over 150 staff have had on average 80 days per year of English trainings at the Central Bank. Other capacity building measures include technical aspects such as training on Basel standards, International Financial Reporting Standards, and International Banking seminars.

GIZ facilitated the exchange of key stakeholders on the development of the banking sector. High level workshops and study tours have been undertaken with representatives from Central Bank, Parliament, Banks Association, as well as individual banks that were geared towards improving financial sector reform processes.

GIZ supported improvements to the regulatory framework through review of proposed banking regulations, drafting of secondary banking regulations and contributing to foreign exchange and risk management guidelines.
Outlook

CBM and GIZ will continue to develop the capacity development strategy over the next months. This will help to address in a more systematic way the training needs of the Financial Institutions Supervision and the Regulation Departments. There will be a particular focus on the adoption of Basel accords and technical assistance for improvement of bank supervisory reporting processes. After the adoption of the new Financial Institutions Law in January 2016, the cooperation between GIZ and CBM will increasingly focus on developing the necessary secondary regulations (bylaws).

Contributing to the United Nations Sustainable Development Goals

Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

Publications

**Myanmar’s Financial Sector: A Challenging Environment for Banks**

Authors: Foerch, Thomas / Ki, Om / Thein, San / Waldschmidt, Sophie.

Yangon, February 2015.

The GIZ-FSD banking report aims at providing an overview of the financial sector in Myanmar and focuses particularly on the banking sector. In this report, both primary and secondary data from a wide variety of sources are compiled and analyzed in order to provide stakeholders with a better understanding of the financial sector and contribute to improved transparency in the banking sector. It is widely used as a main reference by the key stakeholders in the banking sector as well as frequently cited in the papers and articles authored by local and international experts. The 1st publication was in Nov 2013, the 2nd publication in Feb 2015, the 3rd publication is scheduled for 2016.

**Collection of Papers on Myanmar’s Financial Sector**

Editors: GIZ-FSD/Thura Swiss.

Yangon, January 2016.

Compilation of articles on Myanmar’s Financial Sector by national experts - mainly on Public Finance, Capital Market or Banking. Some articles are interview-based. The aim is to give a voice to outstanding academics, researchers and practitioners and to provide a platform for those who want to express their views on the financial sector and its development.

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GIZ is responsible for the content of this publication.