



Central Bank of Myanmar

Banking System in Myanmar

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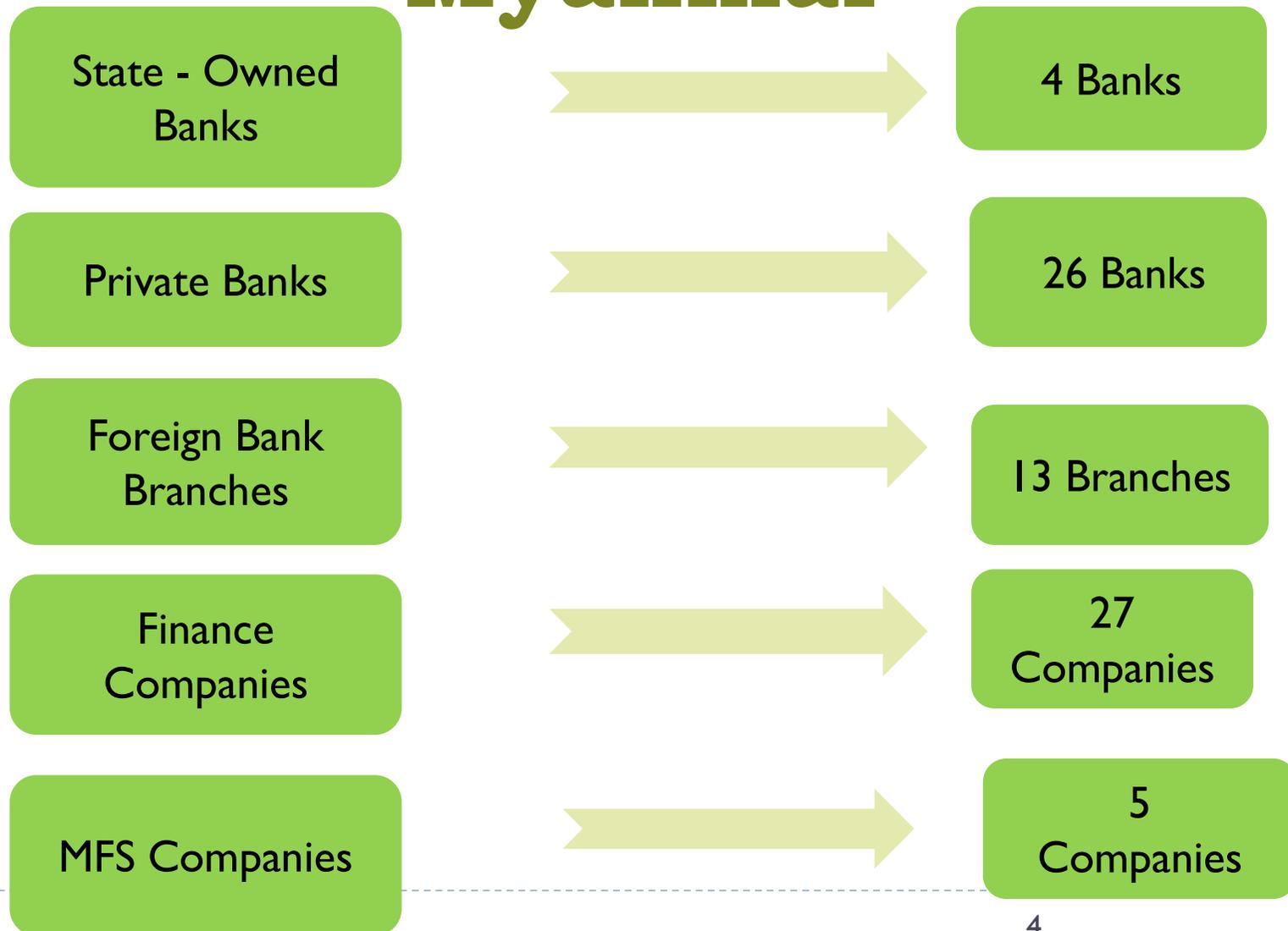


Overview of Myanmar Banking Sector

Banking Sector	Non- Banking Sector
1. State Banks	1. Finance companies
2. Private banks	2. State-owned insurance enterprise
3. Foreign banks branches and	3. Private insurance companies
4. Representative offices of foreign banks	4. Microfinance institutions
	5. Yangon Stock Exchange
	6. Mobile Financial Services
	7. Money changers, security dealers and brokers
	8. Pawnshops



Banking Landscape in Myanmar



Governing Laws

CBML Section 68

For the purpose of financial stability, the Central Bank shall be responsible for issuing license, withdrawing license, inspecting, supervising and regulating financial institutions, and may give such directions as may be necessary to ensure solvency and soundness of such institutions.

Fls Law Section 91

The Central Bank shall cause an on-site examination to be made of each bank at intervals not exceeding two years.”



Supervisory Framework

Laws

- Central Bank of Myanmar Law
- Financial Institutions Law
- Foreign Exchange Management Law

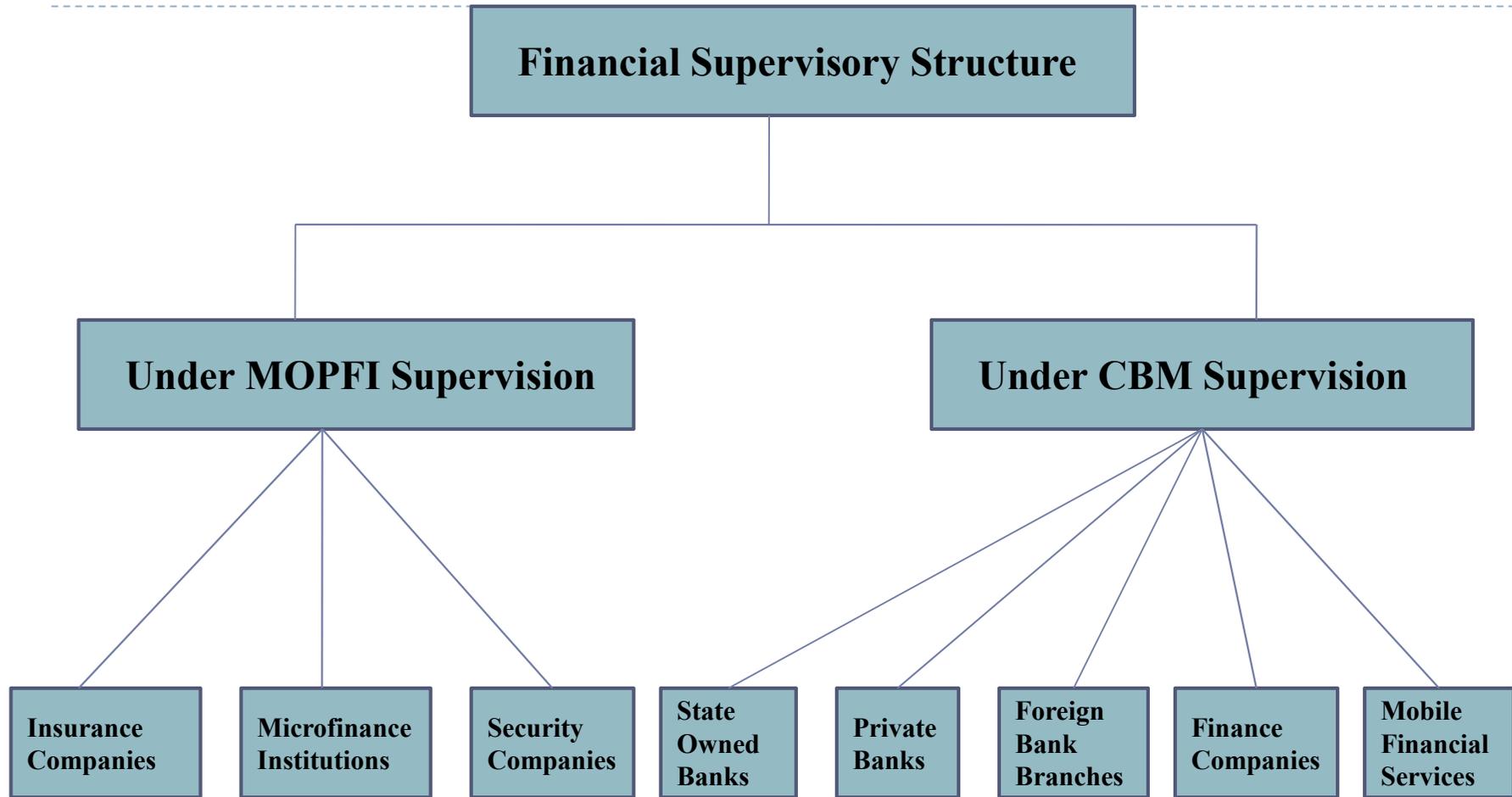
• Regulations

- Farmer Development Bank
- Foreign Exchange Management
- Mobile Financial Services
- Liquidity Ratio
- Capital Adequacy Ratio
- Assets Classification and Provisioning
- Large Exposures, etc

Directives/Guidance

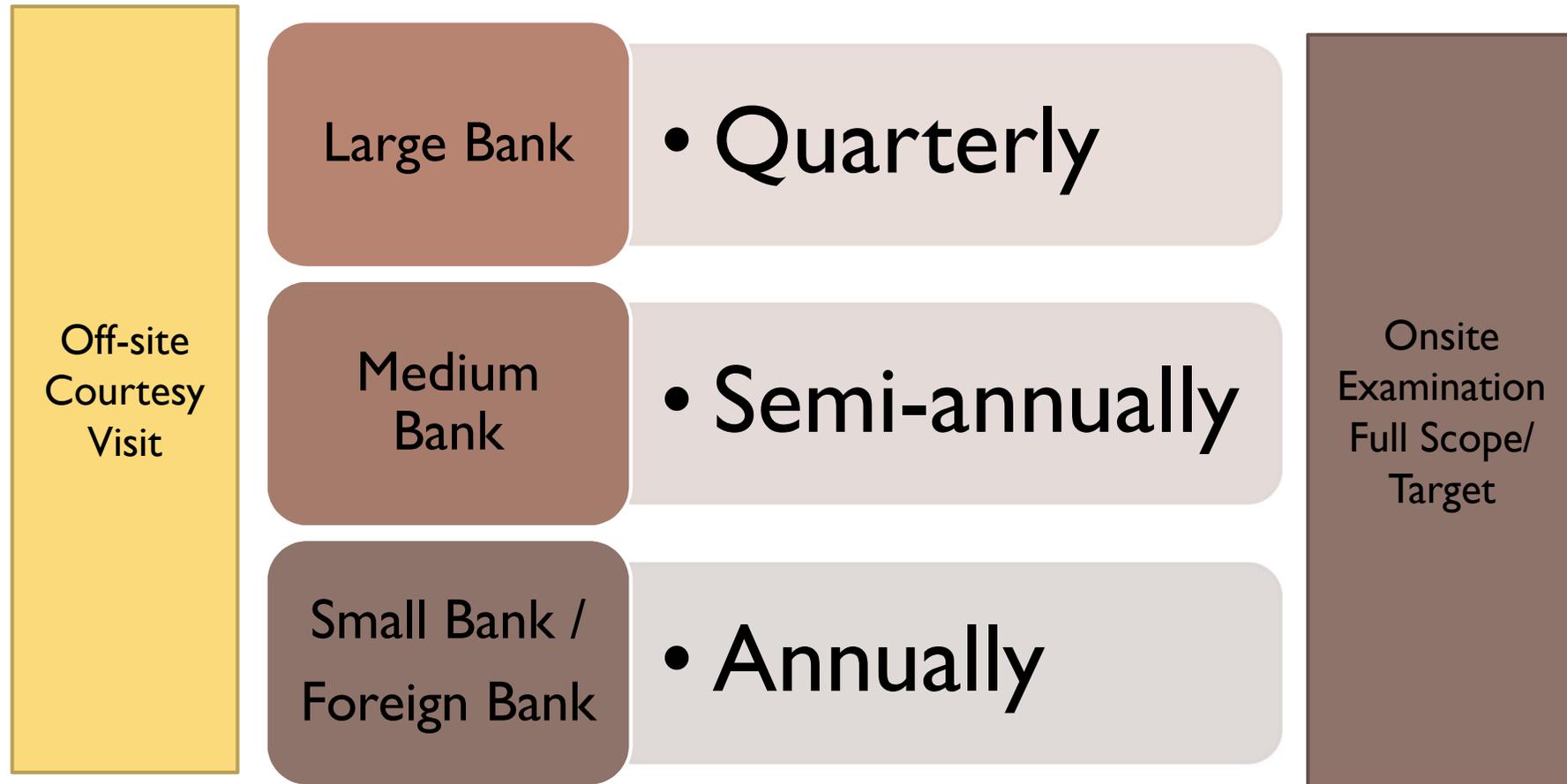
- AML/CFT Risk Based Management Guideline
- Directive for the CDD Measures
- Net Open Position
- Credit Risk Management
- Dividend
- Revaluation on Fixed Assets
- Term Loans Conversion
- Large Exposure Compliance Plan

Supervisors in Myanmar



Examination Procedure of CBM

Continuous Supervision



Off-site Monitoring Techniques



CAMEL Rating

▶ **Key components of CAMEL rating:**

- ▶ **C**apital adequacy
- ▶ **A**sset quality
- ▶ **M**anagement
- ▶ **E**arnings
- ▶ **L**iquidity

▶ **The purpose of CAMEL ratings is to determine a bank's overall condition and to identify its strengths and weakness:**

- ▶ Financial
- ▶ Operational
- ▶ Management

CAMEL Provisions

1

- Strong performance, sound management, no cause for supervisory concern

2

- Fundamentally sound, compliance with regulations, stable, limited supervisory needs

3

- Weakness in one or more components, unsatisfactory practices, weak performance but limited concern for failure

4

- Serious financial and management deficiencies and unsound practices. Need close supervision and remedial action.

5

- Externally unsafe practices and conditions, deficiencies beyond management control. Failure is highly probable and outside financial assistance need.

Major Risks

- ▶ Credit Risks
- ▶ Operational risks
- ▶ Liquidity risks
- ▶ Market risks

Issues and Challenges in Myanmar

- ▶ Limited access to financial services in rural areas
- ▶ No real time assessment, delay in Prudential Ratio on Data requirement
- ▶ Banks are required to meet and follow CBM's Rules and Regulations
- ▶ Move to Compliance-based to Risk-based Supervision
- ▶ Banking Sector needs to Modern Clearance and Settlement Systems

Thanks You

