

Response to the Shifting Paradigms:



Myanmar's

Financial Inclusion

Road Map Framework

ASEAN Financial Inclusion Meeting

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1. Roadmap Vision

2. MAP and Road Map framework process

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Making Access Possible Research Highlights



- Myanmar population thinly served
- Large informal economy – nearly as large as Commercial bank portfolio



- Capital constrained regulated retail financial sector

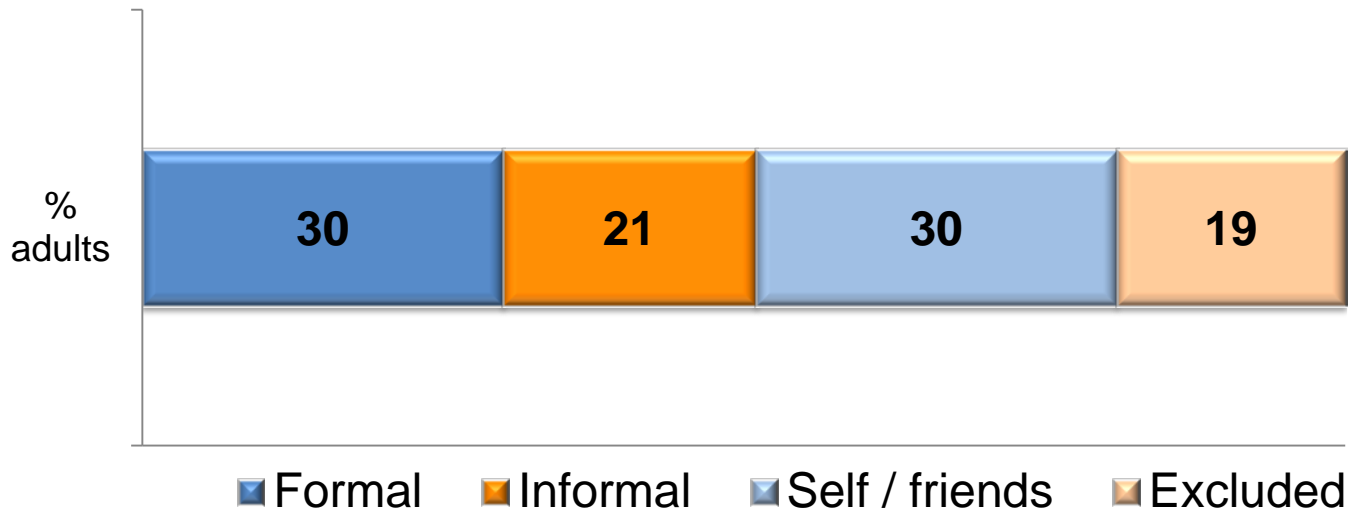


- Constrained product offerings – Products do not meet need or are lower quality = less value for customers



Access to Financial Services in Myanmar

- Level and quality of access are a challenge
 - Only 30% have access to formal financial services
 - Only 6% have > 1 formal financial product
 - Only 5% have a bank account in their name



Roadmap Framework Vision Statement

**“By 2020,
Increase Financial Inclusion in Myanmar
from 30% to 40%,
More than one product from 6% to 15%,
with full range of affordable, quality, effective
and responsible financial services
by getting all stakeholders to work together in
an integrated manner.”**

* Measured as adults using at least one formal financial service.

** Source: GPMI (2011). <http://www.gpmi.org/sites/default/files/documents/CGAP.pdf>, accessed March 2014

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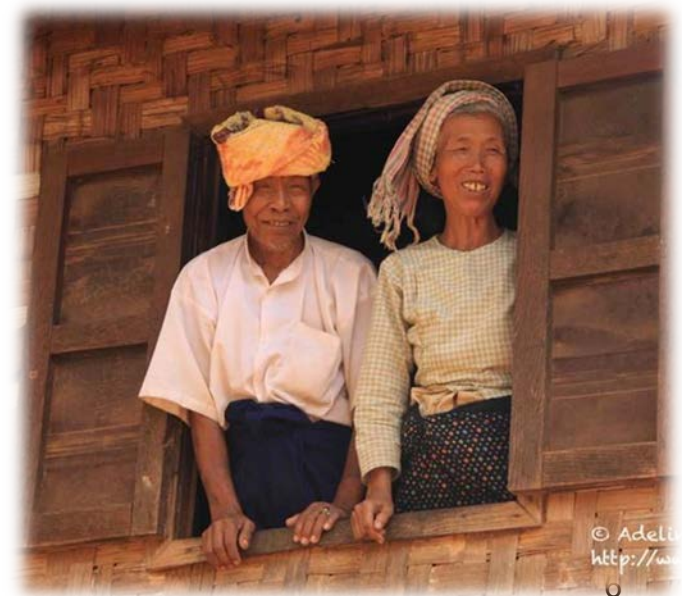
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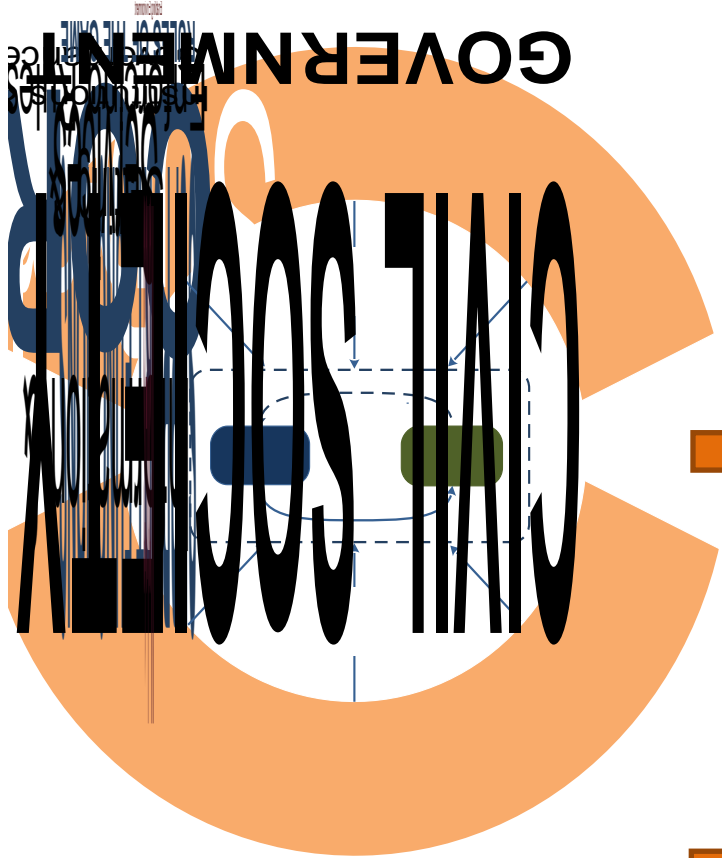
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Summary of Key Barriers to Financial Inclusion

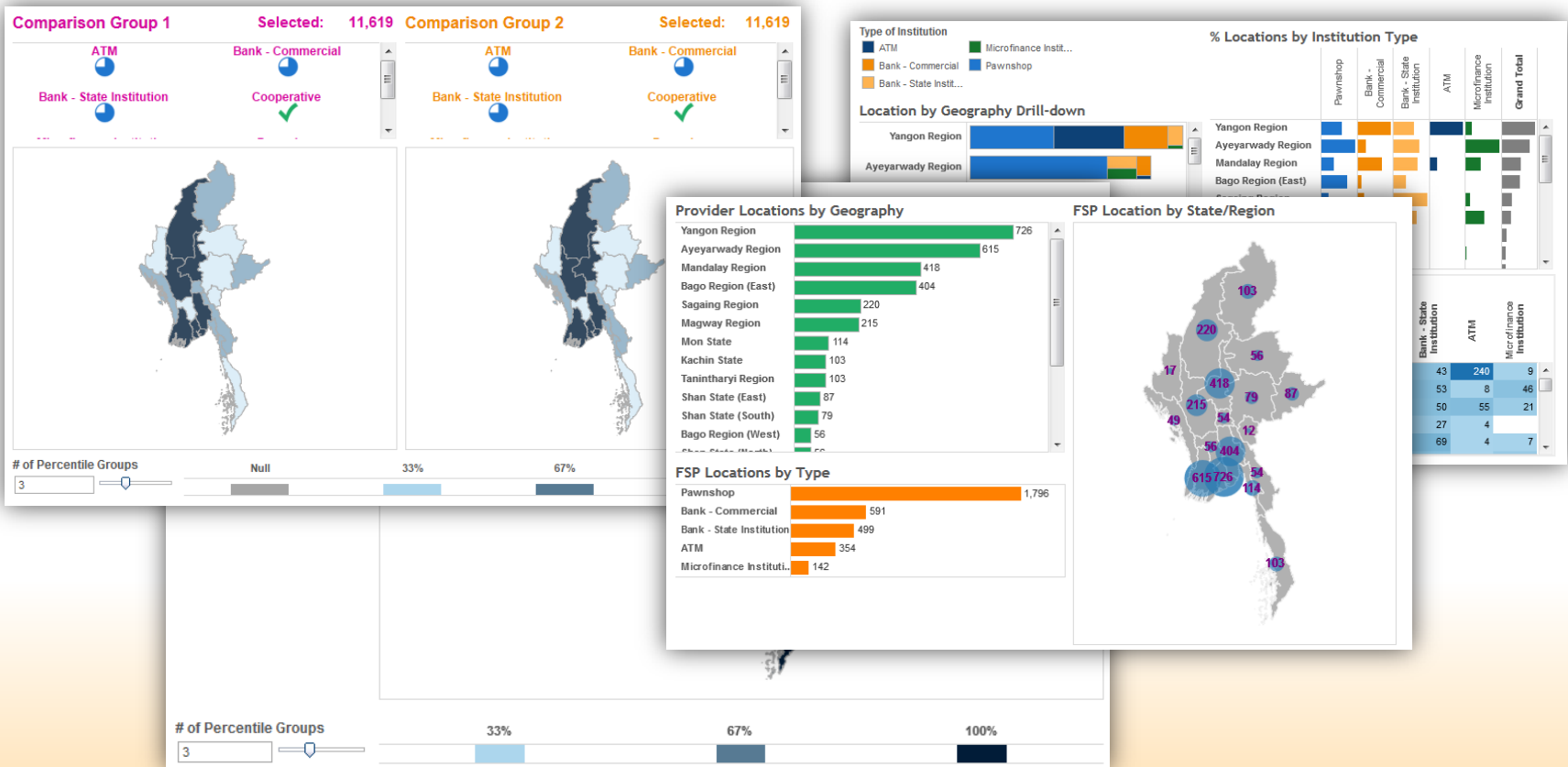


- Investment climate still evolving
- Weak regulatory environment: Regulations not enabling and constraining the market particularly for reaching rural areas
- Limited supervisory capacity (national, regional). Need for capacity building
- Cash-based economy with weak culture for formal savings; low trust in formal systems

- Inappropriate or insufficient products and services available at limited and inflexible service points
- Capital constraints
- Capacity of private sector players, especially to sustainably serve rural areas
- Players yet to adapt to meet market needs

- Weak or absent institutions / infrastructure
- Unsustainable paper-based banking / payment systems
- Lack of supporting infrastructure (e.g. roads)

MIX - Accessing the map and analytical tools



<http://finclusionlab.org/country/myanmar/analytics>

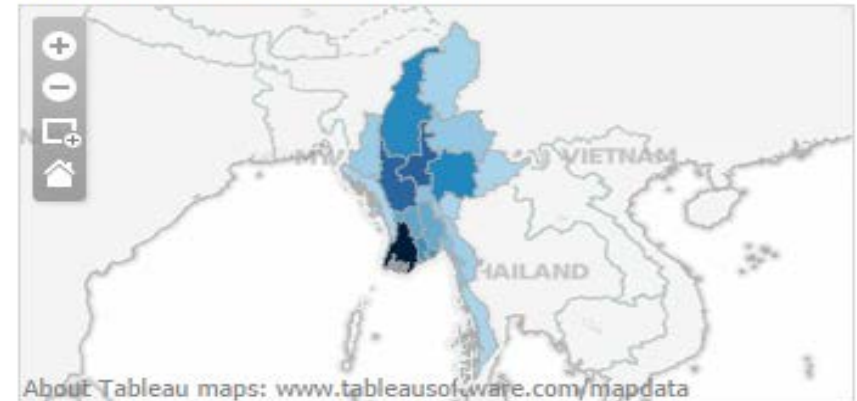
Mapping the Data

Commercial Banks



1.0 179.0

Microfinance Institutions



1.00 67.00

Cooperative



1 2,302

Pawnshop



1.0 468.0

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What the Financial Inclusion Road Map Framework does



- **Defining a common vision** of the desired future of financial Inclusion
- **Setting goals, action plans, timelines,** resources and commitments
- **Assessing the best options** available to strengthen Financial Inclusion
- **Supporting the Regulator** in developing an enabling policy environment

Roadmap Framework Objectives

Increase Financial Inclusion through:

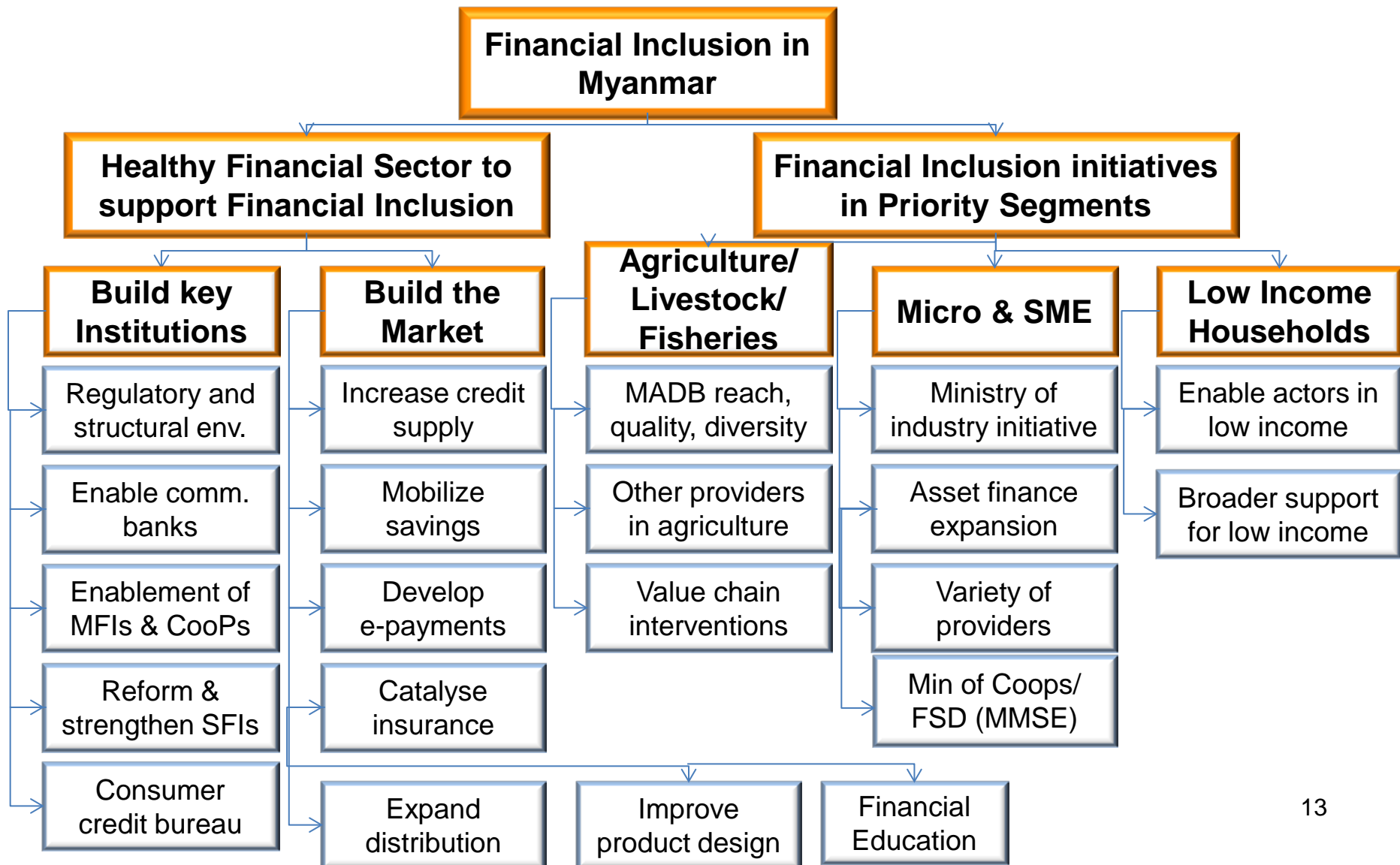
1. **Institution** building
 - Utilizing and strengthening all categories of financial institutions
2. Building the **Market**
 - Growing currently low level of formal intermediation

3. Improving financial access in **Agriculture, Livestock and Fisheries**
 - Increasing the reach, quality and diversity of products to farmers
4. Increasing financial access to **Micro and SME**
 - Strengthening institutions best positioned to serve them
5. Providing financial inclusion and resilience to **Low Income Households**
 - Creating and incentivizing business models and partnerships that are best positioned to provide the services, especially in rural areas

General
Sector
Development

Develop-
ment of
Priority
Market
Segments

Roadmap Framework: Proposed Initiatives

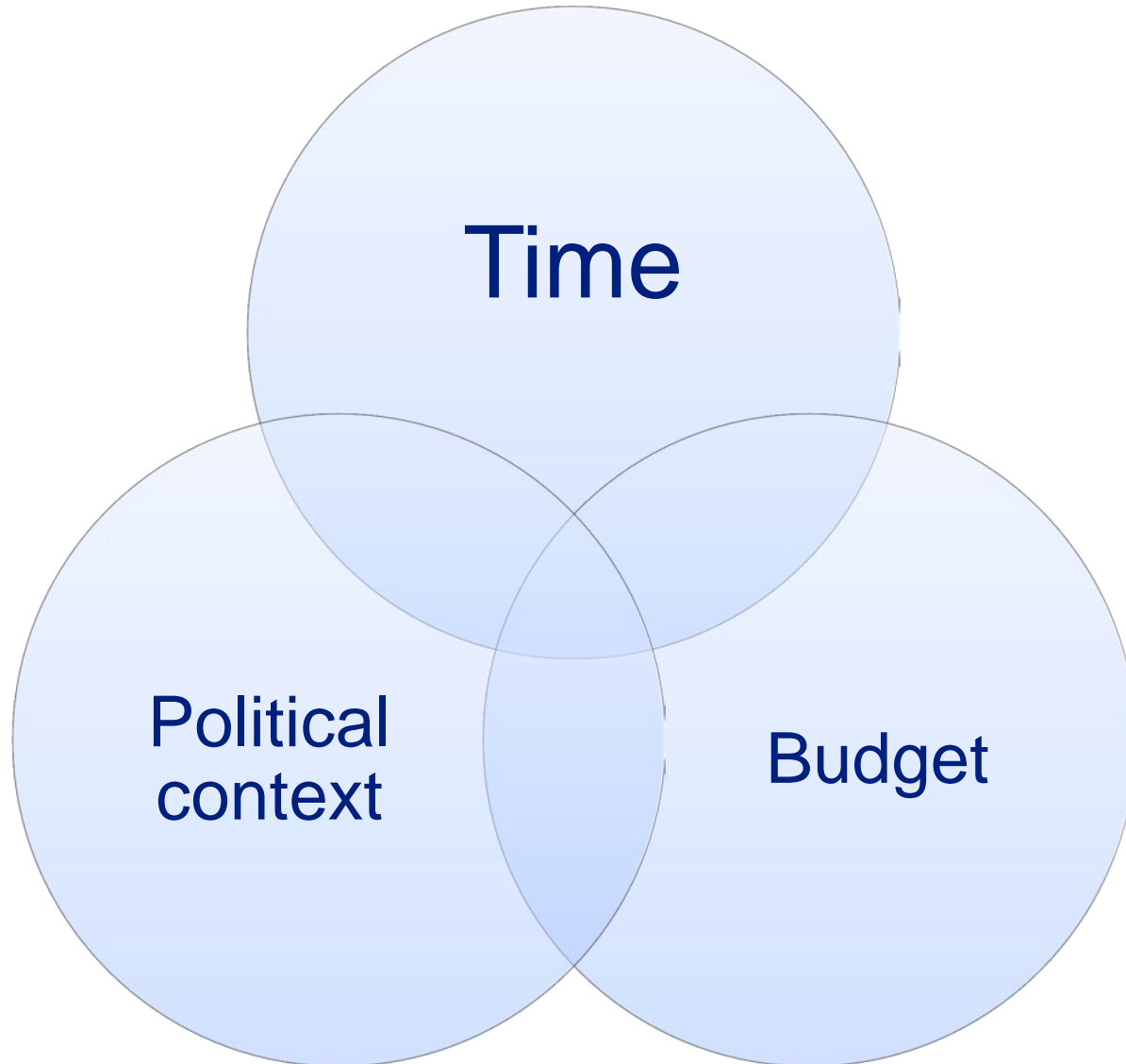


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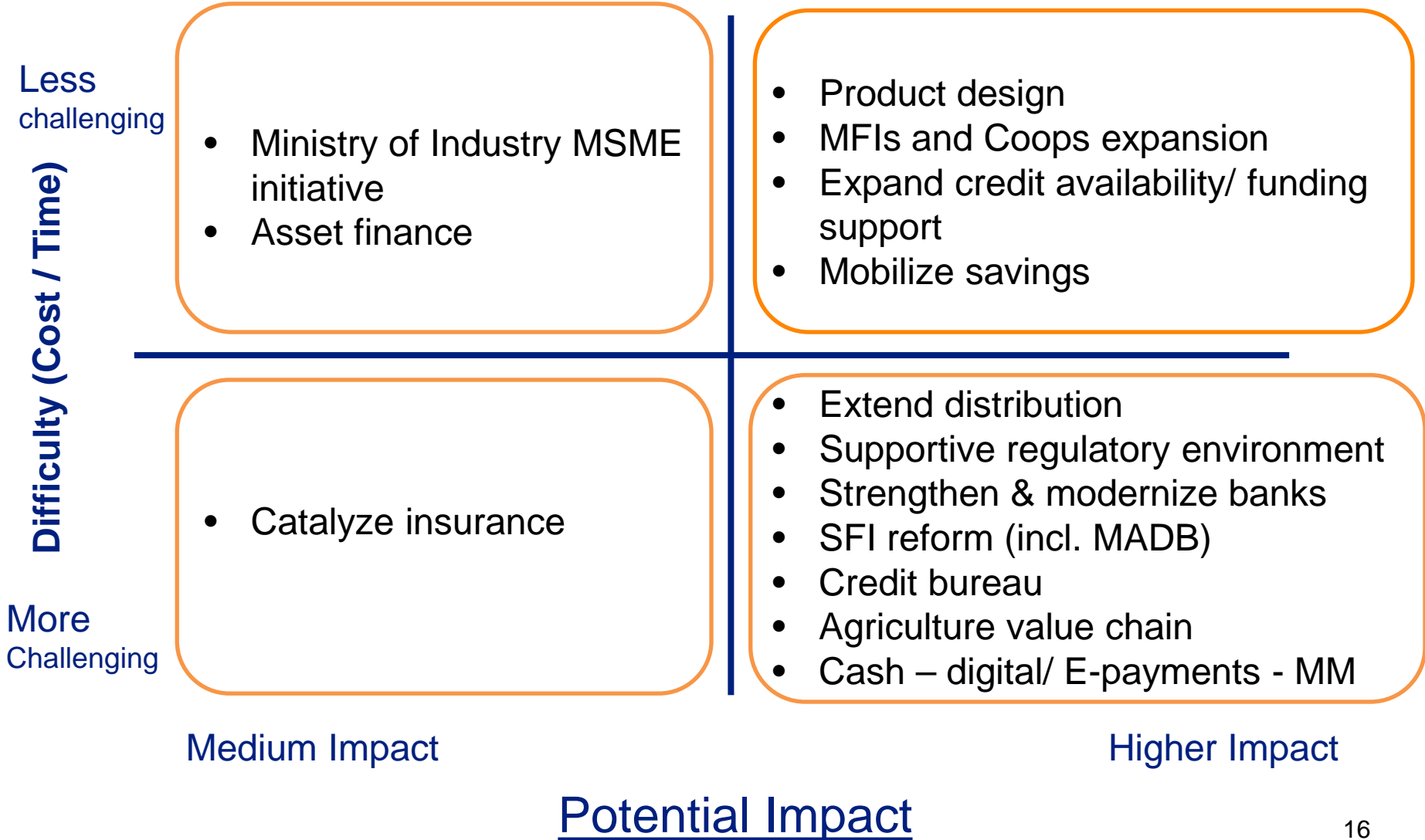
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Analytical Framework




Roadmap: Prioritization Matrix



Roadmap: Market Prioritization

The three priority segments highlighted in the roadmap vision link to the MAP segments, and the Myanmar government objectives





	Size (m)	Access	Target
Agriculture - Farmers	12.1	41%	50%
MSME - Formal Enterprises - Informal enterprises	7.1	27%	47%
Low Income - Informal consumer	17.1	18%	28%
Formal consumers	3.4*	32%	50%
Total	39.6	27%	40%

- 
- Adopted priority segments fit into government policy
 - Agriculture forms the backbone of Myanmar economy*
 - MSME are critical for future economic development
 - Inclusion of low income households is critical for poverty reduction

* 36.4% of the GDP as of 2010. Provides a livelihood to 70% of the population (World Bank, 2013) 17

** Other comprises of formal consumers (1.7 million) and other (pension, rental, other)

Opportunities to increase access to financial services in Myanmar

 Payments	1.	Dramatically increase the supply and availability of electronic payments
 Savings	2. 3.	Provide low-cost savings vehicles for short term savings Extend the availability of account-based savings options
 Credit	4. 5.	Improve quantity, terms and risk profile of agricultural input credit Increase availability of unsecured credit
 Insurance	6. 7.	Grow insurance product portfolio to meet risk mitigation needs of households Develop insurance products to provide security for credit extension and protection for consumers, particularly for agriculture

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Roadmap Framework: Next Steps

Additional Stakeholder consultations on Roadmap
Nov – Dec 2014

Finalize objectives and detailed work plan for each initiative
Jan – Feb 2015

Revised Road Map framework – April 2015

Action Plan finalization – June 2015

Roadmap Framework: Government Next Steps

Government approval – Mar 2015



Formulation of inter-ministerial oversight group
– Mar 2015



Consult dev partners & investors to align
priorities with resources and support – Apr 2015



Coordinate Implementation and resourcing of
RM – Jun 2015



Annual Reporting progress against targets
– Jan 2016