YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE PROGRAMME

CHALLENGES OF NON- BANKING FINANCIAL INSTITUTIONS IN MYANMAR

HLA THAN YE

(MBF-4th BATCH)

DECEMBER, 2018

CHALLENGES OF NON- BANKING FINANCIAL INSTITUTIONS IN MYANMAR

This thesis submitted as a partial fulfilment towards the requirements for the degree of Master of banking and Finance (MBF)

Supervised by:	**Submitted by:**
Prof. Dr. Daw Soe Thu	Hla Than Ye
Professor/ Head	Roll No. 70
Department of Commerce	MBF 4th Batch
Yangon University of Economics	(2015 – 2018)

DECEMBER 2018

ABSTRACT

Myanmar has a small and underdeveloped financial system that does not effectively meet the demands of the country's growing economy. Although financial institutions in Myanmar have grown rapidly over the past four years due to the large demand for credit and increasing confidence in the banking system, the financial system as a whole still contributes only in a modest manner to economic growth and prosperity. Myanmar need its financial system to extend beyond traditional banking institutions to include Non banking Financial Intermediaries. The NBFIs have been contributing toward increasing both the quality and quantity of financial services and thus mitigating the lapses of existing financial intermediation to meet the growing needs of different types of investment in the country. Though the major business of most NBFIs is leasing some are also diversifying into other lines of business like term lending, housing finance, merchant banking, equity financing and venture capital financing. The purpose of this paper is to highlight roles of NBFIs, their contribution to the overall economy and key drivers of NBFIs. The paper also describes the overall financial sector of Myanmar and legal and financial framework for NBFIs sector. Special emphasis has been given to identify the challenges faced by NBFIs in Myanmar and finally, development of NBFIs as well as their role in strengthening the financial system of Myanmar.

ACKNOWLEDGEMENT

I would like to express my special gratitude and humble thanks to the following individuals who extended their support for completion of this study. Fist of all, I would like to offer my respectful gratitude to Dr. Tin Win, Rector, Yangon University of Economics for the permission given to me to study for the MBF course.

I would like to offer profound thanks to my Supervisor, Prof. Dr. Daw Soe Thu, Programme Director of MBF and Head of the Department of Commerce, Yangon University of Economics for her proper guidelines, valuable knowledge and experiences, caring attitude and critical feedback which helped me throughout this work.

I also would like to extend my thanks to all my teachers of MBF programme who shared their valuable knowledge, time and experience. Their opinions were very useful in refining some of my thoughts on this thesis. Without Their help it would have been very difficult to accomplish this task.

This study would not be accomplished without the help of respondents from 14 NBFIs in data collection of this study. I would like to thank to all management teams from NBFIs for their great support and wiliness.

Finally, I am happy to acknowledge that I owe to all my friends from our MBF fourth batch and colleagues from my work.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS

NBFI	-	Non Banking Financial Institution
CBM	-	Central Bank of Myanmar
IMF	-	International Monetary Fund
CRR	-	Cash Reserve Ratio
FIRM	-	Financial Inclusion Road Map
NGOs	-	Non-Governmental Organizations
MADB	-	Myanmar Agricultural Development Bank

CHAPTER 1
INTRODUCTION

No developing economy has enjoyed sustainable economic growth without a sound expansion of its banking and financial sector. Myanmar will be no exception. The creation of a sound, inclusive and successful banking sector cannot be taken out of the country development equation, no matter what the other priorities may be. Myanmar's banking sector has atrophied over the years and suffered many ailments. Despite a recent resurgence, it remains small and unable to provide the required financing to support fast paced economic growth.

That said, the underdeveloped state of the banking sector presents an opportunity to put in place the right framework and initiate the necessary adjustments. Based on market needs and current shortcomings, far-reaching reforms under the stewardship of the Central Bank of Myanmar (CBM) coupled with significant and steady efforts from all stakeholders to implement change (Ministry of Finance, CBM, commercial banks) are a must. We believe that Myanmar's banking sector has a bright future and we foresee exponential growth for the industry. Like many other developing countries, the financial system of Myanmar is mainly bank dependent. Recently, a new breed of financial institutions known in the banking era as non-banking financial institutions (NBFIs) is imperceptibly taking on an increasing important role in the field of financial intermediation in Myanmar. One of the commonly heard complaints about the banking system in Myanmar is the difficulty for a vast majority of economic agents to access credit.

As for the remaining large unbankable part of the population, microfinance and NBFI should be the preferred mechanism to grant access to credit. Non-Bank Financial Institutions (NBFIs) play a significant role in meeting the diverse financial needs of various sectors of an economy and thus contribute to the economic development of the country as well as to the deepening of the country's financial system. Financial development in a country starts with the development of banking institutions. As the development process proceeds, NBFIs become prominent alongside the banking sector. Both can play significant roles in influencing and mobilizing savings for investment. Their involvement in the process generally makes them competitors as they try to cater to the same needs. However, they are also complementary to each other as each can develop its own niche, and thus may venture into an area where the other may not, which ultimately strengthens the financial mobility of both.

In Myanmar, NBFIs are those institutions that are licensed and controlled by the Financial Institutions Law. In the financial system of Myanmar, commercial banks have emerged in a dominant role in mobilizing funds and using these resources for investment. Due to their structural limitations and rigidity of different regulations, banks could not expand their operations in all expected areas and were confined to a relatively limited sphere of financial services. Moreover, their efforts to meet long term financing with short term resources may result in asset-liability mismatch, which can create pressure on their financial base. They also could not broaden their operational horizon appreciably by offering new and innovative financial products. These drawbacks led to the emergence of NBFIs in Myanmar for supporting industrialization and economic growth of the country.

1.1 Rational of the study

Non-Bank Financial Institutions (NBFIs) play a significant role in meeting the diverse financial needs of various sectors of an economy and thus contribute to the economic development of the country as well as to the deepening of the country's financial system. The growing financial performance of this sector has a colossal effect on whole economy performance. Recently the performance of NBFIs industry has dramatically influencing the performance of banking sector. The contribution of this industry toward the economy has been emerging. The banks also could not broaden their operational horizon appreciably by offering new and innovative financial products. These drawbacks led to the emergence of NBFIs in Myanmar for supporting industrialization and economic growth of the country. Currently total of NBFIs is only less than 1 % of the total assets of financial system in Myanmar. Finance companies do not play a significant role so far yet but have the potential to play greater role in the future. Until January 2013, there had been only one finance company, Oriental Leasing Company Limited. Now has 25 approved finance license companies in Myanmar. According to the central bank, the three main functions of finance company are lending, hire- purchase and leasing. some are also diversifying into other lines of business like term lending, housing finance, merchant banking, equity financing and venture capital financing. Non-bank financial institutions could provide prominent support to the SMEs sector development as well as individuals. Accessing finance from such NBFIs is easy and quicker than banks. There is no hassle and less time consuming in obtaining such finance. Security and loan documentation process are also easy. All of above helped a lot in industrialization of Myanmar. as well as supporting individuals' businesses.

The focus of this paper is to identify the necessity and importance of NBFIs to strengthen the financial system for rapid economic development of the country. Special emphasis has been given to identify the challenges faced by NBFIs in Myanmar. And finally, development of NBFIs as well as their role in strengthening the financial system of Myanmar has been discussed. It is found that despite several constraints, the industry as a whole is performing reasonably well. Given appropriate support, NBFIs will be able to play a more significant role in financial intermediation.

1.2 Objectives of the study

The objective of the study is as follows:

- To identify the roles and functions of NBFIs.
- To assess the problems and challenges of NBFIs in Myanmar.

1.3 Method of the Study

To fulfill the objectives of this research, the study will be undertaken to analyze the roles of NBFIs for the development of the economic as well as the issues that NBFIs faced in Myanmar by collecting Primary as well as Secondary data which will be used to collect information on the area for the study. A research design is considered as the framework or plan for a study that guides as well as helps the data collection and analysis of data. The research design may be exploratory and descriptive for the present study. The descriptive research design is adopted for this project.

The primary data is collected by face to face interviewing with selected leasing and hire purchase companies with well-prepared sequentially arranged questions. The questionnaire is prepared on the basis of objectives of the study. Direct contract is used for survey, i.e., contacting employees directly in order to collect data. Most of the data are collected through survey and books, reports, newspapers and internet etc., the survey conducted among the employees of selected Private bank, different NBFI offices. Another important source was the annual reports of the companies.

1.4 Organization of the study

This project is summarized into five different chapters. Chapter (1) designates Introduction of the NBFIs, Rational of the Study, Objectives of the study, Research methodology, Research design and Research approach. Chapter (2) describes literature review of NBFIs, role of Non banking financial institutions and similarities and differences of Commercial Banks and NBFIs. Chapter (3) explores Overall financial sector in Myanmar, Emergence of Non Banking Financial Institutions in Myanmar, Myanmar financial regulatory and Framework for NBFIs, Prospects of NBFIs in Myanmar and challenges issues of NBFIs in Myanmar. Chapter (4) evaluates the analysis of challenges of NBFIS in Myanmar. Finally, Chapter (5) observes Conclusion, Recommendation and suggestion.

CHAPTER 2
LITERATURE REVIEW

This chapter includes literature review of NBFIs and role of NBFIs in economic developments. It also encompasses with similarities and differences of NBFIs and Banks and key drivers of NBFIs.

Literature Review

Gurley and Shaw (1960) propounded a theory of finance that encompassed the theory of financial institutions and analyzed the role of financial intermediaries. They divided financial intermediaries into two main groups monetary and nonmonetary. Monetary institutions like banks create money and non- monetary intermediaries like non-banking intermediaries do not create money. The tremendous growth of NBFIs resulted in the diversifications and proliferation of financial assets. Goldsmith (1969) was the first to recognize the role of financial intermediaries in the growth process. He emphasized the role of financial intermediaries in the institutionalization of savings and channelizing them to productive uses. Shanker (1996) in a study pointed out that the success of NBFIs depends on their agility with which resources are raised and productively deployed in the competitive environment, where not only are the number of players large but also they are financially sound. Rengarajan (1997) observed that both from the macroeconomic perspective and the structure of the Financial services, the role of NBFIs have become increasingly important.

The main task before the NBFIs is therefore to play an expanded role so as to accelerate the pace of growth of Financial market, including the credit market and provide wider choice to investors. One of the problems of the banking system on account of subsidized social banking are addressed, the banks would have a level playing field which may enable them to compete with NBFIs with increased levels of efficiency. Levine et al. (1999) found that economic growth was substantial in countries where the financial intermediaries were well developed. The study revealed in the case of Myanmar that if the NBFIs had raised their percentage of Finance to the private sector (which was relatively low) to the average for developing countries. Hence, there is no alternative to nurturing and developing this sector to be able to attain the desired sophistication of the financial market. NBFIs constituted a significant part of financial system and compliment the service provide by commercial bank in Myanmar. The efficiency of financial services and edibility helped them build a large body of client including small borrower and bigger corporate establishment.

The Monetary and Financial Statistics Manual 2000 of the International Monetary Fund (IMF) defines the non-banks financial companies, or NBFIs, as the financial institutions that provide certain types of banking services, though they do not hold a banking license. These institutions are not allowed to take deposits from the public, which keeps them outside the scope of traditional oversight required under banking regulations. The NBFIs are broadly classified into five groups of institutions, namely:

- Development Financial Intermediaries - These are mutual investment schemes which pool the small savings of individual investors and enable a bigger investment fund. Therefore, small investors can benefit from being part of a larger investment trust.

- Saving Institutions – these are largely member based saving mobilizing schemes whose aim is to share the collections on agreed periodicity.

- Employees Provident and Pension Funds – these are contributory schemes that distribute savings on retirement to smoothen members‟ spending and consumption after retirements.

- Insurance Companies – this category hedges against any unforeseen risks. Insurance companies spread the risk of default amongst members and over a longer time horizon.

- Other Financial Intermediaries – this comprises all other players not described above, such as, Credit unions, which are informal types of banks which provide facilities for lending and depositing within a particular community. Financial advisors provide information on all the intricacies of the financial markets and spending time looking for best investment.

These institutions play a vital role in facilitating saving access to the usually non-banked populace, as well as, extending credit. Their services range from leasing, factoring, and venture capital, to various types of contractual savings and institutional investors (pension funds, insurance companies, and mutual funds). The structure of the subsector differs depending on the level of financial development of a country.

2.1 Role of Non Banking Financial Institutions

NBFIs like banks and other Financial institutions act as intermediaries between the ultimate savers and the ultimate borrowers. Financial intermediaries can provide a more economical service because of the economies of scale, their professional expertise and their ability to spread the risk over a large number of units. Thus, their operations give to the saver the combined benefits of higher return, lower risk and liquidity. The borrowers on the other hand also get a wider choice on account of intermediation of financial institutions. It may be of relevance to note that while the loans granted by commercial banks are, by and large, for industrial, commercial and agricultural purposes, those granted by NBFIs are generally for transport, trading, acquisition of durable consumer goods, purchase and repair of houses or just for plain consumption. Since their activities are not controlled by monetary authorities to the same extent as those of commercial banks, the credit extended by NBFIs may not necessarily be in consonance with national objectives and priorities. The major function of Financial intermediaries is to transfer the savings of surplus units to deficit units; hence, they can play a useful role in the economy of the country.

NBFIs in economic development

There is a growing body of hard evidence to suggest that the development of financial intermediaries contribute strongly to economic development of the country. This contribution is increased where intermediation is provided through a balanced combination of banks and NBFIs. In particular, there is a strong correlation between the depth and activeness of non-banks and stock markets on the one hand, and economic development on the other hand. NBFIs play many important roles that are not suitable for banks and through their provision of liquidity divisibility, informational efficiencies, and risk pooling services, they broaden the spectrum of risks available to foster a risk management culture by attracting customers who are least able to bear risks and all the gaps in financial services that otherwise occur in bank based financial systems.

NBFIs in Financial stability

In a financial sector in which NBFIs are comparatively undeveloped, banks will inevitably be required to assume risk that otherwise might be borne by the stock market, collective investments schemes or insurance companies. However, there is basic incompatibility between the kinds of financial contracts offered by the banks and those offered by the financial institutions. Thus, banks are more likely to fail as a result. One way of minimizing financial fragility in the developing economies may be to encourage a diversity of financial markets and institutions, where investors are able to assume a variety of risks outside the banking system itself. Without this diversity, there is a tendency for all risks to be bundled within the balance sheet of the banking system, which may lead to severe financial crises more likely. This point was widely noted by policymakers in their analysis of the lessons of the Asian currency crisis, for instance.

NBFIs in financial inclusion

Financial inclusion has been defined as the “provision of affordable financial services” to those who have been left unattended or under- attended by formal agencies of the financial system. These financial services include “payments and remittance facilities, savings, loan and insurance services”. Microfinance has been looked upon as an important means of financial inclusion in Myanmar. Microfinance is not just provision of micro credit but also other services in small quantities to the poor i.e. providing essential financial services to the poor in an affordable way. Financial Inclusion also is aiming at the same by providing the poor with not only deposit accounts or credit but also insurance and remittance facility.

NBFIs in capital market

Investment activity of NBFIs sector comprises a significant of their total assets. These constitute mainly investments in capital market. There are specialized NBFIs that are exclusively engaged in capital market investment i.e. trading in securities. These NBFIs therefore help in giving liquidity to the capital market. Further, NBFIs also lend to investors for investing in capital market. Regulatory challenges in this regard might come in the form of probable overheating of the market, which could be addressed through appropriate regulatory measures including enhanced disclosures.

NBFIs in factoring

Factoring service which is perceived as complimentary to bank finance is expected to enable the availability of much needed working capital finance for the small and medium scale industries especially those that have good quality receivables but may not be in a position to obtain enough bank finance due to lack of collateral or credit pro le. By having a continuous business relationship with the Factor in place, small traders, industries and exporters get the advantage of improving the cash flow and liquidity of their business as also availing ancillary services like sales ledger accounting, collection of receivables, credit protection etc. Factoring helps them to free their resources and have a one stop arrangement for various business needs enabling smooth running of their business.

NBFIs in infrastructure Financing

Infrastructure Finance Companies and Infrastructure Debt Funds are NBFIs exclusively into financing the infrastructure sector. Some of these companies have asset books running to lakhs of crores of rupees and are experts in long term project financing. Recognizing their significance, the Reserve Bank has given special dispensations in the form of enhanced bank credit, higher exposure norm ceiling and provision of ECB under automatic route for on- lending to infrastructure sector. The asset liability pattern however, is a matter of concern in the case of IFCs as these are lending long term against comparatively shorter term liabilities.

2.2 The Similarities and Difference of Commercial Banks and NBFIs

From a functional viewpoint the operations of commercial banks are similar to those of NBFIs on the following counts:

- Like NBFIs, commercial banks acquire the primary securities of borrowers, loans and deposits, and in turn, they provide their own indirect securities and demand deposits to the lenders. Commercial banks resemble NBFIs in that both create secondary securities in their role as borrowers.

- Commercial banks create demand deposits when they borrow from the central bank, and NBFIs create various forms of indirect debt when they borrow from commercial banks.
- Both commercial banks and NBFIs act as intermediaries in bringing ultimate borrowers and ultimate lenders together and facilitate the transfer of currency balances from non-financial lenders to non-financial borrowers for the purpose of earning profits.

- Both commercial banks and NBFIs provide liquid funds. The bank deposits and other assets of commercial banks and the assets provided by NBFIs are liquid assets. Of course, the degree of liquidity varies in accordance with the nature and the activity of the concerned financial intermediaries.

- Both banks and NBFIs are important creators of loanable funds. The commercial banks by net creation of money and the NBFIs by mobilizing existing money balance in exchange for their own newly issued financial liabilities.

Difference between Commercial Banks and NBFIs

Commercial banks are different from NBFIs in the following respects:

Credit Creation

The existence of NBFIs significantly modifies the conventional view of commercial banks as creators of money because they can directly issue their own new liabilities to acquire other assets. On the other hand, NBFIs do not create money. The credit creation activities of the commercial banks are determined by the excess reserves and the cash-reserve ratio of the banks. The activities of the non-bank intermediaries *(i.e.,* saving mobilization, lending activities, etc.) are largely governed by the structure of interest rates.

Credit creation activities of the banks involve lesser time, while the lending activities of the non-bank intermediaries involve longer time. The credit creation activities of the commercial banks are regulated and controlled by the central bank. The nonbank intermediaries are not generally under the control of central bank, and thus, then[1] activities may create hurdles in the way of effective implementation of monetary policy.

Cash Reserve Requirements

Commercial banks, like other FIs, have to earn a higher rate on their total assets than they pay on their total liabilities. They have to keep cash reserves. But cash reserves do not earn income. So banks wish to maintain their cash reserves as low as possible. But, unlike NBFIs, they are legally required to maintain a minimum cash reserve ratio (CRR). This ratio is always more than what the banks would wish to maintain. As a result, banks do not normally hold cash reserves in excess of those legally required and invest all excess cash in earning assets. With a reduction of required cash reserve ratio, the volume of bank intermediation would expand, and vice versa. They are thus in an advantageous position over the banks. But this regulatory distinction between banks and NBFIs does not apply now in almost all the developed and developing countries of the world because reserve requirements have been enforced in one form or another on NBFIs with the exception of insurance companies, pension funds, and investment and unit trusts.

Portfolio Structure

Commercial banks differ from NBFIs in their portfolio structure. Bank liabilities are very liquid. The liabilities of a bank are large in relation to its assets, because it holds a small proportion of its assets in cash. But its liabilities are payable on demand at a short notice. Many types of assets are available to a bank with varying degree of liquidity. The most liquid is cash. The next most liquid assets are deposits with the central bank, treasury bills and other short-term bills issued by the center and state governments and large firms, and call loans to other banks, firms, dealers and brokers in government securities.

The less liquid assets are the various types of loans to customers and investment in longer-term bonds and mortgages. Thus banks have a large and varied portfolio on the basis of which they create liquidity. NBFIs also create liquidity but in the form of savings and time deposits which are not used as a means of payment. They are limited in the choice of their assets and are also prohibited from holding certain assets. Thus the size of their portfolio is very small as compared with banks. They generally issue claims against themselves that are fixed in money terms and have maturities shorter than the direct securities they hold. They borrow for short period, and lend for long period. This is because of the small size of their portfolio and they hold less liquid assets than banks.

Risk

Banks have to follow certain norms at the time of advancing loans. There are detailed appraisals of projects and hence delays in sanctioning loans. On the other hand, NBFIs do not enter into detailed appraisals of projects, they have to follow less stringent rules for advances. There are no time delays in granting loans. Thus NBFIs are able to take greater risk and lesser supervision as compared to banks.

Security

NBFIs insist on greater security than banks before lending. Normally, it is in the form of shares and post-dated cheques. This is to ensure that if one project goes bad, they can recover from the others.

Recovery

NBFIs are very innovative in their methods of recovery and calculation of interest rates. They combine a good security with other factors such as upfront fee, and higher lending rates. Consequently, their recovery rates are good and the percentage of bad debts to their assets is very low. Banks, on the other hand have to follow specific norms in making loans. Their prime lending rates are much lower than the NBFIs. Since banks advance huge loans to corporates, the rate of default is very high in their case.

The above can be summarized as follows:

- The distinction between commercial banks and NBFIs has been too sharply drawn. The differences are of degree rather than of kind,
- The differences which do exist have little intrinsically to do with the monetary nature of bank liabilities,
- The differences are more importantly related to the special reserve requirements. If NBFIs are subject to the same kind of regulations, they would behave in much the same way.
- Commercial banks do not possess a 'widow's cruse' which means that any expansion of assets will generate a corresponding expansion of deposit liabilities. Despite these differences, commercial banks are unique among financial intermediaries.

2.3 Key Driving Forces of NBFIs for the contribution of the country's economy

The non-bank financial sector has a wide diversity of institutions. Despite their importance as alternative sources of finance to the commercial banks, their liabilities may nevertheless be regarded as 'near money'. The key driving forces of the NBFIs are as follows:

Product innovation

Innovation of new product & services leads any NBFIs to drive its present business operation. Coping with new product or service is essential to survive in the market. Obsolete product line cannot ensure smooth success.

Product Differentiation

No NBFIs should wait for innovating new services by other institutions. They themselves should try to differentiate its present service or product line to strengthen its market position. This force also leads the diversification of the sector's institutions.

Changes in long term growth

Potential symptoms of changes in long term growth leads diversification of institutions. It may be required by customer demand or regulations or by competitors. Even the size of potential growth drives the institutions.

Business Contracting

Contracting with new & new businesses works as a key force to diverse the sector. Business contracting may be required to change the framework of the institutions. Different businesses have different types & nature of contracts that works as a driver of the institutions.

Marketing Innovation

Innovation of modern marketing concept also drives the institutions. The NBFIs have to realize and implement the developed marketing theory to compete. New concepts lead the diversification of contemporary marketing policy.

Economies of Scale

To obtain the economies of scale, many NBFIs change its contemporary business cycle and processes. Because economies of scale is a key success factor. And in some cases after attaining the economies of scale many NBFIs diverse its operation of business.

Regulations

Most of the time different regulations imposed by controlling authority drive the operations of the NBFIs. As there is no option to escape from the hand of regulation, the NBFIs have to implement the changes required by the rules and regulations.

CHAPTER 3
OVERALL FINANCIAL SECTOR IN MYANAMAR

This chapter aims at providing the overview of the financial sector in Myanmar in related to the components of the Myanmar Financial sector, including capital markets, microfinance, insurance markets, finance companies and other informal financial sector and would focus particularly on non banking finance companies.

3.1 Financial Inclusion in Myanmar

Myanmar's financial sector is still underdeveloped with financial inclusion also lagging its peers. Although both private credit and deposits in the banking system have grown gradually following a sharp decline in the 2003 banking crisis, they remain low compared with other frontier and developing Asia (FD Asia) countries and far below emerging Asia (EM Asia). Financial inclusion in Myanmar is also limited with account ownership at regulated financial institutions, savings and credit card ownership falling below its peers.

Myanmar population is thinly served by financial services with uneven access and a high reliance on informal means owing to several constraints. Finscope (2013) indicates that 30 percent of adults use regulated financial services but only 6 percent of the adults use more than one service. There is also uneven access to financial services with the banks' branch network disproportionately benefitting urban areas such as Yangon. Also, farmers though still underserved, have better access to formal financial services (at 43 percent) compared to MSMEs (at 30 percent) and general households (see Figure below). The limited ability to borrow from formal financial institutions is in part due to: i) a narrow collateral base (mainly land and buildings); ii) an inadequate credit guarantee system; iii) the limited availability of financial products (e.g., fractional term loans, leasing and factoring finance); and iv) underdeveloped risk management skills (e.g., premature credit-scoring system).

The Myanmar government has made financial inclusion an integral part of its inclusive growth strategy and has undertaken several initiatives to support it including the 2011 microfinance business law and the Financial Inclusion Road Map (FIRM). The 2011 law set the stage for the development of the microfinance sector, expected to fill credit gaps particularly in the agriculture and small and micro enterprises. Subsequently, several regulations pertaining to MFIs were passed in 2016 and 2017. Also, the government launched the Financial Inclusion Road Map (FIRM) in 2015 aiming to bring the population into the formal financial market with access to modern financial products and services. The roadmap sets out several targets on the access to financial services by 2020.

Table (3.1) Targets for Priority Markets

Targets for Priority Markets			
	Size (mil)	Access in 2014	Target in 2020
Agriculture (farmers)	12.1	43%	51%
MSME (Micro, Small and Medium Enterprise)	7.2	30%	40%
Low income household	7.5	15%	28%
Other	13.0	27%	36%
Total	39.8	30%	40%
Source: Myanmar authorities (2015).			

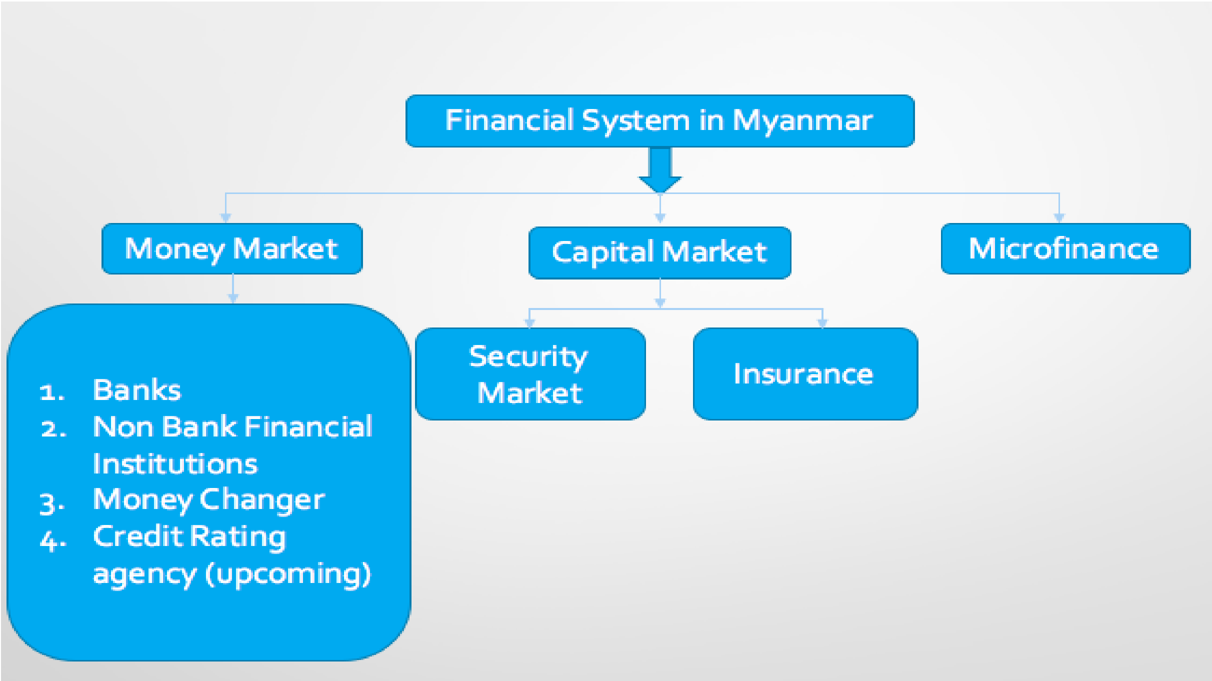
Source: Myanmar authorities,2015

3.2 Synopsis of financial sector in Myanmar

After experiencing a range of ups and downs starting from the 19th century, the Myanmar banking sector is currently undergoing a significant reform process that is aiming at growth and sustainability. The financial sector in Myanmar is the least developed of all countries in Southeast Asia and cannot adequately fulfill its role as a financial intermediary. However, due to the recent reform process, the sector has already undergone tremendous changes. a stock market in late 2015 come to alive but with slow progress and the insurance market, formerly monopolized by the state, has been liberalized. Nevertheless, capital and insurance markets still play a minor role, and the financial sector continues to be dominated by banks. In Nov,2018, Foreign banks in Myanmar are being allowed to provide commercial services, setting them on more equal footing with the local banks as the sector implements further reforms.

The on-going revision of the legal framework is bringing Myanmar closer to international standards and is changing the way financial sector operate. The authorities have started to revise the legal framework and various requirements for the financial in order to modernize the infrastructural and institutional framework, liberalize the foreign exchange market, relax administrative controls, allow more competition and innovations, and improve fiscal and foreign exchange management capacities.

Figure (3.1) Financial System in Myanmar



Source: Financial Time,2016

Given the low level of development of the banking sector and the size of the potential market, growth potentials continue to look promising.

Banks

Myanmar's banking sector is growing, and growing quickly. The total assets held by the three largest banks increased by 34% throughout the 2016-17 financial year, combined loan portfolios by more than 30% and deposits by almost 40%. But the sector is not growing quickly enough. The country's GDP growth has recovered after a recent drop and is expected to remain around 7% in the medium-term, infrastructure funding needs are colossal, small and medium enterprises are desperate for loans and consumer demand for credit is rising.

Meanwhile, the extension of domestic credit to the private sector remains easily the lowest in ASEAN as a percentage of GDP. There has been a clear and sustained surge in credit extension from a very low base but not nearly enough to meet the country's vast needs across infrastructure, goods and services. Myanmar's position at the bottom of the domestic credit rankings is in part a legacy of years of political and economic turmoil, isolation and underinvestment. Change and reform accelerated under the Thein Sein government that took power in 2011, and has continued under the National League for Democracy (NLD) administration. International banks have re-entered Myanmar under a new licensing regime, forming partnerships with local lenders but also increasingly free to compete for business. The authorities have removed state-owned bank monopolies on certain activities, and tried to level the playing field. The larger domestic banks have undergone technological transformations, installing and updating core banking systems, digitizing operations and expanding mobile services. Credit and debit cards have reappeared, and the bigger banks are beginning to offer sophisticated consumer and SME lending products.

Foreign banks

In 2015, Myanmar granted licenses to nine foreign banks that had opened representative offices in the country, marking the first time in half a century that foreign lenders had been allowed to operate. A second round of licenses followed in 2016, which was open only to banks from countries without a successful applicant. Under the terms of the license, foreign banks can lend only to foreign or local-foreign joint venture firms, and local banks. Although they can partner with local lenders to bank local corporations and offer other products, they are barred from conducting their own retail banking operations.

In Nov,2018, Foreign banks in Myanmar are being allowed to provide commercial services, setting them on more equal footing with the local banks as the sector implements further reforms.

Capital Market

Traditionally, the small number of domestic investors in Myanmar have constructed investment portfolios primarily centered around cash, real-estate, commodities or currencies via position-trading. That's beginning to change as Myanmar's first stock exchange began trading early 2016 and more of the general population is being exposed to the financial services industry.

Myanmar lacks most features of modern capital markets. A primary government treasury bond (T-bond) market was established in 1993. However, a secondary market for on-trading bonds has not yet been established. The thin spread between T- bonds and deposit rates is the main reason why no efficient market has developed so far. More than two years after it began trading, the Yangon Stock Exchange is still struggling to escape the trap of few listed companies, few investors and low share prices.

But now, there is room for optimism. New legislation, which was passed last year and takes effect on Aug. 1, will allow businesses to be up to 35%-owned by foreigners without losing their domestic-company status required for listing on the exchange. Still, the challenges ahead remain significant, including slow progress on banking reform, a lack of knowledge of the stock market among the general public, and the limited availability of information on listed companies.

Insurance Sector

A total of 12 private sector firms currently operate in the country, in addition to the national insurance provider, Myanmar Insurance, which accounts for approximately 45% of all gross written premium. The insurance sector in Myanmar is still in its infancy and dominated by the state owned enterprise, Myanmar Insurance ("MI"). Through the Myanmar Insurance Law 1993, MI was empowered to engage in all insurance business activities, and monopolize third-party liability and re-insurance. As a result, MI offers over 40 different types of insurances and monopolizes the market for over two decades, while local private insurance companies are limited to 12 types of policies under permission of MI. The list of private insurance companies is provided below:

In anticipation of the upcoming sector liberalization, several international firms have already moved to establish a presence in the country. As of early 2018, 24 foreign insurers had set up representative offices: three of these – all Japanese underwriters – are allowed to sell insurance within the Thilawa Special Economic Zone. However, while the market holds potential, foreign operators will face some of the same challenges experienced by domestic operators. The majority of the 53.6m-strong population is unbanked, which has hindered efforts to increase personal insurance coverage, and there is a general lack of education about the benefits of insurance. At present the foreign insurance companies are only permitted to open Representative Offices in Myanmar. There are till date 21 such companies, 18 of which are listed below.

Microfinance

Today, there is growing diversity in the supply of microfinance in Myanmar, with more than 250 licensed local and international microfinance institutions (MFIs). As of March 2018, the FRD listed 176 licensed MFIs under its supervision, which does not include cooperatives. Microfinance is widely seen as a key development tool to promote financial inclusion and alleviate poverty in Myanmar. In November 2011, the government passed the new Micro Finance Law, paving the way for expansion of micro finance services by allowing local and foreign investors to establish wholly privately owned MFIs in country. For decades, the supply of microfinance in Myanmar was the domain of international non-governmental organizations (NGOs) and Myanmar Agricultural Development Bank (MADB). These institutions offered mainly small loans of up to K500,000 (US$400). With this narrow and limited supply, the majority of the population was relegated to using informal, unregulated sources of credit, often at excessively high rates. In summary, the microfinance sector is at the earliest stages of development in Myanmar. There are great opportunities alongside great challenges for growth. Any successful intervention will require a rapid dissemination of international good practices and a high level of donor coordination.

Mobile Money

In 2015, the Central Bank began drafting regulations on mobile financial services to open up the market to non-bank financial institutions. Wave Money, a partnership between Telenor and Yoma Bank, began commercial testing with approval from the Central Bank later that year. The regulations were approved in early 2016, and in October that year Wave Money became the first recipient under the non-bank financial institution licensing regime. It was 2017 that saw the beginnings of real growth in Myanmar's mobile money sector. Wave Money expanded its agent network from 5000 at the start of 2017 to 16,000 by January 2018 to cover 85% of the townships in the country.

After Wave Money received its license, the market had to wait almost a year to see a second issued. OK Dollar, operated by Internet Wallet Limited, received its license in August 2017 although it launched the service in June 2016. Ooredoo, meanwhile, launched its own mobile money service 7000 agents and 300,000 registered customers as of March 2018. The market is now waiting for MPT, which still claims the largest number of mobile subscribers and the greatest geographic coverage. The expectation is that MPT will launch its service in mid-2018. Although the presence of the state-owned telecoms will represent competition, raising awareness and understanding of mobile money across the population appears to be a far bigger priority for market participants. Having the three largest telecoms operating in the market is generally seen as crucial for the sector's growth.

Informal Financial Sector

Informal lending is widely used despite high interest rates. A 2013 nationwide study by FinScope found that more people in Myanmar use informal loans than formal loans (29% vs. 18%).Informal moneylending is not only flourishing but also has a long tradition in Myanmar. For higher loan amounts, collateral is required but informal moneylenders are more flexible than banks with regard to items acceptable as collateral. In addition to the typical items that are also acceptable to banks, moneylenders accept apartments and gems, which many banks will not accept. The interest rate charged by informal moneylenders depends on the relationship between borrower and moneylender as well as on whether or not a loan is collateralized and on the type of collateral pledged. For collateralized loans, monthly interest rates can reportedly range from 2.5% to 10% or more. For uncollateralized loans, which pose a higher risk for the lender, interest rates are easily three to four times higher than for collateralized loans. Interest-rate payments are usually calculated on the outstanding principal. Disbursement of informal loans seems to be much faster than in the formal sector and, even for fairly large amounts, often only requires a day or two.

Informal moneylenders are filing a gap in the current financial sector as they are serving clients who, so far, have not been served by formal financial sector. Simultaneously, informal moneylending enhances the shadow economy and bears the risk that arises from its informality, in particular regarding the protection of borrowers in the event of overdue payments or realization of collaterals.

3.3 Emergence of Non-Bank Financial Institutions in Myanmar

Non-Banking Financial Institutions (NBFIs) play an important role in the Myanmar financial system given their unique position of providing complimentary and competitiveness to banks. They score over the traditional banks by providing enhanced equity and risk-based products. Thus far, NBFIs do not play a significant role. They do, however, have the potential to play a greater role in the future. Up until January 2013, there had only been one finance company, Oriental Leasing Company Limited.

Established in 1996 as a subsidiary of the Myanmar Oriental Bank Ltd, its main activity lies in the hire-purchase of mostly motor vehicles, agricultural machineries and electrical goods. For the Oriental Leasing Company, the investment funds pooled under the bank's trust fund scheme are the main source of funds for its operation.

Between January 2013 and June 2016, fourteen additional finance companies were licensed: two were granted license in 2013, six in 2014, one in 2015 and five in 2016. In FY 2015- 2016, their total amount of loans extended to their customers reached nearly MMK 30 billion. As of today, there are total of 25 finance companies granted to perform financial activities. They seek their long-term funds from domestic banks they have close relationship with and foreign investors. However, foreign investors are more interested in equity participation in the finance companies than in handing out loans to them. Two foreign finance companies, BTMU Leasing (Thailand) Co. Ltd. and ACELEDA Bank Plc. have also recently established representative of finances in Myanmar.

Finance companies are subject to the 2016 Financial Institutions Law. According to the central bank, the three main functions of a finance company are lending, hire-purchase and leasing. The current minimum capital is set at MMK 3 billion. Finance companies are not allowed to accept deposits from the public. They can, however, receive long-term loans from institutional investors and foreign financial institutions subject to the approval of the CBM. All 25 approved finance companies are listed at appendix (3).

3.4 Myanmar Financial Regulatory and Framework for NBFIs

Myanmar new Financial Institutions Law (FIL) came into force on January 25 2016. It replaces the Financial Institutions of Myanmar Law (FIML) of 1990. The FIML applied to financial institutions including commercial banks, investment or development banks, finance companies and credit societies. It had 91 sections, Rules under the FIML were published in 1991; regulations were published in 1992. Subject to the Central Bank of Myanmar's (CBM) approval, financial institutions could engage in 16 types of activities under FIML. The legislation established Myanmar Economic Bank (MEB), Myanmar Foreign Trade Bank (MFTB) and Myanmar investment and commercial bank (MICB).

The FIL

The new FIL provides for far more comprehensive regulation of financial sector activities, under CBM regulatory authority. Under the FIL, Financial Institutions means banks, non bank financial institutions and scheduled institutions. Bank designates banks licensed by the CBM to carry on banking business. It includes commercial banks, development banks; licensed branches of a foreign banks. Non bank financial institution (NBFI) means entities under section 20 to carry on one or more of the following businesses:

- Finance company
- Leasing
- Factoring
- Credit token
- Money service
- Other businesses as prescribed by CBM

Section 23 of the FIL provides the NBFI may engage in:

- Finance Company Business
- Leasing business (including hire purchase)
- Factoring business (financing accounts receivable)
- Credit card business
- Money services
- Other credit services the CBM may prescribe
- Other activities allowed by CBM.

Under the FIL, Scheduled Institutions established under another law that provide financial services for a specific group. Examples include: Rural Development Bank, Agricultural Bank, Micro Finance Institutions licensed under the Microfinance Law and credit securities. Apart from the requirements outlined in the FIL, the Myanmar legal and statutory framework for corporate financial reporting is based on the following laws:

- Myanmar Companies Act (1914)
- Myanmar Accountancy Council Law (2015)
- Auditor General of Union Law (2010) and its amendments

However, Under the new law, the booming business of equipment leasing and rental faces new challenges as the Draft Law introduces a completely new requirement to obtain CBM approval for carrying on leasing or rental business. These businesses must “within 6 months of the effective date obtain written acknowledgement of compliance from the CBM to carry on a non-bank financial institution business”. It is unclear if it is the intention of the legislator to subject leasing businesses of each size to the new regulatory supervision by the CBM. We believe that the resources of the CBM are overstretched as it is, so presumably some type of threshold would be appropriate.

Furthermore, it is difficult to see why “letting” of equipment is explicitly put within the scope of activity requiring a license from the CBM. Financial lease is part of the core business of many financial institutions but renting is not. There is no doubt, however, that it is the intention of the legislator, at least based on the present Draft Law, to include renting of equipment in the scope of the financial laws. Leasing business is in the Draft Law defined as “the business of letting or sub- letting movable property on hire, regardless whether the letting is with or without an option to purchase the property”. It is unclear what regulation the CBM has in mind for leasing companies. The Draft Law merely states for all NBFIs that “the CBM may impose such conditions as it sees fit” and may “issue necessary regulation and guidelines”. No mention is made of any specific conditions for leasing companies.

Including all types of leasing and renting into the scope of a law mainly written for banks is not an obvious way to go about it. As we speak, many companies are already active in this space and more are set to be established. Various suppliers, including manufacturers and vendors of rolling stock and equipment have an interest to get into this market. A new licensing requirement without protection in a transition phase, and which is left entirely undefined may cast considerable uncertainty on the future existing operators and contracts.

The Draft Law does not only raise interesting issues for foreign and local banks. The 1990 FIML did create the possibility for finance company business in Myanmar, but very few such licenses have ever been granted. The scope of activity of a finance company under the 1990 FIML was, according to s. 6 1990 FIML “primarily financing the purchase of goods or services”. Specific to finance companies is that they do not and are not allowed to finance their activities by taking deposits. Besides stating that, the 1990 FIML did not elaborate much on financing business. Given the reluctance of the CBM to license businesses for this activity, the whole matter attracted little attention.

That changed in 2013, when rumors circulated that the CBM was about to license a number of wholly Myanmar owned finance companies. It was a bit unclear how many companies indeed received the coveted license. In any event, the wave of new finance companies which was expected by at least some in the market did not materialize, but some licenses are indeed out there.

The Draft Law does not reveal much on the regulatory framework of finance companies, or other NBFI's for that matter. It is clear that any existing finance companies must re-apply for a license under the new law within 6 months following of its effective date. Unlike as is the case for banks, the Draft Law does not set forth the documents required for applying for a NBFI finance company. In combination with the CBM's past reluctance to license finance companies, we think that new finance company licenses might not be the highest priority for the CBM right now.

Although there are a few inexplicit points, it is carefully drafted to meet the best international practices and also embodies the Basel Core Principles issued by the Basel Committee on Banking Supervision. The law grants the CBM wide-ranging powers to supervise banks and non-bank financial institutions. It encourages the practice of good corporate governance in banks, and promotes transparency and accountability as well as modernization of the payment system. Furthermore, it offers clear exit strategies for banks, should they become non-viable. This law and its associated rules and regulations will profoundly re-shape the framework conditions under which the banks operate, develop and innovate. The rules and regulations for the FIL are currently under revision. The first and only regulation issued thus far under this new law is on Mobile Financial Services. Application requirements are K3bn minimum capital. The company must prove the paid up 3 B authorized capital as net income after tax from registered business. K3m application fee and Minimum three-year business plan, including the nature of the services to be offered.

Reporting standards

There is an expectation in the banking sector that the Central Bank and the Myanmar Accountancy Council (MAC) will follow a process of bringing MFRS into line with the latest IFRS standards, but as of April 2018 there had still been no public announcement in this regard. Some Myanmar banks use the most up-to-date IFRS reporting format, but the disclosure standards across the industry often falls far short of

IFRS 2009. Lenders generally lack the necessary treasury software system to produce international-standard IFRS reports. A resulting problem, according to senior bank executives, is that the current reporting regime gives lenders leeway in how they represent certain aspects of their balance sheet for reporting purposes.

GIZ is one of the organizations offering support on this front, and has a programme with three participating banks – KBZ, Shwe Bank, Myanmar Oriental Bank - helping the lenders prepare annual financial statements according to IFRS. Some banks are independently moving towards the latest version of IFRS and expect to be fully compliant — though not out of regulatory necessity — within a few years. Others say they will follow the Central Bank's pace of disclosure requirements. For a majority of banks and NBFIs, however, meeting the reporting and disclosures of even IFRS 2009 is reportedly a challenge.

3.5 Prospects of NBFI in Myanmar

Development of Micro-financing agencies and NBFIs in Myanmar

The strongest opportunity for foreign investors in the sector comes from the Myanmar Microfinance Supervisory Enterprise (MMSE), 2012. The MMSE has the authority to issue licenses to new micro-financing companies – both domestic and foreign – that want to establish themselves in the finance sector. Within five years of operation, the MMSE has granted licenses to over 200 agencies. This has lead to opening of the Non banking financial sector in the country. Although most of these companies, however work in urban areas, this leave over 60 percent of the population unbanked or without access to the financial services but also serves up as potential for investment growth in the sector. The United Nations Capital Development Fund estimates that the total demand for financing in Myanmar is almost US$1 billion – about four times more than the current supply.

Moving towards a liberalized sector

The government's plan to increase privatization in the financial sector infuses hope for faster economic growth and improving financial status. The latest development allowing foreign banks to provide financing to local business is a small but key step forward. Considering the lack of liquidity in local private banks in Myanmar, this move offers much-needed relief to the trading community and provides a more conducive business environment. It is, however, only a first in a series of necessary reforms that must be pursued by the government to secure Myanmar's appeal for foreign investors and the international banking sector.

Digitization of financial services

Myanmar moves towards digitization, prospects for firms providing digital financial solutions are on the rise. Restructuring of state banks is a high priority in Myanmar's economic reform agenda, which possibly entails offering a stake in the state banks to international investors in the long run. This, along with the sheer size of the potential market, presents huge opportunities for foreign investors.

3.6 Challenges issues of NBFI in Myanmar

Sources of Funds

NBFIs collect funds from a wide range of sources including financial instruments, loans from banks, financial institutions, insurance companies and international agencies. Line of credit from banks constitutes the major portion of total funds for NBFIs. Most of the NBFIs in Myanmar are joint venture with foreign partners although NBFIs are only allowed for local companies only and most of the fund come from foreign source.

Although share capital is another prospective source of fund for NBFIs, many companies have not utilized this opportunity fully. Only one NBFIs in Myanmar are incorporated as public limited companies, it could be a better alternative for them to raise fund through initial public offerings in order to finance the expanding horizon of activities. It is evident that loan from bank and deposit base are the key sources for NBFIs' fund and account for nearly 75 percent of the total. Limitation of access for fund in Myanmar is the major obstacles for such institutions. Most foreign partners only want to invest in equity than loan.

Cost of Fund

The structure of cost of fund for NBFIs does not follow any unique trend. That weighted average cost of fund for the leasing companies is always positioned much higher than that of banks. According to the study, cost of funds for leasing companies varied between 13 to 20 percent. Although foreign loan may be cheaper rate, there is a risk of exchange rate fluctuation.

Asset-Liability Mismatch

Asset-liability mismatch is another cause of concern for NBFIs. Demand for funds to meet the increasing lending requirements has increased many times. But the availability of funds has become inadequate as NBFIs are mostly dependent on loan from commercial banks. International Finance Corporation (1996) observed that leasing companies are in a great dilemma while managing the mismatch between their asset and liability. According to IFC, the average weighted life of the company's business portfolio should be less than the average weighted life of its borrowing in its operating guidelines for a leasing company.

Investment in High Risk Portfolio

It is already mentioned that cost of funds for NBFIs are higher than that of banks. In order to sustain the high cost of borrowing, NBFIs may be inclined to invest in the high return segments, which can expose them to commensurately higher risks. Moreover, fierce competition among competitors may also force many NBFIs to reduce the margin at the expense of quality of the asset portfolio. This strategy may eventually create the possibility of an increase in the non-performing accounts. Unless adequate risk management capabilities are developed, the growth prospects of NBFIs would not only be hindered but it might also be misapprehended.

Product Diversification

NBFIs emerged primarily to fill in the gaps in the supply of financial services which were not generally provided by the banking sector, and also to complement the banking sector in meeting the financing requirements of the evolving economy. NBFIs are permitted to undertake a wide array of activities and should therefore not confine themselves to a limited number of products only. Leasing, no doubt, presents a good alternative form of term financing. Even in leasing, investments were not always made in the real sector and non-conventional manufacturing sector. Almost all the leasing companies concentrated on equipment leases to BMRE (Balancing, Modernization, Replacement and Expansion) units only. New industrial units were hardly brought under the purview of leasing facilities. This implies that the new customer base has not been created and the growth of industrial entrepreneurship could not be facilitated through NBFI financing packages. Diversifying the product range is a strategic challenge for NBFIs in order to become competitive in the rapidly growing market.

Competition with Banks

With the advent of new NBFIs, the market share is being spread over the competing firms and the demand facing each firm is becoming more elastic. Active participation of commercial banks in the non-bank financing activities has further increased the level of competition in the industry. Leasing was considered as a non-bank financing activity until recently. But a large number of banks has also shown their interest in the leasing business and has already penetrated the market. For banks, public deposit is one major source of funds which they can collect with relatively lower cost. Thus the business environment for NBFIs has become more challenging as they have to face uneven competition with banks in terms of collecting funds.

Lack of Human Resource

Skilled and trained human resource is considered as an important component for the development of any institution. Due to the recent growth of NBFIs, availability of experienced manpower is a challenge for this industry. The supply shortage of efficient resource personnel has been leading to a significant increase in the compensation package, which is also a cause of concern for NBFIs. The industry experts believe that although there exist enormous growth opportunity the market is still quite small and scope of work for skilled personnel is very limited compared to that of banks. This makes the competent personnel to switch from NBFIs to other institutions after a certain period implying low retention rate of skilled human resource.

Weak Legal System

Although the default culture has not yet infected NBFIs to any major extent, they face difficulties in recovering the leased assets in case of a default. Moreover, delays in court procedures create another cause of concern. The situation cannot be improved only by making the legal system stronger through enactment of new laws rather ensuring proper implementation existing ones is more of concern.

Lack of an Established Secondary Market

Even in cases when the defaulted asset is recovered, the disposal of the same becomes difficult because of lack of an established secondary market. For the promotion of a secondary market, NBFIs may consider initiating the concept of operating lease instead of the mode of finance lease in case of these recovered assets to create a demand for second hand or used machinery and equipment.

CHAPTER 4
ANALYSIS OF CHALLENGES OF NBFIS IN MYANMAR

The Survey on the access to finance of the non-financial corporations in Myanmar captures the real sector's opinions on the most pressing problems that firms faced in their activities, the availability and evolution of financing sources, and customer opinion on accessibility of finance on non-bank financial institutions (NBFIs) compared to bank.

4.1 Survey design

The analysis is based on the companies' answers to the Survey for the period from August 2018 to November 2018 and the survey taken from customers who visit the NBFIs service location. The questionnaire method is used for colleting information from the two source, the management from NBFIs firms as well as customers. A structured questionnaire was prepared and administered to both the categories of the respondents. The questionnaire was designed keeping in mind the type of information required for the research study and the ability of the questions to generate required data.

For getting the response to the structured questionnaire, two methods were adopted. Wherever feasible, the responses were collected by the researcher by conducting personal interviews or surveys. But in some cases, especially in the case of some company executives, the responses were solicited through email. The Survey is based on a questionnaire sent to the most active 14 NBFIs in Myanmar out of 25 approved institutions. Out of 25 financial institutions, only around 14 NBFIs are active in the market. Recently approved NBFIs such as Myanmar Ruby Hill, Mo Mo ventures, Reliable and Trusted Company has started their pilot projects but not in market presence yet. For the customer survey, the customers are requested to fill the questionnaires when they visit the NBFI service branches. Total of 56 respondents filled the questionnaires. The Questionnaires for collecting the primary data from the NBFIs were prepared taking into consideration the objective of the research study. Different types of attitudinal measurement scales were also used in these questionnaires. A 5 point Likert scale was employed to know the intensity of agreement or disagreement of the respondents on different issues.

4.2 Analysis of target customer of NBFIs

Table (4.1) Type of Customer

Type of Customer	Frequency	Percentage
Small business	14	32
Larger Business	9	20
Employed Individuals	14	32
Unemployed Individuals	3	7
Others	3	7
Totals	**43**	**100**

Source: Survey data, 2018

As it can be seen at above table. Small business and employed individuals are the main target customers for providing finance. Larger business only account for 20% of total and unemployed individuals and other represent 7 percent each.

Table (4.2) Geographic Location

Geographic Location	Frequency	Percentage
Rural	1	7
Urban	7	50
Both Rural and Urban	6	43
Total	**14**	**100**

Source: Survey data, 2018

As stated table above, most of the service provider for finance have reached to urban area only presenting 50% of the total. 43% provide for both rural and total. Only 7 % target only rural customer for example Maha Agri finance co ltd.

Table (4.3) Income Group of the Clients

Income	**Frequency**	**Percentage**
Below 2 Lakh	3	6
2 Lakh to 5 Lakh	14	29
5 Lakh to 10 Lakh	14	29
10 Lakh to 50 Lakh	8	17
Above 50 Lakh	9	19
Total	**48**	**100**

Source: Survey data, 2018

Per table above, majority of finance provider of NBFIs provide financial service for middle class income representing 29 percentages each for the income level of 2 lakhs to 5 lakhs and 5 lakhs to 10 lakhs. 19% of target income level are Micro and small business.

4.3 The profile of NBFIs

As below table indicates that most service providers offer consumer loan and SMEs loan primarily representing 29% each and second comes to Hire Purchase with 20%. No one provides factoring service so far. Money service and Housing loan imply 4% and 6% each.

Table (4.4) The product and services offered by NBFIs

Products	Frequency	Percentage
Consumer Loan	14	29
SMEs Loan	14	29
Housing Loan	3	6
Hire Purchase	10	20
Factoring		
Money Service	2	4
Others	5	10
Total	**48**	**100**

Source: Survey data, 2018

Table (4.5) Years of Establishment of NBFIs

Period	Frequency	Percentage
Less than one year	2	14
1 to 3 years	5	35
3 to 5 years	6	42
5 years and above	1	7
Total	**14**	**100**

As it can be seen from above table, most of the nbfis are still very infant stage and most has just been operational less than three years and only one firm has been operating 5 years and above.

4.4 Measures of impact taken to determine the finance activities on the clients

Table (4.6) Measurement of Impact

Measure of impact	**Frequency**	**Percentage**
Saving by Clients	13	22
Growth of their business	14	24
Employment generation	10	17
No. of clients in portfolio	14	24
Other Measurement	7	12
Total	**58**	**100**

Source: Survey data, 2018

As shown above, most of the service providers take some forms of measures to determine the finance activities on the clients. Saving by clients, growth of their business and number of clients in the portfolio are the most frequent measurements taken by the firms representing 22% and 24% representatively.

4.5 The main sources of financing for non banking financial institutions

Retained earnings and the sale of assets continue to be firms' main source of financing. At the same time, loans from shareholders/capital increases and trade credit are important sources of financing for the respondent firms. Government financing program are not among firms' priorities. Source of fund from Bank loan and overdrafts represent 13 percent each as important source of fund for most of NBFIs. Foreign loan and foreign equity stated that 7% of each standing the lowest percentage among others.

Table (4.7) Source of fund

Source of fund	Frequency	Percentage
Retailed earnings or Sales of Assets	14	20
Loan from shareholders or capital increases	10	14
Trade credits	10	14
Overdrafts of credit lines	9	13
Foreign Loan	5	7
Foreign equity	5	7
Government financing program		
Local bank loan	9	13
Others	7	10
Total	**69**	**100**

Source: Survey data, 2018

4.6 Issues that created problems in growing your organization from client base

As per below table, the issues that created problem in growing the business are unreliable infrastructure followed by unawareness of financial service provided by nbfis, uneducated about financial service and debt management. Underdeveloped payment channel facilities also significant issue that hinder growing the organization. Loan default and lack of important information about clients also create the risk for the organization representing mean value of 2.4 and 2.3 correspondingly.

Table (4.8) Issues that created problems in growing the organization from client base

No.	Issues	Mean
1	Clients are uneducated about financial services	3.3
2	Unreliable Infrastructure (eg. Transport, telecommunication) make it difficult to reach us	3.6
3	Loan Defaults	2.4
4	We lack important information about our clients	2.3
5	Lack of awareness of financial service provide by NBFIs	3.2
6	Customer service (Clients complain about our service	2
7	Clients are uneducated about debt management	3.3
8	Underdeveloped payment channel facilities	3.1
	Overall average Mean	**2.9**

Source: Survey data, 2018

4.7 The challenges and issues that NBFIs face

According to the table below, lack of access to funding play major challenges for most NBFis in Myanmar and mean value is 3.4. Loan from local bank base are the key sources for NBFIs' fund. Limitation of access for fund in Myanmar is the major obstacles for such institutions. The cost of fund also has major impact on profitability of the firms. The weight average cost of fund for NBFIs are higher compared to bank's cost of fund. Although foreign loan may provide cheaper rate than local bank, recent high fluctuation of exchange rate has caused the exposure risk. Legislation and regulatory frameworks put constraints for the business with mean value of 3.5. The business struggle from low profitability and higher operation cost causes major concern representing 3.1 and 3.2 respectively. Inefficient loan collection method due to underdeveloped infrastructure and payment facilities lead to delay payment also indicates high mean value of 3.2.

Table (4.9) The challenges and issues that NBFIs Face

No.	Issues	Mean
1	High operational Cost	3.1
2	Lack of access to funding	3.4
3	Loan Defaults	2.6
4	The business struggles from low profitability	3.2
5	Cost of fund	3.3
6	The business struggles to diversity products	2.7
7	Asset Liability mismatch	2.6
8	Loan collection method lead to delay repayments	3.2
9	Legislation and regulatory frameworks put constraints on my business	3.5
10	Increased competition with other nbfis threaten the survival of my business	2.6
11	Increased competition with commercial banks suffer my business	2.9
12	Low population density makes it difficult to reach clients in rural areas	3.1
13	Lack of established secondary market	3.3
14	Scarcity of skilled staff	2.7
	Overall average Mean	**3**

Source: Survey data, 2018

Ranking top most among the main difficulties faced is asset and liability mismatch. Demand for funds to meet the increasing lending requirements has increased many times. But the availability of funds has become inadequate as NBFIs due to limitation on accessibility of funding. Increased competition with other NBFIs and with commercial bank threaten the survival of the business indicating mean value of 2.6 and 2.9 correspondingly. Low population density makes it difficult to reach clients in rural areas

Diversifying the product range is a strategic challenge for NBFIs in order to become competitive in the rapidly growing market with mean value of 2.7. Lack of established secondary market also signify the highest mean value of 3.3. Skilled and trained human resource is considered as an important component for the development of any institution. Due to the recent growth of NBFIs, availability of experienced manpower is a challenge for this industry.

CHAPTER 5
CONCLUSIONS

This chapter consists of discussions based on the above-mentioned analysis to reach the objectives of the study. Based on findings and discussion, the recommendation and need for further study are presented.

5.1 Findings and Discussion

To fulfill the objectives of this study, the primary data was collected by structured questionnaires and interviewing with the most active 14 NBFIs out of 25 approved from central bank of Myanmar Based on the survey results from the analysis of the respondents, main target customers are employed individual and SMEs. Most of the NBFIs in Myanmar are offering their service only to urban population. Oriental Leasing, Mahar Bawga, Mahar Agri,GL AMK and SMGF (rent 2own) are only a few extending their service to rural population. Although The demand for the credit across the country is wide, the development of the financial sector is still very undersized. The contribution of NBFI to the whole economy is not significant yet but slowly growing. As major business of all NBFIs are providing lease facilities to the business along with various types of loan to individual and organizations therefore risk is associated with each and every product they are offering. Urban areas have seen faster growth in household welfare, and a sharper decline in poverty in percentage point terms.

Income differences across State/Regions in Myanmar are substantial and coincide with rural-urban divide on poverty. Most of the NBFIs firms are still infant stage and majority of the firms are only operational less than three years ago. Only after new financial laws of Myanmar 2016, introduced, previous approved Licensed NBFIs and newly NBFIs has become more active in financial sectors. In regards of the source of fund, retained earnings and the sale of assets continue to be firms' main source of financing. At the same time, loans from shareholders/capital increases and bank loans are important sources of financing for the respondent firms. The issues that created problem in growing the business from client base's analysis are unreliable infrastructure followed by unawareness of financial service of provided by Nbfis. Underdeveloped payment channel facilities also significant issue that hinder growing the organization. The results of the current survey show that the greatest obstacles encountered by NBFIs companies in performing their activities are limitation on accessing source of fund, cost of fund and high operation cost, asset and liability mismatch, weak legal system, managing high risk portfolios and competition with bank and lack of human resources.

5.2 Suggestion and Recommendation

Emergence of NBFIs has created a new avenue in our bank dominance traditional financial system. Long term lending of banks is mostly unfamiliar product for them, and has created a serious distortion in the financial market. Rather than gaining any benefit from such types of activities, the society is now carrying the load of overwhelming default loans. As leasing is considered as an alternative of long term financing many NBFIs have strong performance in leasing business. NBFIs have to be equipped with highly professional personnel and technological advancement to chase the future opportunities and competition as well. Strong institutional support is necessary for the development of capital market which is the core of economic development in the market economic system. NBFIs around the world provide institutions support to the capital market. In Myanmar, now 25 NBFIs are registered with the CBM and they should concentrate more on their activities in the capital market although capital market in Myanmar is still at infant stage.

NBFIs are suffering from high cost and scarcity of funds. At present, with high cost of fund non-banks are forced to compete with the banks those have relatively low cost of fund. This situation somewhat hampers the growth and development of NBFIs. For rapid growth and development of this sector, fund problem should be solved on a priority basis. Opening of a refinancing window even for a limited period of time may be considered after a strategic evaluation. Banking has the multifaceted own activities so that for bringing more efficiency in their own efficiency as well as the efficiency of the financial system they should not be involved with the activities that the NBFIs can do. It is recommended that government and the central bank will take initiatives to ease the fund constraint of NBFIs so that they can minimize their cost of fund and to bring their cost of fund at a market level. NBFIs from their part shall be much more attentive in rigorous project analysis to perform the loans well. A modern and dynamic regulatory framework is required for the rapid and effective development of NBFIs.

There are many problems in the development process of NBFIs and consequently strengthening the financial system of Myanmar. It is now well established that NBFIs can contribute much in strengthening the financial system as well as in the process of economic development of the country. Since inception in 1986, NBFIs are some-what successful to draw attention of the people and establish its importance in the financial sector as well as in the economy of Myanmar. The business growth of the NBFI and their performance and rating is improving every year, which shows the positive sign for this industry. It is hoped that in future NBFIs would be able to play more significant role in the development of economy of Myanmar.

Banks and Non-Bank Financial Institutions are both key elements of a sound and stable financial system. Banks usually dominate the financial system in most countries because businesses, households and the public sector all rely on the banking system for a wide range of financial products to meet their financial needs. However, by providing additional and alternative financial services, NBFIs have already gained considerable popularity both in developed and developing countries. In one hand these institutions help to facilitate long-term investment and financing, which is often a challenge to the banking sector and on the other; the growth of NBFIs widens the range of products available for individuals and institutions with resources to invest. Through their operation NBFIs can mobilize long-term funds necessary for the development of equity and corporate debt markets, leasing, factoring and venture capital.

5.3 Need for Future study

Although this studies some extend of explores in importance of NBFIs in development of economy growth and challenges that NBFIs faced in Myanmar, this study cannot thoroughly investigate of the problems and difficult encounters that exits in the wholes NBFIs sectors. In order to have the complete picture of the challenges of NBFIs, firstly, it is recommended that future study should focus on the insight performance of NBFIs in terms of financial reviews and risk assessments and it is necessary for firms to disclose the financial information. Secondly, it is necessary for additional study to examine the pressing problems of NBFIs not only from the firms’ operation perceptive and but also from macro economic analysis. Finally, as Most of NBFIs provides only leasing and hire purchases products in Myanmar, the study on the effect and benefits oft the development of the wide range of financial products on growth of economy should also be further explored.

REFERENCES

https://www.cbm.gov.mm

https://www.giz.de/en/downloads/giz2016-en-Banking_Report.pdf

https://consult-myanmar.com/tag/giz-banking-report-titled/

https://en.wikipedia.org/wiki/Non-bank_financial_institution

https://ryujifinance.com/about/

https://www.facebook.com/maharbawgafinance/

http://rent2own.com.mm/en

https://awba-group.com/maha-agriculture-microfinance-drives-more-farmer-microloans-with-new-agreement/

https://oxfordbusinessgroup.com/myanmar-2018/financial-services

https://www.mmbiztoday.com/articles/myanmar-financial-sector-

http://www.gl-ammk.com.mm/en/

https://www.mmbiztoday.com/tags/microfinance

http://www.myanmarinsider.com/10-things-to-know-about-microfinance-in-myanmar/

https://www.dfdl.com/wpcontent/uploads/2016/03/DFDL_Myanmar_Financial_Institutions_Law_DRAFT_100316.pdf

Goldsmith, R.W. (1969), Financial Structure and Development. New Haven, CT: Yale University Press.

Gurley, J.E., Shaw, E.S. (1960), Money in a Theory of Finance. Washington, DC: The Brooking Institution.

Harihar T.S. (1998), Non-Banking Finance Companies, the Imminent Squeeze. Chartered Financial Analyst. p40-47.

Shollapur, M.R. (2005), The process of strategic marketing in non- banking financial companies. The Indian Journal of Commerce, 58(4), 101-112

APPENDIX 1

Questionnaire for Non Banking Financial Institutions in Myanmar

Respondent……………………………………………Position………………………………

Organization……………………………………..Date………………………………….

Please answer the following questions by putting an (X) in the appropriate blocks(s).

Who are your customers? Do you specifically target any of the following group of clients?

☐ Small Businesses ☐ Larger Businesses ☐ Both

☐ Only Employed Individuals ☐ Only Unemployed Individuals ☐ Both

☐ Others……………………

Which of the following geographic location do you target? (Tick only one)

☐ Rural ☐ Urban ☐ Both Rural and Urban

How do your customers hear about your organization? Do they:(Tick more than one if applicable)

☐ Walk-in ☐ Come through reference ☐ Repeat Clients

☐ Internet ☐ Other

Indicate in Which income group the majority of your clients fall in (monthly).(Tick only one)

☐ Below 2 Lakh ☐ 2 lakh to 5 lakh ☐ 5 lakh to 10 lakh

☐ 10 lakh to 50 lakh ☐ Above 50 lakh

Which Products-services do u offer? Tick more than one if applicable

☐ Consumer Loan ☐ SMEsLoan ☐ Housing Loan

☐ Hire Purchase ☐ Factoring ☐ Money service

☐ Others…………………..

Do you monitor the impact of your finance activities on your clients?

☐ Yes No

If Yes, Which of the following measures of impact do you use? (Tick more than one if applicable)

☐ Savings by Clients ☐ Growth of their business ☐ Employment generations

☐ number of client in your portfolio ☐ Other measures (Specify)………………

What is your main sources of financing for your non banking financial institutions? Please tick.

	Source of fund	Please tick
1	Retained earnings or sales of assets	
2	Loan from shareholders or capital increases	
3	Trade credits	
4	Overdrafts of credit lines	
5	Foreign Loan	
6	Foreign equity	
7	Government financing program	
8	Local bank loan	
9	Others	

Category 1: Client base

To What extent would you agree that the following issues create a problem in growing your organization?

	Issues	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Clients are uneducated about financial services					
2	Unreliable Infrastructure (eg. Transport, telecommunication) make it difficult to reach us					
3	Loan Defaults					

4	We lack important information about our clients					
5	Client retention(Clients that we serve, do not return)					
6	Customer service (Clients complain about our service					
7	Clients are uneducated about debt management					
8	Underdeveloped payment channel facilities					

Category 2: Non bank financial institutions

For what period has the business been operational?

☐ less than one year ☐ 1to3years ☐ 3 to 5 years

☐ 5 years and above

To what extent would you agree that the following issues create a problem in growing your organization?

	Issues	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	High operational Cost					
2	Lack of access to funding					
3	Loan Defaults					
4	The business struggles from low profitability					
5	Scarcity of skilled staff					
6	The business struggles to diversity products					
7	Default risk is high					
8	Loan collection method lead to delay repayments					

9	Legislation and regulatory frameworks put constraints on my business					
10	Increased competition with other nbfis threaten the survival of my business					
11	Increased competition with commercial banks suffer my business					
12	Low population density makes it difficult to reach clients in rural areas					
13	Lack of established secondary market					
14	Asset Liability Mismatch					
15	Product Diversification					

Thank you very much for your time and the valuable information that you have provided about your organization.

Are there questions that you think we forgot to ask or any other information that you like would like to share that you think is important for your organizations?

Other information (please specify) ………………………………………………………

APPENDIX 2

ငွေရေးကြေးရေးကုမ္ပဏီတစ်ခုဖွဲ့စည်းတည်ထောင်ရန်အတွက် လုပ်ငန်းလုပ်ကိုင်ခွင့်လိုင်စင် လျှောက်ထားရာတွင် ဆောင်ရွက်ရမည့်အချက်အလက်များ

၁။ ငွေရေးကြေးရေးကုမ္ပဏီ ဖွဲ့စည်းတည်ထောင်မည့်အဖွဲ့အစည်းသည် ပထမဦးစွာ ရင်းနှီးမြှုပ်နှံမှုနှင့် ကုမ္ပဏီများညွှန်ကြားမှုဦးစီးဌာန၊ ကုမ္ပဏီများမှတ်ပုံတင်ရုံးတွင် ကုမ္ပဏီမှတ်ပုံတင်ရမည်။ ကုမ္ပဏီအမည် (ငွေရေးကြေးရေးကုမ္ပဏီ၏အမည်)နှင့်တံဆိပ်သည် ရှင်းလင်းလွယ်ကူပြီး လွတ်ကင်းသော အမည်ဖြစ်ရပါမည်။ (မှတ်ချက်။ နိုင်ငံတကာရှိဘဏ်အမည်များ၊ မြန်မာနိုင်ငံရှိငွေရေးကြေးရေးကုမ္ပဏီများ၏ အမည်နှင့်လွတ်ကင်းစေရန် မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်နှင့် ကြိုတင်ညှိနှိုင်းသင့်ပါသည်။)

၂။ ကုမ္ပဏီမှတ်ပုံတင်လက်မှတ်ရရှိသည့်အခါ မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်သို့ မြန်မာနိုင်ငံတော်ဗဟိုဘဏ် နည်းဥပဒေများအပိုဒ်-၄ အရ သတ်မှတ်ထားသောပုံစံ ပြည်ထောင်စုမြန်မာနိုင်ငံအတွင်းတွင် ငွေရေးကြေးရေးအဖွဲ့အစည်း/နိုင်ငံခြားငွေရေးကြေးရေးအဖွဲ့အစည်း၏ ရုံးခွဲ/ကိုယ်စားလှယ်ရုံးတစ်ခု၏ လုပ်ငန်းလုပ်ကိုင်ခွင့်လျှောက်လွှာပုံစံ (စီဘီအမ်-၀၁) (ပူးတွဲ) ပါဖြင့် ငွေရေးကြေးရေးကုမ္ပဏီလုပ်ငန်း လုပ်ကိုင်ခွင့်လိုင်စင်ကို လျှောက်ထားရပါသည်။

၃။ အထက်ပါ စီဘီအမ်-၀၁ နှင့်အတူ အောက်ပါအချက်များ ပူးတွဲတင်ပြလျှောက်ထားရပါမည်-

(က) ငွေရေးကြေးရေးကုမ္ပဏီ၏ သင်းဖွဲ့မှတ်တမ်း၊ သင်းဖွဲ့စည်းမျဉ်းမိတ္တူတစ်စောင် (ငွေရေးကြေးရေးအဖွဲ့အစည်းများဥပဒေပုဒ်မ-၂၀အရ)
(ခွင့်ပြုမတည်ငွေရင်း ကျပ်သန်း ၁၀,၀၀၀၊ လုပ်ကိုင်ခွင့်ရှိသည့်လုပ်ငန်းတွင်လည်း ငွေရေးကြေးရေးဝန်ဆောင်မှုလုပ်ငန်းပါရှိရပါမည်)၊

(ခ) ကနဦးထည့်ဝင်ရမည့် မတည်ငွေရင်း (Paid up Capital) မှာ ကျပ်သန်း ၃,၀၀၀ (ဗဟိုဘဏ်မှ သတ်မှတ်ချက်အတိုင်း) ဖြစ်ပြီး အဆိုပါ ကျပ်သန်း ၃,၀၀၀ ကို မည်သည့်အရင်းအမြစ်မှ ထည့်ဝင်မည်ဖြစ်ကြောင်းနှင့် ဝင်ငွေရလမ်းစစ်မြစ် (Source of Fund) သည် အခွန်ပေးဆောင်ပြီး အမြတ်ငွေများဖြစ်ကြောင်း အထောက်အထားစာရွက်စာတမ်းများဖြင့်တင်ပြရန်၊

(ဂ) ဖြစ်နိုင်ခြေလေ့လာချက်စာတမ်း (Feasibility Study)အား တင်ပြရမည်။ ယင်းစာတမ်းတွင် အောက်ပါအချက်များပါဝင်ရမည်-

(၁) ငွေရေးကြေးရေးဈေးကွက်၏ အလားအလာ
(၂) ငွေပင်ငွေရင်းရရှိမှု
(၃) ခန့်မှန်းခြေအမြတ်
(၄) ရှေ့လာမည့် (၃) နှစ်အတွက် ခန့်မှန်းခြေအရှုံး/ အမြတ်စာရင်းနှင့် လက်ကျန်ရှင်းတမ်း

(ဃ) ငွေရေးကြေးရေးကုမ္ပဏီအား စီမံခန့်ခွဲသူများ၏ အရည်အချင်းတင်ပြရမည်ဖြစ်ပြီး ငွေရေးကြေးရေးကုမ္ပဏီလုပ်ငန်း အတွေ့အကြုံရှိသည့်သူပါရှိရမည်၊

(င) ငွေရေးကြေးရေးကုမ္ပဏီဒါရိုက်တာအဖွဲ့ဝင်များ၏ကိုယ်ရေးရာဇဝင် (ငွေရေးကြေးရေးကုမ္ပဏီ ဒါရိုက်တာအဖွဲ့တွင် Banker တစ်ဦးပါရှိရပါမည်)

(စ) ငွေရေးကြေးရေးကုမ္ပဏီအား စီမံခန့်ခွဲသူများ၏ အမည်စာရင်း။

ပူးတွဲ

(ပုံစံ စီဘီအမ်- ၀၁)

ပြည်ထောင်စုမြန်မာနိုင်ငံအတွင်းတွင် ဘဏ်မဟုတ်သောငွေရေးကြေးရေး

အဖွဲ့အစည်း တည်ထောင်ခွင့်လျှောက်လွှာပုံစံ

ဥက္ကဋ္ဌ

မြန်မာနိုင်ငံတော်ဗဟိုဘဏ်

နေပြည်တော်

ရက်စွဲ၊

ကျွန်တော်/ မသည် ၂၀၁၆ ခုနှစ်၊ ငွေရေးကြေးရေးအဖွဲ့အစည်းများဥပဒေပုဒ်မ ၂၀(က) နှင့် ၂၄ အရ ပြည်ထောင်စုမြန်မာနိုင်ငံတော်အတွင်းတွင် ဘဏ်မဟုတ်သောငွေရေးကြေးရေးအဖွဲ့အစည်း တည်ထောင်ခွင့်ပြုပါရန် လျှောက်ထားအပ်ပါသည်။ အောက်ဖော်ပြပါ လိုအပ်သော အချက်အလက်များကို တင်ပြအပ်ပါသည်-

လေးစားစွာဖြင့်

လက်မှတ် ....

အမည် ....

ရာထူး ....

၁။ အမည်နှင့်နေရပ်လိပ်စာ..

....

၂။ လုပ်ငန်းဆောင်ရွက်မည့်နေရာ..

....

၃။ ရုံးချုပ်တည်နေရာ..

....

၄။ လုပ်ငန်းအမျိုးအစား..

....

၅။ လျှောက်ထားသည့်လုပ်ငန်း၏ ခွင့်ပြုမတည်ငွေရင်းနှင့် ထည့်ဝင်ပြီးမတည်ငွေရင်း ....

....

၆။ သင်းဖွဲ့မှတ်တမ်းနှင့် သင်းဖွဲ့စည်းမျဉ်းများ သို့မဟုတ် ဖွဲ့စည်းတည်ထောင်မှုဆိုင်ရာ စာရွက်စာတမ်းများ ....

၇။ ဖြစ်နိုင်ခြေလေ့လာချက်စာတမ်းတစ်စောင် ....

၈။ လုပ်ငန်းဆောင်ရွက်မှုနှင့် ငွေရေးကြေးရေးအခြေအနေတို့နှင့်ပတ်သက်သော စာရွက်စာတမ်းများ ....

၉။ လုပ်ငန်းမစတင်မီ ပေးသွင်းရမည့် ငွေပမာဏအပါအဝင် ကနဦးမတည်ငွေရင်းနှင့်ပတ်သက်၍ ဥပဒေအရ လိုက်နာရန် ခံဝန်ချက်များ ....

APPENDIX 3

Non-Bank Financial Institutions

Sr-No	Name of Company	Date of Registration Certificate Issued	Head –Office Address
.	Oriental Leasing Company Ltd.	8.1.1996	No-37, Latha Street, Latha Township, Yangon
.	Myat Nan Yone Finance Company Ltd.	25.1.2013	No.66, Lanthit Street(Maw Tin Street), Ward 4, Lanmadaw Township, Yangon
.	National Finance Company Ltd.	22.2.2013	No. (886/888), Pyay Road, Mayangone Township, Yangon
.	Ryuji Finance Company Ltd.	28.5.2013	No.250, Anawrahta Road, Lanmadaw Township, Yangon
.	Mahar Bawga Finance Company Ltd.	23.4.2014	No.285, U WiZaRa Road, North Myaynigone Ward, San Chaung Township, Yangon
.	Jewel Spectrum Company Ltd.	8.5.2014	No.111, Nga Dat Kyi Pagoda Road, Bahan Township, Yangon
.	Century Finance Company Ltd.	5.6.2014	No. 33, Pyay Road, 6.5 Miles, Hlaing Township, Yangon
.	Win Progress Services Company Ltd.	11.6.2014	Building No.(C), Room No.(402/403), Mindama Housing, Mayangone Township, Yangon
.	Z Corporation Company Ltd.	25.6.2014	No.20, White House, Mya Yeik Nyo Royal Compound, Pale Road, Bahan Township, Yangon
0.	Global Innovations Finance Company	4.8.2014	Building No. 16, 4-01, MICT Park, Hlaing Township, Yangon

	Ltd.		
1.	Mother Finance Company Limited	18.1.2016	No.44-46, Street 2, Ward 1, Lanmadaw Township, Yangon
2.	Morganite Finance Company Limited	18.3.2016	No. 173/175, Room No.301, Pansodan Road, Kyauktada Township, Yangon
3.	Best Merchant Finance Company Limited	18.3.2016	No. A/10, Mindhama Housing, Mindhama Road, Mayangone Township, Yangon
4.	Myanma Ruby Hill Finance Company Limited	22.6.2016	No. 117, Wardan Street, Lanmadaw Township, Yangon
5.	A1 Capital Company Limited	23.6.2016	No. 33/49, Second Floor, Strand Condo, Corner of Maharbandoola Road and Bank Street, Kyauktada Township, Yangon
6.	Pristine Global Finance Company Limited	3.11.2016	No. A-9, Shwe Kabar Housing, Mindama Road, Mayangone Township, Yangon
7.	Maha Agri Finance Company Limited	5.7.2017	No.95-A, Kyaik Wine Pagoda Road, 8 Mile, Mayangone Township, Yangon
8.	First Collaborative Finance(FCF) Company Limited	25.7.2017	No.(31/32), Pyinmana-Taungnyo Road, Opposite ACE Villas, Nyaung Pin Wine Ward, Zabuthiri Township, Nay Pyi Taw
9.	Thiri Zawtika Company Limited	22.8.2017	No.(561/567), Room No.404, MAC Tower(1), Merchant Street, Kyauktada Township, Yangon
0.	Excellent Fortune Finance Company Limited	23.11.201 7	No.(5-A), Pyay Road, Ward (10), Hlaing Township,Yangon

1.	Imperial Myanmar Finance Company Limited	23.11.2017	No. (20), Myaing Marlar Street, Yankin Township, Yangon
2.	Pacific-AA Finance Limited	23.11.2017	No. (408/410), Maharbandoola Road, Kyauktada Township, Yangon
3.	Mo Mo Ventures Finance Co., Ltd.	30.11.2017	No.(53), Strand Road, Room No.(215), Second Floor, Strand Square, PabedanTownship, Yangon
4.	Reliable & Trusted Co., Ltd.	8.2.2018	No.(82/A), Kyite Wine Pagoda Road, (8) Mile, Mayangone Township, Yangon
5.	Pluses Financial Services Company Limited	16.2.2018	No. (3C-3D), Room (501), 5th Floor, Hledan Centre, Corner of Hledan & Pyay Road, Kamayut Township, Yangon