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## Myanmar Highlights

June 2016

### International Finance Corporation to invest US\$3 million in 'Oway Ride'

The International Finance Corporation (IFC), the investment arm of the World Bank, is proposing to invest US\$3 million in the Oway Group (**Oway**), a travel booking website that operates 'Oway Ride', an Uber-like ride-hailing service in Yangon. Oway is seeking to raise US\$10 million to fund the expansion of its operations, including the growth and expansion of 'Oway Ride'. Launched in February 2016, 'Oway Ride' is a smartphone app which connects customers with drivers in Yangon. Oway hopes to make the app available in Mandalay and Naypyidaw in the near future. The IFC, which makes commercial investments in developing markets for the purpose of building capacity for economic growth, has said it hoped the investment would fuel job creation. To date over 400 Yangon taxi drivers have signed up to 'Oway Ride'. Oway expects this figure to reach 1,500 by the end of 2016. (Source: <http://www.irrawaddy.com/business/the-irrawaddy-business-roundup-may-21-2016.html>, 21 May 2016)

### Pact Global Microfinance Fund to utilise Southtech's software in microfinance operations

The Pact Global Microfinance Fund (**PGMF**) has entered into an agreement with Bangladesh-based Southtech Limited (**Southtech**) in relation to Southtech's provision of software for utilisation in PGMF's microfinance operations in Myanmar. PGMF is the second microfinance institution to choose Southtech's 'Ascend Banking' microfinance management software in Myanmar. PGMF believes that the introduction of 'Ascend Banking' will increase its operational efficiency by at least 30% while also significantly improving transparency.

PGMF manages over 84% of NGOs providing microfinance in Myanmar. (Source: <http://www.mmbiztoday.com/articles/southtech-automate-largest-mfi-myanmar>, 25 May 2016)

### KBZ Gateway to provide new platform for high-speed satellite communication services in Myanmar

KBZ Gateway Company Limited (**KBZ Gateway**), part of the KBZ Group of Companies, has announced its plans to provide a new platform for high-speed satellite communication services in Myanmar. The platform is based on VSAT (Very Small Aperture Terminal) technology. KBZ Gateway will establish a joint-venture partnership with international satellite broadband providers Hughes Network Systems LLC and Asia Satellite Telecommunications Company Limited. The joint-venture partners will target clients in the banking and telecommunications sectors. KBZ Gateway has established a base facility in the town of Bago, northeast of Yangon, and aims to commence operations by the end of July 2016. (Source: <http://www.irrawaddy.com/business/kbz-to-launch-satellite-communications-platform.html>, 25 May 2016)

### European Commission to negotiate aviation agreement with ASEAN

The European Commission (**EC**) will request permission from the European Council of Ministers (**European Council**) to negotiate an aviation agreement between the European Union (**EU**) and the Association of Southeast Asian Nations (**ASEAN**) – the first such bloc-to-bloc aviation agreement to be entered into by the EU. The EC set out an aviation strategy in December 2015, aimed at forming a series of agreements between the EU and other countries and regional groups. These include Turkey, China, the Gulf Cooperation Council states and ASEAN. The EC will ask the European Council – comprising leaders of the

EU states and other EU bodies – to approve the strategy. This will allow the EC to start negotiations with ASEAN and other potential partners. Assuming an agreement is in place by next year, the EU estimates the deal could lead to approximately €8 billion (or approximately US\$9 billion) in “economic benefits” including increased trade during the period 2017 - 2023. An aviation agreement between ASEAN and the EU will be particularly beneficial to Myanmar whose aviation sector is underdeveloped when compared to its ASEAN neighbours. (Source: <http://www.mmtimes.com/index.php/business/20347-europe-to-see-green-light-for-asean-eu-airline-agreement.html>, 17 May 2016)

## Myanmar Citizens' Bank to list on Yangon Stock Exchange

The Myanmar Citizens' Bank (**MCB**) is expected to list on the Yangon Stock Exchange (**YSX**) by the end of July 2016. The MCB is likely to become the third company to list on the YSX following the listings of First Myanmar Investment Company and Myanmar Thilawa SEZ Holdings Public Limited. Founded in 1991, the MCB currently has 19 branches and aims to open 31 more over the next five years, with two new branches to open in the next few months. MCB has been selling its shares on Yangon's over-the-counter market operated by the Myanmar Securities Exchange Center since 1996. MCB has a paid-up capital of K53 billion. MCB will be required to issue a disclosure document in advance of its listing on the YSX. The disclosure document must contain a detailed description of MCB's business and the various risks associated with its operations, as well as future plans and projects. (Source: <http://www.dealstreetasia.com/stories/42514-42514/>, 30 May 2016)

## Myanmar Central Bank to continue to encourage the use of Kyat in local transactions

The Myanmar Central Bank (**MCB**) has announced that it will continue to encourage Kyat payments for local transactions in a bid to reduce the use of the US dollar locally but will refrain from introducing new exchange rules or regulations in respect of currency use. In 2015, the Kyat depreciated by 25% against the US dollar prompting the MCB to pass emergency protective measures, including forbidding retailers from accepting foreign currency. Developers, airlines, hotels, and travel and tour agencies were also prohibited from using US dollars, while foreign currency withdrawals were limited to US\$5,000 twice a week. According to the MCB, most retail payments are now made in Kyats, though some larger transactions are still denominated in US dollars. Legally all transactions within the country must be conducted in Kyats,

but this rule is not strictly enforced. Ministries are required to use local currency for all transactions, while foreign currencies are still widely used by importers, exporters and international companies leery of the exchange rate risk. The Kyat has fallen another 10% against the US dollar in 2016. Foreign Exchange Market Committee chair U Mya Than, has stated that many private sector companies are not complying with the MCB's instructions to make payments in Kyats only and that food and beverage companies supplying hotels, as well as IT companies selling hardware and software to local businesses and banks, have been routing US dollar payments through the banking system. Legally every Myanmar citizen has the right to hold up to US\$10,000 – any amount in excess of US\$10,000 must be lodged in a Myanmar bank account. Large payments in foreign currency are permitted only at gem emporiums, where the use of Euros is common due to US sanctions on the ruby and jadeite industries. (Source: <http://www.mmtimes.com/index.php/business/20624-central-bank-to-encourage-the-use-of-kyat.html>, 2 June 2016)

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