

LEGAL
ALERT

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Central Bank of Myanmar Issues New Round of Foreign Bank Licensing

The Central Bank of Myanmar (“**CBM**”) has on 7 November 2019 announced a third round of foreign bank licensing to be granted to foreign banks with representative offices in Myanmar. The first two rounds, in 2014 and 2016 respectively, were successful and a total of 13 foreign banks were granted permission to open branches and operate onshore wholesale banking businesses.

In this third round, there will be two types of licenses issued and foreign banks can apply for either a branch or subsidiary licence. For a **branch** licence, the wholesale banking permissible products and services remains unchanged, however for a **subsidiary** licence foreign banks are permitted to conduct wholesale banking and also retail banking activities beginning from 1 January 2021. Subsidiary licence holders will be allowed to establish up to 10 branches or off-site ATMs with a minimum paid up capital of USD100 million required for operation. Furthermore, existing foreign bank branches with minimum of three years of activities as a branch in Myanmar can convert their branch licence to subsidiary licence starting from June 2020 upon submitting a request for conversion to the CBM. Further information on the conversion process will be issued by CBM in due course.

Significantly, it has also been announced that from 1 January 2020, foreign ownership in existing local Myanmar banks may be permitted to exceed 35% ownership on a case by case basis.

The announcement is a welcome move that continues the trend of liberalising the financial services sector by CBM, particularly in this third round of licensing which for the first time, makes available a subsidiary licence for foreign banks and CBM announcing its stance on allowing more than 35% foreign ownership in existing local Myanmar banks. This will allow critical access to funds for both local Myanmar companies and foreign businesses investing into Myanmar and is expected to spur further economic growth in one of the fastest growing economies in ASEAN. It has been previously announced by CBM that the licenses to be considered in this third round of licensing would be from ‘neighbouring countries with strong economic and political relations with our country’. To date there has been no confirmed announcements on the number of licenses to be given but it is anticipated that this round of licensing may see more licenses granted than originally planned and some movement in bank mergers and acquisitions.

If you have any questions or require any additional information, please contact [Geraldine Oh](#) or the ZICO Law Myanmar partner you usually deal with.

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