

LEGAL
ALERT

Myanmar
28 May 2019

Author

Dr. Maung Maung Thein
Executive Chairman
ZICO Law Myanmar
maung.maung.thein
@zicolaw.com

Geraldine Oh
Resident Partner
ZICO Law Myanmar
geraldine.oh@zicolaw.com

Central Bank of Myanmar Announces Plans for Further Liberalisation of the Myanmar Banking Industry

The Central Bank of Myanmar (“CBM”) has recently announced that it is considering a further liberalisation of the local banking industry by allowing increased foreign bank participation in the industry. This was announced at a press conference held on 17 May 2019 by U Soe Thein, Deputy Governor of CBM. The main takeaways of the announcement were that (“[Press Conference Announcement](#)”):

- a. Presently, there are 13 foreign banks that have been permitted to open branches in Myanmar. There are plans for CBM to award **more** foreign bank branch licenses in the near future; and
- b. In addition to foreign bank branch licenses, CBM also has plans to allow foreign banks to apply for and operate as a foreign branch subsidiary.

The announcement on the possibility of opening a foreign bank subsidiary is significant as previously, foreign bank branches have only been permitted to operate as a branch with a limited scope on the permitted banking services. In the case of a foreign bank subsidiary, based on the announcement, it is anticipated to be a more comprehensive license where a foreign bank subsidiary has a full license to function akin to a domestic bank, including the ability to provide retail banking services. Currently, the 13 foreign bank branches are not permitted to provide retail banking services.

A Foreign Bank Selection Group (“[Selection Group](#)”) was previously formed by the President’s Office on 27 August 2018 for purposes of overseeing the selection of foreign banks. The Selection Group is comprised of nine members including seven members from CBM, one member from the Ministry of Planning and Finance and one member from Union Attorney General’s Office. As a follow-up to the Press Conference Announcement, the Selection Group has issued a further announcement regarding a Request for Proposal that has been issued to consulting firms for provision of consultation services on the foreign bank selection process. This indicates that the CBM is taking measures and next steps towards this further liberalisation that is being referred to as the ‘third wave’, with the ‘first wave’ being the first nine foreign bank branch licenses granted in 2015, a further four licenses in a ‘second wave’ in 2016 and finally this ‘third wave’, potentially within this year. Access to finance has long been one of the major issues hindering development in Myanmar and further liberalisation would be eagerly anticipated, particularly in the case of the full banking license for a foreign bank subsidiary.

If you have any questions or require any additional information, you may contact [Dr Maung Maung Thein](#) and [Geraldine Oh](#) of ZICO Law Myanmar.