

Overseas Updates

[MYANMAR] Opening-up of Myanmar's Banking Industry

The Central Bank of Myanmar recently granted 11 local private banks the right to trade three foreign currencies (USD, Euro and Singapore dollar). The private banks are the following: Kanbawza Bank, Cooperative Bank, Myanmar Industrial Development Bank, Myawaddy Bank, Inwa Bank, Myanmar Oriental Bank, Asian Green Development Bank, Ayeyawaddy Bank, Myanmar Pioneer Bank, United Amara Bank and Tun Foundation Bank. This will allow the private banks to provide their customers foreign exchange services as well as other banking services related to trade and investment in collaboration with international banks. The private banks are now preparing for opening of bank accounts, issuing and collecting on checks, as well as wiring money and transferring capital.

Only MICB and MFTB, government-owned banks in Myanmar, have provided for telegraphic transfers and for issuing letters of credit. But with the change, the private banks will also provide the services which will make transfer of money to and from Myanmar more convenient.

The Central Bank of Myanmar announced in May 2012 that foreign banks will be able to enter the country's banking industry in a joint venture with a local bank starting in 2014. A number of foreign banks are known to have submitted their proposals to the Myanmar Investment Committee. Furthermore, Myanmar is taking steps to open up its financial markets further so that foreign banks can directly enter into Myanmar's banking industry by 2015.

Xinhua News Agency has reported that there are Myanmar offices of foreign banks from Singapore, Bangladesh, China, France, Japan, Malaysia, Netherland, Thai, Cambodia, Brunei, Vietnam, the U.S. and the U.K. but that they cannot currently provide banking services.

Among Korean banks, Korea Development Bank (KDB) and Industrial Bank of Korea (IBK) are earnestly seeking to enter Myanmar, which they see as an important step in their expansion in the

South East Asian market. KDB plans to dispatch staff to Yangon by the end of this year or by the beginning of the next year. In an interview with Asia Today, a Korean daily newspaper, on June 29, 2012, KDB said that it will soon send working-level people to Myanmar, Laos and Cambodia to further understand the markets and send staff to one of the countries as early as the end of this year or the beginning of next year. Myanmar is mostly likely to be their choice.

A high ranking officer at IBK said in an interview with Financial News, a Korean financial daily, on July 1, 2012 that the bank will open an office in Myanmar in the first half of next year and then, it will work to establish a joint bank with a local bank. The bank believes that as the country is opening up much faster than China and Vietnam, it's crucial to make an early entry into Myanmar.

As Myanmar opens its door to the world and Korean companies are rushing to take advantage, Korean banks are expected to follow the trend.