



ANNOUNCEMENT
New round of Foreign Bank Licensing in the
Republic of the Union of Myanmar

7th November 2019

Over the past years the Central Bank of Myanmar has initiated a process to **open the domestic banking market to foreign banks**. Two rounds of stringent licensing process were successfully completed, the first in 2014 and the second in 2016. A total of 13 reputable financial institutions were granted permission to open a Branch and conduct onshore wholesale banking business. The Central Bank of Myanmar is pleased to have welcomed these reputable institutions into the country and is thankful for their contribution to the Myanmar economy as well as their support to deepen economic ties with corporations and investors from their respective countries.

Encouraged by this success and in line with the Myanmar Sustainable Development Plan, the Central Bank of Myanmar has decided to further liberalize the Banking market. To do so, a **third round of foreign bank licensing** will be initiated and opened to foreign banks with representative offices in Myanmar.

Two types of Licenses will be issued in the upcoming round of licensing. Foreign banks may apply either for a Branch or for a Subsidiary License.

- For a **Branch License**, the wholesale banking permissible products and services remain unchanged from the existing foreign bank Branch License. Licensees will be allowed to establish one place of business only. A minimum paid-in capital of USD 75 million will be required for operation, with USD 40 million to be locked-up for two (2) years with the Central Bank of Myanmar.
- For a **Subsidiary License**, wholesale banking activities will be allowed at the start of operations. In addition, onshore retail banking activities will be permitted under the Subsidiary from the 1st of January 2021.



Subsidiaries will be allowed to establish up to ten (10) places of business being branches or off-site ATMs. A minimum paid-in capital of USD 100 million will be required for operation.

- Conversion of existing foreign bank Branch into Subsidiary will be allowed starting from June 2020. Three (3) full years of activities as a Branch in Myanmar will be required before submitting a request for conversion to the Central Bank of Myanmar. Further information on the conversion process will be provided by the Central Bank of Myanmar in due time.

From the 1st of January 2020, foreign bank ownership into a Myanmar domestic bank exceeding 35% of the capital of the domestic bank may be permitted on case by case basis.

As immediate next step of the upcoming licensing round, a request for **Expression of Interest** (EOI) will be shared with eligible banks by the Central Bank of Myanmar.

The Central Bank of Myanmar