

**Government of the Republic of the Union of Myanmar**

**Microfinance Business Supervisory Committee**

**Directive No. 1/2014**

**14<sup>th</sup> Waxing Day of Pyarho, 1375 M.E. Nay Pyi Taw**

**14<sup>th</sup> January, 2014**

1. The Microfinance Supervisory Committee, in exercising the power conferred upon it under sub-section (b) of section 68 of the Microfinance Law, hereby issues this Directive No. 1/2014.
2. Microfinance Institutions shall, under the decisions of Meeting No. 1/2013 of Microfinance Business Supervisory Committee held on 17.5.2013 and Meeting No. 2/2013 of Microfinance Business Supervisory Committee held on 23.9.2013, precisely comply with the following specifications:
  - a) **Loan Size:** Loan Size of Microfinance Institutions shall not exceed kyat five hundred thousand;
  - b) **Solvency Ratio for Microfinance Institutions which accept deposit:** to keep Solvency Ratio of Microfinance Institutions which accept deposit consistently not less than 15 percent;  
**Explanation:** in Total Equity includes paid up capital, premium for capital equity (premium equity for share investment), donated capital, variety of currency investment bonds, profit money which keep spare money and gross income of current year.

$$\text{Solvency Ratio} = \frac{\text{Total Equity}}{\text{Total Assets}} \geq 15\%$$

- c) **Liquidity Ratio for Microfinance Institutions which accept deposit:** to keep Liquidity Ratio of Microfinance Institutions which accept deposit consistently not less than 30 percent;  
**Explanation:** in calculating Liquidity Ratio of Microfinance Institutions which accept deposit, to calculate the amount of Cash in hand and Cash in bank depending on Total Voluntary Deposits Outstanding.

$$\text{Liquidity Ratio} = \frac{\text{Cash in hand} + \text{Cash in bank}}{\text{Total Voluntary Deposits Outstanding}} \geq 30\%$$

CONVENIENCE TRANSLATION – for further  
information, contact [info@pwplegal.com](mailto:info@pwplegal.com)



- d) **Hire Purchase System:** Microfinance Institutions shall carry out the Hire Purchase System only for buying farmland material and light production material.
3. The above specifications shall be amended in accordance with market condition as it is necessary.

Win Shein

Chairman

Microfinance Business Supervisory Committee

Letter No. KaKa – 1/6 (464 / 2014)

Date: 14<sup>th</sup> January, 2014

**Distribution**

Every member of Rural Development and Poverty Reduction Working Committee

Every member of Microfinance Business Supervisory Committee

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