

Business Plan of PDL business in Myanmar

prepared by APAC team



7 October 2016

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Investment Summary

Investment summary

MARKET ATTRACTIVENESS. Myanmar market may provide **a lot of opportunities** for new players.

We believe that it is necessary to enter to Myanmar consumer lending market because:

- 1 **Large population** (>51 mln people) with rising wages, high portion of young spenders
- 2 Since 2011 the political situation in Myanmar has **stabilized and began to improve rapidly**: the military regime fell, borders were opened, international sanctions were cancelled. First elections won by National League for Democracy, allows us to say that Myanmar **has overcome the troubled period of its history**.
- 3 **Favourable investment climate**:
 - 5 billion USD investment brought into the country only for the first 2 months of 2016.
 - According to the forecast of McKinsey* "there is unique opportunities in Myanmar". The level of investments in country's economy **in the next 15 years will exceed \$500 billion**.
- 4 **Very low level of bank's consumer credit services**:
 - Unsecured consumer lending is totally absent. Banks focused on SME lending with collateral.
 - Gray lending market share is very high: unbanked people are currently covered by low-tech informal lenders and pawnshops.
- 5 One of the **highest smartphones** penetration in Asia (80% in the big cities)
- 6 Payment systems demonstrate **a booming growth**.
Everybody who has smartphone can open e-wallet in 5min.

* <http://www.mckinsey.com/global-themes/asia-pacific/myanmars-moment>

Investment summary

Key success factors in the market:

- Variety of legal setup is possible. Optimal way to enter the market is pawnshop. After entering the market we are going to pursue acquiring of Microfinance company license.
- Pure online is feasible. The market is ready for online lending despite low income: explosive smartphones penetration growth, mobile operators offer free access to Facebook
- Easy to deliver money: 1) Transfer by "domestic remittance" through any bank without account opening (KYC provided). 2) Transfer to customers' bank accounts*. 3) Transfer to e-wallets of payment systems.

Myanmar is a very attractive market because of its:



low level consumer lending competition



possibility to apply pure online model

Investment summary

Investments, thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Portfolio investments	1 007	1 946	438	64	0	3 455
OPEX and CAPEX investments	1 208	245	90	0	0	1 543
Total Micromoney investments	2 215	2 191	529	64	0	4 998

Volume indicators	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Number of loans issued, thsd	30	173	351	520	620	1 694
Amount disbursed, thsd USD	2 484	14 095	28 198	41 569	49 284	135 630
Net portfolio (EoY), thsd USD	612	2 059	3 634	5 000	5 348	16 652

P&L, thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Revenue	626	4 517	9 871	15 179	18 603	48 797
Provisions	-543	-2 703	-4 965	-6 636	-7 914	-22 762
Variable costs	-510	-1 272	-2 337	-3 400	-3 979	-11 498
Marketing acquisition costs	-369	-608	-1 112	-1 577	-1 775	-5 441
Salary (variable part)	-94	-340	-548	-781	-927	-2 690
Other variable costs	-40	-199	-359	-530	-631	-1 759
VAT	-7	-126	-318	-512	-645	-1 608
Fixed costs	-956	-1 069	-1 004	-1 127	-1 170	-5 327
Salary (fixed part)	-682	-701	-588	-713	-793	-3 476
Other G&A expenses	-275	-369	-416	-414	-377	-1 851
One-off expenses	-57	-17	-17	-17	-17	-126
Net profit before taxes	-1 441	-545	1 548	3 999	5 523	9 084
Terminal value						25 063
ROE (annualized)						61%
ROAA (yearly)	-235%	-41%	54%	71%	80%	51%

- Break-even period – 21 months; Self-capitalization period – 29 months; Payback period – 58 months
- Total investments from Micromoney – \$5,0M; Unoptimized Yr5 corporate tax – \$1,4M
- Terminal Value – \$25,1M (Gordon growth model with discount factor 15% and growth rate 0%)

Market Overview

General market information

Parameter	Myanmar	Yangon city
Population (mln.)	51,4	5,9
Official language	Burmese	
GDP per capita*	\$1.4K	\$2,7K
Labour force ratio	63%	70% +
GDP nominal Annual Growth Rate (2015)***	7%	
Officially employed	30%	50%+
Average monthly salary****	\$150	\$300
Min. salary for official employed citizens by labor law	\$99	
Mobile phone penetration (including smartphones)**	33%	63.5%
Smartphone penetration (out of mob. penetration)	58%	80%
Bank branches per 100K population	2,5	10
Bank cards penetration*****	5%	20%
Facebook penetration	~18%	~ 52%
e-wallet (service provided by payment systems)	~ 300.000	~ 150.000

* <http://mmrdrs.com/2015/09/03/investing-mandalay/> <https://en.wikipedia.org/wiki/Myanmar>

** The dynamics of mobile penetration increase was +87% in the last year. 3G is launched in Yangon and Mandalay

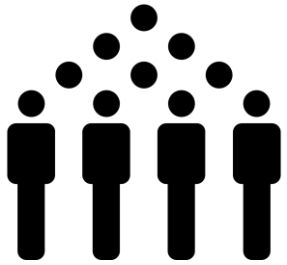
*** <http://www.tradingeconomics.com/myanmar/gdp-growth-annual/forecast>

**** estimations basing on local HR/JOB websites analysis.

***** <http://www.kpmg.com/mm/en/issuesandinsights/articlespublications/documents/banking-and-financial-services-sector-in-myanmar-kpmg-publication.pdf>



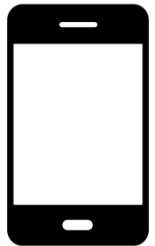
Yangon, and other 4 big cities - the most suitable for our lending model as:



Around 20% of population lives there



Average salary - at least 3 times higher than in overall country,
38% of country GDP is produced only in Yangon.



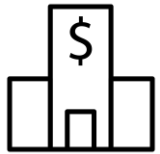
Smartphone penetration on 40% higher than in country
average, drastically increasing e-wallet penetration

March 2016 - Regulation on Mobile Financial Services was introduced and government start
issuing the licenses for payment systems)

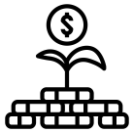
Consumer Finance Industry Landscape



In the past, Myanmar (Burma) was a [British colony](#). Myanmar became an independent nation in [1948](#). Initially as a [democratic nation](#) and then, following the Civil war and a [coup d'état in 1962](#), a [military dictatorship](#). While the military dictatorship formally ended in 2011. Now the country fully turn into democracy.



The Banking technology is not developed yet. Local banks have no any interbank clearing system and send money to each other by fax. Also there is no REPO. Foreign bank's branch expansion may exist only in the form of Joining Venture with local bank*. Foreign banks allowed to open only one branch and provide loans only to foreign enterprises. The main focus of banking industry is corporate customers. No any credit bureau presented in the country. The personal lending is mostly carried-out by NGOs, MFIs, cooperatives, pawnshops and unofficial money lenders.



The main efforts of Myanmar Financial authorities are dedicated to reduce the poverty and to promote the socio-economic life of the grass-root people in rural areas. It reflects in requirements for financial institution licenses holders to provide at least 50% of financing in rural areas. Thus, the most of existing micro finance industry players are focused on group-lending.



There are regulatory authorities which control the consumer finance market: Financial Regulatory Department of Myanmar Central Bank (MCB) – for all financial institutions, Rural Development and Poverty Reduction Committee in MCB – for MFIs. Agricultural, Livestock and Irrigation Ministry - for credit cooperatives. Yangon City Development Committee (under Prime Minister of Yangon region) – for pawnshops.

1. Banks are focused on SME lending, long and heavy process to borrow money for individuals.
2. Consumer lending is mostly represented by NGOs, MFIs, cooperatives, pawnshops and unofficial money lenders which works fully offline.

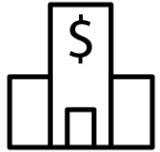
* <http://www.crossroadsmyanmar.com/focus/banking-myanmar-nine-foreign-banks-enter-myanmar>

* http://www.cbm.gov.mm/sites/default/files/regulate_launder/financial_institutions_law_updated_by_cbm_20160303website-1_0.pdf

Consumer Finance Industry Landscape



was a British colony → became an independent nation in 1948 → Formally, military dictatorship ended in 2011 → Now the country fully turn into **democracy**



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Requirements for financial institution licenses holders to provide at least 50% of financing in rural areas

Focus on group-lending



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Yangon City Development Committee– for pawnshops.

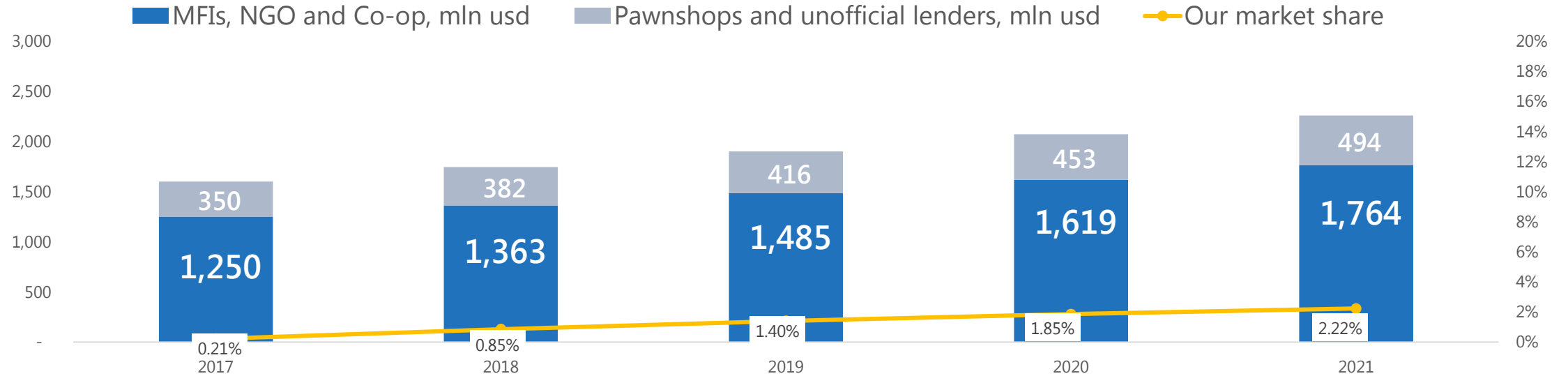
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* http://www.cbm.gov.mm/sites/default/files/regulate_launder/financial_institutions_law_updated_by_cbm_20160303website-1_0.pdf

Consumer finance market size estimation

Estimated Sales of Moneylenders* & Grey Market, Our Share



	2017	2018	2019	2020	2021
Our disbursement volumes, mln. USD	2,5	14,1	28,2	41,5	49,2
Our Number of loans (thousand) disbursed per year	30	173	351	520	620

- Our market share in 2020 is expected to be more than 2,2% of existing consumer finance market
- (MFI, Pawnshops and unofficial money lenders).

Licensing options

Parameter	Bank	Financial Company	MFI	Pawnshops	Cooperatives	P2P
Number of active licenses	80	10	220	2000	8000	Not regulated
Min.capital requirements	\$20M for domestic* \$75M for foreign	\$2,4M **	\$400k (was increased from \$30k for local MFI and \$50k for foreigner MFI from august 2016)	\$2K-\$10K (depends on township) Yearly	\$15k	Not regulated
Max. foreign share	0%	49%	100%	0%	0%	100%
Territory	Nationwide	Nationwide	Nationwide***	Nationwide	Specific town	Nationwide
Interest rate cap	13% per annum	36% per annum	30% per annum	30% per annum	24% per annum	Not regulated
Unsecured loans	Yes	No	Yes	No (only collateralized)	Yes	Yes
Regulated by	Central Bank of Myanmar (CBM)	Central Bank of Myanmar (CBM)	Microfinance Supervisory Committee (part of CBM)	City Development Committee (Prime Minister of Yangon region)	Cooperatives department (Agr., Livestock and Irrigation Ministry)	Not regulated
Av licensing timing	>6 m	>3 m	Up to 5 month	2m	2m	Not regulated

- It is possible to work as pawnshop, MFI and P2P.
- According to our experience Pawnshop licence is preferable in the market like MM due to relatively simple requirements and non-strict regulation if compared with MFI.
- However since money lending market is getting mature and more regulated, we should consider obtaining MFI license on the next phase of development.

* <http://www.nationmultimedia.com/aec/Central-Bank-raises-capital-requirement-for-local--30252219.html>

** <https://www.giz.de/en/downloads/giz2013-en-financial-sector-myanmar.pdf>










*** every province entry should be approved by the related regional governments

| Legal Setup






Regulation of MFI company and Pawnshop

	Microfinance company	Pawnshop
Regulator	<ul style="list-style-type: none"> Financial Regulatory Department is in charge of MFI license issue. Microfinance Supervisory Bureau Microfinance Supervisory Committee 	Revenue Department, as the subdivision of Yangon City Development Committee (analogue of City Hall)
Document regulating Money lending	<ul style="list-style-type: none"> Microfinance Law (2011). Directive from MSC 1-2014, 2-2014. Financial Institutions Law 2016 (Pyidaungsu Hluttaw Law No. 20, 2016) 	<ul style="list-style-type: none"> The Constitution of the Republic of the Union of Myanmar, 2008, Act 188 Licensed personal Loan Business Authorisation Agreement. 1 April 2013
Mandatory documents for Money lender	Microfinance License	Pawnshop License from Yangon City Development Committee
Associated risks	MFI license can be rejected if the background of parent company is not clear (Money laundering suspected, bad reputation of parent company, if there is no experience in microfinance in another countries)	Current legislation prohibits foreign companies or persons from doing pawning business in Myanmar. Therefore related business to be carried out via nominal private person, that needs to be properly coordinated
Risk mitigation	Regulator forces MFIs to provide 50% loans in rural areas	Utilize a set of documents that restrict nominee power
Regulation practice	<ul style="list-style-type: none"> Ownership: 100% of shares can be owned by foreign company. Since august 2016 minimum paid up capital increased to 400к. 	<ul style="list-style-type: none"> Easy to get pawnshop license: in 2 month. 5000 USD deposit .
Summary:	<ul style="list-style-type: none"> - It is a long process to get MFI license, but it is possible and might take up to 6 month. - When our turnover will growth enough, it is worth to consider to get MFI license as the very appropriate for our business model for the future. 	<ul style="list-style-type: none"> - Pawnshop license is easy to get. Regulation is not strict. Revenue Department has not enough resources to supervise all the pawnshops. - Nominee risk, does not fit «IPO-able» corporate structure.

Key regulatory points (1/2)

	Sphere of regulation	PAWNSHOP	MFI
	Ownership	100% - local nominee	100% by foreign company
	New license issuance	2 month	Up to 5 month
	APR/EIR interest cap	36% per year	30% per year
	Additional fees can be charged by passing % rates	Fees can be charged thorough "Lead Generation Company"	Fees can be charged thorough "Lead Generation Company"
	Allowed credit products / collateral safe keeping	To copy Vietnam scheme: to take phone as collateral, and keep it in the hands of the owner.	Unsecured loans
	Advertising requirements	We must follow Consumer Protection Law, and not provide false information.	Forbidden to provide false information. (article 166 of Financial Institution Law)
	Face-to-face customer verification	Not obligatory	Not obligatory
	Remote contract signing	Remote contract signing is possible: "it requires that the proposal and the acceptance of the proposal are communicated"	Remote contract signing is possible: "it requires that the proposal and the acceptance of the proposal are communicated"
	License territory coverage	1 license = 1 branch. no restriction on customers residency.	submitting an application for a license we can choose up to 4 regions. To add new region - subject to regulatory approval (up to 4 month)

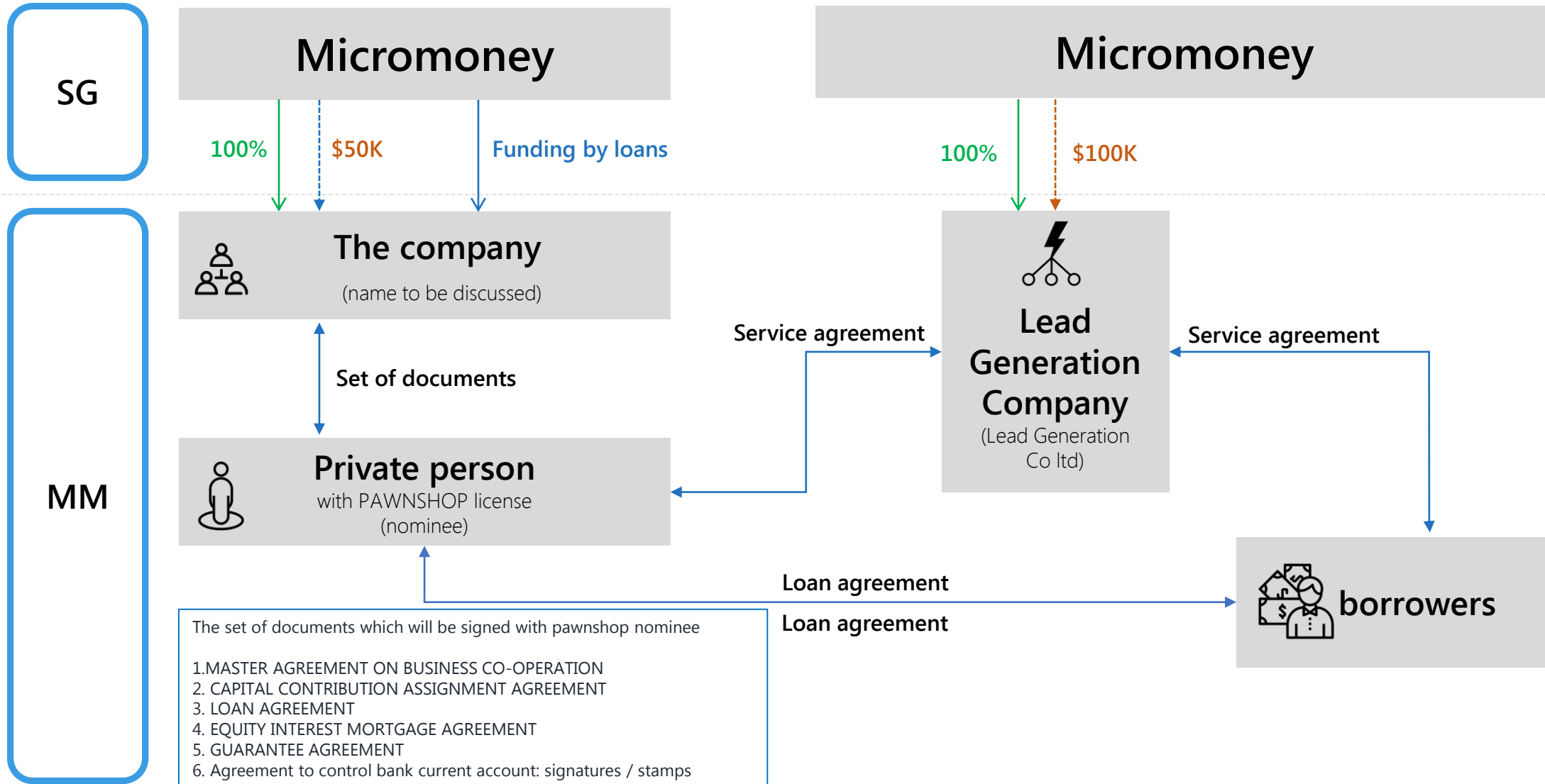
Key regulatory points (2/2)

	Sphere of regulation	PAWNSHOP	MFI
	The funding of the loan portfolio	-Pawnshop can receive loans from the local company LGC (LGC – is 100% foreign owned company by Micromoney). For ex.: loan secured by its' pawn credit portfolio	- Foreign MFI can receive funding from parent company (top-up paid up). - Loans up to 3mln usd from any foreign finance institution. Any loan is subject to regulatory approval (up to 2 month). Conditions approved by the government: 13% p.a. max.
	Money transfer from abroad	- Any loan from abroad requires approval of Central Bank - Any transactions of > \$ 85k have to be reported to the anti-money laundering department of the Central Bank	- Any loan from abroad requires approval of Central Bank - Any transactions of > \$ 85k have to be reported to the anti-money laundering department of the Central Bank
	Debt collection	Not regulated.	Not regulated.
	Associated risks:	Current legislation prohibits foreign companies or persons from doing pawning business in Myanmar. Therefore related business to be carried out via nominal private person, that needs to be properly coordinated	The regulator has power to issue directions as to the manner in which any aspect of business of a microfinance company are to be conducted.
	Risk management:	Utilize a set of documents that restrict nominee power. To avoid nominee risks, all loans issued by the pawnshop, could be transferred to LGC company by assignment agreement.	Regulator forces MFIs to provide loans in rural areas (at least 50% of borrowers must live in the rural areas. The loan amount for rural customers is not defined. We will provide loans with amount of 1usd in rural area.

Both options are possible. For quick start, we will enter the market with pawnshop.
And when our turnover will growth enough we will change legal entity to MFI.

Legal Setup Pawnshop

— Equity participation
— Link
- - - Paid-up capital



Product and business process

Consumer Lending Landscape

Parameter	Bank	MFI	MFI	Pawnshops	Unofficial Money Lenders
Loan amount	\$100-10.000	\$70-\$300	\$20-100	\$100-1000	\$100-10.000
Range/average tenure	1-24 months	50 weeks	4 months	1-6 month	1-24 months
Collateral Guarantor	YES on amounts more \$1000 NO for credit cards	No for group loans	Needed (Gold – Electronic - clothes)	negotiated	YES on amounts more \$1000 NO for credit cards
Interest rate	13% p.a. + establishment fees + legal fees + assessor fees	30% flat (illegal***) + unofficial fees charged by DSAs Weekly repayments.	36% according to pawnshop regulating** de facto - 120% p.a.	60-240% (\$500+)* 120-3600% (<\$100)*	13% p.a. + establishment fees + legal fees + assessor fees
Late fee	3% per month	There are unofficial fees	-	No data	3% per month
Prolongation fee	-	-	No	No	-
Time-to-money	7-14 days	2-5 days	1 hour	Up to 1 day	7-14 days
Loan disbursement channel	Cash \ POS \ credit card	Cash in MFI office \ DSA delivery	Cash in pawnshop office	Cash in hand / Money transfer	Cash \ POS \ credit card
Verification \ Documents required	ID + Family book + recommendation from police station + invoice + work prove	ID + Family book / recommendation from police station / additional documents	ID	ID, Recommendation by existing client / Referral	ID + Family book + recommendation from police station + invoice + work prove
Business model	Offline	Offline	Offline	Offline	Offline

Pawnshops and unofficial moneylenders are our closest competitors.

* Meeting with professional unofficial moneylenders (\$500+). Feedback by street vendors (<\$100)

** c4(c) YCDC Pawnshop Agreement, s19 & 23 Financial Institutions Law 20/2016

*** Microfinance Supervisory Committee Directive No. 2/2014: flat rate is illegal. De facto MFIs skip this regulation

Our Product parameters

Parameter	Value
Product type	Pay day loan (PDL)
Currency	Myanmar kyat (MMK)
Loan amount	50K-300K MMK (equivalent of \$41-250)
Loan tenor, calendar days	7, 15, 21, 30days
Collateral	Officially borrower's mobile phone will be assumed as collateral, in fact it will still be kept by the customer
Interest rate	29,2% per annum (0,08% per day)
Service fee (to be charged by LGC)	0,92% per day (charged as a one-time fee for the whole LT)
Late payment fee (LPF)	15K MMK (equivalent of 12,5 USD)
Overdue interest rate	1,92% per day (charged as a one-time fee for the whole LT)
Prolongation fee	0
Special features	LPF grace period 3 calendar days Prolongation condition - repayment of the 30% of LA
Time to money	1 business day
Loan disbursement channel	1 st loan through domestic remittance or on bank account. Repeat loan through domestic remittance, bank accounts and payment systems: MobileMoney, Ok\$, WaveMoney
Loan repayment channel	all repayments through bank transfers and payment systems: MobileMoney, Ok\$, WaveMoney

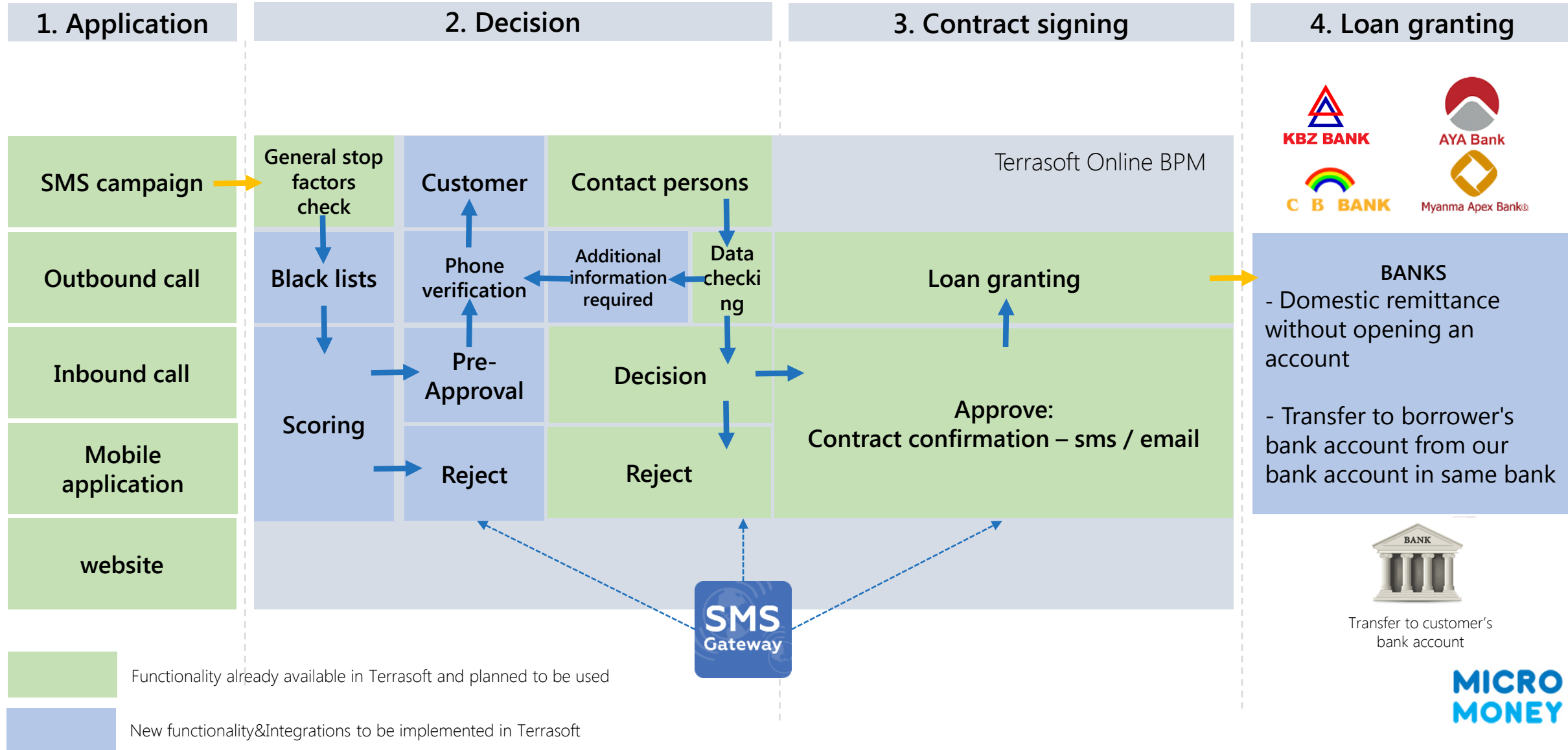
Loan amount range		
250k MMK	\$ 205	Yangon
200k MMK	\$ 164	Yangon
150k MMK	\$ 123	Myanmar
100k MMK	\$ 82	Myanmar
50k MMK	\$ 41	Myanmar

Tenure	Service fee
7 days	6,44%
15 days	13,80%
21 days	19,32%
30 days	27,6%

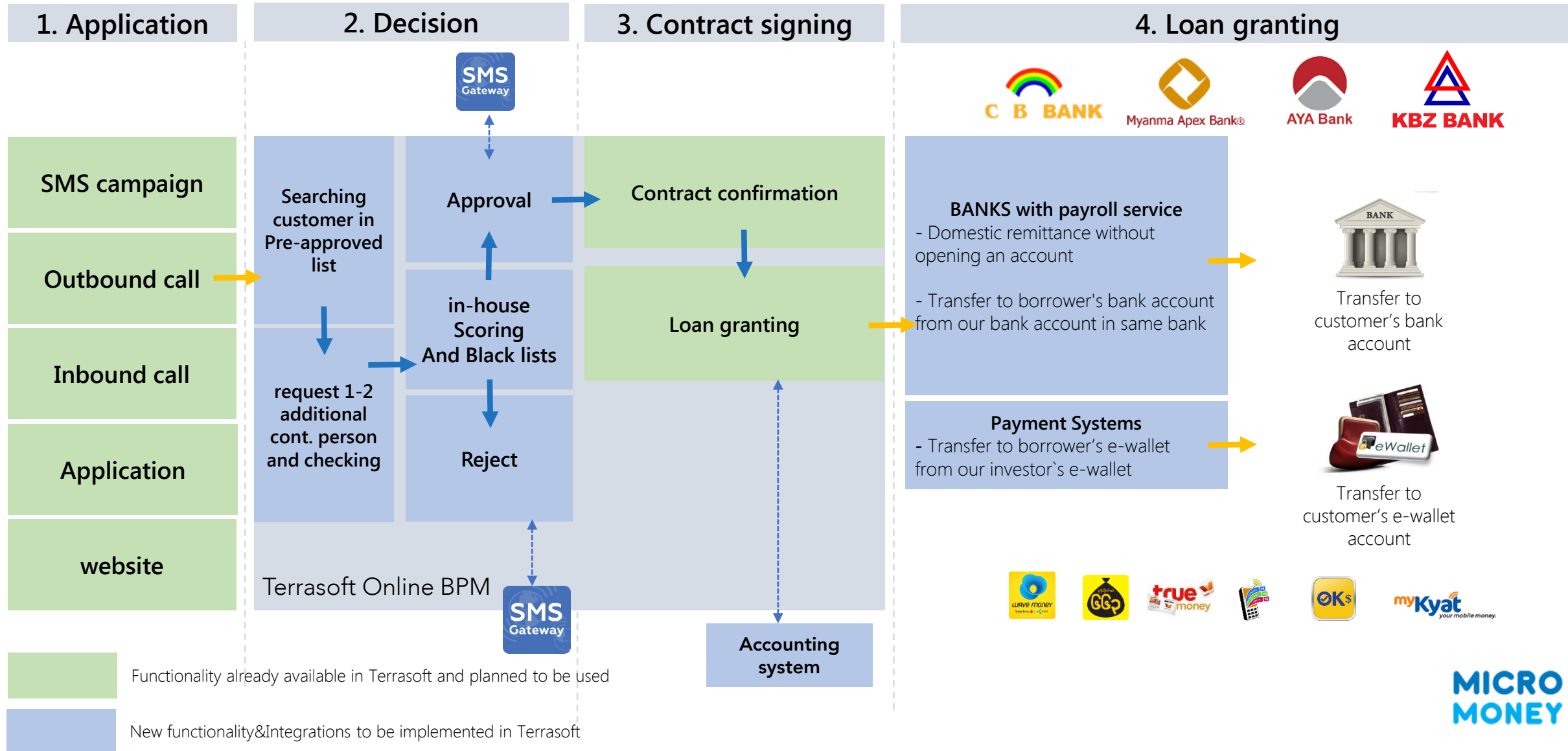
We are offering single payment loan with certain range of loan amounts, tenures, and service fees. Customer allowed to do early repayments after passing 15 days.

In MM we plan to start with our standard PDL product – IR 1% per day, Overdue IR 2% per day.

Initial Sales Business Process



Repeat Sales Business Process



Repayment channels

More popular

Easy to get an access



High penetration of banks branches in big cities (600 branches in Yangon), make bank transfers possible in Myanmar.

It is possible same-day settlement among all account-to-account transfers.



Less popular



Penetration of bank accounts (10% out of total population in big cities) allows us to utilize Payment gateway facility. Access can be provided by local Banks directly or via specialized payment platform Myanmar Payment Union.



Hard to get an access



Different payment systems enables people to perform financial transactions using their mobile phones. Maximum limit per payment transaction per day is \$164 (Classic account), \$416 (Power account).

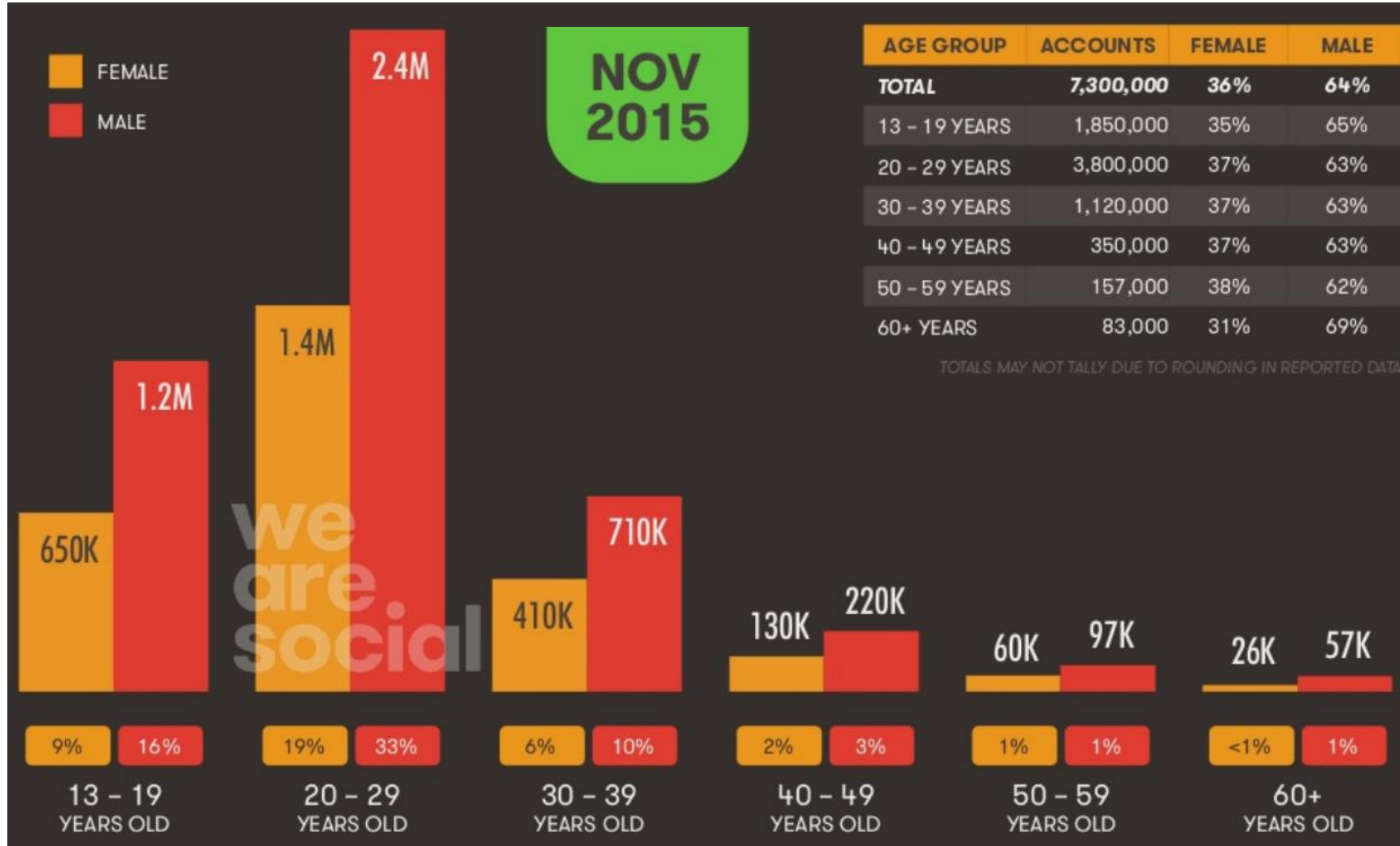


Big retail chain «Red Dot» with 10,000 of branches can accept to collect repayments from our customers.

All payment channels are possible. We can start with bank transfers and shortly approach other channels.

Digital Sales

Facebook is the dominant digital channel

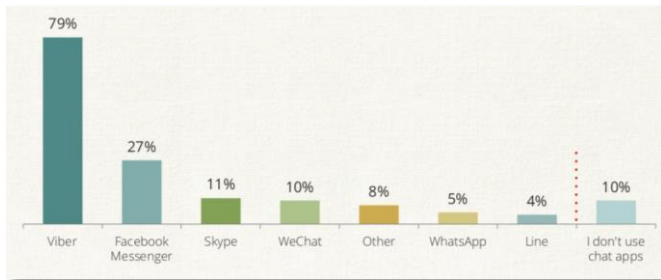


- 95% of our internet users explore internet surface via Facebook. (including search requests, data sharing etc)
- Facebook users annual growth is more than 30% (9,5 mln users in august 2016)
- Mobile operators in Myanmar offer free access to Facebook.

Facts from Myanmar digital space

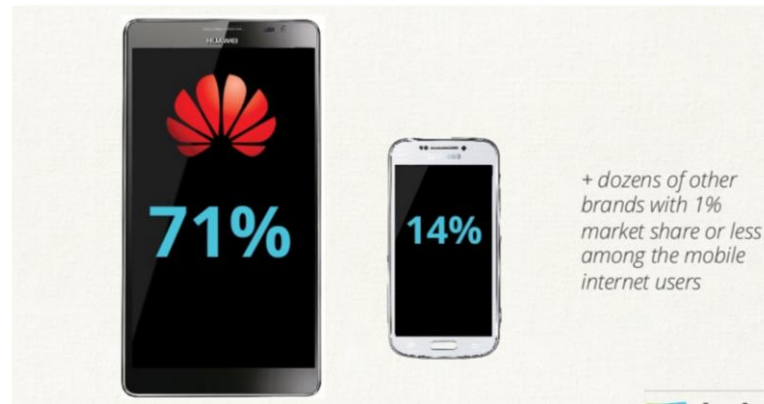
Monopoly for Viber

Usual market leaders like WhatsApp are struggling with traction
Q. Which of the following apps do you use?



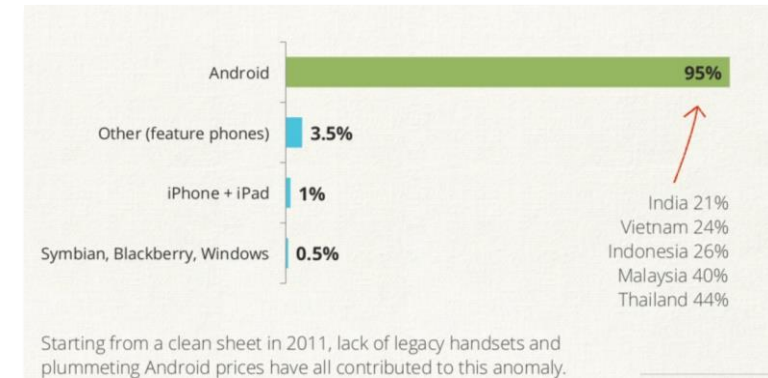
Huawei's utter dominance

One brand dominating the handset market in such a way is unheard in South-East Asia or elsewhere...



Android nation

We knew there wouldn't be many iPhone owners in Myanmar but lack of feature phone users was a complete surprise



Life testing of Myanmar digital space

facebook

- in Myanmar is the main sales channel
- was chosen for the pilot testing for our loan product.

Pilot Description



1. The creation of advertisements.

For the viral effect we choose images with local currency, short and simple slogan.



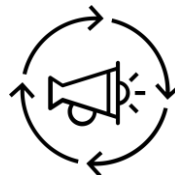
2. Targeting:

men and women from 23 years to 65 years. Personal interests: finance, personal loans.

Pilot Results




1. In 2 days of advertising we have got about **12,000 website visitors and 494 successful applications** for the price of 6 cents each.




2. Advertisements have **a great viral effect**, which led the average cost of site visitor for less 1 cent.

Online advertising test: Advertising slogan

 **MicroMoney**
Sponsored · 🌐

Like Page

အမဲးဆံး ကံပုဝေငံ ၅၀၀၀၀၀ ထိ ဝမ်းယူပိုင်။ လံးပုမံးတြဲယူသည့် ဝေလံာ်ကု လးတစနု။ ယခုဘဲ အန္တိငဝ်းကေန ဝေလံာ်ကုကု။



ပုပိကံ အေရးတဖုကီးလုပိလား
ကော်နာဝဲတုပိ လုတုပိဝဲကုပိ ပုပိကံဝေဝံးပေးတယ

[HTTP://MICROMONEY-MM.COM](http://micromoney-mm.com)

Sign Up

2.5K Reactions 209 Comments 1.4K Shares

Like Comment Share



Our slogan:

Need Cash Urgently?

Borrow up to 500.000!
Fast and easy application process.
Apply online now!

Easy to apply. Easy to get.

Customers acquisition via Facebook



Results in 2 days only:



2 500 Post shares

4 700 Likes

388 Comments

High efficiency of advertising campaign due to

- Viral effect
- Novelty offer

Online advertising test: website site design

We used MY model for the test campaign.

MICROMONEY enquiry@micromoney-mm.com ၀၉၇၇၃၉၇၇၃၉

🏠 | မိုက်ခရိုမနီနီး အကြောင်း | ချေးငွေလျှောက်ရန် | ချေးငွေပေးဆပ်ရန် | အမေးများဆုံး မေးခွန်းများ | ဆက်သွယ်ရန်

သင့်ကိုယ်ရေးကိုယ်တာ လိုအပ်ချက်များအတွက် ငွေသားချေးငွေ

ကန့်သတ် 100000 MMK 15 ရက် အတွက် လိုအပ်တယ်

100000 MMK

50000 100000 150000 200000 250000 300000

15 ရက်

7 15 21 30

ချေးငွေ ပမာဏ	အတိုးနှုန်း	စုစုပေါင်း ပြန်လည်ပေးဆပ်ရမည့် ပမာဏ
100000 MMK	1250 MMK	101250 MMK

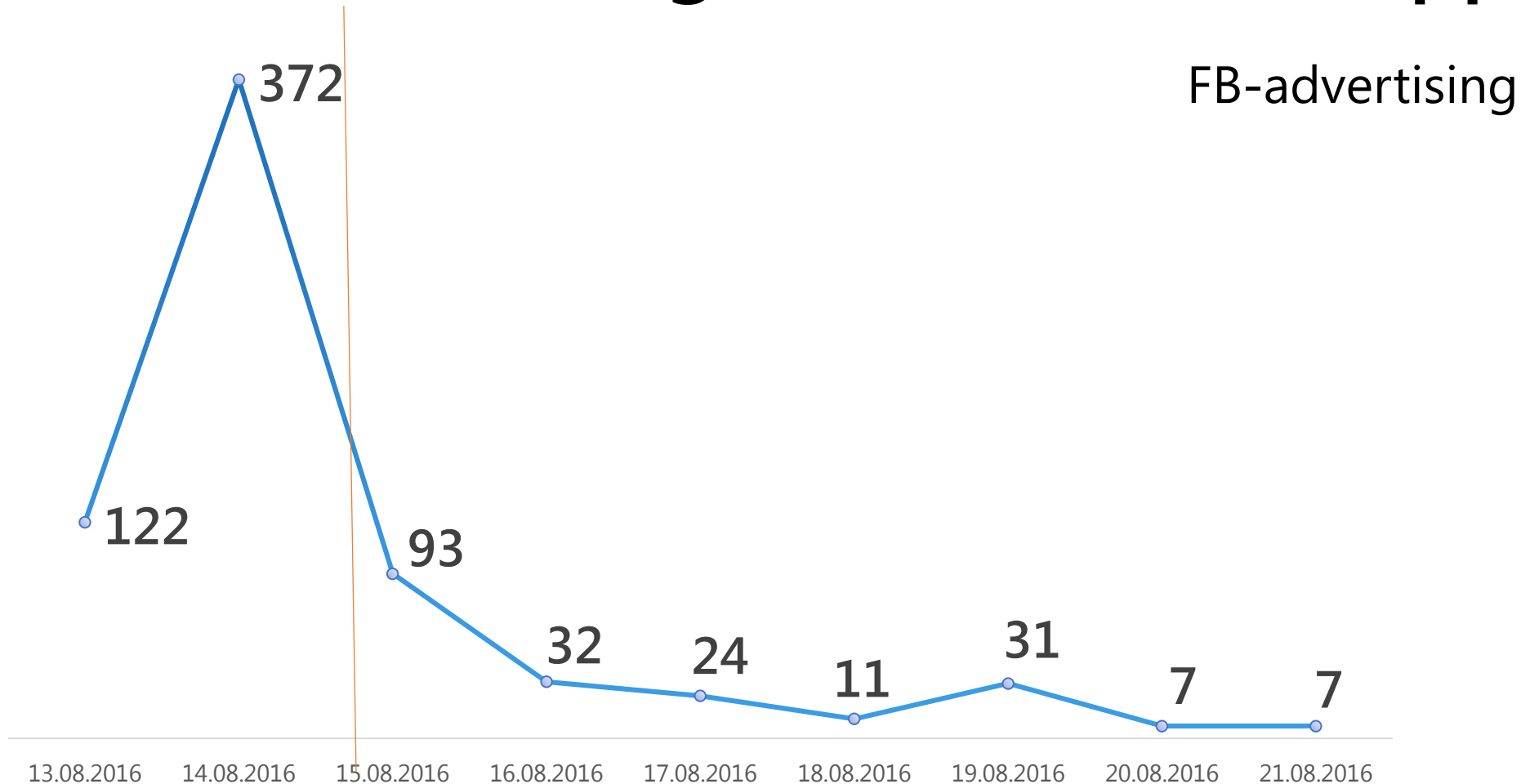
*သတ်မှတ်ထားသော စည်းမျဉ်းစည်းကမ်း- ဂွဿာသို့သော ကုန်ဂွဿာရိတ်ကို နှုတ်ပါမည်။

အမည် အပြည့်အစုံ (နိုင်ငံသား မှတ်ပုံတင် ကဒ်ပြားတွင် ...)

မိုက်ခရိုမနီနီး ဖုန်းနံပါတ်

ယခုဘဲ လျှောက်ထားလိုက်ပါ

Online advertising test: Successful applications



Date of advertising: 13-14 Aug

13 Aug – 14 Aug 472 Success app

From 15 Aug to 21 Aug ("long tail") – 205 success app as "referrer" and "direct-traffic"

Online advertising test: sales results 13-14 Aug

Online sales funnel		
Impressions	187 398	
Visits	11 991	6,40%
Users		0,00%
ShortApp (Leads)	1 470	12%
Qualified ShortApp (app passed step 0 successfully)	947	64%
LongApp (Completed web application)	523	36%
Successful web app - No stopfactors on website, forecast based on APAC	494	68%
Applications (Registered in Master file) - forecast based on APAC	425	86%
Loans disbursed and collected by client (forecast based on APAC)	83	20%
Online ratios		
CTR (Visits / Impressions), %	6,40%	
Users/Visits, %	0%	
ShortApp(leads) / Visits, %	12%	
Qualified ShortApp / ShortApp, %	64%	
LongApp / ShortApp, %	36%	
Website checks passed (Successful web app) / LongApp, %	94%	
LongApp (Completed web application) / Visits, %	4,36%	
Total WEB CR, %	4,12%	
Acquisition cost		
Marketing budget, USD	28	
Acquisition cost per visit, USD	0,002	
Acquisition cost per application, USD	0,06	
Acquisition cost per loan, USD (forecast based on APAC)	0,33	

SEX	People quantity	
Female	179	27%
Male	473	73%

Salary	People quantity	
< 213 USD	191	29%
210 – 340 USD	259	40%
340 - 510 USD	142	22%
510 - 680 USD	33	5%
> 680 USD	27	4%

Occupation		
Self-employed	199	29%
Official Employee	43	6%
Work at home (own small private business without legal registration)	26	4%
Private company employee	202	30%
Driver	67	10%
Police/Military service	21	3%
Security	1	0%
State employee	38	6%
Other own business	61	9%
Retirement	4	1%
Unemployment/household	6	1%
Student	4	1%
Farmer	8	1%
Fisherman	4	1%
	684	

Forecast based on APAC average

Marketing Mix & Marketing cost

Marketing tools*	Application volume %	Lead cost \$	Estimation maximum monthly leads	TCR %	Client cost (MAC) \$	Estimation maximum monthly clients
Local Display Network	15%	3	1 472	18%	\$ 18,75	265
Facebook	85%	0,8	16 391	18%	\$ 4,44	2 950
Summary	100%		17 863		\$ 6,10	3 215

The assumptions based on results of pilot.

Average lead cost -\$1,0

Average MAC cost -\$5,5

Average monthly sales -3215 loans

During the first months we will manage our Marketing mix to achieve the optimal cost per client based on our digital marketing experience in Philippines, Indonesia, Malaysia and Vietnam

* Will be managed by in-house Digital Marketing Manager

Sales Plan

Short term sales plan

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Number of loans disbursed per month	100	300	600	900	1200	1500
Share of new sales, %	82%	76%	74%	72%	52%	49%
Share of repeat sales, %	18%	18%	16%	14%	34%	35%
Share of prolongations, %	0%	6%	10%	14%	14%	17%

Long term sales plan

Parameter	EOY 1	EOY 2	EOY 3	EOY 4	EOY 5
Number of loans disbursed per month	7900	21000	36000	49100	52200
New sales	3400	6900	11200	14700	14800
Prolongation sales	1600	8900	9300	13000	14400
Repeat sales	2900	5200	15500	21400	23000

| Decision making & Collection

Credit and Limit Policy

#	Rule	Description
1	Customer segment	All customers, valid bank account is obligatory
2	1st loan policy	<ul style="list-style-type: none">• 50k MMK via Bank domestic remittance (15% of average salary, equivalent of 41usd)• 100k MMK on bank account (30% of average salary, equivalent of 82usd)• Loan amount does not exceed 30% of customer's average monthly net Income• Loan amount depends on the region, age, credit history and it is to be chosen from the list of 5 values [50k; 100k; 150k; 200k; 250k MMK]
3	Tenure	7, 15, 21, 30 days
4	ID copy	not required
5	Identification	Done at disbursement at the bank branch
6	Address proof doc	Copy of the document is not required
7	Income proof doc	Copy of the document is not required
8	Credit bureau	No access to credit bureau in country now. It will be opened in 2 years (in 2016 passed Credit Bureau law)
9	Anti-fraud auto checks	Following customer's data to be cross-checked against existing customers who are delinquent: phone numbers, bank account numbers, IDs, contact and work phones, IPs, Devices.
10	Work phone in application form	It has to be properly declared in the application
11	Contact person in application form	It has to be properly declared in the application
12	SMS confirmation of the phone	to be confirmed via SMS sent to customer's phone number
13	Verification phone requirement	Confirm identity of the customer. Confirm contact person phone number and relationship between customer and contact person.
14	Employment & income check	Only some occupation knowledge questions (for customer and contact person)
15	Income type & source of repayment	Customer can explain about source of repayment of the loan.
16	Restricted occupation	Applications with following occupations must be declined: Police, Military, Communication/ Media/ PR/ Newspaper, Law/ Court.
17	Disbursement channel	Bank transfer; Bank domestic remittance
18	Repeat loan policy	Repeat loan 150k>200k>250k MMK (equivalent of 123>166>208 usd) Loan amounts 150k – 250k MMK with 50k MMK step, maximum cap - 50% of net monthly net income

Risk Management tools

Credit Bureaus



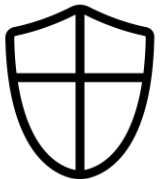
- Do not exist in the country as of now

Internal scoring



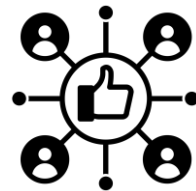
- Can be implemented after 6-8 from go live

Anti-fraud tools



- Internal anti-fraud rules
- iovation solution

Social data



- Facebook data (should be available for more than 50% of applicants)
- Messengers will be used as additional source to confirm identity

Target Collection strategy

Stage	Short Description	Stage Period	Resources	Stage
Pre – Due	<ul style="list-style-type: none"> SMS Notification borrower about payment Pre-due phone calls*, active prolongation sales 	[- 5 ... 2] days before/after due date	In-house Call center (soft collection)	<ul style="list-style-type: none"> SMS Notification borrower about payment Pre-due phone calls*, active prolongation sales
Soft Collection	<ul style="list-style-type: none"> Phone collection*, SMSs, e-mails. The threat of court action can prompt payment 	[3 ... 30] DPD – all clients [30-90] DPD – part of the delinquent clients	In-house Call center (soft collection)	<ul style="list-style-type: none"> Phone collection*, SMSs, e-mails. The threat of court action can prompt payment
Skip tracing	Look for new contact data, addresses, employers by Google Check and Facebook	2+	Separate skip-tracing In-house collection team	Look for new contact data, addresses, employers by Google Check and Facebook
Hard Collection	<ul style="list-style-type: none"> Field visit to living area, work, borrower's relatives home. The threat of court action can prompt payment 	[30+] DPD – part of the delinquent clients	In-house collectors	<ul style="list-style-type: none"> Field visit to living area, work, borrower's relatives home. The threat of court action can prompt payment
legal collection	<ul style="list-style-type: none"> No legal collection, we will focus on Soft and Hard collection judicial procedures are not cost-effective. Minimum reasonable amount is 5,000 usd 		No legal collection	<ul style="list-style-type: none"> No legal collection, we will focus on Soft and Hard collection judicial procedures are not cost-effective. Minimum reasonable amount is 5,000 usd

- All phone conversations with customer will be recorded.
- All meetings with customers will be recorded with audio and video

Money disbursement channels

Via bank accounts.

- Standard account to account money transfer
- Required: Full Name , bank account number, phone number
- KYC: NRC card or passport, saving account book (presented on photo)

Via bank`s domestic remittance.

- possible to send money to an individual without opening an account to any branch of bank
- If there was now withdrawal, the money can be return back to sender
- Required: Full Name , Home address , number of NRC or passport, Phone number
- KYC: NRC card or passport

TOP bank penetration

Bank	YANGON branches	MANDALAY branches	Naypyidaw branches	Total	% of total branches	Total network branches across the country
KBZ Bank	146	95	8	249	64%	391
CB Bank	74	36	7	117	73%	161
AYA Bank	66	25	5	96	61%	157
MAB Bank	21	8	3	32	42%	77
GT Bank	22	10	4	36	30%	120



SPECIMEN SIGNATURE(S)

စာရင်းအုပ်စုတစ်ခုခုအတွက် အသုံးပြုရန်

ထပ်ပတ်ထုတ်ပြန်ခြင်းမပြုရန်

Manager

Manager

Type of Account: Individual

Signature Requirements

Special Instructions

Account No.: 060-301-06003768501 (KANBAWZA BANK Ltd.(IBD))

Name of Account Holder: U SAI HNIN AUNG

Name(s) of Account Holder(s): 2 U SAI HNIN AUNG

NRC/CRC No(s): 5KHAAOUTA(N)055311

3.

KBZ BANK

005370

The use of this passbook is governed by the Bank's Terms and Conditions for Saving Accounts as amended from time to time.

Customer identification/ banking KYC

- Loans to be disbursed via banks only. We believe that bank identification on account opening will fully replace internal KYC.
- Banks perform sophisticated check and require Passport or National Identity Card (NRC) to open an account.
- Every Passport or NRC to be validated by bank employee, who must follow validation procedure (check security features)
- Bank may confirm the validity of the official documentation provided through certification by an authorized person

Current NRC



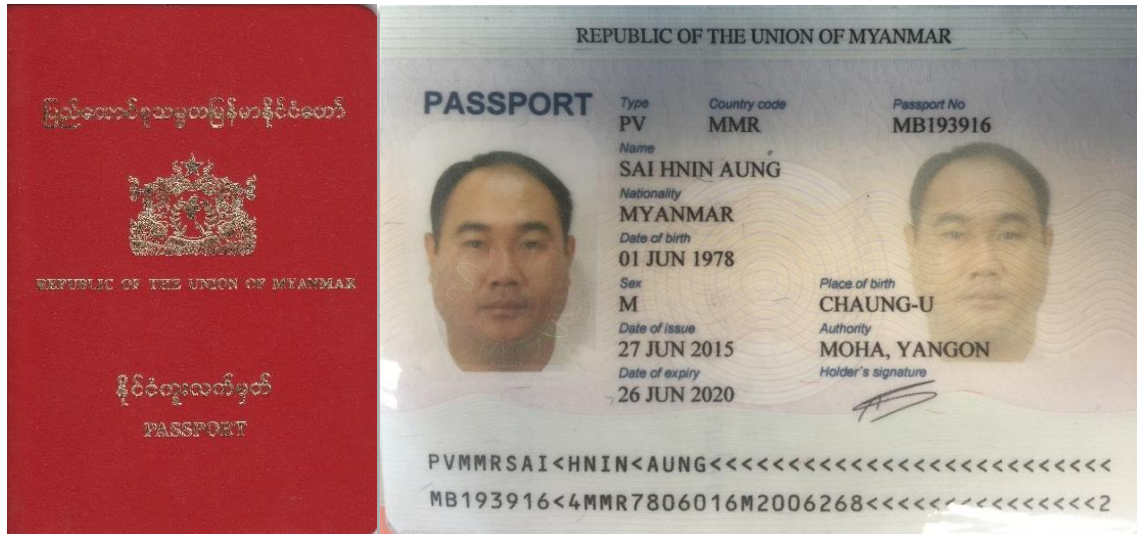
National Registration Identity Card (NRC)

- Coverage - NRC covers 100% of citizens
- Availability – 100%, in possession with clients all the time

Security features on the NRC

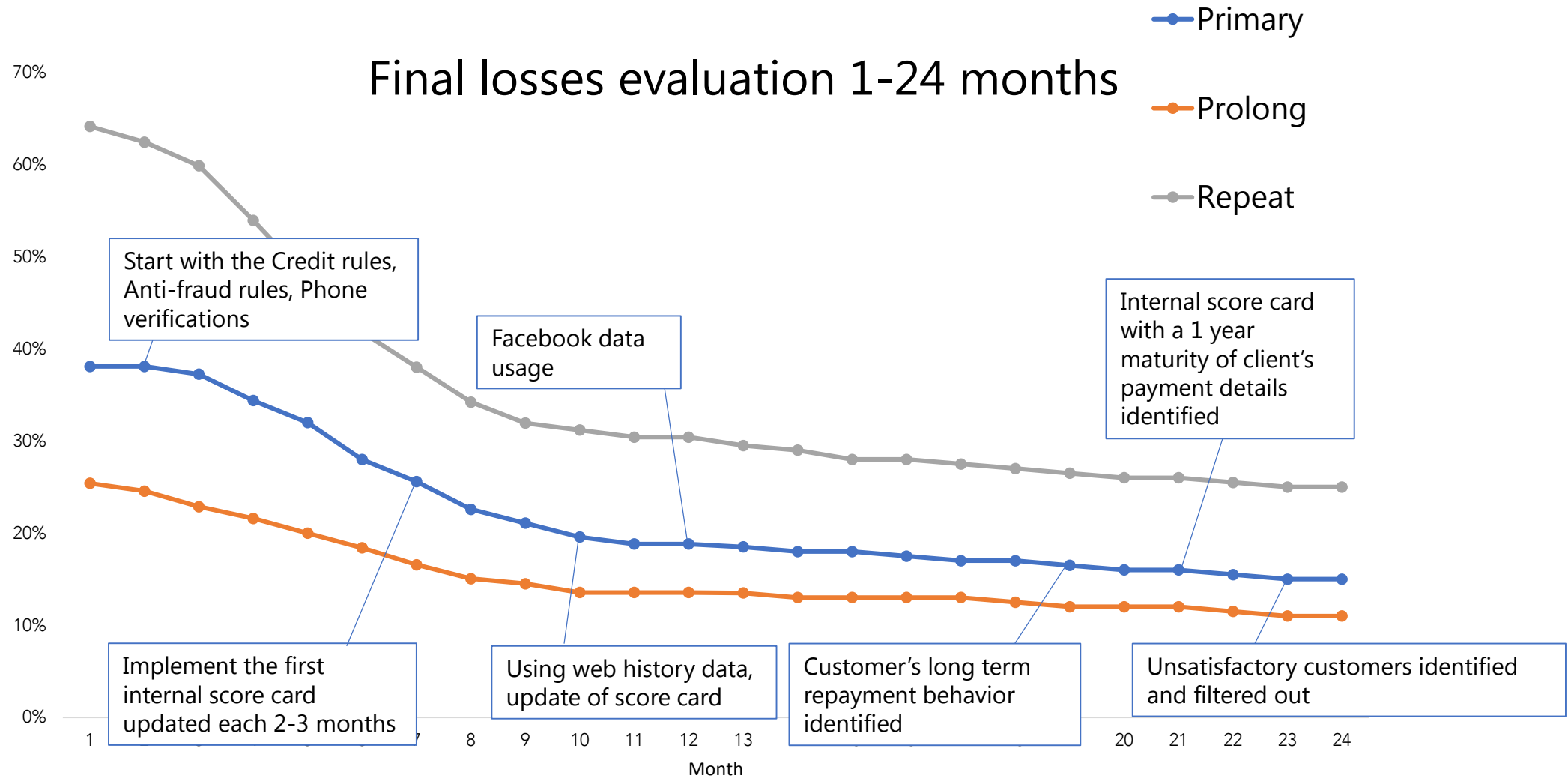
- The following items fluoresce under a UV light:
 - pink security fibers
 - water mark (national flag with five-pointed star)
- special paper as for banknotes with micro lettering
- embossed plastic surface
- Thumbprint

Current passport



- The Bank is responsible for validation of personal data provided by Customer (legal opinion)
- **Whoever forges an ID document shall be punished with 10 years imprisonment**
- NRC is always available, cost of obtaining the fake is higher than target loan amount

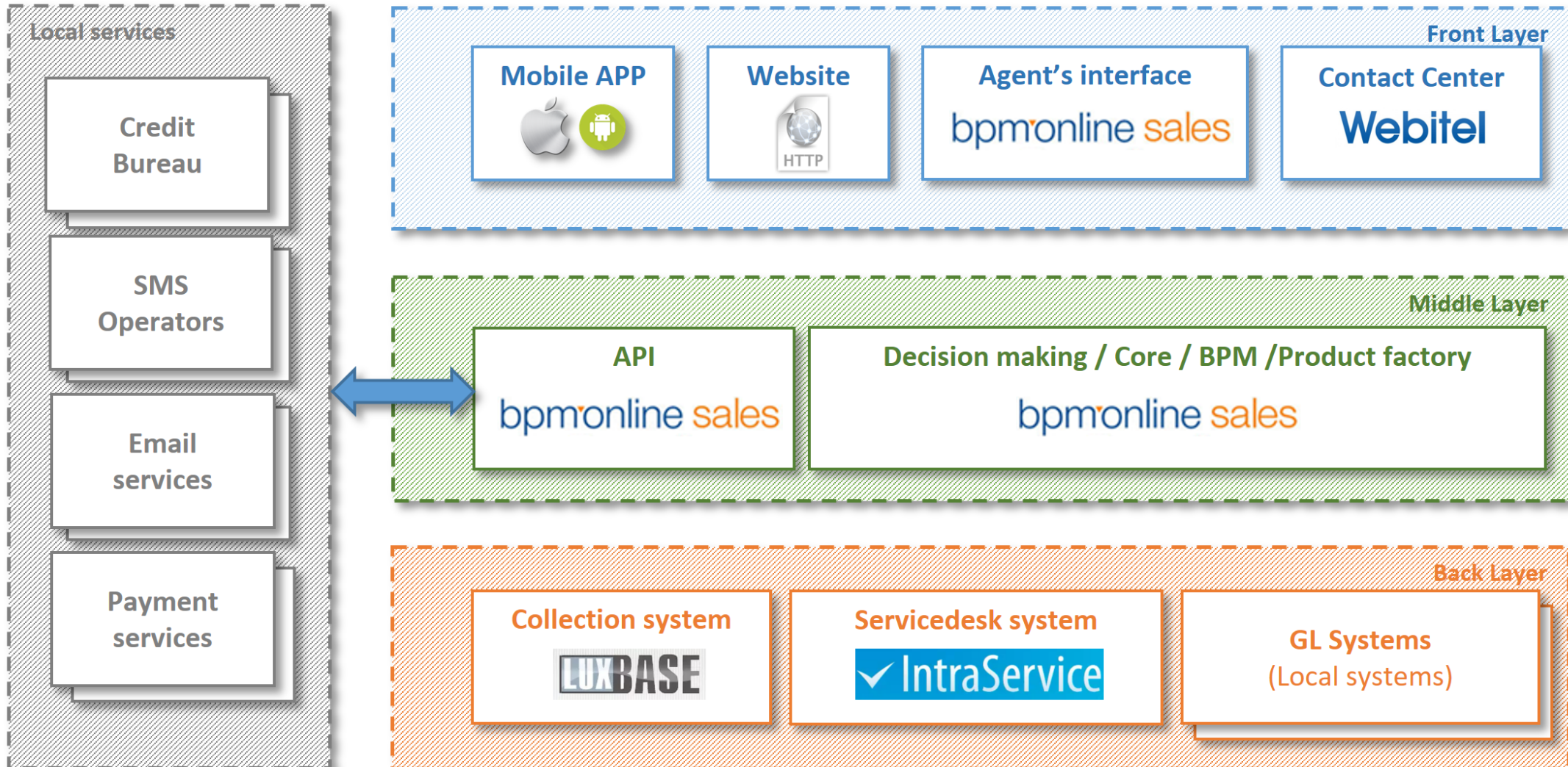
Risk Loss curve



We expect the risk loss for new loans to be 30~40% at the beginning and then decrease to 20% EOY1 and then to stabilize at the level of 19% for New loans and 14-15% for Repeat at EOY2.
From year to year risk will continue to decreasing as a result of risk strategies optimization.

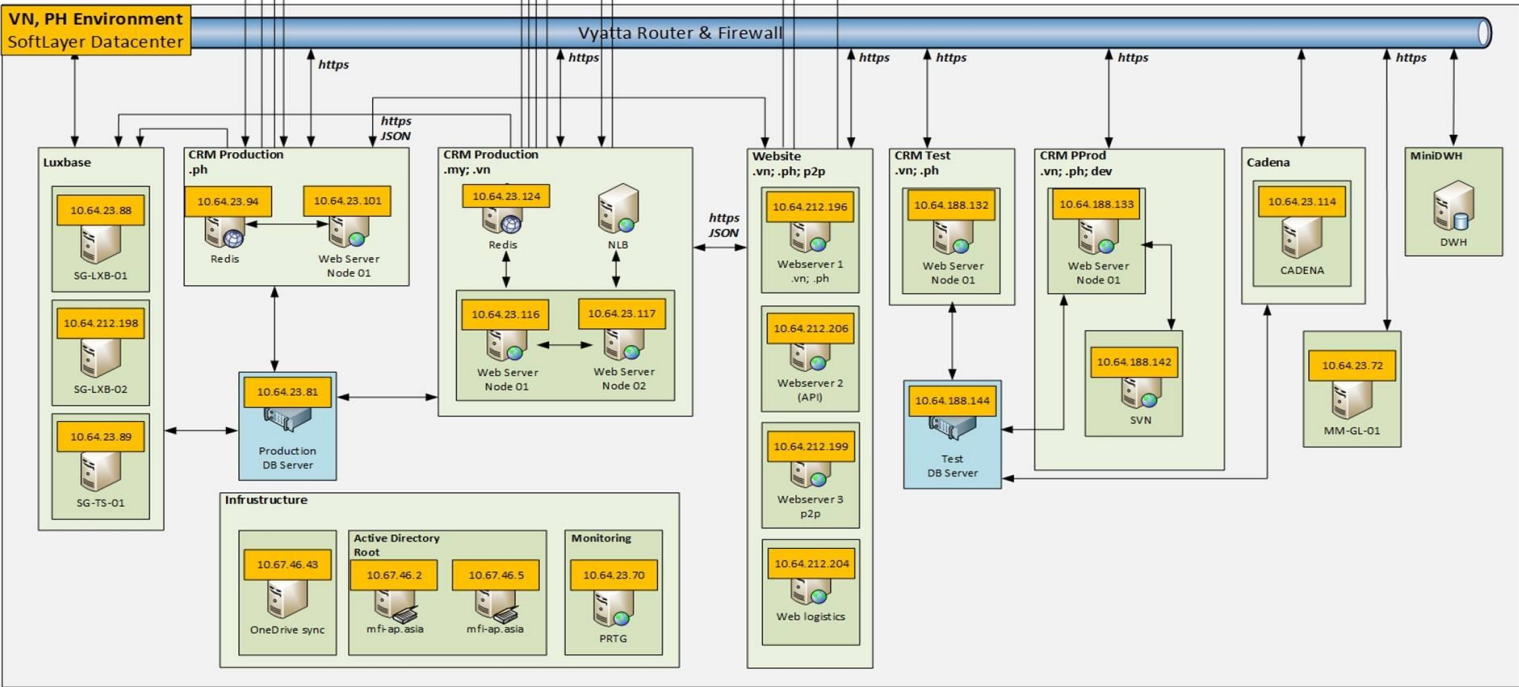
| IT

IT architecture



IT scope of work

Integration partner	Type of the partner	Comments
Berakah Peneil www.berakahpeneil.com www.odoo.com	GL system supplier	Odoo.com (GL system) regional integrator on Myanmar
TrueIDC www.trueidc.com.mm	Call-center service provider	Provides rental of workplaces ready to use for call-center
Ooredoo www.ooredoo.com.mm	SMS Aggregator	
Banks: KBZ, CB, AYA, Amara Unites	Disbursement and Repayment	Domestic remittance
Myanmar Mobile Money MyKyat Ok\$	Disbursement and Repayment	Has the most number of gateways with banks, ATM networks and retail chain shops



IT expenses: One-off and Fixed

Fixed IT expenses, thsd. USD

	Year 1	Year 2	Year 3	Year 4	Year 5
	-109 638	-114 370	-114 370	-114 091	-114 370
Internet	-36 000	-36 000	-36 000	-36 000	-36 000
Data center rent	-12 000	-12 000	-12 000	-12 000	-12 000
CC license	-6 138	-8 370	-8 370	-8 091	-8 370
GL license	-1 000	-1 000	-1 000	-1 000	-1 000
CRM Development - fixed part	-27 500	-30 000	-30 000	-30 000	-30 000
Software support	-27 000	-27 000	-27 000	-27 000	-27 000

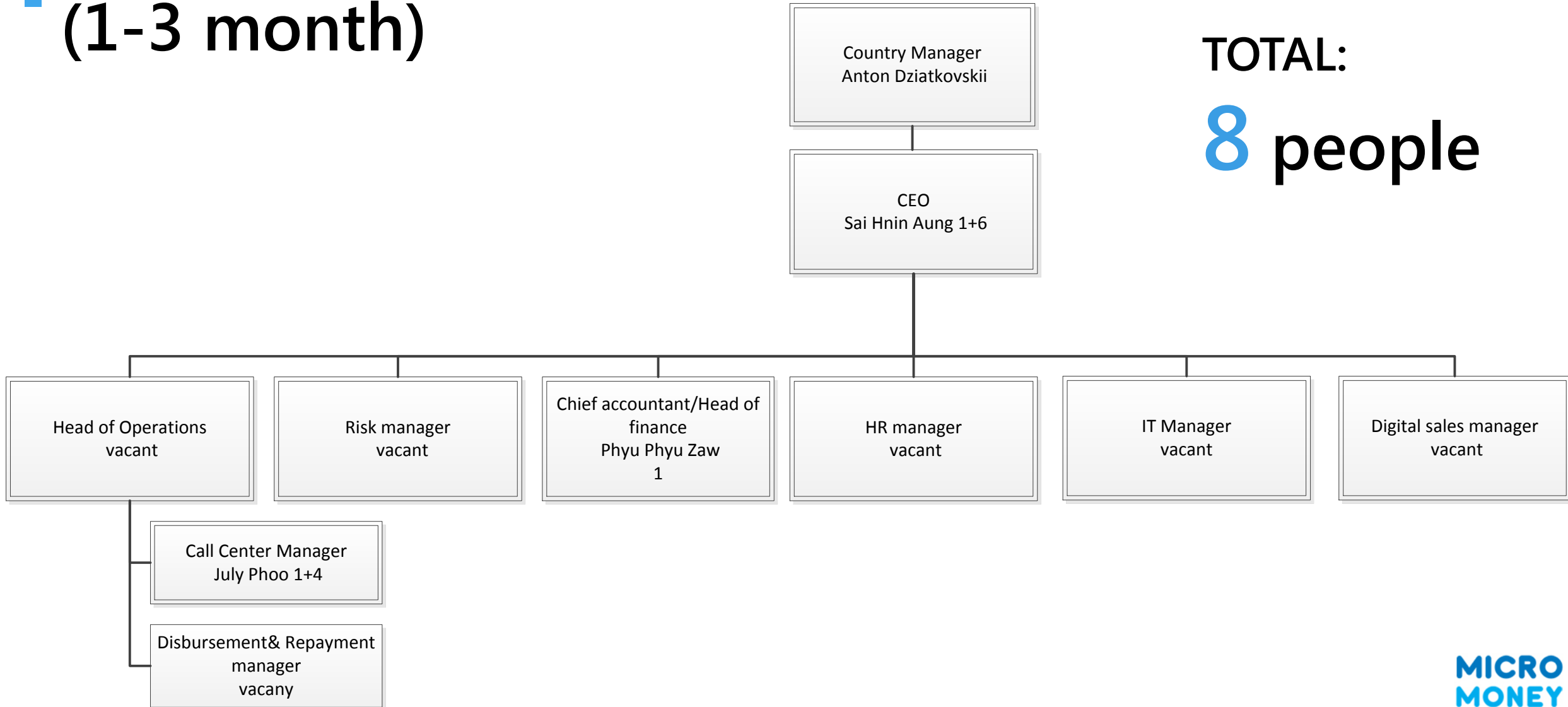
One-off IT expenses, Total thsd. USD

	-86
Web sites	-7
Mobile sites & app	-4
Collection system implementation	-19
CRM development	-56

HR & Admin Information

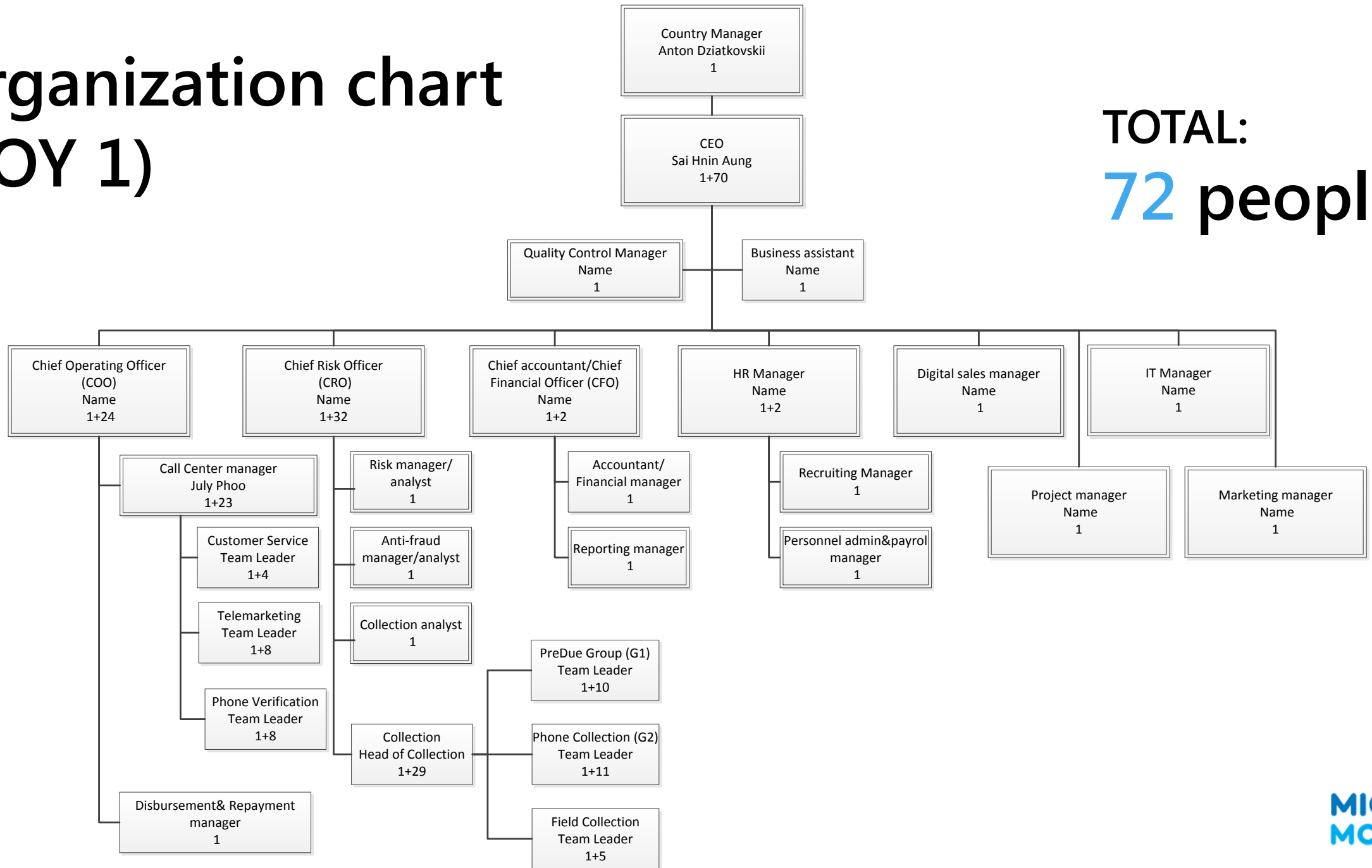
Organization chart (1-3 month)

TOTAL:
8 people



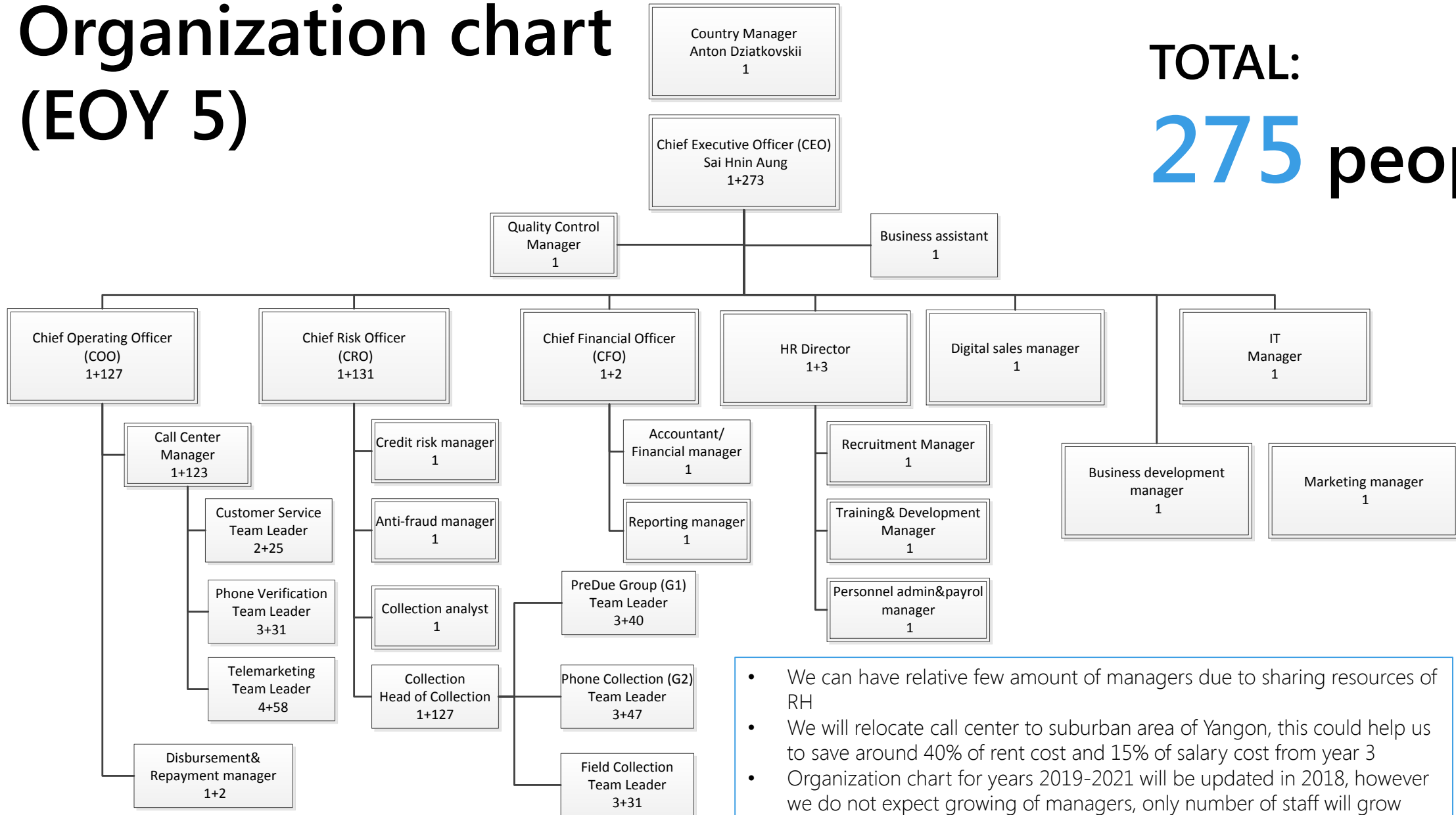
Organization chart (EOY 1)

TOTAL:
72 people



Organization chart (EOY 5)

TOTAL:
275 people



- We can have relative few amount of managers due to sharing resources of RH
- We will relocate call center to suburban area of Yangon, this could help us to save around 40% of rent cost and 15% of salary cost from year 3
- Organization chart for years 2019-2021 will be updated in 2018, however we do not expect growing of managers, only number of staff will grow according number of operations

Headcount and Personnel budget

Group/Position	Gross costs of employment, USD	Headcount					Monthly cost of employment, USD				
		EOY 1	EOY 2	EOY 3	EOY 4	EOY 5	EOY 1	EOY 2	EOY 3	EOY 4	EOY 5
Total staff (fixed+variable)		63	141	183	234	249	54 250	81 190	95 630	113 060	118 170
Total fixed staff		23	23	23	23	23	40 050	40 050	40 050	40 050	40 050
Management and direct reports		5	5	5	5	5	15 700	15 700	15 700	15 700	15 700
Operations department		3	3	3	3	3	4 550	4 550	4 550	4 550	4 550
Risk department		5	5	5	5	5	6 550	6 550	6 550	6 550	6 550
Financial department		3	3	3	3	3	4 400	4 400	4 400	4 400	4 400
Marketing department		1	1	1	1	1	1 500	1 500	1 500	1 500	1 500
Digital marketing department		1	1	1	1	1	2 000	2 000	2 000	2 000	2 000
IT department		1	1	1	1	1	2 000	2 000	2 000	2 000	2 000
HR department		4	4	4	4	4	3 350	3 350	3 350	3 350	3 350
Total variable staff		40	118	160	211	226	14 200	41 140	55 580	73 010	78 120
Operations department		19	53	79	104	110	6 980	18 990	28 200	36 950	39 010
Verificator Teamleader	480	1	2	2	2	2	480	960	960	960	960
Verificator	350	7	17	20	26	26	2 450	5 950	7 000	9 100	9 100
Telesale operators Teamleader	480	1	2	3	4	4	480	960	1 440	1 920	1 920
Telesale operators	340	6	21	36	49	53	2 040	7 140	12 240	16 660	18 020
Customer support Teamleader	480	1	1	2	2	2	480	480	960	960	960
Customer support	350	3	10	16	21	23	1 050	3 500	5 600	7 350	8 050
Risk department		21	65	81	107	116	7 220	22 150	27 380	36 060	39 110
Telecollector Teamleader	480	1	4	4	5	6	480	1 920	1 920	2 400	2 880
Telecollector	340	15	47	55	74	79	5 100	15 980	18 700	25 160	26 860
Field collector Teamleader	480	1	1	2	2	2	480	480	960	960	960
Field collector	290	4	13	20	26	29	1 160	3 770	5 800	7 540	8 410

Finance

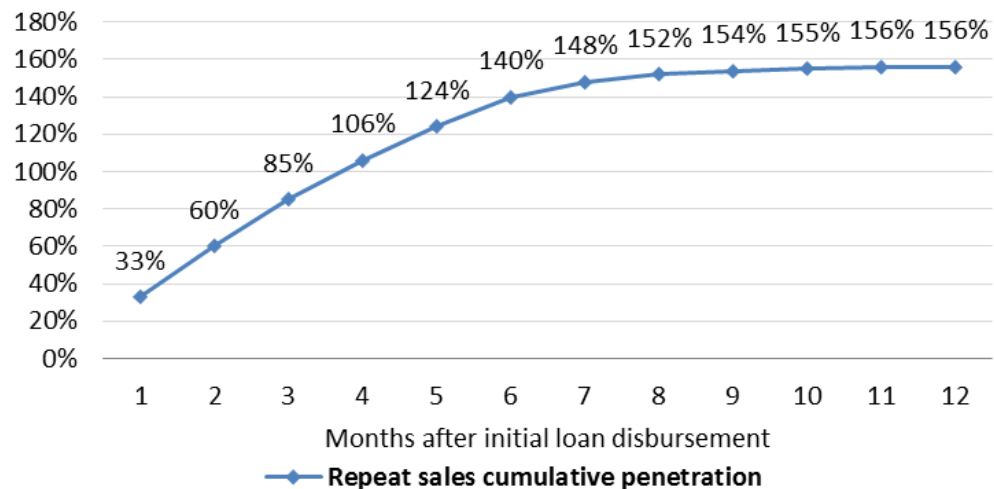
Financial model assumptions

Loan type	Avg term, days	Avg ticket, USD	Losses, %
New	26	85	14.8%
Repeat	26	125	11.3%
Prolongation new	30	85	25.0%
Prolongation repeat	30	125	25.0%
Repeat sales per new loans			156%
Prolongations per all loans			38%

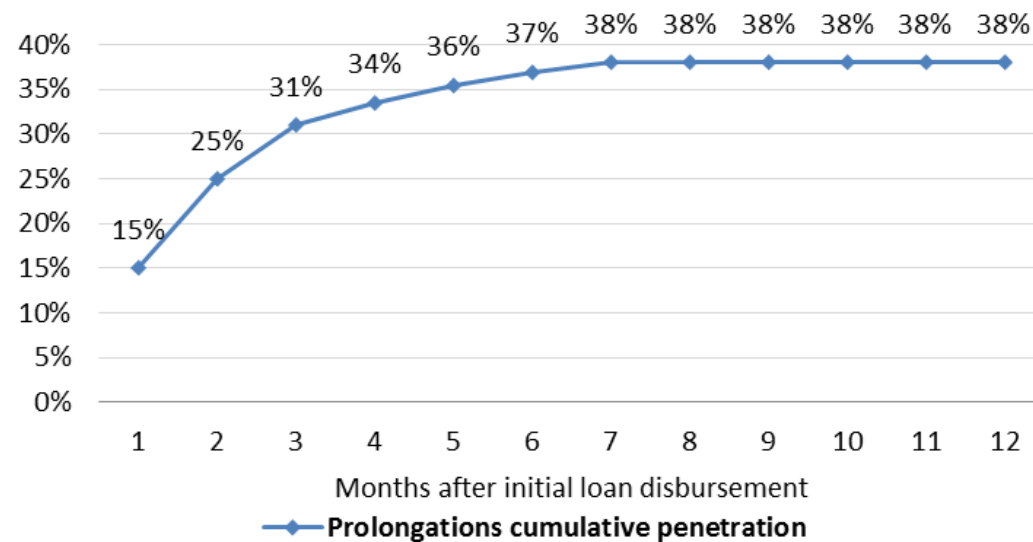
Year of project	1	2	3	4	5
MAC, USD per loan	48	10	10	10	10

Product parameters	Value
Normal interest rate, per day	1.00%
Late penalty interest rate, per day	2.00%
Late payment fee, USD	15

Repeat sales curve



Prolongations curve



Investment summary

Investments, thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Portfolio investments	1 007	1 946	438	64	0	3 455
OPEX and CAPEX investments	1 208	245	90	0	0	1 543
Total Micromoney investments	2 215	2 191	529	64	0	4 998

Volume indicators	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Number of loans issued, thsd	30	173	351	520	620	1 694
Amount disbursed, thsd USD	2 484	14 095	28 198	41 569	49 284	135 630
Net portfolio (EoY), thsd USD	612	2 059	3 634	5 000	5 348	16 652

P&L, thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Revenue	626	4 517	9 871	15 179	18 603	48 797
Provisions	-543	-2 703	-4 965	-6 636	-7 914	-22 762
Variable costs	-510	-1 272	-2 337	-3 400	-3 979	-11 498
Marketing acquisition costs	-369	-608	-1 112	-1 577	-1 775	-5 441
Salary (variable part)	-94	-340	-548	-781	-927	-2 690
Other variable costs	-40	-199	-359	-530	-631	-1 759
VAT	-7	-126	-318	-512	-645	-1 608
Fixed costs	-956	-1 069	-1 004	-1 127	-1 170	-5 327
Salary (fixed part)	-682	-701	-588	-713	-793	-3 476
Other G&A expenses	-275	-369	-416	-414	-377	-1 851
One-off expenses	-57	-17	-17	-17	-17	-126
Net profit before taxes	-1 441	-545	1 548	3 999	5 523	9 084
Terminal value						25 063
ROE (annualized)						61%
ROAA (yearly)	-235%	-41%	54%	71%	80%	51%

- Break-even period – 21 months; Self-capitalization period – 29 months; Payback period – 58 months
- Total investments from Micromoney – \$5,0M; Unoptimized Yr5 corporate tax – \$1,4M
- Terminal Value – \$25,1M (Gordon growth model with discount factor 15% and growth rate 0%)

Balance Sheet, EOY

thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5
Assets	773	2 419	4 213	5 767	6 150
Liquid assets	92	309	545	750	802
Loans to individuals (net of provisions)	612	2 059	3 634	5 000	5 348
Total loans	1 156	5 305	11 846	19 848	28 109
Risk provisions	-543	-3 246	-8 212	-14 848	-22 762
Other receivables	69	52	35	17	0
Shareholders' equity	773	2 419	4 213	5 767	6 150
Contributed equity	2 215	4 406	4 934	4 998	4 998
Retained earnings	-1 441	-1 986	-438	2 630	6 773
Dividends paid	0	0	-282	-1 861	-5 620
Equity+Liabilities	773	2 419	4 213	5 767	6 150

P&L Statement

thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Interest Income	626	4 517	9 871	15 179	18 603	48 797
Primary sales	310	1 706	3 376	4 981	5 822	16 194
Repeat Sales	316	2 811	6 496	10 198	12 781	32 603
Risk provisions	-543	-2 703	-4 965	-6 636	-7 914	-22 762
Primary sales	-316	-1 170	-1 925	-2 463	-2 797	-8 672
Repeat Sales	-227	-1 533	-3 040	-4 173	-5 116	-14 090
Variable costs*	-510	-1 272	-2 337	-3 400	-3 979	-11 498
Marketing acquisition costs	-369	-608	-1 112	-1 577	-1 775	-5 441
Salary (variable part)	-94	-340	-548	-781	-927	-2 690
Other variable costs	-40	-199	-359	-530	-631	-1 759
VAT	-7	-126	-318	-512	-645	-1 608
Operating profit (before fixed costs)	-428	542	2 569	5 143	6 711	14 537
Fixed costs*	-956	-1 069	-1 004	-1 127	-1 170	-5 327
Salary (fixed part)	-682	-701	-588	-713	-793	-3 476
Other G&A expenses	-275	-369	-416	-414	-377	-1 851
One-off expenses	-57	-17	-17	-17	-17	-126
Profit before Taxes**	-1 441	-545	1 548	3 999	5 523	9 084

* [See slides 58-59 for details](#)

** Estimated amount of profit tax for 5th year is \$1.4M

Cash flow statement

thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Loans issued	-2 484	-14 095	-28 198	-41 569	-49 284	-135 630
Principals received	1 328	9 946	21 658	33 567	41 023	107 521
Interest received	626	4 517	9 871	15 179	18 603	48 797
Loan fees received	0	0	0	0	0	0
Fines & penalties received	0	0	0	0	0	0
Total CF from business activities:	-530	368	3 331	7 177	10 341	20 687
Commissions to agents & payment systems	-7	-49	-102	-156	-188	-502
POS costs	0	0	0	0	0	0
People costs	-766	-983	-1 018	-1 318	-1 506	-5 591
Marketing & Acquisition costs	-378	-665	-1 230	-1 753	-1 989	-6 015
Support costs	-17	-62	-97	-142	-156	-475
Office costs	-180	-350	-470	-540	-558	-2 099
IT costs	-154	-70	-70	-70	-70	-434
Professional services	-40	0	0	0	0	-40
Other income (expenses)	-43	-36	-36	-36	-36	-187
Profit tax	0	0	0	-930	-1 381	-2 311
VAT paid	-7	-126	-318	-512	-645	-1 608
Working Capital required	0	0	0	0	0	0
Total CF from operating expenses:	-1 593	-2 342	-3 341	-5 457	-6 530	-19 263
Total CF from operating activities:	-2 123	-1 974	-10	1 720	3 812	1 425
Financing received	2 215	2 191	529	64	0	4 998
Financing returned	0	0	-282	-1 579	-3 759	-5 620
Interest expense	0	0	0	0	0	0
Total CF from financing activities:	2 215	2 191	246	-1 515	-3 759	-623
CAPEX	0	0	0	0	0	0
Total CF for the period:	92	217	236	205	52	802
Cash balance beginning:	0	92	309	545	750	750
Cash balance ending:	92	309	545	750	802	802

Expenses detailed

Variable costs, thsd. USD						
Expenses category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Marketing acquisition costs	-369	-608	-1 112	-1 577	-1 775	-5 441
Salary (variable part)	-94	-340	-548	-781	-927	-2 690
Other variable costs	-40	-199	-359	-530	-631	-1 759
Telecommunications - acquisition	-11	-43	-74	-108	-127	-362
Outbound SMS - acquisition	-6	-31	-61	-90	-105	-293
Payment system fees	-7	-49	-102	-156	-188	-502
Telecommunications - support	-14	-62	-95	-136	-163	-470
Outbound SMS - support	-2	-14	-27	-40	-48	-131
VAT	-7	-126	-318	-512	-645	-1 608
Total	-510	-1 272	-2 337	-3 400	-3 979	-11 498

Fixed costs, thsd. USD						
Expenses category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Salary (fixed part)	-682	-701	-588	-713	-793	-3 476
Salary	-462	-481	-481	-481	-481	-2 384
Bonuses	-220	-220	-107	-232	-312	-1 092
Other G&A expenses	-275	-369	-416	-414	-377	-1 851
Rent/office expenses	-120	-209	-265	-260	-232	-1 086
IT expenses	-112	-124	-115	-118	-109	-578
Miscellaneous	-43	-36	-36	-36	-36	-187
Total	-956	-1 069	-1 004	-1 127	-1 170	-5 327

One-off expenses

Expenses category	Total, thsd USD
HR expenses	-40
Recruiting	-40
IT expenses	-86
CRM development	-56
Collection system implementation	-19
Web sites	-7
Mobile sites&app	-4
Total	-126

Project Plan

Project Plan

Activity	Planning end date	Comments
Hiring CEO	30/07/2016	Done
Licensing	30/09/2016	Done (pawnshop)
Renting offices	01/11/2016	We plan to rental office from begin of November
Creating team	30/11/2016	In process
IT Development, product settings	01/01/2017	We understand all our partners for integration
Official documents	15/11/2016	We will use law advisor company for preparing all documents
Start sales	15/01/2017	

Activity	Sept-16	Oct-16	Nov-16	Dec-16	Jan-17
licensing					
Renting office					
Creating team					
IT Development, product settings					
Official documents for customers and regulator					
Start operations					

We are planning to launch operations in January 17.

| Appendix

Core team salary expenses

Employee position	Level	MM monthly salary	APAC average salary	Difference	Joining period
Chief operating officer	B-1	\$ 6 500	\$ 3 671	+2829	done
Head of call center	B-1	\$ 1 500	\$ 1 059	+441	up to 3 months
Head of collection	B-1	\$ 2 000	\$ 2 040	-40	up to 3 months
Chief financial officer	B-1	\$ 2 500	\$ 5 416	-2916	up to 3 months
HR Director	B-1	\$ 2 000	\$ 2 302	-302	up to 3 months
Head of Sales & Marketing	B-1	\$ 2 000	\$ 2 137	-137	up to 3 months
Legal manager	B-1	\$ 3 000	-	-	up to 3 months
IT Manager	B-1	\$ 2 000	\$ 2 224	-224	up to 3 months
Disbursement & repayment manager	B-2	\$ 1 000	-	-	up to 3 months
Head of risk management team	B-2	\$ 3 500	\$ 4 280	-780	up to 3 months
Credit risk manager	B-3	\$ 700	-	-	up to 6 months
Anti-fraud manager	B-3	\$ 700	-	-	up to 6 months
Quality control manager	B-1	\$ 1 000	\$ 959	-41	up to 12 months
Accountant	B-2	\$ 700	-	-	up to 12 months
Reporting manager	B-2	\$ 700	-	-	up to 12 months
Reqrutment manager	B-2	\$ 600	-	-	up to 12 months
Training & development manager	B-2	\$ 800	-	-	up to 12 months
Personal admin & payroll manager	B-2	\$ 600	-	-	up to 12 months
Digital sales manager	B-2	\$ 1 000	-	-	up to 12 months
Business development manager	B-2	\$ 1 000	-	-	up to 12 months

Mass team salary expenses

Employee position	MM monthly salary	APAC average salary	Difference	EOY1 total expense	EOY2 total expense	EOY3 total expense	EOY4 total expense	EOY5 total expense
Phone verification team lead	\$ 480	\$ 1 315	- 315	\$ 5 400				
Phone verifier	\$ 350	\$ 354	-4	\$ 17 150				
Telemarketing team lead	\$ 480	\$ 1 059	- 579	\$ 8 400				
Telemarketing spec.	\$ 350	\$ 338	+12	\$ 9 860				
Customer service team lead	\$ 480	\$ 593	-113	\$ 6 650				
Customer service spec.	\$ 350	\$ 468	-118	\$ 6 650				
Pre due group team lead	\$ 480	-	-	\$ 5 400				
Pre due specialist	\$ 340	-	-	\$ 14 000				
Phone collection team lead	\$ 480	\$ 580	-100	\$ 4 400				
Phone collector	\$ 340	\$ 498	-158	\$ 15 240				
Field collection team lead	\$ 480	\$ 564	-84	\$ 4 400				
Field collector	\$ 290	\$ 345	-55	\$4 060				
Total:	\$ 5 420	\$ 5 055*		\$ 101 610				

Detailed Headcount and Personnel budget

Employee position	MM monthl y salary	APAC average salary	Difference	EOY1 total expense	EOY2 total expense	EOY3 total expense	EOY4 total expense	EOY5 total expense
Phone verification team lead	\$ 480	\$ 1 315	- 315	\$ 5 400				
Phone verifier	\$ 350	\$ 354	-4	\$ 17 150				
Telemarketing team lead	\$ 480	\$ 1 059	- 579	\$ 8 400				
Telemarketing spec.	\$ 350	\$ 338	+12	\$ 9 860				
Customer service team lead	\$ 480	\$ 593	-113	\$ 6 650				
Customer service spec.	\$ 350	\$ 468	-118	\$ 6 650				
Pre due group team lead	\$ 480	-	-	\$ 5 400				
Pre due specialist	\$ 340	-	-	\$ 14 000				
Phone collection team lead	\$ 480	\$ 580	-100	\$ 4 400				
Phone collector	\$ 340	\$ 498	-158	\$ 15 240				
Field collection team lead	\$ 480	\$ 564	-84	\$ 4 400				
Field collector	\$ 290	\$ 345	-55	\$4 060				
Total:	\$ 5 420	\$ 5 055*		\$ 101 610				

Largest banks in Myanmar: Domestic remittance

Bank	YANGON branches	MANDALAY branches	Naypyidaw branches	Total	% of total branches	Total network branches across the country
KBZ Bank	146	95	8	249	64%	391
CB Bank	74	36	7	117	73%	161
AYA Bank	66	25	5	96	61%	157
MAB Bank	21	8	3	32	42%	77
GT Bank	22	10	4	36	30%	120

Bank`s domestic remittance:

- possible to send money to an individual without opening an account
- possible to send money to any branch of bank (average time to open bank account – 30 minutes)
- If there was now withdrawal, the money can be return back to sender

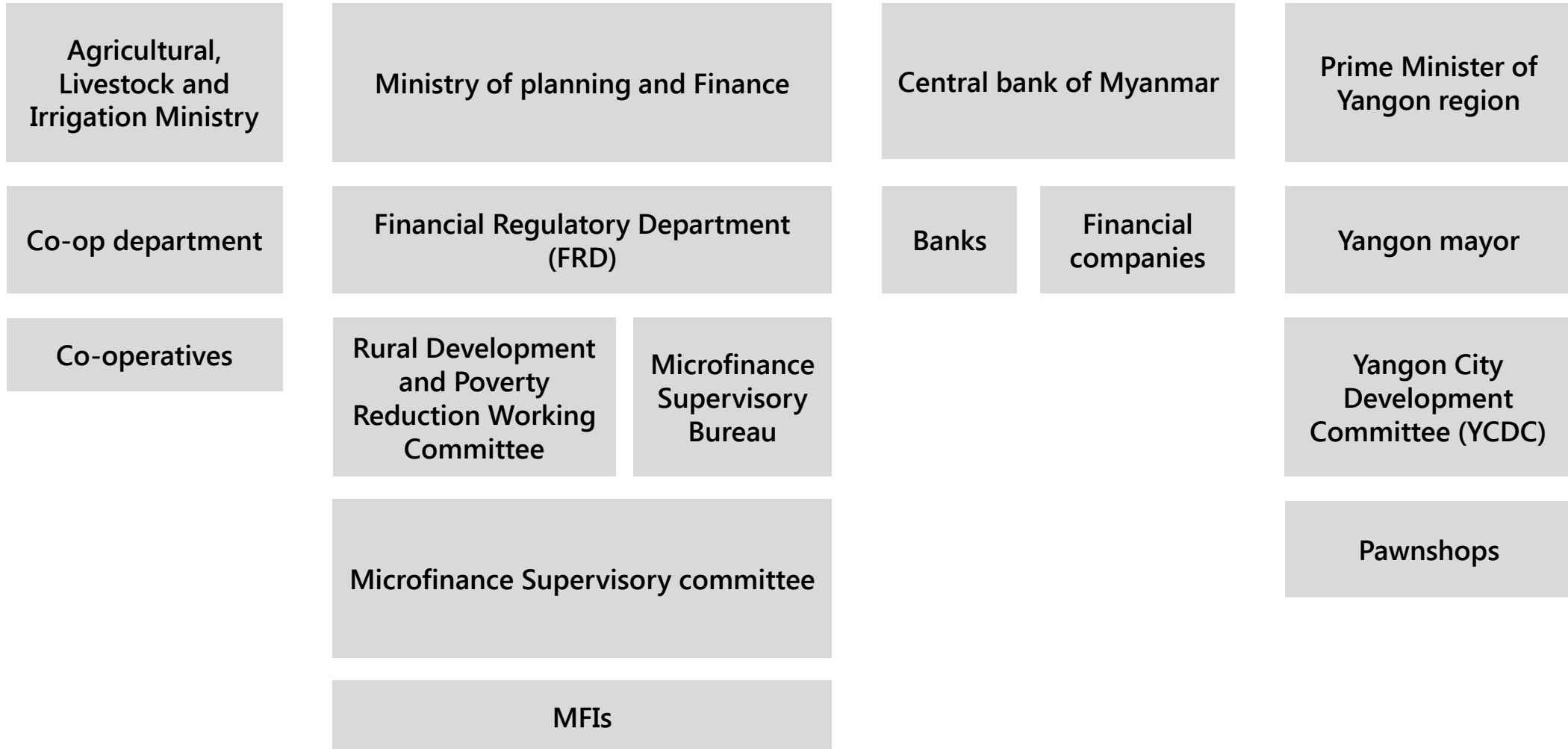
KYC:

- Full Name of receiver
- Home address
- NRC number (passport)
- Phone number



Governing bodies in Myanmar | Structure

President



Online marketing toolkit: Local Display network



Text & Banner Ad Targeting Opportunities

Audiences on the [Local Display Network](#) are targeted using:

- Keywords
- Topics
- Interests
- Age
- Gender
- Devices
- Language
- Location (Country, State, City)

Category Targeting

- Finance
- Travel
- Health
- Loan Specific
- Competitor Specific

Digital Market [is developing very fast.](#)

We will use the same marketing strategy as in other APAC markets.

Markets comparison

Country statistics	VN	PH	ID	MM	CN	MY
Population, mln	91	101,9	255	51	1 376	31
GDP per capita (nominal), thsd USD	2,3	3,2	3,5	1,4	8,8	12,2
Labor force ratio	62%	63%	67%	68%	58,3	66%
Average monthly salary, USD	200	208	250	120	730	961
Smartphone penetration	20%	50%	25%	58%	56%	63%
Bank account penetration	21%	27%	20%	5%	64,7%	66%

Volume indicators (year 5)	VN	PH	ID	MM	CN	MY
Loans issued in year 5, thsd including prolongations	1 291	441	464	620	1154	198
Loans issued per day in year 5 including prolongations	3537	1208	1271	1698	3160	542

Investment parameters	VN	PH	ID	MM	CN	MY
Investment, mln USD	15,7	8,8	11,0	4,5	31,4/15,8*	8,6
capex + opex	5,1	4,1	4,4	3,3	12,2	4,7
portfolio financing	10,6	4,8	6,6	1,1	3,4	3,9
Break-even period, months	15	20	20	22	25	18
Payback period, months	19	49	50	31	45	51
Revenue, (Year 5), mln USD	71	42,2	53,9	18,5	130	37,3
Profit before taxes, (Year 5), mln USD	19	15,5	16,8	5,5	42	15,3

*China investments total \$31,4 mln (15,8 Micromoney investments + 15,5 debt financing)

Salaries comparison. APAC survey

Job Title	Head of Accounting and Finance	HR Manager	IT Manager	Digital Marketing Manager	Head of Operations	Quality Control Head	Telemarketing Head	Senior Telemarketing Specialist	Telemarketing Specialist	Customer Service Team Leader	CSR
Job Title	5	4	5	4	3	3	1	2	25	3	5
# Incumbents	\$3 239	na	\$1 905	\$1 811	\$4 775	\$1 059	\$1 059	\$338	\$258	\$631	\$270
VN	\$5 090	\$2 134	\$2 560	\$2 560	\$4 171	\$1 067	na	na	\$294	\$640	\$293
PH	\$1 918	\$1 723	\$2 401	na	\$2 068	\$752	na	na	na	\$508	\$376
ID	\$4 625	\$3 250	\$1 625	\$1 625	na	na	na	na	na	na	\$500
MY	\$12 207	\$2 102	\$2 628	\$2 553	na	na	na	na	na	na	\$901
CN	\$1 918	\$1 723	\$1 625	\$1 625	\$2 068	\$752				\$508	\$293
Min	\$12 207	\$3 250	\$2 628	\$2 560	\$4 775	\$1 067				\$640	\$901
Max	\$5 416	\$2 302	\$2 224	\$2 137	\$3 671	\$959	\$1 059	\$338	\$276	\$593	\$468
Average	\$4 625	\$2 118	\$2 401	\$2 182	\$4 171	\$1 059	\$1 059	\$338	\$276	\$631	\$376

Job Title	Phone Verification Manager	Phone Verification Team Leader	Phone Verifier	Assistant Phone Verifier	Data Checking Team Leader	Data Checker	Head of Risk Management	Head of Collection	Field Collection Team Leader	Senior Field Collector	Field Collector	Phone Collection Team Leader	Phone Collector
# Incumbents	2	4	54	5	1	13	4	4	3	2	32	2	58
VN	\$1 505	\$374	\$270	\$225	\$338	\$285	\$3 829	\$2 297	\$450	\$315	\$216	\$720	\$283
PH	na	\$533	\$277	na	na	\$288	na	\$1 707	na	na	\$277	\$512	\$288
ID	na	\$526	\$368	na	na	na	\$3 910	\$1 654	\$677	\$375	\$301	\$508	\$366
MY	na	na	\$500	na	na	\$458	\$3 000	\$2 500	na	na	na	na	\$500
CN	\$1 126	na	na	na	na	na	\$6 381	na	na	na	na	na	\$1 051
Min		\$374	\$270			\$285	\$3 000	\$1 654			\$216	\$508	\$283
Max		\$533	\$500			\$458	\$6 381	\$2 500			\$301	\$720	\$1 051
Average	\$1 315	\$478	\$354	\$225	\$338	\$344	\$4 280	\$2 040	\$564	\$345	\$265	\$580	\$498
Median	\$1 315	\$526	\$323	\$225	\$338	\$288	\$3 869	\$2 002	\$564	\$345	\$277	\$512	\$366

Mingalar Myanmar Microfinance



Description of Business

- Starting from August 2012, Mingalar Myanmar received the license to operate in 10 townships in Yangon.
- Mingalar Myanmar is a deposit-taking non-governmental organization by nature but operates a for-profit business model.
- Mingalar Myanmar has been conducting Microfinance operations before the passing of Microfinance law thus it does not believe in abiding by every clause established by the law. For example, it provides much higher loan size than the instructed USD 5000. In fact, the average loan size for Mingalar Myanmar doubles the instructed loan size. Additionally, it extends loans to individuals rather than practicing the traditional group lending model. The company has been profitable according to its practices but risks losing operating license due to breaching of the law.

Main Markets and Main Products

There is only one loan product provided by Mingalar Myanmar, which is the Micro-Business loan. This loan requires a guarantor who will be held responsible to repay their loan if the client fails to do so.

Key Financials (2014 Year)

Loan Portfolio	1,6 mln USD
Average Loan Size	10 USD
Non Performing Loan	3% of portfolio

Branches network

Mingalar Myanmar has only one office located in Yangon, they operate mainly in urban area.

Profile of its clients and their needs

Mingalar Myanmar targets small-medium enterprise owners who has guarantors who will be responsible in case of bad loan. Mingalar Myanmar does not lend to staffs or employees. Clients of Mingalar Myanmar are those who need support to fund their businesses and, or take the business to another level.

Advertising

Brochures

Pyae Mahar Microfinance

Description of Business

Pyae Mahar Microfinance was founded in September 2012 with a vision to improve the lives and futures of vulnerable populations and to create better economic opportunities for them

Main Markets and Main Products

- General Loan
- Bi-weekly repayment for 25 installments
 - 1st Cycle – 50 USD
 - 2nd Cycle – 70 USD
 - 3rd Cycle – 100 USD
- Agri Loans (For Production of betal leaves, paddy, vegetables, water-mimoso, etc.)
- Only interest bi weekly, principal repayment is at harvesting time
 - 100 to 300 USD
- Emergency Health Loans
- Only interest for grace period 4 bi-weekly installments and repayment for 10 bi-weekly installments
 - 50 USD

Key Financials (2014 Year)

Total Loan Book	667K USD
Average Loan Size	Varies on the type of loan
Non-Performing Loan	0

Branches network

Townships	5
Village Tracts	116
Villages	351
Households	44,921

Tun Foundation Finance

Description of Business	<ul style="list-style-type: none"> Started from 2008 for Cyclone Nargis re-habilitation of homelands in Kun Chan Kone/Za Lun Officially start operation as an MFI in 2011 with official license The MFI is operated as independent Financial Company owned by Tun Foundation Chairman Non-deposit taking institution 	
Main Markets and Main Products	<ul style="list-style-type: none"> Agriculture loan Only for group lending (includes 5-10 people in a group) Loan term → <ul style="list-style-type: none"> -Seasonal depending on the type of agriculture product -Usually 4 months (minimum) and 10 months (maximum) 	
Key Financials (2014 Year)	Loan Outstanding	84K USD
	Average Loan Size	-25 USD per acre -240 USD maximum per person depends on the region's pay back pattern
Branches network	Main Head Office	Yangon
	Ayeyarwaddy	Zalun, Warr Khae Ma, Ma U Bin (Whole)
	Mandalay	Kyauk Pataung (as a whole)
	Yangon	Kun Chan Gone (36 villages as a whole)
Profiles of its clients and their needs	100% farmers Client base → more than 3,000 clients (only to whom that owns wet lands) Since the MFI mainly focus on agriculture loans, most of the clients are from Ayarwaddy Delta region which comprises around 2,700 clients in 27 villages of Ayarwaddy. Mandalay → around 600 clients Yangon → around 500 clients	
Advertising	Brochures	

ACLEDA MFI Myanmar Co., Ltd.



Description of Business

ACLEDA MFI Myanmar Co., Ltd. was founded in February 2013. Mission of ACLEDA is to provide micro and small entrepreneurs with the wherewithal to manage their financial resources efficiently and by doing so to improve the quality of their lives

Main Markets and Main Products

- Group and individual Loans
- For Group Member
- Organize a group of 2 to 10 people
 - Tenor period 1 - 18 m. Loan size 80\$-1000\$ for per member
- For Individual
- Tenor period 1 - 24 m. Loan size 80\$ - 1600\$
- Savings Account
- Initial deposit only 1\$
 - Minimum balance is not required
 - No service charged for account opening or closing

Key Financials (2014 Year)

Loans and Advances - Net	7 mln \$
Average Loan Size	Varies on the type of loan
Deposits	250K \$
Profit Before Income Tax	1 mln \$
Net Profit After Tax	794K \$

Branches network Advertising

Townships	15
On the web-site, brochures, billboard	

Fullerton Finance Myanmar Co., Ltd.



Description of Business	Fullerton Finance Myanmar Co., Ltd. was founded in November 2014. Mission of Fullerton: Our products are Simple, Convenient, and approval is fast, meeting our customers needs.	
Main Markets and Main Products	<p>Group Loans</p> <p>Solidarity Group Loans for groups of 5</p> <p>Loan sizes 40\$ - 400\$, tenor period 3 - 12 months.</p> <p>Individual Loans</p> <p>Loan sizes 40\$ - 400\$, tenors period 6 - 18 months.</p> <p>For personal use, or to assist in micro business working capital.</p> <p>Easy application requiring National Registration ID, home address proof.</p> <p>Deposits</p> <p>Initial deposit 1\$</p> <p>Minimum balance is not required</p>	
Key Financials (2014 Year)	Loans	2,6 mln USD
	Average Loan Size	Varies on the type of loan
Branches network	Townships	12
Advertising	On the web-site, brochures, billboard	