



# Microfinance & Mojaloop

## Lessons from Myanmar

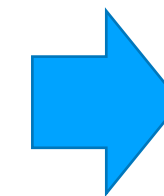
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# Myanmar

- Coming out of decades of exclusion. The country has opened and experienced great progress, but major challenges still remain...

- Myanmar is still in a period of a **“triple transition”**



From war to  
peace

From military  
rule to civil  
democracy

From autarchy to  
open and  
inclusive  
development

- Key development challenges:
  - Government in a complicated equilibrium
  - An economy and financial sector in transition
  - Low agriculture productivity
  - Subject to natural disasters – 3<sup>rd</sup> most vulnerable
  - Complex disasters
  - Large underserved marginalized population, especially women

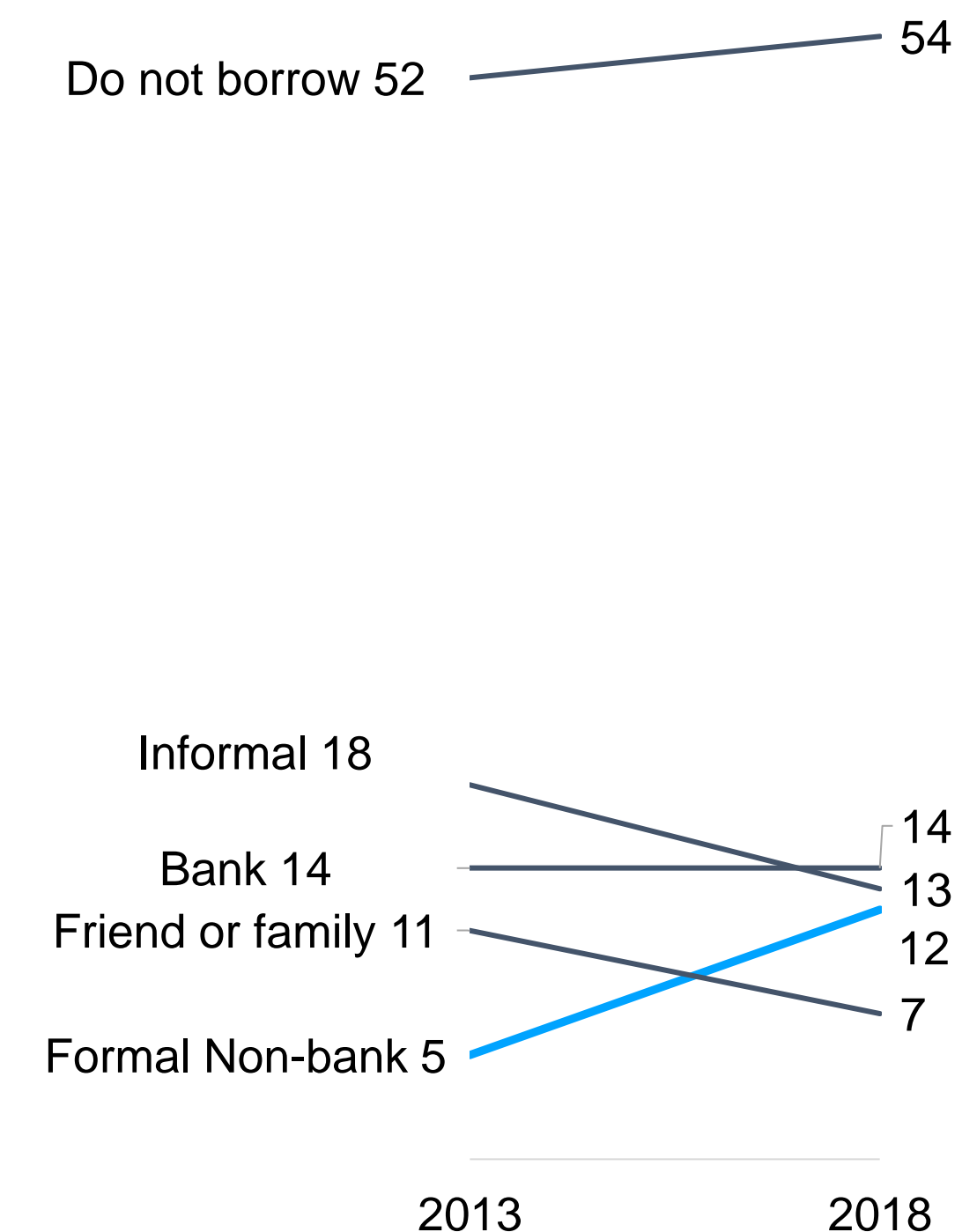
# The problem

- People at the bottom of the pyramid have the greatest need for improved financial services. Better, more conveniently provided and at a lower cost
- These people will be served but not necessarily by those who have their best interest at heart. E.g. pay day lenders.
- We believe that effectively and sustainably reaching the marginalized is best done by empowering the organizations who are committed to going down market and passing the benefits to the clients.
- In Myanmar, the greatest advances in financial inclusion has been the Microfinance sector.

# Importance of Microfinance in Myanmar and globally

- Globally, microfinance has:
  - 140M+ clients (80% women, 65% rural)
  - Service a financially underserved market segment
  - Annual growth rates of ~10%
- Payments can help microfinance:
  - Improve service to clients – time savings
  - Reduce cost and interest rates
  - Offer new products and services

## Sources of Credit - Myanmar



In Myanmar, microfinance is the fastest growing source of credit



# Our vision

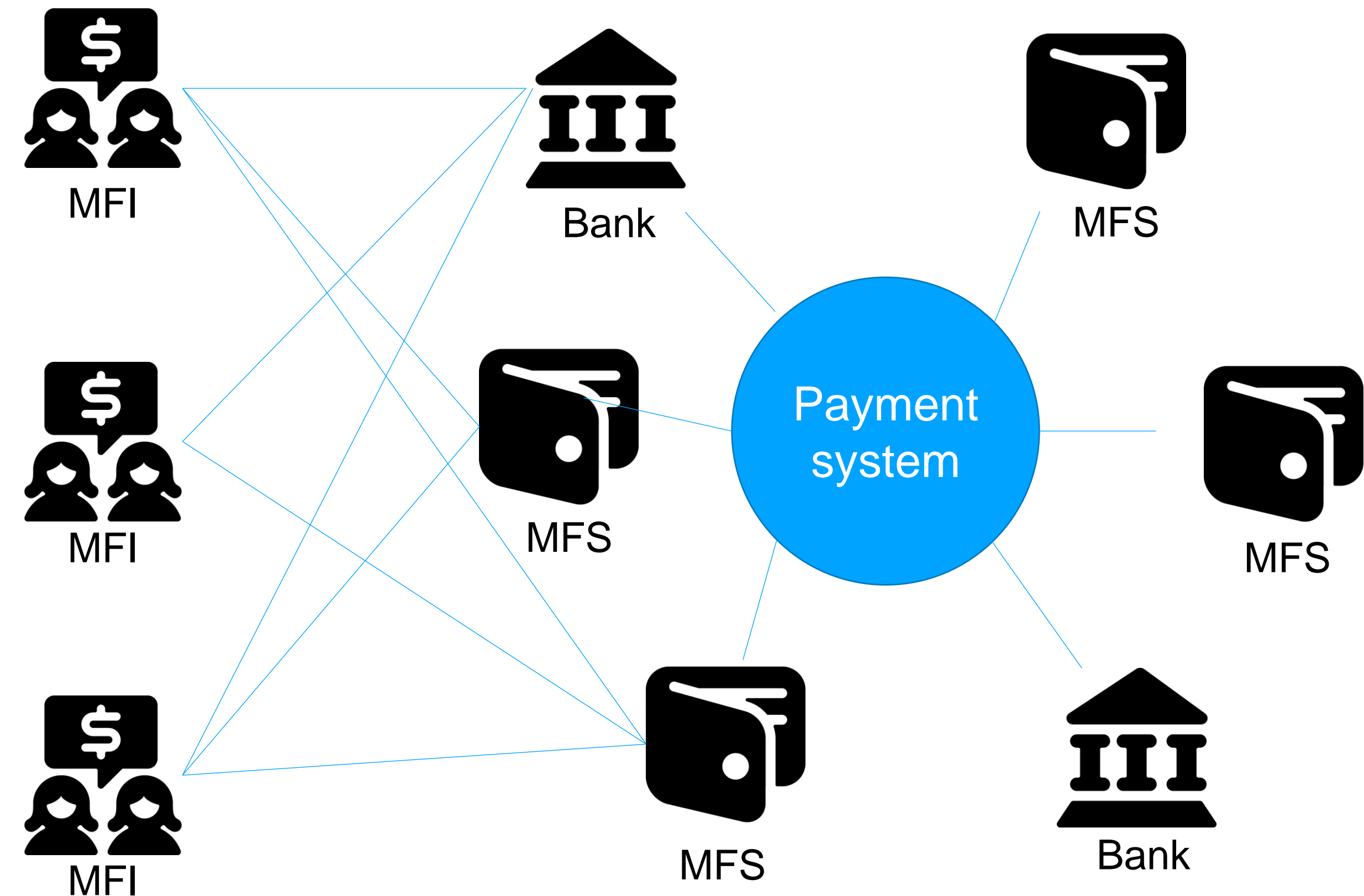
Greater financial inclusion by enabling microfinance institutions (MFIs) to offer their clients secure, low-cost, and reliable real-time payments



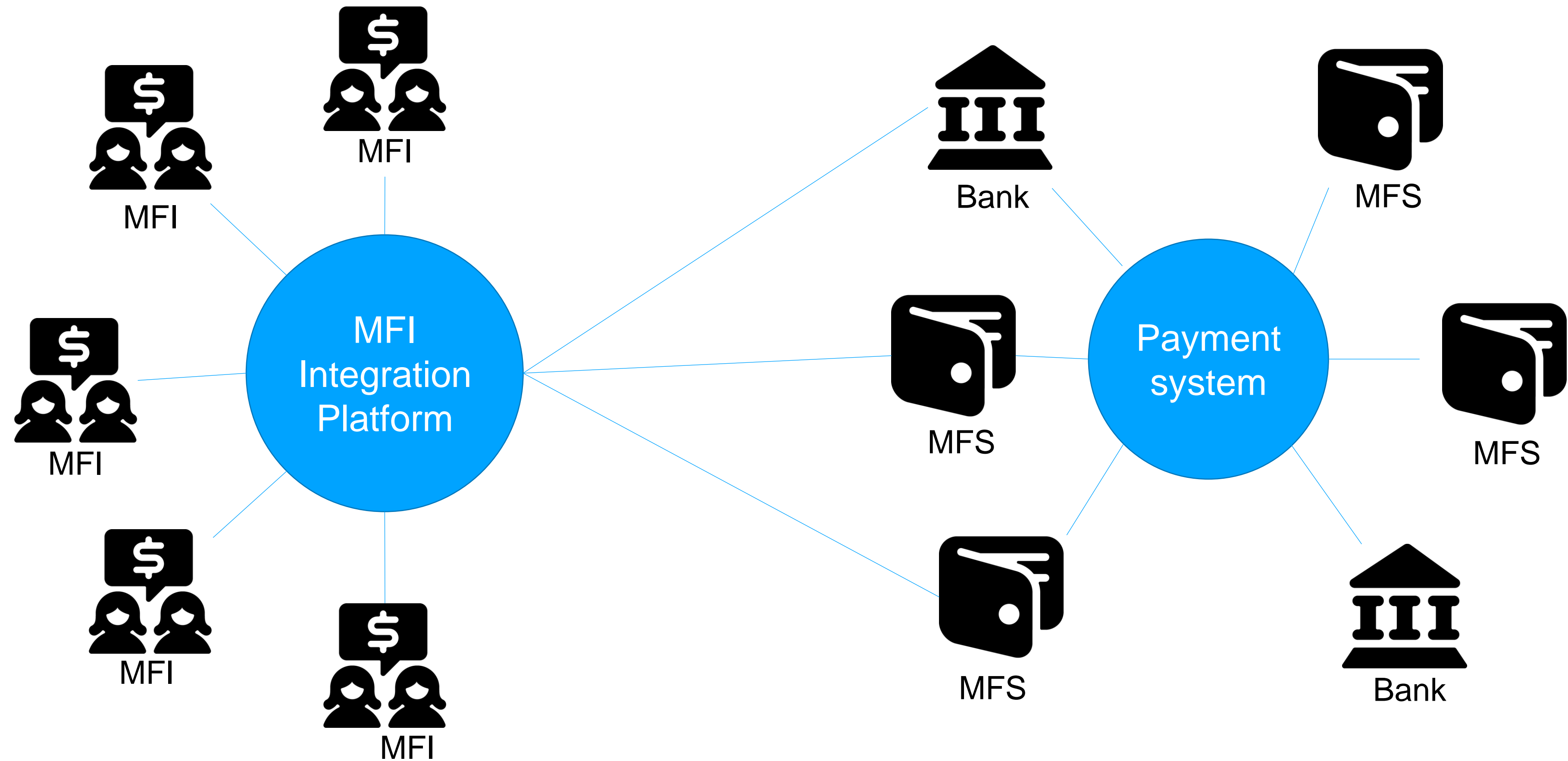


# But payment systems rarely include MFIs

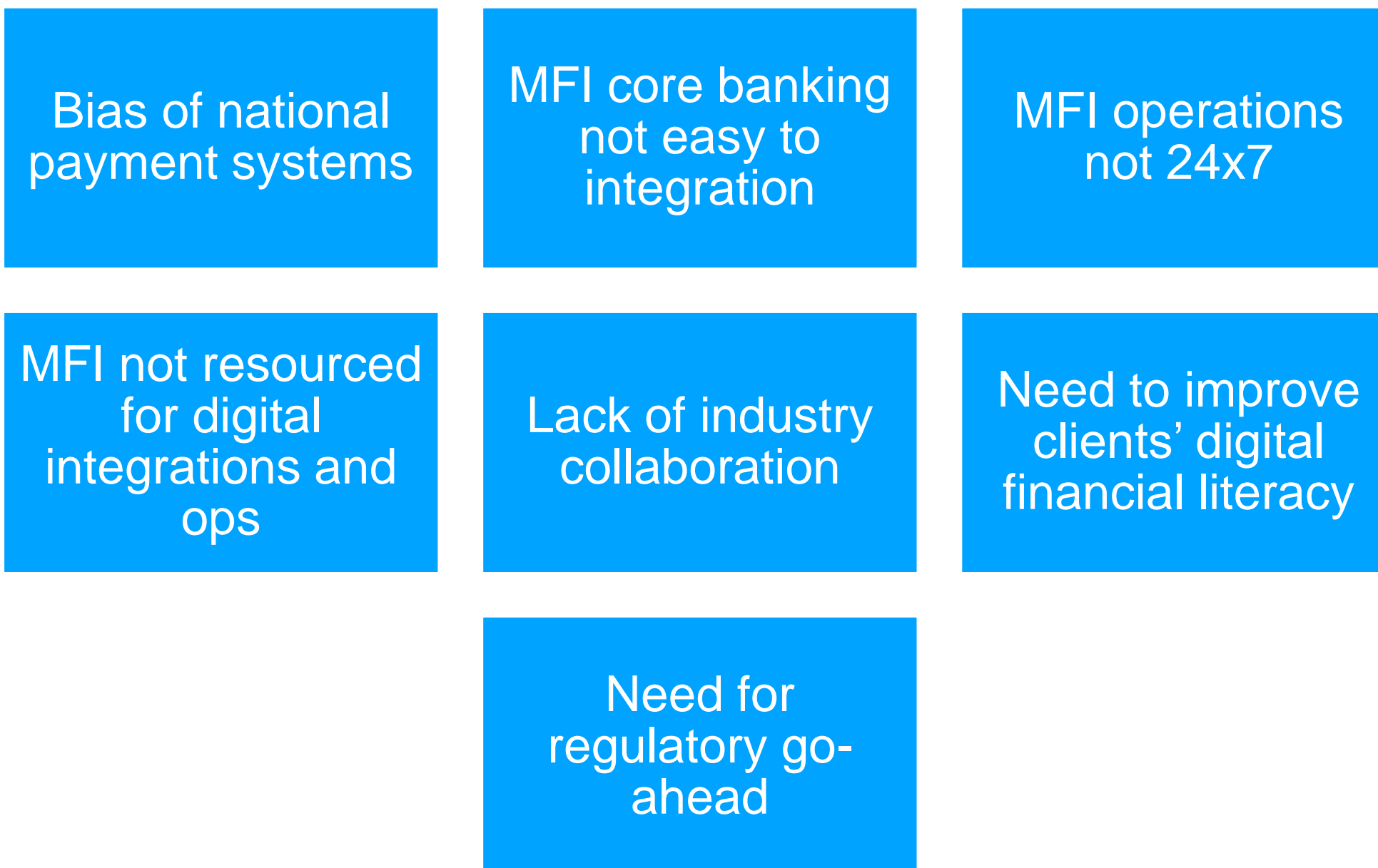
- Need to create and maintain costly bilateral connections
- Disparate settlement, dispute, and customer experiences
- Not scalable in a country like Myanmar with 10+ wallets/agent networks and 100+ MFIs



# Industry-level switch for microfinance



# Challenges of Including MFIs



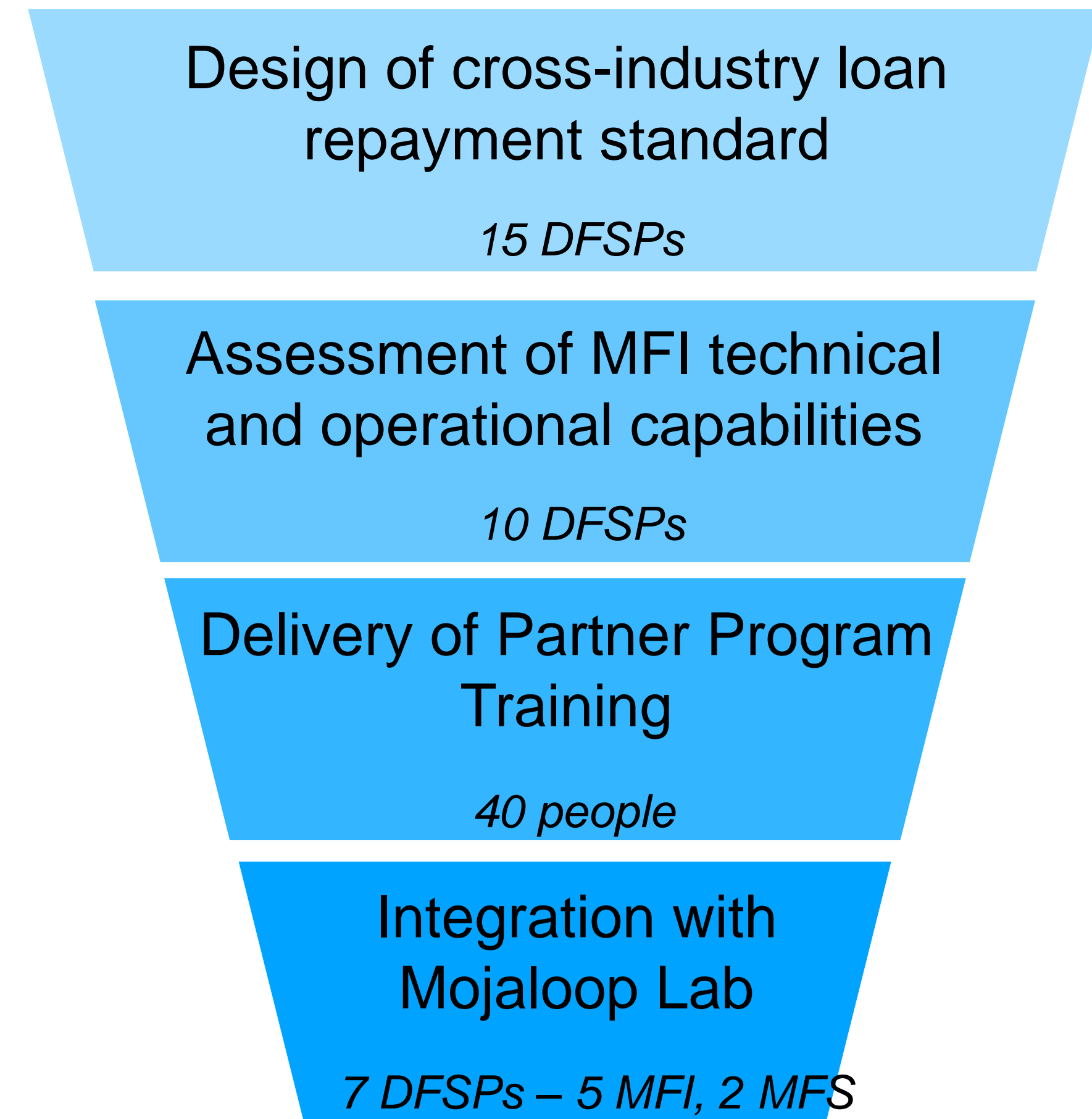
## MFI Integration Platform Myanmar

*Establish a Mojaloop Lab to build MFI capabilities and demonstrate the potential for shared payment infrastructure*



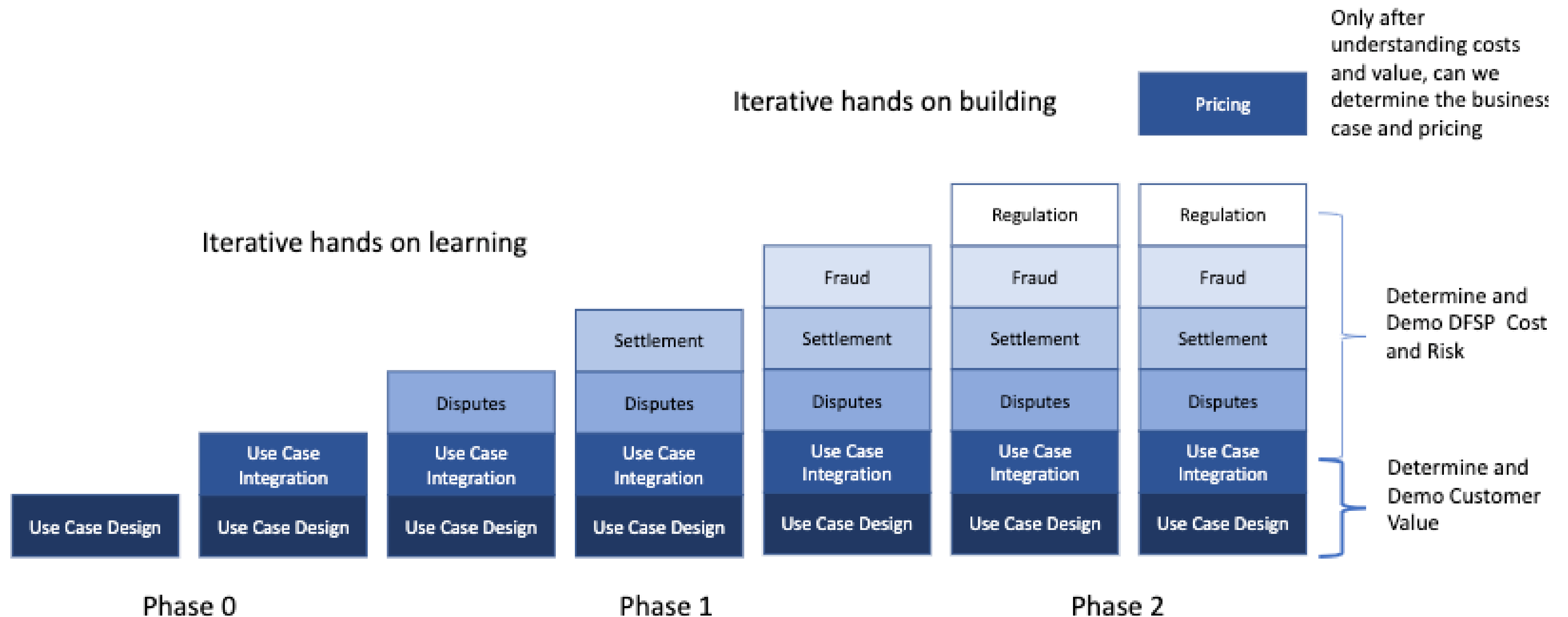
# Project Overview: MFI Integration Platform

- Step-by-step approach to build microfinance capabilities
- Trust-building through design workshops and leadership meetings
- Demonstration effect to other DFSPs and the regulators



**Demonstration to the regulator  
and industry**

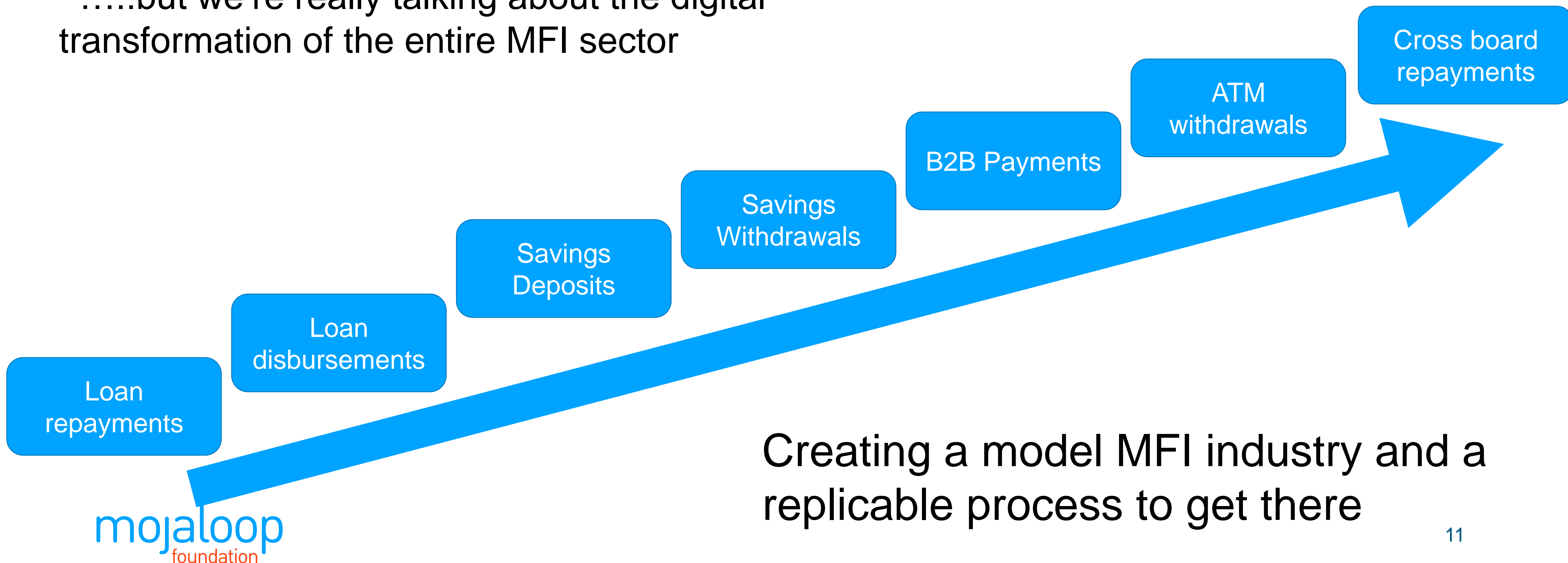
# One step at a time



# Product Roadmap

Loan repayments solve a problem now.....

.....but we're really talking about the digital transformation of the entire MFI sector



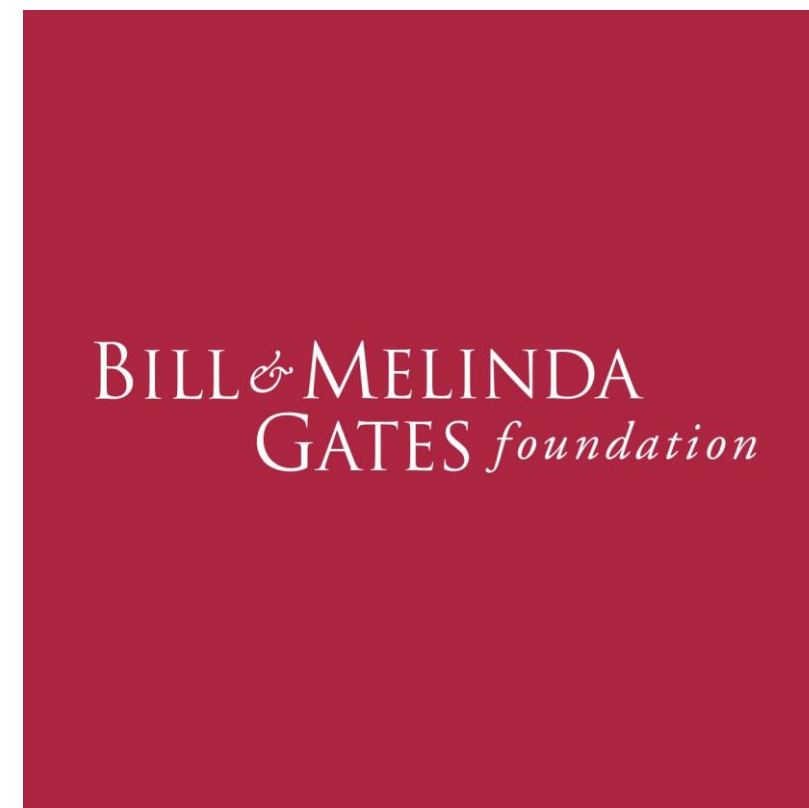
Creating a model MFI industry and a replicable process to get there



# Lessons learned

1. Need for a bigger vision
2. Dedicated MFI leadership and ownership
3. Some influential champions who understand and believe in the process
4. “If you believe in what you do for tomorrow then today you will get your hands dirty”
5. MFIs are more nimble and digital-ready than people realize
6. Leave commercials out but have roadmap

# From lab to live...



**Announcing a follow-on initiative to  
create an L1P-aligned payment system  
for Myanmar MFIs**

- Phase 1 (6 months)
  - Establish production-ready system for loan repayments
  - Onboard ~5 DFSPs
- Phase 2 (12 months)
  - Add loan disbursements and G2P payments
  - Onboard 10+ DFSPs
  - Establish governance structure
  - Transition to local owner and ops

# Global opportunity?

- Experience in Myanmar can be duplicated in other countries – UNCDF & ModusBox will soon start an initiative with MFIs in Tanzania
- Actively looking for partners with aligned interest of a digital microfinance industry



# Appendix

# Lessons learned

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2. “If you believe in what you do for tomorrow then today you will get your hands dirty”
3. MFIs are more nimble and digital-ready than people realize
4. Leave commercials out but have roadmap