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Digital Financial Services

Mobile Money Ecosystem

Who are the major mobile money players in Myanmar?

- Wave Money
- KBZ Pay
- One Pay

How widely is Mobile Money used in Myanmar? Is it interoperable?

Wave Money can be used for trade, payment of wages, and transferring remittances to family members in rural and remote areas without formal bank access. There are currently over 31,000 authorized Wave Shops operating in Myanmar, covering 85% of the country and around 1.3 million customers.

Users with access to a mobile phone can transfer funds directly using the Wave Money app. Their account is linked to their phone number, and can be used to store and transfer money securely. The recipient can then collect the funds from an authorized Wave Shop. Alternatively, anyone with a valid legal ID such as a driver's license can conduct transfers in the Wave Shop, regardless of whether they have a Wave Money account. There is a small fee to send money, but there is no fee to collect it. People are widely using mobile money in Myanmar.

Yes, it is interoperable. Myanmar is one such market with great potential to benefit from the growth and evolution of mobile financial services. The mobile operators are an example of interoperability: it's possible to call a Teleno SIM using MPT, for example.

Wave Money

Services/Products- Wave Money is an innovative way to transfer money. With Wave Money one can transfer money anywhere anytime. One can transfer money safely through mobile phone or from neighborhood. Wave Shop agents Wave Money offer instant, safe and convenient way of sending and receiving money, bringing financial inclusion to all. Some services of wave money are:

- Easy and instant money transfer from a Wave Shop nearby.
- Instant money transfer through mobile phone

Cost structure- There is a small fee to send money, but there is no fee to collect it. Wave Accounting charges a flat 2.9% + 30 cents per transaction for credit / debit card processing for invoice payments.

No. of users- 7 million

Transaction volume of Wave Money- There are limits to how much money people can send. One can initially transfer a maximum of \$999/£750/€750 per day and \$2,999/£2,500/€2,500 per month. These limits can be raised to \$2,999/£2,500/€2,500 per day and \$12,000/£10,000/€10,000 per month if Wave receives proof of identity as part of a photographic ID.

One Pay

Services/Products- One touch access enables to instantly transfer money and enjoy AGD Pay features. One can send and receive money, pay for goods and services at stores etc. Anyone with access to a smart phone and a valid Myanmar mobile number can use One Pay.

Cost structure- One Pay allows you to send money effortlessly without transaction fees.

No. of users- more than a million

Transaction volume of One Pay- A verified user can send up to a maximum of 500,000 Kyats per day while an unverified user can only send up to a maximum of 50,000 Kyats per day. Unregistered users can send up to a maximum of 500,000 using Onepay agents.

KBZ Pay

Services/Products- KBZPay is the mobile wallet platform that helps make banking simpler, and safer. Pay, transfer, cash in, cash out and more – all with just a few taps on phone.

Cost structure- KBZ Bank is the largest Bank in Myanmar, with over 18,000 staff, 500 branches, 1,200 ATMs with a market share of over 40% in deposits and 60% in Payments. MyanPay E-commerce System fees mainly apply to seller/merchant. Normally, Accepting Payment Online via MyanPay fee is 50 Kyats + 0.5% of receiving amount per transaction. But, if one is accepting amount is too much per month, then there are Merchant Discount Rates.

No. of users- 30 million

Transaction volume of KBZ Pay- The User can make a daily transaction the minimum amount 1000 MMK up to 20,000,000 MMK for individual account and corporate account

can make a daily transaction limit up to 100,000,000 MMK. The Payment Services permit the User to direct payments from the User Account to Third Party Account that the User wishes to pay.

Digital Infrastructure

Level of adoption of electronic money in Myanmar

Over the course of only a few years, over 40 million Myanmar people have come online. From no banks to digital currencies, from no computers to smart phones, from no internet to 4G — everything in Myanmar is moving fast despite the relaxed atmosphere. Wave Money is only one of many players.

Unlike many emerging markets, Myanmar went straight to 4G enabled smart phones which enabled mobile money operators to build rich user experiences in standalone apps on iOS or Android. The first generation of mobile money users in other emerging markets that didn't have smart phones and were limited to simple interfaces. The most popular example of this is Kenya's M-PESA which enabled users to transact by sending different codes via text (e.g. SIM toolkit or STK). This behavior was further enhanced through USSD which let operators show menus and screens to users. Yet native applications will improve customer experience and increase the value of services offered.

The ability to easily and safely deposit and withdraw money is critical to the adoption of mobile money. One way is to use bank account transfers, which can take anywhere from several days in the US using ACH (e.g. Venmo, Square Cash) to an instant in India using IMPS (e.g. Google Pay, PayTM). In countries where bank account penetration is low, agent networks are used. Agents who have cash on hand are compensated for helping customers deposit and withdraw money into their mobile wallets. In Myanmar, Wave Money has created a nationwide network of over 45,000 agents — a far greater number than bank branches and ATMs. This ensures that consumers don't have to go very far to get access to money.

Have there been any national laws passed to ease transition away from cash?

The Central Bank of Myanmar has implemented to improve non-cash payment system by using educational channel to public, business, associations through banks and media etc.

Myanmar was considered the last frontier in Asia's credit card market. Major U.S. players such as Visa and MasterCard were slow to enter the nation after the junta assumed power in 1988, owing to American and European sanctions. And in response to a financial crisis in 2003, the government barred domestic banks from offering credit

cards. As a result, cash was by far the most common payment method in the country, with few people having any experience with plastic.

Visa and MasterCard began offering payment services in 2012 after Myanmar started its transition to democracy. But these are used largely by tourists carrying cards from abroad. Regulations imposed by the country's central bank have kept the pair from offering normal credit cards.

MPU has stepped up to spearhead the cultivation of credit card culture. The organization was formed in 2011 by the central bank and 17 local banks with the goal of developing Myanmar's payment processing infrastructure. The payment union rolled out debit cards with ATM access in 2012, and it teamed with local banks to issue the first MPU-branded credit cards last year. MPU cards are accepted at some 6,000 stores, 20-40% more than the two big American players, thanks to attractive processing fees of around 1%.

MPU also announced in June the launch of Myanmar's first internationally accepted credit card, a UnionPay card offered through a partnership with the Chinese company and Myanmar's Co-operative Bank.

Changing consumer culture

MPU has issued some 1.8 million cards, including debit cards, to date -- equivalent to less than 4% of Myanmar's population.

Sixty-four percent of people surveyed in Myanmar are eager to open a bank account and utilize latest payment systems, according to Visa's latest study.

The majority of people in Myanmar wish to have access to banking services and cashless payment methods, such as credit and ATM cards, mobile payments, contactless payments and payment via QR codes, according to Visa's Financial Education for Sustainable Growth Study.

Is there a national real-time payment system in Myanmar? What are the payment systems?

Now, there is no real-time payment system in Myanmar but The Central Bank of Myanmar is planning to adopt a real-time gross settlement (RTGS) system for the first time by the end of 2015, according to officials. The system will allow transfers between banks to be settled immediately, making payments much more efficient.

One of the main responsibilities of the Central Bank of Myanmar is to develop an efficient, fast, safe and reliable national payment system. In line with this purpose, the Central Bank of Myanmar has issued policies for payment system. In the area of Cash Payment system, the policies covered three principal aspects, including fulfilling public needs for currency, ensuring that bank notes are fit for circulation, and taking preventive and repressive measures against the circulation of counterfeit currency. In the area of non-cash payment system, the policies are focused on mitigating risks and improving efficiency of payment system. In general, payment system activities experienced an improvement in line with the increasing public needs for both cash and non-cash payment instruments.

The Central Bank of Myanmar has implemented to improve non-cash payment system by using educational channel to public, business, associations through banks and media etc.

Mobile Wallets & Payment Systems

Who are the major mobile wallet providers?

Wave Money, One Pay and KBZ Pay are the major mobile wallet providers.

Wave Pay Business Model- Wave Money has an app to carry out mobile payments.

One Pay Business Model- Onepay is a brand new lifestyle mobile application that effortlessly goes for mobile payments. Anyone with access to a smartphone and a valid Myanmar mobile number can access One Pay.

KBZ Pay Business Model- KBZ Pay App is an app of KBZ Pay to carry out mobile payments.

Who are major Fintech players? What banks have finlabs or financial innovation labs?

Myanmar Fintech: Rapid Mobile Growth Propels Transfers in Microfinance.

The National Bank of Canada (NBC) has acquired a 22 per cent stake in Myanmar-based mobile payment platform ONGO. No details of the deal were disclosed.

With the new investment, ONGO aims to ramp up the country's cashless transaction adoption. Its goal is to "provide one million consumers in Myanmar with access to finance over the next three years", said an official press release.

The rise of smartphone usage — fuelled by the slashing of sim card prices — has allowed large swathes of Myanmarese to link up to the internet. That, in turn, has enabled mobile payment services such as Thai e-wallet startup T2P to enter the market.

ONGO is the consumer facing brand of Ronoc Asia, a subsidiary of the emerging markets investment business Ronoc. It offers a range of fintech services including payroll systems, e-wallets, locating of cash agents, airtime top-up, p2p transfers and bill payments.

Which ones are focused on financial inclusion in Myanmar? What products & services do they offer?

The focus of the Fintech Challenge Myanmar is to identify fintech solutions that can improve the quality and quantity of financial services to the underserved and unbanked. ... The best fintechs will have the opportunity to demo their products and services at the Myanmar Fintech Day in November 2019. Financial inclusion is one of the top priorities for the Government of Myanmar as the country moves ahead with its economic transition.

Burma Financial Services is focused on Financial Inclusion in Myanmar.

In March 2016, the Central Bank issued a regulation on "Mobile Financial Services" (MFS) to create a safe mobile financial services regulatory environment in Myanmar.

Mobile network operators and non-bank financial institutions can now apply for an MFS license to provide electronic money transfer and other tech-based financial services within the country. Wave Money, a joint venture company between Norway's Telenor, Yoma Bank and First Myanmar Investments, is the first mobile financial services operator to be granted MFS license to develop mobile money transfer platform.

Platforms, such as Wave Money, allow workers to transfer money to their families in

rural areas via its money transfer application. Then funds can be collected before or after normal banking hours at mom-and-pop shops across the country, forming a virtual “human” network of “ATMs.”

Myanmar Economic Bank (MEB) functions as a commercial bank accepting savings and deposit account as well as issuing loans. Myanmar Investment and Commercial Bank (MICB) services local and foreign investors. Myanmar Agriculture and Development Bank (MADB) promotes economic enterprises in the agricultural sector. As of February 2014, 15 out of 24 domestic private banks have permits to operate foreign currency accounts. In October 2014, the government of Myanmar (GOM) permitted limited banking licenses to nine foreign banks from the Asia-Pacific region, allowing each institution to set up one branch in the country and provide loans to foreign companies.

What are the major trends?

There are three major forces that have led to the overnight proliferation of mobile money in Myanmar:

- Cheaper access to telecommunications. Back in 2000, a SIM card would cost around \$5,000 in Myanmar.
- Cheaper access to phones.
- Poor accessibility of financial services.
- Better access to financial services through agents.

Myanmar's financial inclusion industry must be built on that foundation to meet the current trends and leverage mobile growth to achieve financial inclusion at a large scale.

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