

KELVIN CHIA YANGON

LOCAL KNOW-HOW WITH INTERNATIONAL EXPERTISE

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Kelvin Chia Yangon Ltd. (KCY) has been in active operation in Myanmar since 1995, currently with offices in Yangon and Mandalay. KCY is the firm of choice for those seeking to navigate, where we have gained extensive experiences and expertise across all the fast-changing legal and regulatory landscape in Myanmar areas of commercial practice.

Level 8A

Union Financial Center (UFC) |
Corner of Mahabandoola Road and
Thein Phyu Road |
Botahtaung Township | Yangon,
Myanmar

Unit S-1

No. 1 Sedona Hotel |
Junction of 26th Street & 66th Street |
Chan Aye Tharzan Township |
Mandalay, Myanmar

cs@kcyangon.com

www.kcyangon.com

Tel /Fax (951) 8610348

Fax: (951) 8610349

MOBILE FINANCIAL SERVICES REGULATIONS ISSUED BY THE CENTRAL BANK OF MYANMAR

The regulations issued on 30 March 2016 will allow for the so-called “provider-led” model that will authorize non-banks to engage in mobile financial services.

Overview

Under the MFS Regulations, mobile financial services (“MFS”) may be provided by mobile network operators and non-bank financial institutions that have been registered with the Central Bank of Myanmar (“CBM”). The MFS Regulations cover registration application requirements for the approval of MFS providers, permitted MFS transactions, MFS account opening and customer due diligence requirements, and customer protection, among others.

Application requirements for registration certificate

Entities intending to provide MFS will need to establish a separate and dedicated private limited company under the Myanmar Companies Act to apply for an MFS registration certificate from the CBM. This requirement applies to both mobile network operators (that must be licensed under the Telecommunications Law) and non-bank financial institutions. However, commercial banks are exempt, and will only need to seek product approval from the CBM (but must secure a separate approval to provide Mobile Banking Services under the existing regulations that provide for the so-called “bank-led” model.).

The minimum capital requirement for an MFS provider is 3 billion Kyats, and the registration fees are fixed at 0.1 percent of the proposed minimum capital. The application will have to be submitted along with prescribed documents and information, and the CBM will issue the decision on the application within 90 days.

Permitted MFS transactions

Under the regulations, the following are the permitted MFS activities for licensed MFS providers:

- Opening and maintaining MFS accounts.
- Cash-in/Cash-out transactions to/from MFS accounts.
- Money transfer between MFS accounts.
- Domestic payments between individuals.
- Domestic payments between government and individuals.
- Domestic payments between businesses and individuals.
- Domestic payments between businesses.
- Any other transaction that CBM authorizes from time to time.

All transactions and corresponding accounts must be in Kyats, and international transactions are not yet permitted. Interoperability across various providers is also mandated by the MFS Regulations.

Transaction thresholds

Transaction thresholds are set for individuals and businesses as follows:

Customer	Cumulative Transaction (Kyats)		Maximum Balance (Kyats)
	Per Day	Per Month	
Individual (Level 1)	50,000	1 million	200,000
Individual (Level 2)	200,000	5 million	1 million
Registered Businesses	1 million	50 million	10 million

Trust account requirements

Licensed MFS providers are required to deposit 100% of its float in a trust account at a licensed Myanmar financial institution as liquid assets. MFS providers are entitled to the return or interest on these deposits, which must then to be utilized for the benefit of customers.

MFS account opening requirements

Know-Your-Customer (“KYC”) procedures are prescribed for customer account openings. The KYC measures are divided into individual level and business level, requiring national registration certificate, driving license or passport for individuals, and business registration certificate and bank account opening ID for businesses.

In the course of the account opening, an MFS provider must also enter into a physical or electronic agreement with the account holder disclosing information on the account holder’s right of redemption and ownership of the value in the accounts and the redress procedures.

Appointment of agents

An MFS provider will have to seek authorization from the CBM to appoint agents by submitting the required information including the details of their identity, and the MFS provider’s agent due diligence policy and procedures. Exclusivity of agents is not permitted and the MFS provider must prescribe fees chargeable by agents to customers.

The list of agents, authorized services and chargeable fees are to be made public by an MFS provider, and the agents will also have to display the fees and charges related to MFS for the benefit of customers.

Other Compliance

The MFS Regulations also prescribe provisions concerning:

- Minimum systems and internal controls
- Mobile payment and settlement system
- Report and record keeping
- Customer disclosure and complaint procedures

Copies of the MFS Regulations (both Myanmar and English) may be downloaded from the website of the CBM at <http://www.cbm.gov.mm/content/1765>.



Cheah Swee Gim
Director of Kelvin Chia Yangon | Senior Partner of Kelvin Chia Partnership

csg@kcyangon.com



Pedro Jose F. Bernardo
Principal Foreign Attorney of Kelvin Chia Yangon | Partner of Kelvin Chia Partnership

pedro.bernardo@kcpartnership.com