

**UNITED
NATIONS
CAPITAL
DEVELOPMENT
FUND**
Myanmar



**Financial Service Providers and Women's
Economic Empowerment in Myanmar**

Eleonora Gatti

November 2015



1. Introduction

United Nations Capital Development Fund (UNCDF) is the UN's capital investment agency for the world's 48 least developed countries. It creates new opportunities for low-income people and their communities by increasing access to microfinance and investment capital.¹

UNCDF *MicroLead Expansion* supports the development and roll-out of deposit services by regulated financial service providers (FSPs) in 21 countries. The programme offers grants and loans that incentivize leading providers to start up new, or strengthen existing, financial institutions that target low-income people.²

Microlead Expansion in Myanmar is a 4-year (2014–2017), US\$7-million programme funded by Livelihoods and Food Security Trust Fund.³ MicroLead supports two southern microfinance market leaders to greenfield in Myanmar in addition to working with a regional association of credit unions to create new rural saving and credit cooperatives (SCCs). By the end of 2017, will increase sustainable access to appropriate, demand-driven and responsible financial services (with a focus on savings) to more than 100,000 low-income people in Myanmar, half of whom women and half of whom in rural areas.

This paper is one in a series of financial inclusion knowledge products written by UNCDF, and it sits within the scope of UNCDF *MicroLead Expansion* programme in Myanmar. The series is written to inform the reader on the financial behaviour and preferences of low-income people, development of financial products, management of financial services and financial service providers' greenfield operations in Myanmar.

2. Aims and objectives

This paper showcases how leading FSPs in Myanmar are currently contributing to WEE by examining their product offerings and customer-centric initiatives. In particular, this paper focuses on private commercial banks.

The purpose of this paper is to answer the following questions: 1) What is the commitment of the FSPs to WEE in Myanmar and 2) What recommended client-centric interventions for WEE

¹ See www.uncdf.org

² See www.uncdf.org/en/microlead

³ See www.lift-fund.org

that go beyond access to finance can be developed and scaled up by FSPs in Myanmar?

This paper is an aid to further the implementation of the 2014–2020 Financial Inclusion Roadmap, which highlights ‘innovation in the design of financial products’ as a key priority to better serve present and future clients’ needs. This paper also builds on the work currently being undertaken by the UNCDF programme [Shaping Inclusive Finance Transformations](#) to develop a coherent strategic framework on ‘Advancing Women’s Economic Empowerment through Inclusive Finance.’

3. Women’s economic empowerment

‘Economic empowerment is a process that increases people’s access to and control over economic resources and opportunities including jobs, financial services, property and other productive assets (from which one can generate an income), skills development and market information.’⁴

The basis of this paper is the understanding expressed in the broad spectrum of development literature that being financially included does not equate to being economically empowered. Financial inclusion is only one ‘brick’ in the entirety of economic empowerment. This reasoning is especially valid in the context of least developed countries where, in addition to financial exclusion, a significant number of other social, political, cultural and legal barriers still prevent individuals, and women in particular, from reaching their full economic empowerment. The premise of this paper is the understanding that full economic empowerment can only happen if development partners and government efforts aimed at increasing financial inclusion are constantly coupled with initiatives aimed at removing other non-financial barriers.

4. Commitment to women’s economic empowerment by Government of Myanmar

One of the key initiatives that shows the Government’s commitment to WEE is the National Strategic Plan for the Advancement of Women 2013-2022 launched by the Ministry of Social Welfare, Relief and Resettlement in 2013.⁵ The plan identifies ‘Women and the Economy’ as one of 12 key priority areas in order ‘to strengthen systems, structures and practices to ensure

⁴ Department for International Development, *Starter Pack on Economic Empowerment of Women and Girls* (London, 2012).

⁵ Myanmar also ratified the Convention on the Elimination of All Forms of Discrimination against Women in 1997.

fairness and equal rights for women in relation to employment, credit, resources, assets and economic benefits.⁶

Within the wider context of the Association of Southeast Asian Nations (ASEAN), Myanmar is a member of the Association's Committee on Women, which supports the strengthening of WEE through 'linking micro-enterprise development and management with the delivery of services, access to market and social protection.'⁷

During the 2014 Myanmar ASEAN chairmanship, Myanmar hosted for the second time the international Women's Forum for the Economy and Society, during which H.E. President U Thein Sein showed public commitment to WEE by saying that the Government 'will have to enhance participation of women in the political sphere and to make sure that all the women have equal opportunity to shape their lives and enjoy their economic, social and cultural rights in a meaningful way.' He also said that one of the Myanmar Government priorities during its 2014 ASEAN chairmanship has been the promotion of 'enhanced participation of women in the ASEAN Security, Economic and Socio-cultural Community building processes as well as prioritizing the efforts to the overall development of women and children in the region.'⁸

It is important to note that the Myanmar Government has also shown strong commitment in recent years to financial inclusion, which has been placed as a high priority in both the Government's poverty reduction and economic development agendas. In February 2015, the Government of Myanmar approved the Financial Inclusion Roadmap 2014–2020, which lays the strategic foundations for increasing financial inclusion to 40 percent of adults by 2020.

5. Women's financial inclusion in Myanmar

In Myanmar, women make up 51.8 percent of the population (i.e., 26,598,244 females).⁹ More than 80 percent of adult women are currently financially excluded (see table 1 for more details). It is worth noticing that an estimated 50 percent of the Myanmar women workforce is currently employed by the agricultural sector.

⁶ Myanmar, Ministry of Social Welfare, Relief and Resettlement, *National Strategic Plan for the Advancement of Women 2013–2022* (n.p., n.d.) p. 18. Available from <http://www.mswrr.gov.mm/mswrradministrator/images/NSPAW%20PDF.pdf>

⁷ Association of Southeast Asian Nations, *ASEAN Committee on Women (ACW) Work Plan (2011–2015)* (Jakarta, October 2012) p. 14. Available from <http://dl.ueb.edu.vn/bitstream/1247/11313/1/ACW%20Work%20Plan%202011-2015.pdf>

⁸ Myanmar News Agency, 'President U Thein Sein delivers speech at Global Women's Forum' 5 December 2014. Available from <http://globalnewlightofmyanmar.com/president-u-thein-sein-delivers-speech-at-global-womens-forum/>

⁹ Myanmar, Ministry of Immigration and Population, *The Population and Housing Census of Myanmar, 2014: Summary of the Provisional Results* (n.p., 2014) p. 3–4. Available from <http://countryoffice.unfpa.org/myanmar/drive/SummmaryoftheProvisionalResults.pdf>

Table 1**Financial inclusion of women in Myanmar**

Are financially included	17%
Have formal credit from banks	13%
Have formal credit from other FSPs	5%
Have formal savings	4%
Belong to an informal saving group	57%

Source: FinMark Trust and UNCDF, FinScope Myanmar 2013 (n.p., 2014).

6. Need for strategic engagement of financial service providers to support greater women's economic empowerment in Myanmar

Why should development partners call for FSPs—private banks, microfinance institutions, state-owned banks—to make a strategic commitment to WEE in Myanmar?

In Myanmar, women and men are equal under the Constitution,¹⁰ and gender discrimination is not evident as in other countries in the ASEAN region. In 1997, Myanmar ratified the international Convention on the Elimination of All Forms of Discrimination against Women.¹¹ However, looking more closely, in practice religious customary laws and cultural norms spur several inequalities based on gender, a number of which directly limit the full economic empowerment of women—as discussed below.

Legislation on land tenure is not gender neutral

- Land is registered to the head of the household, which is understood by cultural norms to be the man. According to the results from the 2014 Census, 76% of all head of households are men, 24% are women¹².
- There is a lack of legal joint ownership for land of husband and wife.
- There is a lack of explicit legal rights for women to inherit land or to be granted use rights for vacant, fallow or virgin land.¹³

¹⁰ See S.347 and S.348 of Myanmar's Constitution.

¹¹ See https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=IV-8&chapter=4&lang=en

¹² The 2014 Myanmar Population and Housing Census, The Union Report, Census Report Volume 2, p.69.

¹³ Myanmar, Farmland Law, Law No.II, and Vacant, Fallow and Virgin Lands Management Law, Law No. 10 of 30 March 2012. Available from: http://www.burmalibrary.org/docs13/VFVLM_Law-en.pdf

- Women still dominate the category of ‘landless farmers’—women who farm land but have no official rights of tenure and therefore cannot access agricultural productive loans from the Government.

Access to resources is not gender neutral

There is un-equitable access to and control over productive resources in the agricultural sector. With a 76% men to 24% women head of household biased¹⁴, men generally possess and control the resources in agricultural production. Rights for fisheries, livestock and forestry are typically issued to the head of households. Those who are not head of households and therefore legally do not control resources has to rely on their labour as a source of income.

Access to earnings is not gender neutral

Despite legal provisions for equal pay for men and women, pay gaps across a broad spectrum of employment still exists. USAID 2013¹⁵ field studies states that in the predominant employment sector of agriculture “although daily wage rates vary by region, season and gender, they commonly range between \$1.75 and \$2.95 per day. Women typically earn at the low end of this range. They specialize in certain tasks such as transplanting and weeding, but even during harvest time, when both men and women work as day laborers, women receive lower wage rates than men.”

Religious customary law is not gender neutral

For certain matters in Myanmar, such as succession, marriage and inheritance, religious customary laws apply with the force of formal law.¹⁶ To illustrate with an example, ‘in some areas of Shan State, the traditions of the largely Buddhist Palaung population dictate that in the case of divorce a wife loses all jointly held property. Whereas, men inherit all of their parents’ property and make all decisions about the disposal of property, including the disposal of property through inheritance. Property goes to sons in the case of a husband’s death or, if he has only daughters, to his brothers.’¹⁷

¹⁴ See 15

¹⁵ A Strategic Agriculture Sector and Food Security Diagnostic for Myanmar, 2013, http://fsg.afre.msu.edu/Myanmar/myanmar_agricultural_sector_diagnostic_july_2013.pdf

¹⁶ United States of America, United States Agency for International Development, *USAID Country Profile: Burma—Property Rights and Resource Governance* (n.p., n.d.) p. 10. Available from http://usaidlandtenure.net/sites/default/files/country-profiles/full-reports/USAID_Land_Tenure_Burma_Profile.pdf

¹⁷ Ibid

Male and female traditional cultural roles are not gender neutral

Women in Myanmar society are traditionally considered as the ‘financial managers’ of the household. It is common practice, especially amongst low-income households, for the husband to hand over all of his earnings on a daily or weekly basis to the wife who is responsible for managing the household budget by making intra-household financial transfers (e.g., giving pocket money to both husband and children for daily expenses).¹⁸ In Myanmar culture, husbands are considered to be the ‘king’ and therefore the natural head of the household and the natural leaders for society. Every village in Myanmar has an appointed leader, similar to a village mayor. Out of 60,000 villages, there are only 41 women village leaders.

The above list of economic, social, cultural and legal barriers still prevent Myanmar women from attaining full economic empowerment. These gender inequalities illustrate the rationale for developing women-tailored financial products and non-financial services as an accelerator for WEE.

7. Commitment to women’s economic empowerment by financial service providers in Myanmar

This paper analyses women-tailored financial products and non-financial services offered by commercial private banks, the biggest provider of regulated credit in Myanmar.

Seven leading private banks operating in Myanmar, representing 69 percent of the total Myanmar market share, were researched and interviewed for this paper. The following question was posed: ‘Does your bank offer any financial products specifically designed for women?’ All the banks researched replied equally that no specific financial products for women have been developed so far.

The main motivations for not having tailored financial products for women were highlighted by private banks as follows:

1. Creation of financial products for a specific segment of the client base is seen as discriminatory and goes against the anti-discrimination policies of the bank;
2. Myanmar women, both as clients and as staff, are not discriminated against in the financial sector;
3. Being a female is not seen as a limitation to access any banking services;

¹⁸ Myanmar Financial Diaries. Available from:
<http://www.unCDF.org/article/951/the-myanmar-financial-diaries-financing-lump-sums-migration>

4. Banks are restricted by the Central Bank of Myanmar in their product design and offerings;
5. Creation of new financial products is still legally cumbersome; and
6. There is a lack of awareness of the existence of financial products specifically tailored to women.

Banks were also asked whether they offer any other non-financial services that contribute to the economic empowerment of their clients.

Amongst the banks researched, Kanbawza Bank provides best practices for a coherent and strategic approach to capacity-building and nurturing of un-banked women clients first into microfinance clients and then into future bank clients.

Kanbawza Bank (KBZ) is the largest private bank in Myanmar by market share (32.62 percent as of 2013).¹⁹ KBZ is fully committed to WEE in the country: ‘One of the areas we are fully committed to is empowerment and we give women the encouragement to shine.’²⁰ Of senior management, 50.8 percent are women; 38 percent of KBZ loans are given to women-owned businesses or companies predominately managed by women; and, 33 percent of the board of directors are women. In 2011, KBZ founded a not-for-profit microfinance institution, Brighter Future Myanmar Foundation, which currently serves 5,000 women in the Bago region. Alongside micro-loans, the Foundation provides livelihood training, financial literacy training and business training to boost the entrepreneurial skills of women clients. Kim Kyaw Su Gyi, head of transformations at KBZ, said, “KBZ started Brighter Future Foundation because we want to give back to the Myanmar society and Myanmar people as much as possible. At first we were shocked to see how good re-payers these women are: they are a real treasure to us as they represent our future KBZ SME clients.”²¹ The commitment of KBZ to WEE is part of their business growth strategy.

Standard Chartered Bank only has a representative office in Myanmar. Standard Chartered, despite not offering any women-tailored financial products, is recognized as an example of best practices for its non-financial services aimed at fostering WEE. Its Education for Entrepreneurs programme and Goal programme are global Standard Chartered initiatives that contribute to WEE. Standard Chartered has partnered in Myanmar with the British Council and launched Education for Entrepreneurs as part of the Bank’s global commitment to education and

¹⁹ Thomas Foerch, San Thein and Sophie Waldschmidt, *Myanmar’s Financial Sector: A Challenging Environment for Banks* (Yangon, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, 2013) p.2. Available from <https://www.giz.de/en/downloads/giz2013-en-financial-sector-myanmar.pdf>

²⁰ Interview with Kim Kyaw Su, Head of Transformations at KBZ. April 2015, Yangon. Interviewer, Eleonora Gatti.

²¹ Ibid 20.

financial literacy. In 2014, around 300 SMEs in the cities of Mandalay, Mawlyamyine, Monywa and Taunggyi, half of which were women-led SMEs, received business trainings as part of the programme.²² Standard Chartered has also partnered with the local NGO Girl Determined, launching the Goal programme (an innovative, sports-focused, two-year programme focused on adolescent girls) in 2014. The programme sees sports as key to building girls' self-esteem and confidence. During programme, girls are offered training on financial literacy, leadership and entrepreneurship. Through the Goal programme, Standard Chartered has reached 679 girls in Yangon region and Kachin state.

The remainder of banks did not show comparable strategic commitment to WEE. The banks researched and interviewed said their commitment to WEE is held within their corporate social responsibility programmes, which are largely traditional charitable donations and one-off initiatives (e.g., religious contributions, donations to rural schools and hospitals, and sponsorships of socio-cultural events and commercial fairs).

7.1 Current status of financial products innovation in Myanmar

Current banking legislation in Myanmar has very strict parameters for the types and characteristics of products banks can offer.²³ In the words of Hal Boshier, CEO of Yoma Bank, "we all are clone[s] of one other."²⁴ It is important to note that the functions that can be performed by banks are set out by the Financial Institutions Law; however, the ability to perform each of these functions is subject to prior approval of the Central Bank. In terms of collateral, land is still the preferred form, so lending is effectively restricted to landholders. Current Myanmar banking legislation is under revision. For women-tailored financial products to flourish, the new banking legislation should leave room for product innovation.

8. Best practices from financial service providers around the world

This section highlights global WEE best practices from FSPs, from both developed countries and LDCs.

²² The programme also aims to support 'social enterprises, which employ business approaches to meet social and environmental needs and make a positive impact in their communities.' *Source:* British Council, 'Skills for Social Entrepreneurs.' Available from <http://www.britishcouncil.ph/programmes/society/skills-social-entrepreneurs>

²³ Types of products offered by Myanmar Banks: Commercial and development loans; overdrafts; savings, time, demand and call deposits; hire purchase; leasing; debit cards and international prepaid cards; mobile banking and internet banking; foreign banking; and, domestic and international remittances. *Source:* Foerch, Thein and Waldschmidt, *Myanmar's Financial Sector: A Challenging Environment for Banks*.

²⁴ Interview with Hal Boshier, CEO of Yoma Bank. April 2015, Yangon. Interviewer, Eleonora Gatti.

Bank Internasional Indonesia is the first bank in Indonesia to offer a saving product dedicated to women: Woman One. Woman One ‘offers various benefits that cater to women’s needs—such as no monthly administration fee, free advisory services to women entrepreneurs, and women-specific insurance coverage.’²⁵

dfcu Bank in Uganda, as part of its SME business strategy, created the Women in Business programme, in 2007 to assist Ugandan women entrepreneurs grow through access to finance. The Bank offers customized financial products such as loans and savings for women entrepreneurs. Since collateral requirements are a major obstacle for Ugandan women as they have difficulty accessing property, the Bank created a ‘land loan’ specifically for women: women can take a loan to purchase property that they can later use as collateral for business loans. The Bank also created an investment club, a savings scheme where women entrepreneurs raise funds together to make future business investments). Investment club members can also use the amount saved as collateral. In terms of non-financial services, the Bank offers business management and financial awareness training to women entrepreneurs.

Diamond Bank in Nigeria created Diamond Woman, an initiative designed specifically for women by women. Diamond Woman provides its clients with tailored financial products as well as non-financial services such as financial literacy training, business training, career advice, free financial apps and a business clinic service. The clinics host interactive sessions between business owners and specialists in various functional business areas. They also assist business owners in diagnosing the real challenges impeding their envisaged business success while offering solutions to aid business growth. Diamond Bank’s Women We Love initiative provides life stories/examples of inspiring women to women customers. Diamond Bank has also recently partnered with Enhancing Financial Innovation & Access, Women’s World Banking and Visa to pilot BETA Savings, targeted at the unbanked and under-banked segments of the Nigerian market. The features of BETA include no minimum balance, no forms/ID/signature requirements, and no monthly fee or deposit fee, as well as a reward scheme with cash prizes. Agents known as BETA Friends visit customers’ businesses to open accounts and handle transactions, including deposits and withdrawals, using a mobile phone application.²⁶

Westpac Banking Corporation in Australia is probably one of the best examples of a bank with a ‘holistic approach towards women’s banking, addressing a complete spectrum of services from personal and private to SME and commercial banking. Westpac’s focus on women is embedded into all existing segments, delivery models, products and organisational structure. Women are not treated as a separate operational or strategic segment. Internal training across

²⁵ Global Banking Alliance for Women, ‘About BII.’ Available from <http://www.gbaforwomen.org/members/bii/>

²⁶ Women’s World Banking, *Diamond Bank Storms the Market: A BETA Way to Save* (n.p., 2014). Available from <http://www.womensworldbanking.org/wp-content/uploads/2014/03/Womens-World-Banking-A-BETA-Way-To-Save.pdf>

Westpac is aimed at lifting the standards of service to women²⁷. Westpac is a founding member of the Global Banking Alliance for Women, an organisation of institutions committed to women in business and women's wealth creation worldwide. 'Since 2002, Westpac has been the only Australian bank to have a dedicated women's marketing team, and it markets itself as the 'Bank of Choice for Women' by realizing the potential of Australia's businesswomen. Westpac's approach is a retail model—not just for women entrepreneurs, but for all women customers. Its value proposition and brand has been built on a liability-based strategy, which is a good model for banks to consider²⁸. In terms of non-financial services, Westpac has developed platforms such as the Ruby Connection, the Learn, Lead and Succeed programme to provide Australian women entrepreneurs with what they needed the most: business management training and an opportunity to network amongst themselves to potentially partner and grow their businesses. Education is offered to women through educational seminars, cash-flow workshops and superannuation information sessions. Westpac disaggregates by gender the portfolios of every section of the bank. 'Westpac's Women in Business programme contributed over \$2.5 billion to Westpac's bottom line in 2009'²⁹.

American Express, the leading payment card issuer for small businesses in the United States of America, successfully targets and promotes women entrepreneurs. The American Express OPEN programme enables women-owned enterprises to access a variety of cards specifically designed to help them manage their day-to-day business activities. These cards include business charge and credit cards that deliver purchasing power, flexibility, rewards and savings on business services from an expanded line-up of partners, online tools and services designed to improve profitability. American Express has also been active in promoting women entrepreneurs' access to government contracts, which is traditionally a male dominated area. American Express lobbied for the passing of the Women-Owned Small Business Federal Contract programme, which dedicates a percentage of government contracts in 83 different industries to women thereby creating more federal contracting opportunities for women-owned small businesses.

9. Recommendations

Recommendation 1. FSPs in Myanmar need a comprehensive strategic approach for WEE, which is integral to their business plan. FSPs should conduct a business analysis to assess the investment/return ratio achievable from making WEE an integral component to their business plan.

²⁷ <http://www.ifc.org/wps/wcm/connect/a17915804336f2c29b1dff384c61d9f7/Womenownedbusiness1.pdf?MOD=AJPERES>

²⁸ Ibid

²⁹ Ibid

Recommendation 2. FSPs in Myanmar need to carry out an internal business assessment on how to integrate WEE into every aspect of the business, from product design, advertising and marketing, employment policies and recruitment policies to investment strategy.

Recommendation 3. Development organizations should partner with FSPs in Myanmar to develop women-tailored non-financial services.

Recommendation 4. Women-tailored financial products and non-financial services that are developed by FSPs need to be scalable and financially sustainable to ensure a sustained contribution to reducing gender inequality and supporting inclusive growth.

Recommendation 5. Traditional and appropriate forms of face-to-face products and services should be partnered with e-learning and mobile innovation to support WEE To partner traditional and appropriate forms of face-to-face WEE with e-learning and mobile innovation.

Recommendation 6. The Government of Myanmar should design an enabling regulatory environment that allows for women-focused financial products to be developed by FSPs, in particular by commercial banks.

10. Conclusion

Over 50 percent of the Myanmar population is made up of women, but 80 percent of adult women are still excluded from the formal financial sector. The Financial Inclusion Roadmap 2014-2020 aims at increasing financial inclusion to 40 percent of adults by 2020. To ensure that reaching the 40-percent target ultimately contributes to national inclusive economic growth, women-tailored financial products and non-financial services are essential.

Commercial private banks in Myanmar do show some commitment to WEE, with KBZ representing best practices in the sector. For FSPs to maximize their support to WEE, future banking legislation should allow for greater flexibility in the design of new financial products.

To maximize business growth, FSPs need to grasp the investment/return ratio achievable from making WEE an integral component of their business plan. Not to grasp the potential that WEE can bring to business growth is missing a huge opportunity.

Best practices for WEE are flourishing all over the world. Women-tailored financial products are standard practice in many countries. Non-financial services (women business trainings, financial literacy, etc.) are universally recognized as powerful tools for economic empowerment. Over the last decade, WEE-related costs have plummeted; mobile apps can deliver a host of financial literacy and women-tailored education at a fraction of former costs. The Central Bank and FSPs in Myanmar are in a unique position to learn from and be inspired by these best practices.

WEE is as a key driver for national economic growth as well as a powerful investment opportunity for FSPs.

November 2015. Copyright © UN Capital Development Fund. All rights reserved.

The views expressed in this publication are those of the author(s) and do not necessarily represent those of the United Nations, including UNCDF, or their Member State