MYANMAR

ANALYTICAL REPORT

Conducted August-September 2017

June 2018
PUTTING THE USER FRONT AND CENTER

The Financial Inclusion Insights (FII) program responds to the need identified by multiple stakeholders for timely demand-side data and practical insights into digital financial services (DFS), including mobile money, and the potential for their expanded use among the poor.

The FII team implements nationally representative population surveys and qualitative research studies in Bangladesh, India, Indonesia, Kenya, Nigeria, Pakistan, Tanzania and Uganda to:

- **Track access to and demand** for financial services, especially DFS;
- **Measure adoption and use** of DFS among key underserved groups (females, poor, rural, etc.);
- **Identify drivers and barriers** to further adoption of DFS;
- **Evaluate the agent experience** and the performance of mobile money agents; and
- **Produce actionable, forward-looking insights based on rigorous data** to support product and service development and delivery.

The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: [www.finclusion.org](http://www.finclusion.org).
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BACKGROUND
What is financial inclusion?
Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way (The World Bank). Financially included individuals are those who have an account in their name with a full-service financial institution.

How is it measured?
We measure financial inclusion as the percentage of adults (15+ years old) who report having at least one account in their name with an institution that offers a full suite of financial services, and comes under some form of government regulation.

How is it created?
Financial inclusion is created through the uptake and use of individual accounts with institutions that offer a full suite of financial services – savings, credit, money transfers, insurance and investment. Full-service financial institutions include banks, mobile money service providers, and nonbank financial institutions, such as deposit-taking microfinance institutions (MFIs) and financial cooperatives.

What institutions and services do not count?
Individuals who own accounts with institutions that are not full service, such as credit-only microfinance institutions (MFIs), are not considered financially included. Individuals who do not have their own full-service account or use someone else’s account are not considered financially included. Individuals who only use services such as money guards, savings collectors, and digital recharge cards that are not attached to a bank or MFI account are also considered financially excluded.
KEY DEFINITIONS

Access to a bank – Counts individuals who use a full-service bank account either registered in their name or held by someone else.

Access to mobile money or an NBFI – Counts individuals who have ever used a mobile money service or a full-service NBFI.

Access & trial – Counts individuals who have a bank account registered in their name or use a bank account that is registered to someone else, or have ever used a mobile money service, or have ever used a full-service NBFI.

Active registered user – An individual who has an account registered in their name with a full-service financial institution and has used it in the last 90 days.

Advanced user – An active registered user who has ever used their account for saving, borrowing, insurance, investment, paying bills or receiving wages or government benefits. Buying airtime top-ups is considered an advanced use of a bank account or NBFI account, but not a mobile money account.

Airtime – Minutes of talk time available on a mobile phone. Airtime top-up (adding minutes) is a basic mobile money activity, but is considered an advanced use of a bank account or NBFI account, if done through regular contributions by each member, with the aim of building up funds.

Basic use – Cash-in (deposit) or cash-out (withdraw), transfer money to another individual, or conduct account maintenance.

Below the poverty line – In this particular study, adults living on less than $2.50 per day in 2005 purchasing power parity U.S. Dollars, as classified by the Poverty Probability Index.

Confidence interval (95%) – The range of values within which the observed value of a statistic will be found in 95 out of 100 repeat measurements.

Customer journey – A series of progressive stages through which individuals become more active users of more sophisticated financial services.

Digital financial inclusion – Counts individuals who have an account in their name with a full-service financial institution that offers digital services (e.g., online account access, debit/ATM card, credit card, electronic cash transfers).

Digital financial services (DFS) – Financial services provided through an electronic platform (e.g., mobile phones, debit or credit electronic cards, internet).

Digital stored-value account – A mobile money account or a full-service bank or NBFI account that offers digital services.

Financial inclusion – Individuals who hold an account with an institution that provides a full suite of financial services and comes under some form of government regulation.

Financial literacy – Basic knowledge of four fundamental concepts in financial decision-making (interest rates, interest compounding, inflation, and risk diversification) as measured by the Standard and Poor’s Rating Service’s Global Financial Literacy Survey.

Microfinance institution (MFI) – An organization that offers financial services to low-income populations. Almost all give loans to their members, and many offer insurance, deposit and other services.

Mobile money (MM) – A service that allows a mobile phone to be used for storing and transferring money, and potentially accessing other financial services.

Nonbank financial institution (NBFI) – A financial organization that is not formally licensed as a bank or a mobile money provider, but whose activities are regulated, at least to some extent, by the central bank within the country. Such financial institutions include microfinance institutions (MFIs), cooperatives, Post Office (Savings) Banks and savings and credit cooperatives (SACCOs), etc.

Numeracy - The ability to use basic math skills, including counting, addition, division, multiplication and computing short- and long-term interest rates.

Post Office (Savings) Bank – A bank that offers savings and money transfers and has branches at local post offices.

Poverty Probability Index (PPI) – A measurement tool wherein a set of country-specific survey questions are used to compute the likelihood that an individual’s income is below a specific threshold.

Registered user – Counts individuals who have a financial account registered in their name or registered jointly in their and someone else’s name.

Savings and credit cooperative (SACCO) – A self-help group owned and managed by its members. Its main purpose is to build up funds through regular contributions by each member, with the aim of providing affordable credit and collective investments.

Unregistered/over-the-counter (OTC) user – An individual who has used a financial service through someone else’s account, including a mobile money agent’s account or the account of a family member or a neighbor.

Urban/rural – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.
ABOUT THE SURVEY AND NATIONAL DEMOGRAPHICS

- Target population: Adults aged 15+ residing in households.
- Sampling frame: List of wards and villages from the 2014 Population and Housing Census.
- Sample design: Stratified multistage cluster sample of 3,003 adults designed by InterMedia in collaboration with Indochina Research:
  - Stratification of urban/rural within each state and division;
  - First stage: 100 townships;
  - Second stage: Wards and village tracks selected in sample townships (94 wards and 104 village tracks);
  - Third stage: Two villages per sampled village track;
  - Fourth stage: 10 households per sampled ward and village.
- Face-to-face interviews administered at the household using computer tablets.
- Sampling weights align the demographic characteristics of the sample with the 2014 national population projections provided by the Ministry of Immigration and Population.
- Weighted data used to generate representative statistics at the national level, and for urban and rural populations separately.
- Weighted percentages are reported together with unweighted respondent counts.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.

### 2017: National demographics
(Shown: Percentage of Myanmar adults, N=3,003)

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>Percentages</th>
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<tbody>
<tr>
<td>Male</td>
<td>47</td>
</tr>
<tr>
<td>Female</td>
<td>53</td>
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<tr>
<td>Urban</td>
<td>31</td>
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<tr>
<td>Rural</td>
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<td>Above the $2.50/day poverty line</td>
<td>27</td>
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<tr>
<td>Below the $2.50/day poverty line</td>
<td>73</td>
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<tr>
<td>Age: 15-24</td>
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<tr>
<td>25-34</td>
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<td>35-44</td>
<td>19</td>
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<tr>
<td>45-54</td>
<td>14</td>
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<tr>
<td>55+</td>
<td>20</td>
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Since 2011, Myanmar, once considered one of the world’s most isolated economies, has undergone a dramatic democratic and economic transition propelled by the government’s adoption of new economic policies, health and education strategies, and prioritization of nutrition, rural development, and financial sector modernization.

- **Myanmar is one of the fastest-growing economies in East Asia**; the World Bank reported 5.9% GDP growth in 2016/17. While strong economic growth has thus far not propelled greater financial inclusion, favorable macroeconomic conditions should expand individual account ownership amid ongoing financial sector reform.

- Being one of the world’s most disaster-prone countries, Myanmar is susceptible to external shocks that affect the macroeconomic environment. For instance, massive flooding in 2015 was one of the factors that contributed to a drop in the GDP growth from 7 percent to 5.9 percent in 2016/17. This indicates a need for greater financial inclusion to increase resilience to shocks.

- Informal sector employment accounts for a majority of total employment in Myanmar, which is reflected in greater NBFI account ownership compared to bank or mobile money account ownership. The formal modern sector makes up only 11 percent of total jobs in Myanmar—a similar situation to other transition economies.

The Government of Myanmar has increasingly been prioritizing financial sector reform to enable financial inclusion, which is reflected in the Financial Inclusion Roadmap 2014-2020, jointly developed by the government and other stakeholders. The roadmap lays out a broad vision and strategic plan for enhancing financial inclusion in Myanmar.

- Some important goals set out in this strategy are: (i) increasing financial inclusion to 40 percent of the population by 2020, and (ii) increasing the proportion of adults with more than one financial services product to 15 percent of the population by 2020.

- Additionally, the roadmap emphasizes the importance of ensuring financial inclusion in three priority segments—agriculture; micro, small, and medium enterprises (MSMEs); and low-income households.

- The government has also issued a guideline to banks to target the opening of one bank account per household and supported regulations to allow mobile network operators (MNOs) to play a lead role in financial inclusion.

Amid financial sector reform, the Central Bank of Myanmar (CBM) took over the role of regulator and supervisor of the banking sector. In the last five years, several laws have been revised and enacted to strengthen the financial system and promote financial inclusion.

- Laws include the Foreign Exchange Management Law (August 2012), the Mobile Banking Directive (December 2013), the revised Central Bank of Myanmar Law (July 2013), the new Financial Institutions Law (January 2016), and the Regulation on Mobile Financial Services (March 2016).

- The Financial Institutions Law streamlined the licensing process for banks and enabled the registration of nonbank financial institutions (NBIFs). The law also leveled the playing field by subjecting state-owned banks to similar legal requirements as private banks.

- In March 2016, the CBM released regulations for mobile financial service providers (MFSPs), opening up the sector to NBIFs. The MFSP regulations also allowed MNOs to offer mobile-led financial services independent of banks, which led two telecom providers to enter the mobile money market in 2017—Telenor and Ooredoo. The aim of these regulations was to increase the reach of financial services for people who cannot be serviced by brick-and-mortar banks, along with improving the efficiency of payment services.
FINANCIAL SERVICES MARKET

The formal financial system in Myanmar is dominated by banks, followed by a small number of microfinance institutions (MFIs). There are four state-owned banks. State banks account for about 50 percent of banking sector assets and the majority of all bank branches in Myanmar. The big four are supplemented by an additional 23 small-scale private banks.

- In recent years, private commercial banks have been expanding their reach by opening a greater number of bank branches, points of sale and ATMs. Despite the growth, access points tend to be concentrated in urban areas, leaving rural areas underserved.
- These banks primarily offer products limited to basic savings and deposit accounts, and short-term loans. Other financial product offerings such as debit cards, credit cards, internet banking and electronic funds transfers have limited availability.
- Despite the small number of branches, MFIs, cooperatives and pawnshops met demand for financial services for a significant portion of Myanmar’s population in 2017. As of December 2015, over 256 MFIs were operating in Myanmar and serving about 690,000 customers, while cooperatives serve about 800,000 customers.

The Government of Myanmar liberalized the domestic telecom market in 2013 to meet its targets, including increasing mobile phone penetration to 75-80 percent by 2016, and 90 percent by 2020. Liberalization led to the entry of two major international telecom providers, Telenor and Ooredoo, who joined existing state-owned operators, Myanmar Posts and Telecommunications (MPT) and the Yatanarpon Teleport Co (YTP).

- Both Telenor and Ooredoo committed to increasing nationwide geographic coverage to meeting the government targets and pledged to develop mobile services that would target developing financial services.
- In October 2016, Telenor partnered with Yoma Bank and launched Wave Money after becoming the first non-banking financial institution to receive a license under the Mobile Financial Services Regulation.
- Ooredoo followed suit and launched M-Pitesan in early 2017, while state-backed MPT was planning to launch its own mobile money services at the time of the survey. Other mobile financial service providers in Myanmar include OK Dollar and Red Dot.
NOTABLE STATISTICS

• Less than one-fourth of adults (22%) in Myanmar were financially included in 2017, primarily via nonbank financial institution (NBFI) and bank accounts. For comparison, the World Bank’s 2017 Global Findex survey used a smaller survey sample to estimate that 26% of adults held a financial account.
  o Less than 1% of the population held mobile money accounts. At the time of survey data collection, mobile money services did not represent a significant share of the financial services market.
  o Access to financial services was reported by 31% of adults. Access to formal financial services includes those who have ever used financial services, have an account, or use someone else’s account.
  o Twenty-one percent of adults accessed NBFI s, while only 13% had registered NBFI accounts. This indicates that a significant proportion of those who used NBFI s were unregistered users or former users of these institutions.
  o The financially included in Myanmar are still in the nascent stages of the financial services customer journey. Advanced use of formal financial services is low, only 9% of adults used their registered financial accounts for activities beyond depositing/withdrawing or transferring money.

• A large majority of the population are nonusers of formal financial services; 69% of adults have never used a bank, NBFI, or mobile money service. Readiness to access digital financial services (DFS) is relatively lower among nonusers compared to users of formal financial services.

• Despite the newness of mobile money services in Myanmar, awareness of mobile money services is high relative to other markets with similar levels of adoption. Three out of 10 adults (29%) in Myanmar were aware of mobile money services. It is also noteworthy that mobile money awareness in Myanmar is significantly greater than it is in neighboring countries, such as India, and other new markets for mobile money, such as Indonesia (based on 2016 Indonesia FII data).

• Relatively high levels of financial literacy and numeracy, combined with a high level of smartphone ownership, are strong indicators of Myanmar adults’ readiness to adopt DFS in the near future.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
NO GREAT DIFFERENCE BETWEEN FINDEX AND FII

Both surveys reported similar levels of financial inclusion in Myanmar in 2017. The World Bank Global Findex indicator of account ownership is 26%, versus 22% for FII. Differences between the FII and Findex questionnaires account for the difference in findings. Findex measures account ownership based on a catch-all question for all kinds of financial institutions. In contrast, FII provides a more accurate count by measuring accounts “registered in you name” for each type of financial institution (banks, NBFs, and mobile money) separately. FII also measures access to each of these financial institutions, which includes both registered account holders and adults who use accounts that belong to others. The FINDEX account ownership statistic lies between the FII access and account ownership measurements.

*Fewer than 50 observations

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017; Global Findex 2017.
NATIONAL OVERVIEW
NON-BANK FINANCIAL INSTITUTIONS DRIVE FINANCIAL INCLUSION

• In 2017, 31% of adults in Myanmar accessed an NBFI, bank, or mobile money service, and 22% held an account registered in their name. More adults (13%) have accounts with nonbank financial institutions, such as microfinance institutions and cooperatives, than have bank accounts (11%). Only 2% of the population holds both a bank and an NBFI account.

• More than half of NBFI and bank account holders used their accounts actively (within the 90 days before the survey). A combined 9% of bank and microfinance customers used their accounts for advanced activities, such as savings, loans, insurance, and/or investment.

• Only 2% of adults reported ever using mobile money. Registered users of mobile money accounts were less than 1% of adults – too few to be measured accurately using a nationally representative survey.

2017: Financial inclusion summary
(Shown: Percentage of Myanmar adults, N=3,003)

*Fewer than 50 observations

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
• Less than one in four adults in Myanmar are financially included. There is, however, a reverse gender gap of 2 percentage points; 23% of women were financially included in 2017 versus only 21% of men. The gender equality of financial inclusion in Myanmar is a departure from the global average gender gap of 7 percentage-points in favor of men, reported by the 2017 Global Findex. Myanmar also compares favorably to its neighbor Bangladesh, where the gender gap was 12 percentage points, and India, where the gender gap was 4 percentage points in favor of men in 2017.

• Financial inclusion was slightly more prevalent among urban versus rural residents. Those living above-poverty were 1.78 times more likely to be financially included than their below-poverty counterparts, all else equal.

BELOW-POVERTY ADULTS ARE LEAST LIKELY TO BE FINANCIALLY INCLUDED

2017: Registered users, by demographic
(Shown: Percentage of each demographic group who are registered users)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
LESS THAN HALF OF ADULTS WERE AWARE OF A POS WITHIN ONE MILE

- The four most commonly known financial points of service (POS) within one mile were a bank branch (27%), ATM (24%), pawnshop (20%), and a semi-formal savings group (15%).

- While account holders with microfinance institutions (MFIs) are the most common among NBFI registered users, only 13% of adults knew of an MFI point-of-service within one mile of their homes.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
Among savers, only 28% saved with formal institutions

- Forty-three percent of the population reported saving; banks, microfinance institutions (MFIs), and cooperatives were used much less often than methods such as cash and other assets, such as gold.
- A greater proportion of Myanmar adults are savers (43%) compared to adults in neighboring Bangladesh (37%). However, while adults in Bangladesh are more likely to save through formal institutions, a much greater proportion of Myanmar adults saved through informal means. Sixty-four percent of Myanmar adults reported saving in cash, at home, and Myanmar adults are four times more likely to save through in-kind assets than are Bangladesh adults.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.

*Fewer than 50 observations
BORROWERS ARE EQUALLY LIKELY TO USE BANKS OR NBFIS

- Just two in 10 adults (17%) reported borrowing money from outside their household in the past 12 months; only 36% of adults who borrowed reported taking loans from either banks or microfinance institutions, and 10% of adults borrowed from pawnshops. These findings show that access to credit from formal institutions is highly constrained in the Myanmar market.
- While formal borrowing is uncommon in Myanmar, markets such as Kenya have shown that a key driver of mobile money adoption is the increased efficiency of sharing resources using peer-to-peer mobile money transfers.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
Financial inclusion is correlated with economic empowerment in Myanmar; financially included adults of both genders reported higher levels of empowerment than their financially excluded counterparts on the three economic empowerment indicators.

Unlike neighboring India and Bangladesh where men have substantially higher empowerment indicators than women within both the included and excluded subpopulations, Myanmar shows only small differences between genders on the empowerment indicators. There is a 3 percentage-point gender gap in influence on final decisions on household spending among the financially excluded. Conversely, financially included women scored slightly higher than their male counterparts for this indicator. Men in both groups (excluded and included) reported slightly greater involvement in deciding what financial services to use than did their female counterparts.

**2017: Influence and autonomy on personal and household financial decisions**
(Shown: Percentage of Myanmar adults in each group, by gender)

- I have most/almost all influence on final decisions on household spending
- Somewhat/very involved in deciding what financial services to use
- I make the final decision on how my money is spent or saved (somewhat/strongly agree)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
FINANCIAL INSTITUTIONS
NBFIs AND BANKS SERVE DIFFERENT DEMOGRAPHIC GROUPS

- Only 2% of adults have accounts with both types of institutions; NBFIs serve more customers than do banks. Registered bank users were more common among men, urban and above-poverty adults than among the female, rural, and below-poverty demographic groups. These gaps are filled by NBFIs, which cater more to the segments of the population that are unserved by banks.
- Nearly one in 10 adults (9%) was an unregistered user of a nonbank financial institution (NBFI), meaning that they did not need an account to access the institution or they used an account belong to someone else. Like registered NBFI users, unregistered NBFI users were predominantly female, residents of rural areas and living below poverty.

2017: Financial service users, by demographic
(Shown: Percentage of each demographic group, by user type)
NBFI USERS TEND TO BE LESS EDUCATED THAN BANK USERS

- Bank users were more prevalent among those with secondary education or higher and in the 35+ age group than among the younger and less educated demographic groups. Similar to registered bank users, NBFI registered users were more likely to be 35+ years old and employed.
- NBFI account holders were more likely to have a primary education or no formal education than secondary education or higher. Unregistered NBFI users, who use the services but without their own accounts, are predominantly 35 years or older, and almost equally likely to be employed or unemployed.

**2017: Financial service users, by characteristics**
(Shown: Percentage of each demographic group, by user type)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
SAVING IS MORE PREVALENT AMONG BANK THAN NBFI USERS

- Among the financially included, registered bank users were more likely to be savers, while NBFI users were more likely to borrow.
- Seventy-four percent of registered bank users reported saving, compared to 60% of registered NBFI users. Registered bank users also were more likely to know the interest rates they earned on savings.
- A higher proportion of NBFI account holders (39%) borrowed compared to bank account holders (28%). More NBFI registered users knew the interest rates they paid on their loans.

2017: Saving and borrowing among financially included
(Shown: Percentage of registered users of each institution)

<table>
<thead>
<tr>
<th></th>
<th>Savers</th>
<th>Aware of interest paid on savings</th>
<th>Borrowed</th>
<th>Aware of interest paid for borrowing</th>
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<tr>
<td>Registered bank users (n=345)</td>
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<tr>
<td>Registered NBFI users (n=441)</td>
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<tr>
<td>Savers</td>
<td>74</td>
<td>60</td>
<td>35</td>
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<tr>
<td>Aware of interest paid on savings</td>
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<tr>
<td>Borrowed</td>
<td>28</td>
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<td></td>
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<tr>
<td>Aware of interest paid for borrowing</td>
<td></td>
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<td>19</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.

Note: The bar chart shows the percentage of savers and borrowers among registered bank and NBFI users. The data indicates that bank users are more likely to save and NBFI users are more likely to borrow. Additionally, bank users are more aware of the interest rates on their savings, while NBFI users are more aware of the interest rates on their loans.
FEW BANK ACCOUNT HOLDERS HAVE JOINT ACCOUNTS

- Nine in 10 bank account holders reported having a personal account, while 13% reported having a joint account.
- The top banking institutions used by bank account holders were Kanbawza Bank (31%) and Myanmar Agricultural Development Bank (27%).

2017: Bank account ownership among registered bank users
(Shown: Percentage of registered bank users, n=345)

- Joint account: 13*
- Own account: 92

2017: Top banking institutions
(Shown: Percentage of registered bank users, n=345)

- Kanbawza Bank Ltd.: 31%
- Myanmar Agricultural Development Bank: 27%
- Ayeyarwaddy Bank Ltd.: 13%
- Co-operative Bank Ltd.: 11%
- Myanmar Economic Bank: 10%

*Fewer than 50 observations
Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
THE FINANCIALLY INCLUDED ARE UNAWARE OF DIGITAL SERVICES

- The large majority of registered bank users reported their banks did not offer services such as debit cards, credit cards, money transfers, and prepaid debit cards. Further, a significant percentage of registered bank users did not know if such features were available. These findings show that both awareness and uptake of digital offerings was low in 2017.

- Debit cards were the most widespread digital feature associated with bank accounts, reported by 19% of registered bank users; 82% of registered users stated their bank did not provide a credit card and 85% said their bank did not provide electronic money transfers. The perceived lack of the latter service is a clear opportunity for mobile money services to meet customer demand through peer-to-peer transfers.

2017: Product availability reported by bank users
(Shown: Percentage of registered bank users, n=345)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.

A negligible proportion of NBFI users reported that digital features were available with their accounts.
UNREGISTERED NBFI USERS MAINLY USE PAWNSHOPS

- Fifty-two percent of NBFI registered users accessed a microfinance institution (MFI) and 42% accessed a cooperative.
- Unregistered NBFI users are adults who have used an NBFI but do not have a registered account with the NBFI. Two out of three (66%) unregistered NBFI users accessed a pawnshop, and less than a quarter used either an MFI or a cooperative (24% and 19%, respectively).

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
READINESS TO ADOPT DIGITAL FINANCIAL SERVICES
MYANMAR SHOWS HIGH READINESS TO ADOPT DFS

- High readiness indicators suggest that preconditions exist for widespread adoption of digital financial services (DFS). A large majority of the population (85%) had the official identification necessary to open a financial account.
- Sixty-three percent of the population displayed financial numeracy – the ability to read the place value of a large number – which is necessary to be able to send money via a mobile phone without entering the wrong amount by an order of magnitude.
- In 2017 in Myanmar 59% of adults owned a mobile phone, compared to 60% in India and 67% in Bangladesh. The relatively high prevalence of smartphone ownership and phone skills, such as messaging, suggests that Myanmar has greater market potential for mobile money uptake than its neighbors.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
• While the general adult population of Myanmar exhibits significant readiness to adopt DFS, the mobile-money-aware subpopulation (29% of adults) scored much higher on readiness indicators than the total population. Key predictors of DFS adoption, such as phone & SIM card ownership, texting ability and financial numeracy were significantly higher among those who were aware of mobile money. This finding indicates that concentrated marketing efforts and greater promotion of mobile money services would likely enable faster uptake among aware adults.

• More than three quarters (73%) of those who are aware of mobile money own smartphones, which suggests that the group is primed to adopt financial service applications.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
MOST ADULTS WHO OWN PHONES HAVE SMARTPHONES

- Mobile phone owners were 59% of the adult population in 2017. Of the total phone owners, 83% reported owning a smartphone. Individual ownership is the norm; 56% of adults did not share their phones with anyone else. The average phone owner had two different SIM cards.
- Slightly more than a quarter of the population shared a phone, typically with other members of the household. Only 17% of adults did not have a phone in the household.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.

Nearly all SIM owners also owned a phone; using a personal SIM in a borrowed phone is rare. Widespread individual phone ownership is positive for DFS uptake.
HIGH SMARTPHONE OWNERSHIP SHOWS GREAT DFS READINESS

The prevalence of smartphone owners in Myanmar surpasses all other countries surveyed by FII in 2017. The proportion of adults who own smartphones in Myanmar is 20 percentage points higher than in Kenya – the most advanced DFS market in the group. Higher smartphone ownership is indicative of a greater readiness to adopt a wider range of mobile money, banking, and other digital services.

2017: Smartphone ownership in FII-surveyed countries
(Shown: Percentage of adults in each country who own a smartphone)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
LIMITED PHONE SKILLS MAY CONSTRAIN DFS ADOPTION

- Despite high smartphone ownership, use of basic mobile phone functions (calling and texting) is more common among adults than the use of advanced functions, such as using the internet or social networking sites. One in three adults reported browsing the internet.
- Independent use of mobile money accounts is likely to be constrained by limited phone skills. While 59% of adults own phones, only 25% reported complete ability to send/receive messages and less than one in five adults reported having complete ability to navigate a phone menu. Robust agent networks for assisting consumers to use mobile money will be important to encourage mass adoption, given limited phone skills.

2017: Mobile phone functions ever used
(Shown: Percentage of Myanmar adults, N=3,003)

- Make/receive calls: 45%
- Navigate phone menu: 18%
- Send/receive text messages: 25%
- Use internet: 17%
- Check airtime balance: 22%

2017: Phone user capability
(Shown: Percentage of Myanmar adults, N=3,003)

- Make/receive calls
  - Complete ability: 11%
  - Some ability: 25%
  - Little ability: 21%
  - No ability: 26%
  - Don’t know: 26%
- Navigate phone menu
  - Complete ability: 22%
  - Some ability: 26%
  - Little ability: 11%
  - No ability: 30%
  - Don’t know: 62%
- Send/receive text messages
  - Complete ability: 11%
  - Some ability: 26%
  - Little ability: 26%
  - No ability: 8%
  - Don’t know: 14%
- Use internet
  - Complete ability: 11%
  - Some ability: 17%
  - Little ability: 14%
  - No ability: 8%
  - Don’t know: 44%

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
Three in five Myanmar adults owned a mobile phone in 2017, however, there were significant gender, locality, and income gaps in phone ownership. Phone ownership was less common among women, rural residents, and below poverty adults than among their male, urban, and above-poverty counterparts.

Among adults who did not own a phone, the main barriers to phone ownership included cost (54%), lack of perceived need (46%), and insufficient skills to operate a mobile phone (42%).
CLOSE TO HALF OF ADULTS DO NOT KNOW HOW TO USE A MOBILE PHONE

- Two in five Myanmar adults reported no knowledge of how to use a mobile phone as a barrier to phone ownership. Perceived lack of skills to use a mobile phone were more commonly reported by female, rural, and below-poverty adults than by male, urban, and above-poverty demographic groups.
- Mobile phone ownership is a key readiness factor for enabling adoption of DFS. Providing training to increase Myanmar adults’ skills and confidence in using mobile phones could potentially help increase the uptake of DFS.

2017: Reasons for not owning a mobile phone
(Shown: Percentage of Myanmar adults who do not own a mobile phone reporting somewhat/strongly agree, n=1,374)

- Don’t have enough money to buy a mobile phone: 54%
- Don’t need to have my own phone: 46%
- Don’t know how to use a mobile phone: 42%
- Had a phone but it’s lost/broken/stopped working: 20%
- No mobile phone network where I live: 12%
- Not allowed to use a mobile phone by family members: 8%

2017: Don’t know how to use a mobile phone, by demographic
(Shown: Percentage of adults in each demographic group who don’t know how to use a mobile phone)

- Female (n=1,873): 23%
- Male (n=1,130): 10%
- Rural (n=2,063): 22%
- Urban (n=940): 7%
- Below poverty (n=2,156): 20%
- Above poverty (n=847): 9%
- Financially excluded (n=2,286): 17%
- Financially included (n=717): 17%

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
FINANCIAL NUMERACY MEASURES KEY NUMERACY SKILLS NEEDED TO COMPLETE A FINANCIAL TRANSACTION WITHOUT ASSISTANCE. FOR THIS STUDY, AN INDIVIDUAL MUST BE ABLE TO READ A SINGLE-DIGIT NUMBER, AND CORRECTLY IDENTIFY A FIVE-DIGIT NUMBER, AND MENTALLY MULTIPLY A SINGLE-DIGIT NUMBER BY A FOUR-DIGIT NUMBER TO BE CONSIDERED FINANCIALLY NUMERATE. FINANCIALLY NUMERATE ADULTS ARE LIKELY TO BE CONFIDENT IN THEIR ABILITY TO COMPLETE A TRANSACTION WITHOUT MAKING PLACE-VALUE ERRORS THAT WOULD RESULT IN SENDING THE WRONG AMOUNT BY AN ORDER OF MAGNITUDE.

CLOSE TO TWO-THIRDS OF ADULTS IN MYANMAR WERE FINANCIALLY NUMERATE IN 2017, ALTHOUGH THERE ARE LARGE DIFFERENCES BY LOCALITY, INCOME, PHONE OWNERSHIP, EDUCATION, AND MOBILE MONEY AWARENESS.

FINANCIAL NUMERACY IS A KEY SKILL FOR USING MOBILE MONEY

(Shown: Percentage of Myanmar adults in each demographic group)

- Total population (N=3,003)
- Female (n=1,873)
- Male (n=1,130)
- Rural (n=2,063)
- Urban (n=940)
- Below poverty (n=2,156)
- Above poverty (n=847)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
Financial numeracy is more prevalent in Myanmar (63%) than in Cote d’Ivoire (54%), and the skill is strongly correlated with being a registered mobile money user in the latter country. The correlations between financial numeracy and smartphone ownership, phone skills, and mobile money awareness are all positive indicators of strong market potential for the uptake of mobile money by the majority of adults in Myanmar.

Financial numeracy levels increased with greater levels of education, nine out of 10 adults with a higher education were financially numerate compared to only three in 10 adults with no formal education.

**Financial numeracy increases with education and MM awareness**

- Financial numeracy, by key characteristics
  (Shown: Percentage of Myanmar adults by each characteristic)

<table>
<thead>
<tr>
<th>Total population (N=3,003)</th>
<th>No formal education (n=438)</th>
<th>Primary education (n=1,260)</th>
<th>Secondary education (n=995)</th>
<th>Higher education (n=213)</th>
<th>Own smartphone (n=1,296)</th>
<th>Don’t own smartphone (n=1,707)</th>
<th>Ability to navigate phone menu (n=1,305)</th>
<th>No ability to navigate phone menu (n=1,698)</th>
<th>Aware of MM service (n=773)</th>
<th>Unaware of MM service (n=2,230)</th>
</tr>
</thead>
<tbody>
<tr>
<td>63</td>
<td>33</td>
<td>55</td>
<td>77</td>
<td>90</td>
<td>75</td>
<td>52</td>
<td>76</td>
<td>51</td>
<td>77</td>
<td>58</td>
</tr>
</tbody>
</table>

Source: InterMedia CIAP Myanmar (N=3,003, 15+), August-September 2017.
MOBILE-MONEY-AWARE GROUP
In 2017, less than one-third of adults (29%) were aware of mobile money. Significant gender, locality, and income gaps were persistent in 2017 and awareness was more prevalent among male, urban and above poverty adults than among their female, rural and below-poverty counterparts. The largest gap in awareness was in locality, with urban adults more than twice as likely to be mobile money aware. This large urban/rural gap likely reflects different levels of exposure to mobile money marketing campaigns, many of which were launched in 2017 not long before the survey took place.

**AWARENESS IS HIGHEST AMONG MEN, URBAN, AND ABOVE-POVERTY ADULTS**

2017: Adults who are aware of mobile money services
(Shown: Percentage of each demographic group who are aware of mobile money services)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
YOUTH ARE MORE AWARE OF MOBILE MONEY THAN 35+ AGE GROUP

- Mobile money awareness was more common among phone owners, adults with at least a secondary education and those younger than 35 years old than among those who don’t own phones, the less-educated, and adults under age 35. Adults with a secondary education were more than three times as likely to be aware of mobile money than were those with only a primary education or less.

- Myanmar youth were twice as likely to be mobile money aware than adults 35 years or older, indicating that current DFS promotion efforts are likely attracting the younger demographic. Employed and unemployed adults were almost equally likely to be aware of mobile money services.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
Phone user capability is one of the key indicators for readiness to adopt DFS. Mobile-money-aware adults consistently reported a much higher ability to use basic and advanced phone functions relative to those who are not aware of mobile money.

Aware adults were twice as likely to have complete/some ability to navigate phone menus, send/receive text messages and use the internet compared to those who were not aware of mobile money.

Mobile-money-aware adults were almost three times more likely to be able to install applications on their phones and to use those applications than unaware adults.

**2017: Phone user capability**
(Shown: Percentage of Myanmar adults reporting complete/some ability, by mobile money awareness)

- Make/receive calls: MM aware 85%, MM unaware 60%
- Navigate phone menu: MM aware 61%, MM unaware 27%
- Send/receive text messages: MM aware 67%, MM unaware 32%
- Use internet: MM aware 63%, MM unaware 25%
- Check airtime balance: MM aware 81%, MM unaware 48%
- Install applications: MM aware 50%, MM unaware 17%
- Open and use applications: MM aware 50%, MM unaware 18%

*Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.*
Mobile-money-aware adults were most likely to be aware of Telenor Wave Money (83%). Awareness of other service providers was much lower, with Ooredoo Red Dot mobile money service the least known (27%).

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
THE NETWORKS MPT AND TELENOR HAVE THE HIGHEST FAVORABILITY

- Over half (56%) of Myanmar adults had a favorable opinion of state-backed MPT, the mobile phone network provider that monopolized the telecom market before the entry of Telenor and Ooredoo.

- Among those aware of mobile money, almost an equal proportion of them had a favorable opinion of MPT and Telenor. Additionally, more than half of aware adults either did not know, had an unfavorable opinion of, or were indifferent to Ooredoo. Consistent with the overall population trend, almost two-thirds of those aware of mobile money did not know of MEC Tel’s network, with only 17% reporting a favorable opinion of MEC Tel.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
MM-AWARE ADULTS ARE MORE LIKELY TO HAVE SMARTPHONES

- Adults who are aware of mobile money were more likely to own any type of phone (82%) compared to the overall population (59%).
- Consistent with the overall trend, smartphones were more common than feature or basic phones among mobile-money-aware adults. More than seven in 10 of those who were aware of mobile money services owned a smartphone; one in 10 had either a feature or a basic phone. However, those aware of mobile money reported a much higher ability to use their device for basic as well as advanced functions (see Slide 38).

2017: Comparison of mobile phone ownership
(Shown: Percentage of mobile-money-aware adults within each group)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.

*Fewer than 50 observations

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
MM-AWARE ADULTS ARE MORE LIKELY TO KNOW OF AGENTS/KIOSKS

In 2017, mobile money aware adults were three times more likely to know of MM agents and twice as likely to know of a retail store with MM kiosk than their mobile money-unaware counterparts.

2017: Proximity to points-of-service (POS) for financial institutions
(Shown: Percentage of Myanmar adults, N=3,003)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
The most common reasons for not using mobile money included a preference for using cash (66%), lack of perceived need to use mobile money (59%), and a lack of knowledge regarding the use of mobile money (54%). Other notable reasons include not knowing the registration process (45%) and distrust of mobile money (28%).

Raising awareness of use cases for mobile money and how to register should promote greater adoption.

OVER HALF OF MM-AWARE ADULTS DO NOT KNOW OF ANY USE CASES

- Don't need to use MM (59%)
- Don't know what MM is used for (54%)
- Don't know how to register (45%)
- Don't have enough money to conduct transactions (43%)
- Don't have the required ID to use MM (33%)
- Don't trust MM (28%)
- Worried that my money will be stolen (26%)
- Prefer to use cash (66%)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
USE CASES ARE MOST OBSCURE FOR RURAL ADULTS

- Rural adults are often key recipients of transfers from family members working in urban centers. Despite awareness, more than half of mobile-money-aware adults reported limited knowledge of the use of mobile money as a barrier to registration. DFS providers may benefit from marketing mobile money to rural residents as a way to receive internal remittances.

- Lack of understanding the use of mobile money cut across all demographics, though there are some differences between gender, income, and age groups. Mobile-money-aware adults who were 35 years or older, women, those living below poverty, and especially rural residents were more likely to have a limited understanding of the use case for mobile money compared to their younger, male, above-poverty, and urban counterparts.

2017: Mobile money nonusers who don’t understand uses for MM, by demographic
(Shown: Percentage of mobile-money-aware adults in each demographic group reporting somewhat/strongly agree that not understanding what mobile is used for prevents them from registering an account)

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
Among aware nonusers of mobile money, more than two in five (45%) do not know how to register for the service. A greater proportion of mobile-money-aware adults who are female, rural residents, living below poverty and 35+ years old reported not knowing how to register an account relative to those who are male, urban residents, living above poverty and younger than 35. This finding indicates that promotional efforts for rural residents should convey more information on how to register for mobile money services.

**RURAL MM-AWARE ADULTS ARE LESS LIKELY TO KNOW HOW TO REGISTER**

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
MM COULD BE MARKETED AS A COMPLEMENTARY SAVING METHOD

Financially included adults were more likely to be aware of mobile money services than their excluded counterparts. A higher proportion of adults engaged in financial behaviors such as saving, borrowing or obtaining insurance are aware of mobile money services than those who do not engage in these activities. This finding suggests that DFS providers could potentially market mobile money as a method of safekeeping or saving money that complements existing methods, a way of transferring funds to friends and family that need to borrow, and a method of paying for insurance that are all better than cash.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
MERCHANT ECOSYSTEM
MERCHANTS SEE CASH-ONLY TRANSACTIONS AS EASY AND CONVENIENT

- Survey respondents who reported employment in retail services were administered a special questionnaire module on modes of payment they accept from their customers. Less than 1% of merchants surveyed reported accepting digital payments, including debit and credit cards and/or mobile money.
- Cash was the main mode of payment, primarily because it is seen as a more convenient way to transact with customers by the vast majority of merchants surveyed. Additionally, close to nine in 10 merchants agreed that record keeping was easier with cash and using cash also saved time.

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
FINANCIAL BEHAVIORS
FINANCIALLY INCLUDED ADULTS SAVE MORE FREQUENTLY

- Comparing Myanmar with neighboring Bangladesh, financially included adults in Myanmar are more likely to save, with almost half of them saving through formal institutions (bank, mobile money, or NBFI). Saving with cash or property was equally popular among the financially included subpopulation in each country.

2017: Saving behavior, by financial inclusion
(Shown: Percentage of Myanmar and Bangladesh adults in each segment)

43% of all Myanmar adults reported saving money in 2017 versus 37% of Bangladesh adults.

*Fewer than 50 observations

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
BORROWING IS NOT COMMON AMONG MYANMAR ADULTS

- Myanmar adults with registered accounts are more likely to save than borrow relative to registered account owners in Bangladesh. Twice as many financially included adults in Bangladesh borrowed in the last 12 months, compared to their counterparts in Myanmar.

- Borrowing is less common among Myanmar adults compared to saving, only 22% of financially included adults had borrowed in the last 12 months and 8% of excluded adults borrowed during the same period. Financially included adults mostly borrowed money to pay for emergency expenses (16%) and to invest in business (14%), while financially excluded adults borrowed money to pay for emergency expenses (10%) and pay daily expenses (6%). Borrowing for emergency purposes across both segments indicates a high level of unpreparedness for unexpected expenses.

2017: Borrowing in the last 12 months, by financial inclusion
(Shown: Percentage of Myanmar and Bangladesh adults in each segment)

<table>
<thead>
<tr>
<th>Myanmar (n=717)</th>
<th>Bangladesh (n=2,258)</th>
<th>Myanmar (n=2,286)</th>
<th>Bangladesh (n=3,742)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financially Included</td>
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<td>Financially Included</td>
<td>Financially Excluded</td>
</tr>
<tr>
<td>27</td>
<td>16</td>
<td>8</td>
<td>14</td>
</tr>
</tbody>
</table>

Borrowed in the last 12 months
- Borrowed in the past 12 months to pay for emergency expenses
- Borrowed in the past 12 months to pay for daily expenses
- Borrowed in the past 12 months to invest in a business

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
**ONLY ONE IN 10 ADULTS BELONGS TO AN INFORMAL FINANCIAL GROUP**

- Informal group membership is more common among Bangladesh adults with registered accounts than among financially included adults in Myanmar.
- Along with using formal financial services, financially included adults in Myanmar also use informal financial groups for saving and borrowing activities. A greater proportion of financially included adults belong to informal groups and use them for saving or borrowing compared to financially excluded adults.

### 2017: Membership and uses of informal financial groups, by financial inclusion

(Shown: Percentage of Myanmar and Bangladesh adults in each segment)

<table>
<thead>
<tr>
<th></th>
<th>Myanmar (n=717)</th>
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<th>Myanmar (n=2,286)</th>
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<tr>
<td><strong>Financially Included</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Belong to informal group(s)</td>
<td>8</td>
<td>19</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Save through informal group(s)</td>
<td>4</td>
<td>12</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Borrow through informal group(s)</td>
<td>2</td>
<td>17</td>
<td>0.9</td>
<td>6</td>
</tr>
</tbody>
</table>

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</tr>
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<td>3</td>
</tr>
<tr>
<td>Borrow through informal group(s)</td>
<td>0.9</td>
<td>6</td>
</tr>
</tbody>
</table>

*Fewer than 50 observations

Source: InterMedia CGAP Myanmar (N=3,003, 15+), August-September 2017.
For more information, contact:

Samuel Schueth, Director of Research, SchuethS@InterMedia.org
Ridhi Sahai, Quantitative Analyst, SahaiR@InterMedia.org