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Statement by the Hon. **KYAW KYAW MAUNG**,
Governor of the Fund for **MYANMAR**

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Mr. Chairman,
Fellow Governors,
Distinguished Delegates,
Ladies and Gentleman

It is my great pleasure and honour to present at the 2019 World Bank/IMF Annual Meeting and to share with the Governors on the recent economic and financial sector development of Myanmar. First of all, I would like to thank the President of the World Bank Group, the Managing Director of the Fund for their kind and splendid meeting arrangements for us.

The Global Economy

At the outset, I would like to touch on the global economy. As forecast by the Fund, the global growth remains subdued, and trade tensions and geopolitical uncertainties are the significant risks to the global economy. Persistently reduction in interest rates by the world central banks has threatened to the financial stability and efficiency of monetary policy implementation. Therefore, while making efforts to mitigate the risks facing the global economy, the accommodative macroeconomic policies are required to use according to the countries' economic conditions and specific circumstances.

Recent Economic Development of Myanmar

I would now like to take the chance to inform some recent economic development in Myanmar. Successful implementation of the second wave of reforms in Myanmar Sustainable Development Plan with a focus on peace, stability and good governance will help sustain the growth take-off and achieve the Sustainable Development Goals (SDGs). Although the momentum of the economy was slow to about 6.2 percent in 2018 (April-September) due to weakening external and domestic demand, we expect the growth will rebound to 6.8 percent in 2018/19 and 7.0 percent in 2019/20 supported by the increase in government spending and improved business sentiments amid renewed reform momentum. Inflation has picked up to 7.1 percent in 2018 (April-September) due to the effects of flooding and exchange rate depreciation. In 2018/19, inflation is expected to further increase to 8.8 percent largely due to the increase in prices of electricity in July this year. Government budget deficit increased around 6 percent in 2018/19 driven by supportive efforts to economic growth and structural reform. While recent increased in price for electricity imposes some inflationary pressure, it is expected to reduce the burden of the budget deficit.

To encourage economic growth, three Special Economic Zones - Thilawa, Kyaukphyu and Dawei – have been set-up, which provide investment incentives and simplified process for investors. Owing to the narrow trade deficit and gradual recovery in FDI, external position is also expected to improve in 2019.

In order to avoid the excessive short-term volatility of the exchange rate and to accumulate country's foreign currency reserves, the Central Bank of Myanmar is now working with the Fund to conduct rule-based intervention in the foreign exchange market in the near future. Since some regulatory gaps remain and enforcement of key provisions is weak in the Foreign Exchange Management Law, it is being revisited with the technical assistance of the Fund.

Regarding to the banking sector development, foreign bank branches are allowed to provide more operational flexibilities such as permitting to extend loans to local companies. Furthermore, the Central Bank of Myanmar has started its process to allow more foreign banks and subsidiaries to participate in the domestic banking sector in a way of protecting the local banks. With a view to strengthen capital, technology and governance of local banks, the Central Bank of Myanmar has recently allowed foreign investors to invest up to 35 percent of the total amount of capital by setting up joint venture with the local banks.

In order to setting up the prudential regulatory and supervisory environment, the Central Bank of Myanmar issued series of prudential regulations and directives over the past two years. And with the technical assistance from the Fund, "Off-site Supervision Guide and Risk Assessment Matrix" were issued in order to adopt Risk-based Supervision by 2020.

To make progress towards the financial inclusion, the Central Bank of Myanmar encourages the banks to expand bank branches network and also permits domestic banks to operate mobile banking, internet banking and digital banking to foster access to banking services while encouraging Non-bank Financial Institutions to provide mobile financial services to people who are living in remote and rural area.

With a view to provide qualified and secure loans to the local businesses, the Central Bank of Myanmar approved Myanmar Credit Bureau Limited to serve as a credit bureau in 2018. Myanmar Credit Bureau Limited is now implementing Data Test Run stage to collect the facts and data on borrowers and it will start its full operation in the near future.

In order to establish the safe, smooth and inclusive National Payment System, the Central Bank of Myanmar together with the banks, international card service providers (Visa, Master, JCB, UPI), and mobile service providers are conducting to set up National Standard for QR Code so called Myanmar QR-MMQR.

With a view to improving AML/CFT environment, Myanmar has published its AML/CFT National Risk Assessment and AML Law is now being in the process of enacting the amendments. We will continue to implement the priorities recommendations of the APG focusing on the improvement in the effectiveness of the AML/CFT regime.

Engagement with the Fund

As the good and long-term relationship between the Central Bank of Myanmar and the Fund continues, the Fund has been providing policy advices and technical assistance in the areas of monetary policy operation, foreign exchange management, payment system, bank supervision and regulation. The Central Bank of Myanmar will continue collaboration and cooperation with the Fund in order to accelerate socioeconomic developments in Myanmar.

Dear Mr. Chairman,

In conclusion, I would like to take this opportunity to express our sincere appreciation to the Management and staff of both institutions for their ongoing support for our country's development efforts. I wish the Annual Meetings a great success.

Thank you.