

# UK Listed Myanmar Investments International Invests in New Microfinance Joint Venture in Myanmar

*A combination of foreign capital and a major local platform create a significant force in Myanmar's microfinance sector*

YANGON, MYANMAR (BURMA), August 26, 2014 /EINPresswire.com/ -- [Myanmar Investments](#)

[International](#) Limited (MIL), a Myanmar-focused investment company quoted on the London Stock Exchange today announced plans to invest in a microfinance joint venture in Myanmar.



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*Aung Htun, managing director  
of MIL*

MIL has agreed to form a joint venture with Myanmar Finance Company Limited (MFC), a top-ten provider of microfinance loans principally to small-scale business operators in rural and urban areas of Yangon and neighbouring Bago.

The new joint venture, to be called Myanmar Finance International Limited (MFIL), will provide access to credit for thousands of additional clients. It is believed to be the first

foreign microfinance joint venture in Myanmar and will have both a lending and a deposit-taking licence.

Under the terms of the agreement, MFC will inject its existing microfinance business into MFIL, which will be jointly managed by the two partners. The two partners have agreed to an initial phased contribution of US\$4.8 million in capital with MIL owning 55 per cent of the new company and MFC holding the remaining 45 per cent.

The joint venture agreement is conditional on MFIL receiving its own microfinance licence. The licence is expected shortly to be issued by the Myanmar Microfinance Supervisory Enterprise, part of the Ministry of Finance.

“We are delighted to partner with MFC and to be part of an exciting expansion plan to provide an important source of capital for small-scale businesses,” said Aung Htun, managing director of MIL. “A well-run microfinance business in a well-regulated environment represents a socially responsible investment as well as an attractive commercial opportunity as has been demonstrated elsewhere in Southeast Asia.”

Founder and managing director of MFC U Htet Nyi said: “Through the new joint venture, we will be able to offer more loans and quickly add to the estimated 10,000 clients we serve in Yangon and Bago regions. We plan to widen our product offering as well as add to the three branches we currently operate.”

“A number of foreign companies were interested in cooperating with us. We chose MIL because of its financial skills, focus on Myanmar and fantastic attitude towards the business.”

“Together, we can create a vision which will help us expand tremendously and, where appropriate, we may also consider inviting in other value-adding investors,” said Htet.

The joint venture is expected to continue to offer MFC’s current loan products. Borrowers are small-scale business operators who use the loans for purchasing equipment and for working capital to buy inventory. Typical borrowers include operators of retail stalls and home businesses and, in select circumstances, groups of employees.

MFC lends up to 500,000 Myanmar Kyat (about US\$515) per borrower, the current government limit. The loans are normally for 10-12 months and carry the government-regulated maximum interest rate of 30 percent per annum.

The Myanmar economy is emerging after decades of isolation but remains a cash-based society with weak banking and financial infrastructure. Demand for microfinance including credit, savings, transfers and insurance, is high . A 2012 report by UN Capital Development Fund puts the unmet demand at US\$1 billion .

The Myanmar government is encouraging access to microfinance as a way to help address poverty alleviation and development. In 2011 a series of new laws and policies formalized the microfinance sector allowing for fully privately-owned microfinance institutions.

More than 200 organizations, including MFC, have been licensed by the Ministry of Finance. Most of these are small. MFC would estimate that based on its existing loan book size it would be ranked within the Top 10 microfinance institutions in Myanmar today.

MIL’s Aung Htun added: “As a London listed company we are well placed to bring overseas funds to invest in Myanmar. I am delighted that our first investment is with U Htet Nyi, a first-class entrepreneur. We believe that together we make an excellent combination.”

“Given the other opportunities that we reviewing at present, I expect that this will be the first of a number of investments in Myanmar as we build a diversified portfolio of high quality investments in many sectors,” said Aung.

#### About Myanmar Investments International Limited

Myanmar Investments International Limited ([www.myanmarinvestments.com](http://www.myanmarinvestments.com)) was the first Myanmar-focused investment company to be admitted to trade on the London Stock Exchange’s AIM exchange. MIL’s primary objective is to build capital value over the long term by making investments in a diversified portfolio of Myanmar businesses that will benefit from the Southeast Asian country’s re-emergence.

#### About Myanmar Finance Company Limited

Myanmar Finance Company Limited was formed in 2012 to provide microfinance products to local communities in Yangon and later Bago. By mid-2014, MFC had nearly 10,000 clients and an outstanding loan portfolio of around 800 million Myanmar Kyat (about US\$825,000). MFC selects prospective borrowers after market surveys and consultation with local officials and community leaders.

970 Kyat = US\$1 (as of August 26, 2014)

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