



The Centre for Financial Regulation & Inclusion

Summary Report

**MAKING ACCESS TO
FINANCIAL SERVICES POSSIBLE (MAP)**
in Myanmar



Submitted By



Myanmar Survey Research

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Appendices:

Appendix 1: Formal financial products available in Myanmar in 2013

Appendix 2: What money can buy

Appendix 3: General comments on gender

Appendix 3: Case studies

Appendix 4: Data collection instruments.

ACRONYMS

ATM	Automated Teller Machine
CB	Commercial Bank
FGD	Focus Group Discussion
FRC	Foreigner Registration Certificate
HH	House hold
HV	Home Visit
KII	Key Informant Interview
MADB	Myanmar Agriculture and Development Bank
MAS	Myanmar Agricultural Services
MF	Micro Finance
MFTB	Myanmar Foreign Trade Bank
MICB	Myanmar Investment and Commercial Bank
MLFDB	Myanmar Livestock and Fisheries Development Bank
MPU	Myanmar Payment Union
MSR	Myanmar Survey Research
MWAF	Myanmar Women’s Association Federation
NGO	Non Government Organization
PRA	Participatory Rural Appraisal
SHG	Self Help Groups
SME	Small and Medium Enterprise
UN	United Nations

I. METHODOLOGY

1.1. Research Objectives

The main objectives of this qualitative research were to explore the following of low-income individuals and households in Myanmar:

- The **drivers** behind consumers views, perceptions and behaviour on all aspects relevant to financial inclusion
- The **current take-up** of formal and informal financial services and **reasons** for take-up as well as non-take-up;
- Financial behaviour with regards to the **use** of formal and informal financial services and **reasons** for behaviour; and
- The **landscape of access** and products used by consumers.

1.2. Research Design Overview

The study applied different qualitative methodologies to be able to get a comprehensive and holistic view of the issue of “making access possible” and related issues in rural and urban areas. The following methodologies were used

- Focus Group Discussion (including demographic profiles and PRA exercises)
- Home Visits and visual follow-up (including demographic profiles)
- In-depth interview with key informants (including demographic profiles)

Each method focused on a different perspective to get a holistic view at:

- Community level (FGD)
- Individual level (Home visit)
- Formal/Informal supply side (KII interview)

1.3. Sample

The study included the following low income and subsistence-level target groups to explore the **demand side**:

- Casual labourers
- Small scale farmers (own less than 5 acres of land)
- Female-headed household
- Migrant workers .
- Small business owners like trishaw-drivers or snack sellers

From the **supply side** of the **formal/informal** credit sector, the following were interviewed:

- Money lenders, pawn shop owners, brokers/dealers
- Semi-formal lending facilities such as community loans and savings institutions
- Free funeral service groups

Table 1. FGD Sampling Frame (10 FGDs)

FGD (Yangon urban)			
Type	Respondent	Age	Area
Using some formal product	Female	1 group, 30-50 years	Town
Using some formal	Young female	1 group, 22-30 years	Town
Using some formal	Male	1 group, 30-50 years	Town
Using some formal	Young male	1 group, 22-30 years	Town
Total		4 groups	
FGD (PhyaPon urban - Delta)			
Type	Respondent	Age	Area
Using some formal product	Female	1 group, 30-50 years	Town
Using some formal	Young female	1 group, 22-30 years	Town
Using some formal	Male	1 group, 30-50 years	Town
Using some formal	Young male	1 group, 22-30 years	Town
Total		4 groups	
FGD (Pakokku urban - Dry)			
Type	Respondent	Age	Area
Using some formal product	Female	1 group, 30-50 years	Town
Using some formal	Young male	1 group, 22-30 years	Town
Total		2 groups	

NOTE: “Formal” used two or more formal financial products; “Some formal” used one formal product Use of formal products

Table 2. Home Visits Sampling Frame (34 home visits)

HV (Yangon urban)			
Type	Respondent	Age	Number
Using formal product	Male/female	30-50	1
Using formal product: young	Male/female	22-30	1
Using some formal product:	Male/female	30-50	1
Using some formal product: young	Male/female	22-30	1
Using no formal products	Male/female	30-50	1
Using no formal products: young	Male/female	22-30	1
Small business owners using formal products	Male	25-50	2
	Female		
Small business owners not using formal products	Male	25-50	2
	Female		
Female headed households with migrant income earners	Female	25-50	2
Migrant workers with family in rural areas	Male	25-50	2

	Female		
		Total	14 HVs

HV - Villages (Delta, Dry)			
Type	Respondent	Age	Number
Small farmers (At least, 2 in Delta and 1 in Dry must have had taken MABD loans)	Male/female	25-50	4 in Delta area 2 in Dry Area
Farm labor/Casual labor	Female	16-50 (spread of ages)	2 in Delta 1 in Dry area
Farm labour/Casual labor	Male	16-50 (spread of ages)	2 in Delta 1 in Dry Area
Family of migrant workers	Male	22-50	2 in Delta area 2 in Dry Area
	Female		
Salaried employee with some formal products (only Government Staff such as village authorities, school staff, nurse will be available in village)	Male/Female	30-50	2 in Delta area
Small business owners using some formal products	Male/Female	25-50	2 in Delta area
		Total	20 HVs

Table 3. Key Informant Interviews Sampling Frame (KII – 16 in Total)

KII (Yangon, Delta, Dry, Coastal)			
Type	Area	Number	Total KII
Regulated Credit provider	Township	2 per township	2 in Yangon 2 in Delta area
Unregulated credit provider	Villages only	2 per village	2 in Yangon 2 in Delta 2 in Dry area
Management of group	Township and village	1 in township 1 in village	2 in Yangon 2 in Delta 2 in Dry area
		Total	16

1.4. Definition of terms

- “Use of some formal products”: Should be using **at least one of** formal product from the following:
- transactions such as savings or current account or cheque book
 - insurance
 - loans
 - debit cards (MPU)
 - International Credit card

- remittances
- hire-purchase
- billing system (phone, electricity),
- gift cards (debit card)
- Must be the main decision maker for using “some formal financial” services

1.5. Location

To understand the prevailing situations of access to credit for low and subsistence level people, the study conducted fieldwork in the following areas:

- Yangon: urban and outskirts of Yangon
- Ayeyarwaddy Region: PhyaPon township and surrounding villages
- Dry Zone: Pakokku township and surrounding villages

1.6. Timing

The fieldwork was conducted in March 2013.

1.6.1. Deliverables

This document is the summary report of the study. Four case studies form part of this report:

- Case study of Yangon small business owner
- Case study of Yangon affluent handicraft trader
- Case study of rural farmer 1
- Case study of rural farmer 2

In addition to this summary report, the following documents are also available on request:

1. 34 short summaries of HVs
2. KII summary for Microfinance co-op
3. KII summary for MADB
4. KII summary for registered pawn shop
5. KII summary for money lender and unregistered pawn shop
6. KII summary for funeral services
7. KII summary for saving group
8. 6 detailed FGD transcripts from PhyaPon and Pakokku
9. Debriefing transcripts

2. CONTEXT: COLLECTIVE STRUCTURES

2.1 Collective structures - relationships and responsibilities

2.1.1. Household

The basic structure of collectivism in Myanmar is the household, which, in most cases, is an extended family, often with three generations living in the same house. Most Myanmar parents take care of their children irrespective of their marital status. This may be attributed to more than one reason: the house belongs to the parent, elderly parents that need support and care from their children, elderly parents with children in whose name the property is transferred OR elderly parent with single unmarried child.

Since siblings accept a collective responsibility towards their parents, households typically consist of parents living with at least one child. Married respondents often live with their parents on the parents' property, sometimes in a separate section of the house and take care of the parents. Siblings living elsewhere contribute proportionally to the income of these households, depending on their respective incomes.

Based on Buddhist principles, respect and care for parents are highly valued. Depending on the economic status of the parents, financial care for parents is often shared amongst siblings. Where main income earners of the households live outside, either in Yangon or abroad, remittances support the household activities. These remittances may be regular or during special events. Most often, other members of the family engage in small activities to provide for the household. This is again dependent on the socio-economic status of the household.

Contributors to the household income were dispersed in Myanmar itself (often the case with rural respondents); some resided outside the borders of Myanmar.

2.1.2. Community Structures

The next collective community is structured in the immediate area around the house, which could be the street (a group of 10 - 50 houses based on the length of the road) or the ward (group of more than hundred houses based of number of streets).

Ward (yat kwet) and village-tracts (kyay ywa ok su) are the first tier administration. Village tracts are groups of adjacent villages (kyay ywa) in rural area. Wards and village tracts are included in towns (Myo) or townships. Districts consist of townships (myo ne) that include towns.

For administrative purpose, ward administrative or village administrative committee is organized with ten-household heads, hundred-household heads and some representatives of people who live in the ward or village. The ward committee is also involved in community development programs such as immunization campaigns, religious events, election, sports activities, and literacy education. In addition, the ward or village committee plays the role of an arbitrator in disputes between money lenders and borrowers – although this is not part of their formal duties.

Village authorities are the main administrators at the village level. On the advice of the township authorities, village authorities are involved in the same events as the ward authorities, on a smaller scale.

Within the community, respected monks, elders and other interested people come together for organizing various activities such as free funeral services for those in need, eye clinics, health care activities and religious events. Most times, community members are involved in intervention programs by local and international NGOs as well as UN agencies. Community health workers, volunteers, health volunteers from the community participate in the programs. Their participation at various levels ensures training, capacity building, and long term sustainability of a program.

Recommendations from ward or village authorities are often required for loan applications.

2.1.3. Religious community

Religious affiliation was the most important demographic variable that influenced behaviour in Myanmar. According to official statistics, 89% of the Myanmar population is Buddhist. almost all respondents were Buddhist.

The Buddhist way of life filtered through many attitudes and behaviour and has a definite impact on financial behaviour – these are explained in detail in the rest of the document under the relevant headings.

The religious community functions collectively, often within a ward or village. At the ward, religious activity is more prominent, simply because of higher population. This relates mainly to humanitarian aid, which seems to be taken care of within religious community structures rather than by the state. Part of the Buddhist philosophy is to take care of orphans and poor people. Health care is also often part of the shared responsibility of this community.

The collective structures provide individuals with emotional and material security: financial contribution is voluntary with no expectations from any body and responsibility is shared. However, individuals who are not able to make financial contributions are not ostracised or marginalised; it is accepted that, if someone can contribute at all, they will; sharing in the collective benefits does not depend on financial contributions.

The communities organise themselves, with very little formalisation; women often take the initiative to organise collections of donations – this takes place on a regular basis: either for food for the monastery, for an upcoming religious festival, for Dhamma preaching event, for helping the vulnerable who suffered disasters like cyclones. They seem to prefer small donations on a daily basis rather than bigger sums less frequently. In the focus groups in Yangon respondents often mentioned amounts of 500 Kyats or 1000 Kyats as donations; in rural areas amounts between 100 and 500 Kyats were mentioned. With big festivals like Thingyan (New Year festival of Myanmar), collection of donations might be organised a little bit in advance.

Monks are often prominent in the leadership of communities; community members might reach consensus on certain topics, but often the monk would take the initiative to action these. This

seems to be the case particularly with health care. For example, organization leads by Sitagu Sayadaw has funded many social projects in Myanmar, including water pumps and construction of hospitals and he is known for his charismatic leadership and practices of socially-engaged Buddhism.



Eye clinic organized by monks in Shan state, Myanmar
(Source: www.shweparami.org)

2.2. Equality and decision making authority

Reaching consensus is an important organising principle in the Myanmar society; by way of exception was outright authority by for instance a father of the household mentioned. This was the case in rural areas as well. The views of the elders in the household are respected. Women are included in decision making or, at the very least, able to influence decisions. Many respondents said that the woman of the household has the sole responsibility for financial management.

It is common practice that heads of households (father) gives his earnings to the mother, who manages household finances.

Outside of the household, in the larger community, people accepted the decision of the village / ward authority without question. As people's day to day livelihood activities and household chores left them with little time to follow politics, they relied on the advice and initiative of the local authorities.

“Some quarters do not get loans as the chairman from ward authority committee does not take responsibility for such scheme, but our chairman understands that it is for the poor so he allows PACT to operate here.” - Female FGD, 30-50 years, Pakokku, Dry Zone

The financial decision making authority was often shared between the adults of the household; parents who lived with their children in most cases did not interfere with decisions, but advised their children when required. If parents had their own incomes, the parents' advice mattered the most.

Single female respondents, who stayed with their parents, especially where the father still worked, were not always included in the decision making.

Women take the role for budgeting and financial problem solving too. Some women respondents in Yangon are both housewife and earner. These respondents run small business on their home front or in areas close to their home. In most cases, women are more familiar with unregulated pawn shop and money lenders than men, because it is their responsibility to manage finances.

“I manage all household income and expenditure alone. Firstly, I estimate all the expenditure including food, donation and social contribution and keep the amount to cover all expenses separately. Then I check how much left in hand as surplus; if I have 100 000 Kyats, I use that money to buy gold ornament for saving.” - Teacher, 41 years old, married female, PhyaPon

“I earn money and determine how much I spend for a month, how much I remit to my father who lives in the country side. When I became a nurse, I don't need to take money from my father. It's my turn to support my father.” - Nurse, a migrant worker, 29 years old and single female, South Dagon, Yangon

“My wife has authority to decide and make the financial decision.” - married older men, FGD (31-50 years), Yangon

“Men don't want to borrow from others. As I am a wife, I have to solve the financial problems by borrowing from others in the ward.” - A wife of ward administrator, 47 years old, Pakokku

Only two of the female respondents in the Yangon groups functioned quite independently: one lived on her own and made all her own financial decisions; the other lived with her mother, but the mother contributed most of the household income – therefore she had total control over her own money (which she mostly saved.)

“My main business is selling cloth. I make good money from this business. The profit money that I get, I do my second business of money lending. I lend money for a fee.

I am single and I live with my mother. She takes care of household expenses, I don't need to contribute. So, I have my own money and free to do what I want”

-Fabric seller, female, 22-30 years, Yangon

The authority of the ward committee is still administratively regulated, but since 2012 the committee is elected, no longer appointed, and women are eligible to become ward or village

administrative committee members. Ward committee members receive very little remuneration; they fulfil these roles as a service to the community. Members are chosen based on their administrative ability, educational level and standing in the community, not (necessarily) based on age.

On numerous occasions during the interviews respondents said that they would refer a decision to the ward committee or ward leader.

2.3. Gender

It is left to women in Myanmar to juggle the household budget; men are mostly involved in decision making when larger sums are to be spent. The first item of expense to be trimmed in difficult financial times is food expenses: women have to find cheaper ways to feed the family, and may forego a meal, in order to feed her family.

Women in Yangon seemed to be confident in many spheres, including business and handling of finances. It was particularly noticeable that a number of the female respondents were not married. In some cases this related to family responsibility, for instance being the oldest daughter; in other cases it was obviously out of personal choice.

Even in rural areas women were involved in household financial decisions. They often fulfilled leadership roles, even in official positions like ward leadership.

“In our heads of ten households group,(Hse Eain Hmu) there are two women who take responsibilities for facilitating between the ten households and are involved in village development committee. There is neither favour nor discrimination towards women ” – Male Head of “Ten households”, 31-50 years, village in Pakokku

Men often hand over their earnings / incomes to the woman, for her to manage the household, manage education of children, and pay off debts.

Most NGO’s have a “gender component” in their programs. They focus on women in rural areas for financial empowerment. Self help groups offer benefits and financial services to women only. One such example is the ‘Save the Children’ initiative, in which only mothers of children under five could participate. In one Pakokku village, 26 mothers with children under five save 500 kyats per month, each mother is eligible to borrow 5000 kyats per month at 2.5% interest. Money for medical expenses for children under five, is available for those in need. The fund manager is a male villager and one woman takes the secretarial role. Their purpose of saving is healthcare for their children.

As mentioned earlier, women are more aware of the unregistered pawn shops operating in their area than the men. In most case respondents mentioned that women have to approach pawnshops on behalf of their husbands – because the men are too embarrassed to do it themselves.

The current changes in Myanmar’s shift to democracy have brought about a change in media consumption and knowledge. Most houses prominently and proudly display pictures of Aung

San Suu Kyi. One respondent explained the potential impact of exposure to international media on the role of women in Myanmar:

“Before 2011, I did not have access to media as we do today. I respect Daw Aung San Suu Kyi, and at that time did not know that there were women leaders and Presidents in other countries. Now I feel inspired, and I believe that women from my country can play a bigger role not only in the country but outside as well” – Small business man, 31-50 years, Yangon



Women in MBA graduation ceremony;

Women in business training

(Source: Myanmar Women Entrepreneurs' Association, 2013)

2.4. Functioning of informal collective structures

A country's financial system plays a critical role in its economic development. It is the vehicle through which the means of exchange are created, resources are mobilized and allocated, risks are managed, government spending is financed, foreign capital is received, and it is via financial institutions that individuals can protect themselves against economic fluctuations. Notwithstanding this essential role, Myanmar has not had a properly functioning financial system for decades.

Against this backdrop, communities have organized remarkably well numerous financial collective structures, to an extent that they function quite well in the near absence of formal financial structures.

The following self-help informal collective structures were mentioned frequently in Yangon:

- Savings pool lottery
- Funeral assistance
- Health assistance
- Donation groups

People in rural areas only collected money for celebrations and sometimes for funerals, but this is not done in a structured manner. Few savings pool lotteries, funeral assistance schemes, and donation group collective structures were mentioned in the rural areas.



“Thukha” charity clinic contributed by Free Funeral Service Society and donors
(Source: MSR, 2013)



Free Funeral Service Society’s hearse & Funeral Assistance in Urban areas
(Source: MSR, 2013, Free Funeral Service Society)

NGO initiated self-help groups in Myanmar mainly cater for women in rural areas. However, the reach of these self-help groups was not clear from this study.



(A) PACT members attended orientation meeting and training for getting microfinance;
(B) Saving and loan record book with member card

(Source: <http://dharanainasia.wordpress.com>, MSR 2013)

UN Agencies and International NGOs have set up and fund semi-formal financial collective structures in the rural areas. The most prominent NGOs are PACT, Save the Children, and World Vision. The prominence of NGO schemes might explain why collective structures initiated by the population themselves were not mentioned in rural areas. Most of these rural financial structures serve as microfinance for micro and small enterprises.

3. ECO-CULTURAL FRAMEWORK

3.1. Connectivity

The Finscope Livelihoods model identified connectivity of the community and of the household as important predictors of financial inclusion.

Mobile phones are now becoming the most prestigious item to be owned. Mobile phones are seen in wards and in urban areas. At the village level, mobile phone penetration is much lower than wards. Affluent people own mobile phones, and make an income of it by using them as “pay phones”, making connectivity easier. People use these “pay phones” to get in touch with family members in other areas. Satellite dishes were also in evidence in rural areas, mainly with affluent people.



(A) Telecommunication infrastructure in Yangon; (B) SKY NET dish in individual house

(Source: MSR, 2013)

“There are many changes in our country. I think spending power is increasing and people have better financial well being. Nowadays, everyone within my community has a mobile phone. Maybe because of importing many items, the price will go down. Ordinary people can afford to buy mobile.” - Employed Female, 22-30 years, Yangon

“If something happens in Myanmar, news spreads very fast. From Skynet, updated news can be watched. Wi-Fi is available and internet can be browsed by mobile handset too.” - Older Female, (FGD), 31-50 years, Pakokku

“There is improvement in our village. Villagers can now afford automobile, motor cycle, mobile phone and TV. Now I have good connection with my son who works in another state

by calling whenever I want to talk with him" –Female casual labour, 31-50 years, Pakokku



8-foot satellite discs on the roof tops (Source: MSR, 2013)



Satellite disc, Skynet disc and sign of telephone service in the grocery store in PhyaPon (Source: MSR, 2013)



Telecommunication towers in Pakokku (Source: MSR, 2013)



Telecommunication towers in PhyaPon (Source: MSR, 2013)

There is a correlation between financial well-being and connectivity: for example, respondents from PhyaPon urban were more financial stressed than respondents from Pakokku urban. One village from PhyaPon Township was selected for this study. Respondents from this village were financially better off than respondents from Pakokku urban; even farm labour or casual workers could access micro finance services from PACT.

In the demographic questionnaire used during the recruiting stage, specific questions about connectivity were asked. Based on the finding from this qualitative study conducted in 3 regions (Yangon, Pakokku and PhyaPon), accessibility to media touch point such as TV, radio, mobile, internet, and electricity are presented below.

Table 14. Media Touch Points in Study Areas

Media Touch Point & Access to Electricity	Yangon N=44 (HV+FG)	Pakokku (Urban) N= 16 (FG)	Pakokku (Rural) N= 6 (HV)	Phyapon (Urban) N= 32 (FG)	Phyapon (Rural) N= 14 (HV)
TV	44	16	1	8	7
Radio	22	16	4	8	11
Mobile	26	5	1	1	4
Internet	9	0	0	0	0
Access to Electricity	44	16	0	11	10

Source: MSR

In the urban areas, TV is common in households. In the rural areas, TVs are used, often powered by batteries or generators, mainly to watch movies and soap operas. Satellite dish are owned by few affluent people in the village, they have access to international channels.



(A) TVs owned by respondent in Yangon, (B) TV owned by the respondent in Delta
(Source: MSR 2013)

Radio is most common in both rural and urban areas, and the most common source for obtaining news and information. Music, sports, Dhamma teachings, and chat shows are common radio programs listened to by women and the young. Elderly males follow the news bulletins and share news among family and friends.

Mobile phones are more common in the urban areas. With SIM card prices slashed and cheap Chinese made handsets easily available, rural areas are bringing in connectivity closer home. Mobile phones are often used for chatting, SMS, and exchanging photos. Smart phones are

gaining popularity in the urban areas, and latest versions are being snapped up by upscale Yangonites. At the time of the study, mobile phone penetration in the rural areas was much less, compared with Yangon.

Internet cafes are increasing in the urban and ward areas. Connectivity is often slow and unreliable. For people in the rural areas, internet is very new, with most people not being able to connect or relate to technological innovations. The main reasons for not being able to connect to technologies are the lack of information, and lack of money to buy mobile phones, lack of time, and lack of interest. The older generation also do not see the need to own phones. In the rural areas, there are some affluent people who own mobile phones, those with mobile phones use them as “pay phones” as well. In spite of the difficulties, people in rural areas manage to stay in touch with family who have migrated out to the city or moved abroad.

However, the younger generation in the wards and urban areas are exposed to new changes in the communication scenario of Myanmar, plans and prices.

Electricity supply is erratic with urban and ward areas often facing power outages or voltage fluctuations. Some rural areas do not have electricity. People in the villages use rechargeable batteries to light up their homes for a few hours each day. In the sample village from PhyaPon, some households could access electricity from private generators during night times only.



Gasoline generator, Voltage regulator, Battery used by respondents for electricity

(Source: MSR 2013)

3.2. Perceptions on financial well-being

Most respondents were not satisfied with their current economic situation. Almost all hoped for better incomes to realize their aspirations.

In rural areas, day to day survival took over any hopes and aspirations for the future. There is no guarantee of employment all through the year, so incomes are not stable or even consistent. Most often, members of the household engage in small business to supplement the main income. Employment is also seasonal – there is a constant dip and rise in incomes. Severe weather brings unforeseen situations, forcing families to limit number, and portion of meals.



(A) Casual farm labour’s house in PhyaPon (B) Casual farm labour’s house in Pakokku
(Source: MSR, 2013)

The people in Yangon were relatively well off compared to the rural population; however, based on information given by respondents, there are many people in the city who are very poor.



Respondent’s house in Yangon: outside and inside (Source: MSR, 2013)



The type of houses shows the financial well being of respondent.
(A) Respondent’s house in Yangon **(B) Respondent’s house in outskirts of Yangon**
 (Source: MSR, 2013)

During group meetings, people are embarrassed to share their “actual” financial well being, the more affluent participants tend to underplay, while the poorer participants, prefer to be neutral. In group scenarios, personal highs or lows are not freely discussed. Responses may be indirect, respondents may mention “crop failure due to flooding / drought” or stating “coping mechanisms during hunger months”, “selling land / livestock / household assets” – which may be interpreted as indirect indications of the financial well being of that participant.



Aid from INGO and UN; Respondent attended training and received back pack from UNICEF, LIFT and World Vision (Source: MSR, 2013)



Livelihood Aid from INGO; (Source: MSR, 2013)

“I have better financial well-being because of PACT. They gave me Kyat 60000 for betel leaf plantation. Now I have income from betel leaves for my food.” - Farm casual worker, 31 years old and married man, PhyaPon

“Salary amount is increased and we have better financial wellbeing. I can spend more relaxed now. I had to do teaching in both school and private tuition beforehand because of low salary” - Teacher, 41 years old and married, 31-50 years, PhyaPon



Aid from World Vision and NGO; technical handbook for agriculture (Source: MSR, 2013)

Pakokku is situated in the dry land in upper Myanmar. Agriculture is diverse, with a variety of crops cultivated in these areas. When compared to respondents in PhyaPon, Pakokku respondents were financially better off, if only marginally.

The terrain, climate, agriculture and employment sources are markedly different in both these areas. Terrain also determines the ease of access to credit facilities. Remote communities, people living in the mountain regions often face terrain and transportation difficulties - making access more difficult compared with people on the plains or the coast. Various international NGOs have extended their reach to these remote communities with interventions ranging from agriculture improvement to alternate cropping and making access to credit possible.

The research was conducted during March 2013, the dry season in Myanmar, when the financial well-being is better than in the wet season. Most respondents said that they suffer financially during the wet season. This was particularly the case for farmers in the rural areas, whose arable land was often totally flooded during the wet season. Casual labour opportunities also diminish, reducing the overall household income, forcing people into a cycle of debt.

“This was the case for not only farmers but also casual workers in dry region because the slipper manufacturing businesses dramatically reduce the product volume of the slippers. Other reasons are that the slippers are needed to be dried under the sun and most of the people do not wear those kinds of slippers in the rainy season.” - Young couple, 22-30 years, Pakokku

“During rainy season, my husband cannot go fishing and at beginning of school season I have to pawn clothes and household items for food and children's schooling” - Housewife of fisherman, 31-50 years, PhyaPon

Official figures indicate the 45.5% of the working population are employers or self employed. Employment opportunities are few, as Myanmar does not have a thriving manufacture sector. Self-employment is apparent. The strong entrepreneurial culture in Myanmar is evident everywhere, with many respondents working in the informal sector and trading: informal tea shops, grocery stores, tricycle pedlars, selling government lottery tickets, phone booths, traditional snack shops, tutoring, etc. - even producing an income by lending money, which seemed to happen frequently with the slightly more affluent respondents. Income generation through money lending is however not always restricted to the affluent always. When there is money available at hand, they become money lenders. Women are more likely to engage in part-time lending activities.

“I had extra money from pool saving and lent to my friend who needed urgent money and agreed to pay 8% interest to me. Unfortunately, I lost money and friend because she did not pay back to me. From this experience, I never lend to others and never borrow from others.” - Employed female, 31-50 years, PhyaPon

“I lend money to the neighbours at 10% interest. Income from interest covers the food expense. I don't take risk from lending so I lend money to the familiar person only. I cannot do anything if they cannot pay back.” – Unemployed female, 31-50 years, Yangon

Most of the households in which respondents lived, owned the property where they resided – in many cases, the parents owned the land and the house. Some more affluent respondents owned other land that they often used to speculate. Only some individual respondents in Yangon mentioned rent as an expense. Rent was also not mentioned as income. Obviously most of the respondents from rural area own lands and houses. In addition, the rent for houses is not expensive in the rural areas. Financial hardships were obviously not related to property ownership:

Most respondents were not very satisfied with their current financial well being. For people in the rural areas, incomes are not stable during the year. Still, some were marginally better off than before. However, uncertainties in the rural areas about employment, agriculture and other activities remained. In the urban areas, job opportunities were higher, income for daily wages in Yangon much higher compared to daily wage in rural areas (3000 - 4000 Kyats / day in Yangon, 1000 Kyats / day in rural areas).



The interior of house shows the financial wellbeing of the respondents

(A) House in rural village, (B) House in Yangon, (Source: MSR 2013)

Urban respondents were financially better off than before because they had more job opportunities now than in the past, and incomes better than before. However with an increase in prices of essential commodities, and other expenses, purchasing power is still stagnant. People generally have a sense of “improved well-being” compared to the previous years, in terms of improved communication, infrastructure, and access to information. Financial well-being may only have improved marginally, as incomes are not proportional to rising costs. Purchasing power in urban areas is different from rural areas, basically because income levels are different.

“Since father became a pensioner, family economic situation declined and I was looking for a job as we want our parents to live without worries. Their happiness is the most valuable thing for us.” “Since graduation I took up various jobs including at a garment factory and last year in a town far from home.” – Female casual worker, graduated, 31-50 years, Pakokku

"PhyaPon is the base for fishing boats. As fish became scarce, trading is down and the workers at jetties have less work" "Previously our husbands who worked at the jetty earned between 3,000 – 10,000 or 15,000 Kyats a day but now it is difficult even to get even 3,000 Kyats" - Wives of Fishermen, 31-50 years, PhyaPon

"My salary increased from 20,000 Kyats to 70,000 Kyats but cost of living also increased and now I have to spend on eye treatment. Although we are not yet in debt we cannot save money."
 – Female worker, (FGD),31-50 years, Pakokku



Possession of TV shows the socio economic status of the respondents
(A) LCD TV owned by the female respondent live in downtown Yangon
(B) CRT TV owned by the female respondent lives in suburb Yangon
(C) 14" CRT TV owned by the female respondent lives in village in Dry zone
 (Source: MSR 2013)

3.3. Financial skills

Even very poor respondents were remarkably financially literate, and used terms like profit, liquidity, capital, interest etc. with insight; even if their own profit was as little as 1000 Kyats, they understood the concept. This was particularly apparent when they described the difference between ‘saving’ and ‘investing’: investing is when you plough money back into your own or somebody else’s business; saving is when you put money aside for future use. Even a farmer would describe buying livestock as investing in his business. Saving provided limited interest, but in investment profits were higher albeit with an element of risk involved.

"I saved gold because it is liquidity during an emergency. If I need huge money, I sell out it. If I need small amount, I pawn it." - Male, 22-30 years, Yangon

"When compared to the benefits of saving and investment, I think investment makes more money than saving. In order to invest in farming, I need 300 000 Kyats. I cannot borrow that

money from others because they do not dare to take risk for me.” - Farm casual worker, 31 years old and married male, PhyaPon

“Saving cannot make a the profit but investing can make profit or loss. For me, successful investment is related to my luck and policy of the country. I lost money from investing in lottery business.”

“Some save money, some save U.S dollar, some save gold. Gold is stable and the price does not go down. U.S dollar is international currency and can be used in foreign country.”
 Lottery agent, 49 years old and married female, Yangon

Educational achievement was a source of pride: the more affluent respondents interviewed proudly displayed photos of graduates of the family; sometimes as many as 5 siblings of a single family displayed their degree certificates. There seemed to be a direct correlation between education and affluence; the most affluent respondent interviewed had a MBA; the poorest respondent had primary level education. It is believed that good education will lead to a good job, and improve living standards.



Respondents proudly show prizes, graduation pictures, and awards received by family members (Source: MSR 2013)

Even with limited schooling respondents had a good numeric ability. They could for instance recalculate monthly interest rate to a daily rate.

The research did not determine literacy; however, according to information of past studies that MSR conducted, the literacy level is good. Male respondents had better literacy skill than female in rural areas.

“Planning’ has been described as one of the predictors of financial inclusion. Little evidence of formal budgeting was evident; however, this does not imply that respondents did not do any planning – at the very least, most had a ‘piggy bank’ where they put a small amount in every

day, to use in case of emergencies. Many families tried to make some provision for the wet season by putting money in the piggy bank. In spite of this, it seemed as if many of the poorer people were trapped in a never ending continual cycle of juggling limited funds to pay interest on their loans; they do not seem to be able to plan how to get out of the cycle of debt. Respondents mentioned that most times people borrowed money from more than one source – it was not surprising that people were borrowing from one source to repay another. Informal lending agencies charged high interest rates, so, the higher interest loan was serviced first, followed by others. It was not considered unusual for people to balance more than one loan at any given time.

Case Study 2 respondent, female entrepreneur from Yangon, involved in rattan handicrafts, mentioned she had put some amount of money in the bank as savings and decided to “forget” about it. She earned interest on this saved money, and she has reserved this money for any emergencies or for investing in new business.

As incomes are dependent on a number of factors, planning is not always possible. People aspire for changes, for a better standard of living, but have to deal with food, education, and other unexpected expenditures...leaving them with little time or money to plan for the future. Most are thankful to the informal money lenders in their communities for easy access to money, when in need.

When money was in surplus, the borrower also became a money lender. Small surplus was also used to buy gold. Again, gold could be sold off or pawned in times of need. This was more common in the urban areas. It was clear that in the absence of formal lending agencies, people devised their own ways and means of financing, which was tried, tested, successful and accepted by most people over the years.

3.4 Changes in complexity of the environment over time

3.4.1. General environment

Since 2011, Myanmar has opened its doors to democracy and change; the political climate in the country has changed bringing in more “open-ness and transparency” in different sectors, however, it seems as if this is experienced on global and national level to a greater extent than at the grass roots level; as far as the citizens in Yangon are concerned, they have more freedom of expression, which is noticeable in a freer press and that they can play music loudly. Rural people have limited experience of change.

The biggest impact seemed to be improved connectivity; the uptake of mobile phones is happening at a fast rate; we hypothesise that the ownership of mobile phones is far higher than the official 5%.

There is also increased access to the internet. Many such services are advertised in Yangon. Villages located close to the ward have benefited, there is greater access to mobile phones, internet and print media. Remote villages are cut off from main stream activities, with few villages having access to mobile phones, internet or media.

3.4.2. Financial environment

It would not appear as if respondents interviewed in March 2013 were aware of any changes in the financial environment, nor did they experience formal financial products and services to be more accessible than in the past.



(A) CB Bank in Pakokku; (B) MADB Rural Branch

(Source: MSR; <http://madb.moai.gov.mm>)

Formal and informal financial institutions are present in both rural and urban areas.

4. ATTITUDES

4.1. General attitudes

4.1. 1. Religious orientation

The Buddhist view of life permeates most of everyday attitudes, even for more affluent respondents: a very high value is placed on living in harmony, doing good deeds, respecting elders, family closeness, participating in spiritual activities, doing social activities as volunteers. Some respondents believe that doing good deeds will have positive effects on their current lives and next lives. On the other hand, some respondents believe doing bad things such as murder, theft and crimes will have negative impact on current and next lives.

Spiritual highlights like attaining monkhood is treasured and people are prepared to spend vast amounts of money on these (figures of a few hundred thousand kyats were often mentioned; rich people might pay millions of kyats for such ceremonies; however, poor people and orphans are mostly sponsored to take part in the events organised by the rich.)

Good deeds and contributions to spiritual activities punctuate daily life – donations for these take place on a regular basis and people try to contribute, even if it is only 500 Kyats (in Yangon) or 100 Kyats (in rural areas). However, non-contribution is not judged and does not exclude these people from sharing in the benefits.



Acknowledgement of donation; Monthly donation record books (Source: MSR 2013)

The fact that transgressions against others will result in suffering, if not in this life, then in the other lives, affects every day behaviour: it is for instance possible to walk with a bundle of cash in the streets of Yangon. Crime rates are low in both urban and rural areas, people respect and fear the law. It also affects the repayment of credit: it seems to be an unthinkable concept to not repay debt. Non payment of debt would also disturb harmony and is therefore avoided.

“Pay back of debt is first priority because only by repaying old loans they will trust you and give you new loans.” – Female farm casual labour, 38 years, village in PhyaPon

This attitude does not mean that people always fulfil their obligation to repay debt. A very telling example of how harmony in society is treasured is moneylenders’ approach to get unpaid late interest or loans back: moneylenders use debt collectors, but, unlike in more violent societies (where debt collectors would do physical harm to offenders), in Myanmar debt collectors go the offenders houses and shout abuse at the offenders. The embarrassment of causing such ‘shameful disturbances’ is enough to encourage prompt payment.

“Some lenders come and shout or abuse in front of your house if there is late payment. People are not willing to take loan from them.” - Young Male, 22-30 years, PhyaPon (FGD)

“I did not take loan at high interest from money lender even during difficult times. It is shameful if I cannot pay back. There is a constant pressure of mounting interest that makes me mentally upset and causing suffering. I cannot stand it.” – Farm casual worker, 31-50 Years, village in Pakokku

4.1.2. Tradition

Tradition is valued and many respondents, especially older ones, expressed concern over potential loss of cultural values in a changing Myanmar. Annual festivals are occasions for gifting small sums of money to elders in the family, and in the community; respecting elders is paramount in Myanmar society. Elders are greeted / congratulated and money gifted to them as a gesture of respect. The amount of “gift money” depends on the socio-economic status of the households. Money is used by the elders to buy snacks, other traditional foods, buy gifts for grand children, make donations, and buy medicines, among other things.

When the festivities near, families set aside small amounts for felicitation, to express joy and happiness and respect for their elders. It is of interest here to note that the households not only felicitate elders from their family, but also elders from other households in the community.

Contributing cash and kind to victims of arson, fire etc, within the community is considered as earning merit in this life. Monks from the local monasteries coordinate these support activities. Whether poor or affluent, all members of the community are encouraged by monks to provide for those in need, in cash and kind, making the community more cohesive, by adhering to simple principles.

No money is set aside for these activities. Households contribute whatever they can, there are no fixed amounts.

When respondents were asked at the end of the home visits if the researchers could photograph something that they are proud of, they often pointed to a photograph of the parents; sometimes they asked to be photographed with the parent if the parent was in the house.



Respondents with parents (Source: MSR 2013)

4.3.3. Long terms vs. short term orientation

It was difficult to determine whether the Myanmar people have a long term or short term financial orientation; for people in the lower socio-economic classes it is definitely short term, but for the affluent sections of society, it could very well be long term, as finances are easily available to them.

For the rural people and urban poor, meeting everyday challenges does not give them any time or money to have a long term plan or strategy for basically anything. Meeting the needs of employment, education, health, living expenses is an all consuming activity – orientation is strictly short-term.

The following quotes give an insight into the short term financial orientation

“Because of scarcity of jobs and the debt burden, no one in our quarter is free from debt” - Older Female, 31-50 years, PhyaPon (FGD)

“We tried not to go into debt and pay high interest out of our income but have to borrow for emergencies such as sickness and children' schooling costs. We do not want children to know if the creditors come and put us to shame and despair. Recently my daughter found out that we were in debt and said she would no longer take tuition classes.” - Older Female, 31-50 years, PhyaPon (FGD)

“During the 3 month break period in offshore fishing, men have no work. Casual labour work is also not easily available during these times” - Wives of fishermen, (30-50), PhyaPon (FGD)

“During summer, there is scarcity of job in our area; we are struggling to find money for daily expense. I plant coriander near the bank of river and do as casual worker for any hard work.”

-Casual farm labour, 31-50, village in Pakokku

4.1.4. Individual achievement

Education is highly valued in Myanmar. Traditionally, five pillars make up Myanmar society: farmers, workers, students, monks and the military. All Myanmar children who have attended school are aware of these five pillars because of the pantheon of national heroes revered throughout the nation.

Buddhism advocates the enhancement and glorification of filial piety: the respect and devotion of an individual for their parents and teachers. In a predominantly Buddhist country such as Myanmar, teachers have traditionally been regarded as one of the ‘five gems’ and considered on the same plane as the Buddha (who himself was a teacher), the Scriptures, monks and parents. In such societies, teachers assume the role of substitute parents.

In the urban and rural areas, education and being able to earn a university degree is a major achievement, and a matter of pride to the families as well as the community. It is thought that a University Degree will bring in better job opportunities, improve financial well being, and also ensure a higher status and respect in society. Pictures from graduation ceremonies, certificates and other educational achievements are framed and proudly displayed in households. An educated child in the rural areas is not only a matter of pride for the household, but also envy to others in the community. The educated person is considered “wise, and capable of educating less fortunate children” in the community.

In the urban areas, in affluent homes, parents invest in private tuitions, hoping the best for their children. Parents wish for their children to be able to converse in English, and go abroad for higher education.

“I believe that education builds confidence and ability to take on any challenge in life. That is why one of my major expenses is educating both my daughters. For myself, I am extremely confident about my own ability in running my enterprise; I would like my children to be the same.” - Case Study 2, Female, Handicrafts Enterprise, Yangon

Material wealth is not openly displayed, but people are proud of their possessions. However, in these changing times, the restrained approach seems to unravel itself. Affluent families display their wealth by hosting elaborate donations, feeding people on anniversaries, novice ceremonies, and also helping less fortunate members of the community. People in the rural areas aspire to have all the comforts that money can buy, and tend to forego simple comforts for the larger good of the household or go into long term debt for small comforts. People in the urban areas are more willing to go into debt to meet their needs and comforts.

4.2. Attitudes relating to financial functioning

4.2.1. Formal vs. informal financial structures

“I believe banks are only for those who have lakhs or millions of Kyats, not for people like us”
- Older male, 31-50 years, PhyaPon FGD

“We cannot get loan from banks because we do not have property to pledge as collateral and our houses are not acceptable to banks.” - Older Female, 31-50 years, Pakokku FGD

“Living from hand to mouth, we have no chance to use bank services” - Young Female, 22-30 years, PhyaPon FGD

These statements from the FGD participants give an insight into why formal financial institutions are not popular with rural people. This also echoes the perceptions and sentiments of most people towards formal financial structures. The sole exception was the woman handicrafts entrepreneur from Yangon. Her family has been engaged in business for many years, her siblings run their own enterprises, and she is well versed with all banking services and benefits.

All formal financial products were associated with ‘hassle’: daunting paperwork, requirements for recommendations from village authorities, red tape and delays. The regulatory requirements to open such accounts made it obvious that lower income people were not the target market, for example that banks do not give loans unless collateral in the form of property is given – but apartments, which most of the people in Yangon live in, is not included.

The benefits of formal financial systems, which are unclear to most people, especially those residing in the rural areas. It was felt that saving in the bank would yield low return as the following quote illustrates:

“If I had more money, I would buy gold for saving purpose. I would not choose saving at bank, because if invested 1000 Kyat, profit was 200 Kyat in non-bank savings, and saving at bank could not profit like that.” - Young Female, 22-30 years, Yangon FGD

In the urban areas there was some awareness of the products that banks offer, yet the negatives associated with using these mostly outweighed the few advantages: the entry requirements that exclude low income people, the daunting process to open accounts/apply for loans and inconvenient/non-existent delivery channels being the most important.

The unregistered money lender and pawn broker are the two common sources for quick and easy money access in both urban and rural areas. One of the FGD participant mentioned that if she borrowed money from either pawn broker or money lender, and paid back in time – she has guaranteed herself of future loans at lower interest rates.

“Good points for getting loan from informal money lender are: no need to give collaterals, no

legal action taken in case you cannot repay and we can also negotiate new repayment term. The bad point is high interest.” “It is very easy to lose your dignity with a money lender, if payments are delayed or defaulted.” - Young Female, 22-30 years, PhyaPon FGD

“Since the saving group is informal, there is no law to sue for cheating and taking away all money. Police cannot help to find that person. Even there is fighting or embarrassment in the community, there is no secure guarantee to get back that money”. - Older Female, 31-50 years, PhyaPon FGD

“My working hours are from 7am to 7pm. I don’t have time to go the bank. For my small amount of saving, I cannot wait at bank. If there is mobile banking, I am sure to use bank service for saving. “ – Home Nurse, Female, 22-30 years old and single, Yangon

Respondents mentioned friends and relatives as another source for money. Loans are given with no interest charged or nominal interest.

Even the bank product most frequently used, remittance, was perceived to be not as efficient as the informal ‘hundi’ system – because the latter was faster! This is explained in greater detail in the following sections.

4.2.2. Regulated vs. unregulated structures

Most formal credit providers such as registered pawn shops, and microfinance cooperatives are registered with the local authorities, and have to follow rules set by the Government with regards to lending amounts, interest rates, collateral, gold and defaulting. In the informal sector, pawn shops and private money lenders are unregistered, and have their own rules about lending, interest rates, pawn items and defaulting.

Formal credit institutions offer interest at considerably lower rates than the unregistered ones – yet the latter is often preferred. The attitudes toward the registered ones relate to hassle, as described above. The registered pawnshops are viewed relatively positively, since these address the target market’s needs in a practical manner. However, they were open during office hours, which meant that a customer would have to go into such a store in broad daylight, when everybody could see (and deduct that the person is in dire financial straits.)

A registered pawn shop accepts clothes, even mosquito nets, utensils, household assets excluding electronic goods (unregistered pawn shop accepts everything). The item to be pawned is first evaluated, most often pawned items fetch between 50-70% of the original price. Gold can be pawned at a 3% interest. Often, interest is decided by the pawn shop owner. Interest charged is negotiable based on borrowing-repaying relations with the pawn shop owner. Interest is higher for first time borrowers. If the value of the pawned item is below \$100, the interest charged is 5%, if item is valued more than \$100; the interest is between 3-4%. Clothes normally fetch a third of their original price.

“There are no registered pawn shops in every ward; however, unregistered pawn and money lender are in every ward. If I go to a registered one, there is transportation cost and in case of emergency, it is not easy to go there.” - Young Female, 22-30 years, Tharketa, Yangon

FGD

“Registered pawn shop is very strict with customers. I cannot negotiate repayment terms, in case I cannot pay back in time, gold or any item that pawned is lost. I prefer to go to unregistered pawn shop. - Young Female, 22-30 years, Yangon FGD

Exorbitant interest rates are charged by unregistered pawn shop owners and money lenders. Money lenders often charge 20-30% interest for short term loans. When people borrow money from these unregistered sources, repayment towards loans with highest interest becomes a priority; registered ones like banks are likely to be quite low down on the list to repay. One of the reasons why informal and unregistered credit providers are favoured over formal ones is that you can negotiate with the former – a good payment record with them is essential to allow negotiations – therefore they are paid back first.

“Informal money lender can accuse the borrower if he does not pay back. That’s it. But the borrower has to pay back to the formal creditor like government’s bank (MADB), the semi-government company (UMEHL) and NGO (PACT) because of the contract obligations. If the borrower does not follow the contract, he could be arrested or charged by the authority. This is a “must pay” loan.” – Small farmer, female, 31-50 years and married, PhyaPon

“Informal lenders should be thanked for giving loans when you are in difficulties. If they do not give loans we cannot get from other sources.” - Older Female, 31-50 years, PhyaPon FGD

“Under daily repayment term if I take 10,000 Kyats and I have to repay 1,000 Kyats for 12 days. Another type- for 10,000 Kyats I repay 300 Kyats daily until I could repay the principle lump sum. There are also different treatments from different borrowers depending on trust and reputation. If something goes wrong, I could lose dignity.” - Young Female, 22-30 years, PhyaPon FGD

4.2.3. Saving

There is a very strong savings culture in Myanmar. Virtually all the respondents in Yangon regarded saving as an integral part of money management. People save small amounts of money when they can. In both urban and rural areas, gold is a preferred savings. In rural areas, farmers also save in land and invest in livestock. Not all people can save, due to present circumstances, but, as soon as possible, most people would start saving again.

People differentiated between ‘saving’ and ‘investing’: saving has limited risk attached to it but also limited growth; while investing a higher return was expected due to higher risk. Therefore the methods preferred for saving was safe: gold and piggy banks. (Due to low crime rate in Yangon and in the rural areas, no respondent mentioned a concern that savings might be robbed; gold was not on display, but piggy banks were often placed where others could see it. In both urban and rural areas, people might wear gold jewellery to ceremonies).

Saving was mostly considered to be important in times of crisis. Gold could be used as collateral at pawn shops; only in desperate situations would gold be sold. Piggy banks could be

opened as required. Most people try to put small change in the piggy bank, the amount differs between individuals, professions and socio-economic class.

“I have never heard about saving in the bank from people who live in my community. This is like rural areas; where the farmers’ family buy gold when they get money after selling their harvest. When they need money, they pawn or sell the gold. This is our saving technique.” - Part-time money lender, female, 31-50 years and single, outskirts of Yangon

“Trying to reduce expenditure to be able to save and spend later on for buying personal items, things for children and family members, I can also keep a few savings which is intended to start a small business together with my husband.” - Young Female, 22-30 years, PhyaPon FGD

“I saved penny by penny from our unstable income to have Kyat 10000. I used that saving for repaying the retail debt. I breed livestock as saving for long-term. If I face difficulties in money because of tide or health, I will sell out the livestock to get money”. – Farm casual labour, Male, 31-50 years and married, village in Pakokku

Saving was required to survive during the rainy season; rural respondents mentioned that income could be as little as a third of normal income.

Saving to create a better life was mostly done with pool savings. Since the pay-out was in most instances a relatively small amount, it was viewed in a light-hearted way, not expected to change lives. In some instances these payouts were used to buy small gold items.

“You need a bigger amount to go and save at bank. Saving in group saving pool is easy and quicker in getting the collected amount when your turn comes and I could investment this money.” - Older Female, 31-50 years, PhyaPon

“Benefit of saving pool is- you get a lump sum which could be used for social occasions and medical costs. Weaknesses are you may have difficulties to pay regularly if you join a big amount group, the group may have problems if some members failed to save after they borrow and the leader has to put money on their behalf” – School teacher, female, 31-50 years, PhyaPon

“Previously we lived at parent’s house. There were many people. I tried to save money and could build own house this year. My family is now enjoying more freedom and happiness.” - Young Female, 22-30 years, PhyaPon

“I feel that saving pool is good for me. It depends on luck, if I am lucky, I win the early turn to take the money. I save only 10000 Kyats monthly which is not much amount for me. I can use the lump sum money earlier than others. I don’t need to borrow from others and there is no interest for it. It is safe saving because members are working together in the same school. After receiving the salary, all members give their quota to the person serially”. - Teacher, 31-50 years, PhyaPon

“I don’t save in the group saving. Group savings confuse me and I don’t have daily income to

save. If I cannot pay for group saving, I have to borrow money again.”

- Unemployed Female, 31-50 years, Yangon

In rural Pakokku, respondents were hesitant to join pool savings group. The field team did not come across any pool savings group. Some respondents shared bitter experiences of being cheated, so, instead of trading blame, they preferred to stay away.

In the Delta area of PhyaPon, respondents saved through pool saving system. Although not very popular, it was still considered a way of saving money. The mode of operation was the same as mentioned above. Participants from focus group discussions did not participate in pool savings, however home owners / households, during home visits engaged in pool savings.

Asset formation was not really part of respondents' frame of reference; more affluent respondents referred to investment in land – but realised that there was risk involved. Due to the fact that households function collectively, individuals do not collect assets.

4.2.4. Credit

Using credit is considered a reality of life, not something to be embarrassed of. Respondents openly discussed methods of obtaining credit, amounts and interest rates.

Credit for buying food, for enrolment into school, clearing other debts and borrowing at lower rates to lend out at higher interest rates, and for livelihoods are some of the reasons shared by respondents for the need for credit. Many use credit to tide them over at difficult times (for instance until their pool saving paid out, until they receive their salaries or for emergencies, mostly relating to health problems).

Health expenses seem to be relatively high compared to income; figures of thousands were mentioned. Expenses vary between on the types of healthcare service providers such as government's hospitals, private hospital and specialist centres and clinics.

“Lenders are not willing to give loans to casual workers who do not have regular income like salary earners they trust.” - Older Female. 31-50 years, PhyaPon

Monthly interest is 20% and when unable to repay on time they charge compound interest and I have to plead with them not to come and shout in front of children and bring shame on them. We could never enjoy fully what we earned. Just repaying loans”, - Older Female, 31-50 years, PhyaPon

“If somebody wants to borrow money from me, I pawn my gold jewellery at 3% interest at registered pawn shop. Then I lend money at 5% interest. From that I gain 2% profit. I don't want to keep money as fixed money; I love to play with money.” – Fabric seller, 31-50 years

old and single, Yangon

“Very often we have to borrow short term loans from another person to repay the first moneylender and borrow again to repay the second money lender” - Older Females, 31-50 years, PhyaPon

“There are different borrowers; one type doesn’t think too much and they take loan easily and not think about the payment; the other thinks seriously and is worried about debt and they find money to pay back as quickly as possible. Returning the principal and interest depend on their financial situation. Sometime, the informal money lender cannot get back the loan. - Older Female, 31-50 years, Yangon

“I don’t want to borrow money from relatives because they do not take interest; I have to thank them and feel inferior. Instead of doing this, I prefer to borrow money from banks or other who take low interest.” – Small business owner, female, 31-50 years old and married , Yangon

If someone felt sick, he or she could go and see the doctor at the government hospitals or private hospital or clinic. If he or she goes to the government clinic, the cost will be about 2000 Kyats. However, the cost will be at least 8000 Kyats for that fever if he or she goes to the private hospital. For major cases such as surgery and/or emergency care, the cost will be at least 500,000 Kyats at private hospitals. The cost for same case will be about 300,000 Kyats at government hospitals. Since these expenses are not planned to, they invariably result in a necessity to obtain credit.

“I put our son at the best hospital in Yangon and also in PhyaPon before he died. I had to borrow 500,000 Kyats” - Older Female, 31-50 years, PhyaPon FGD

“I have to borrow to send my son to attend two month private tuition classes for examination at the University in Maubin from PhyaPon” - Older Female, 31-50 years, PhyaPon FGD

The first priority to obtain credit for their health expenses is to pawn or sell their gold. If people do not have gold, they will take loans from relatives or money lenders. High interest rates are charged, sometimes up to 20%, resulting in further borrowing to clear high interest loans. Some people sell their household assets for much needed cash, others cut back on number of meals. Balancing finances and ensuring the household has food on the table, is often the responsibility of the mother.

Many of the traders use short term credit for productive purposes: to buy stock today, which will hopefully sell, enabling them to pay the loan back tomorrow. In rural areas, farmers sell their produce in advance to dealers; however, they are at the mercy of the dealers who often sets prices much lower than the market price for the produce

Few seem to feel that they are caught in a never ending debt trap – to them juggling money was just an unfortunate reality of life. Despite high interest rates charged by informal money lenders, the fact that they are around, can be accessed any time during the day, and hassle free – respondents are thankful for their presence in the community.

4.2.5. Mitigating risk

The concept of individuals or individual households making provision for future risks was foreign – since most of the people function within collective structures, these structures were geared to cope with such events. The advantage of functioning within collective structures was, amongst others, to experience the safety net a community provides in times of crisis or when individuals do not have the ability to look after themselves. It is for instance unthinkable that elders would have to make provision for themselves – that is what family is for; widows and orphans will be looked after by the religious community; if disaster strikes, like with cyclone NARGIS in 2008, the community pulled together to assist those in greatest need.

Informal community associations, often headed by monks, mobilize relief for victims of fire, natural disasters, etc, by encouraging people to donate in cash or kind. People willingly donate for such causes, as it brings merit in this life and carries forward into their next life.

Insurance as a concept was virtually unknown; only a few Government employees had life insurance - which they did not really value.

“I know life insurance policy because my husband has been in military service and it is compulsory to take out insurance policy. It is already eight years now. The monthly premium of 46 Kyats is deducted from salary. He put my name as beneficiary.” - Young Female, 22-30 years, PhyaPon (FGD)

“Our old house was destroyed by Cyclone Nargis. I had to sell half of the garden land to build the new house. If we don’t have money, we have to borrow from others to solve the problem. I think that insurance is the way to mitigate the risk. From the past experience, I think that we should have insurance. But I don’t know how to do it and where to find information.” - Older Female, 31-50 years, PhyaPon

“I agree that the insurance can solve unexpected problems. My son-in law who lives in Singapore has health insurance. When he suffered a heart attack, the insurance company covered all expenses. If they did not have insurance, they had to pay huge amount of money. I also want to have that medical cover insurance.” – Lottery agent, female, 31-50 years, Yangon

5. FINANCIAL ACCESS IN MYANMAR

5.1. Availability of formal financial products in March 2013

In March 2013, when the fieldwork was conducted, access to formal financial institutions in Myanmar was limited, as is explained in appendix 1, which MSR compiled to provide background against which the behaviour and attitudes of the target market could be evaluated.

5.2. Informal financial products unique to Myanmar

In the following sections, a few unique products and the specific way in which they function in Myanmar are explained.

5.2.1. Pool lottery saving system

Many respondents, particularly in urban areas, were part of an informal savings system; it seems to be more popular amongst females than males. Any individual can initiate and organise such a scheme. At the start of the system, the contributors draw random numbers – these indicate the order in which the payout will be received. The organiser of the system always has number 1 and therefore receives the money first – which is enough of an incentive to do the admin of the pool for the remaining time. A number of contributors, (for instance 10), each commit to contribute an amount per day (for instance 1000 Kyats); after a number of days (for instance 10), a draw is done and paid out according to numbers. The saving system is approached light-heartedly and pay-outs are considered as a small bonus for indulgences or sometimes to buy gold. It is possible for someone who drew a later number to swop numbers with someone with an earlier number at a small price – at a fee of 5000 or 10000 Kyats depending on the amount of pool saving. Very few incidences of fraud were mentioned. If an individual member defaults, the organiser has to pay in. On rare occasions the organiser of the system banks the contribution or lends it out in the short time that it is in his/her care. A person can be part of more than one pool savings group at a given time.

5.2.2. Funeral assistance

Some form of formal funeral assistance has been mentioned frequently, yet it is not taking place in a well organised manner. This typically takes place in a ward, though more than one of these systems could function within a ward. Detail of the systems differs, but in principle everybody who can afford, pay a small sum (e.g. 1000 Kyats – 500 Kyats- 200 Kyats once a month) towards funeral assistance; upon death, these contribution are used towards funeral costs. Everybody benefits, whether they contributed or not. In Yangon there is an NGO, Free Funeral Service Society. (Refer to case study number 1 for a detailed description of how a funeral assistance group in one ward functions.)

5.2.3 Health assistance

Insurance is a new concept in Myanmar. Few people have actually heard about it, and still fewer understand insurance. In this scenario, some monks and community leaders have founded voluntary health assistance organizations in urban areas. Blood donation, doctors' consultation fee, pharmaceutical expenses were some of the services provided by these

associations / organizations. One has to pay for blood from hospitals and clinics in both urban and rural areas. To help those in need, monks organize blood donation camps, where blood for the sick can be obtained free of charge, after checking for quality and compatibility.

Some mention was made of organised self help health assistance within the small society such as people who are from same profession (teachers, alumni), from the same birth place (township association) and same community (ward). The Case study 1 provides detail of one of these groups. These seem to function under the guidance of a monk in a specific area. Anybody can contribute, but benefits are not exclusive to contributors. These seem to be more formalised (refer to photos of contribution card in case study 1).

5.2.4. Donations

Donation is one of the major financial flows from individual to community. Because of the ingrained culture and religion, it is part of the Myanmar culture and tradition to donate, especially to religious affairs. Grandparents, parents, and neighbours all donate to religious affairs, so, donation comes naturally to Myanmar people. Performing good deeds in this life ensures good *karma*, in the next. Donation amounts are voluntary.

Donations are collected on a continual basis for some or other cause or festivity. Donation collections for the monastery take place regularly; before big religious events the community organise additional donation collections 'for food'. It seems as if these collections are not organised or planned, but often take place informally a day or two before an event upon the initiative of individuals. Respondents from rural areas even low income earners said that one of their biggest dreams is organizing donation a ceremony related with religious affairs once in their lives.

Educated urban people are more interested to donate for social and community development. Respondents indicated a 'fun and grief' allocation in budget planning for donations.

"We are all Buddhists and we rarely refuse when people come to collect donations, As an example, although we are poor we pay at least 100 Kyats even though we have only 500 Kyats" - Older Women, 31-50, Pakokku

"Although income is not much I am donating 3000 Kyats every month to the meditation centre and I try to save about 400-500 Kyats whenever possible." - Young Female, 22-30 years, PhyaPon

"I and my son saved money to donate for a long time. I sold my pig and used money for donation." - Female, 31-50, Village in Pakokku

In Case Study 3, the single man, a University Graduate, who makes about 50,000 – 70,000 Kyats a month, is an active community member and vice president of the local school association he founded. With little money at hand, he borrows money from friends and relatives to support noble causes such as providing school desks and chairs, and books and pencils for less fortunate children. The point is he is willing to take loans and risks in spite of his meagre earnings, emphasizing on the larger picture (educated children) than worrying about short term loans.

5.2.5. ‘Hundi’ system of remittance

The *hundi* is a long established device in which monetary value is transferred via a network of dealers or brokers from one location to another. While much mystery is sometimes made of *hundi* schemes, the mechanics of their operations are relatively straightforward—as can be seen in the following example:

Person A, a Myanmar migrant worker in Thailand, desires to send money home to her family in Myanmar. To do this, she approaches a hundi dealer whom she knows and pays them, in baht, the amount she wants sent. The hundi dealer now contacts their counterpart (another hundi dealer) in Myanmar, who pays Person A’s family in kyat. The amount received by the family will be the kyat equivalent of that paid by Person A in baht, less an amount that represents the commission charged by the two hundi dealers. As far as Person A is concerned, the transaction is now complete. She has sent her money home.

First, the *hundi* dealer in Thailand now owes the *hundi* dealer in Myanmar for the remittance payment. There are a number of ways of settling this, depending on the circumstances. One of the most common methods (highly applicable in the context of Myanmar) is that the debt between the two *hundi* dealers will be settled in goods.

Many *hundi* dealers are, in fact, shops and traders of various kinds, with *hundi* dealing a ‘side’ activity. In the case above, therefore, goods to the value of the remittance debt will ultimately make their way from the *hundi* dealer in Thailand to their Myanmar counterpart. In cases such as Myanmar, with little in the way of domestic production of complex consumer items, the importation of goods presents a ready avenue for *hundi* settlements.

“According to bank rules, I have to go in person, show ID card and only then I can collect remittance. The private people in Hundi business are more relaxed. We need to tell just our name and I can even send someone on my behalf to collect money.” - Young Female, 22-30 years, PhyaPon

It must be said here that the *hundi* system is not recognized as an official method of money transfer. Although illegal, it is openly practised, without incurring any penalty from the authorities. The commission charged by *hundis* is small; it differs according to amount that needs to be transferred. The respondents mentioned that they paid 1000 Kyats or 2000 Kyats or 3000 Kyats as charges for 100,000 Kyats. The larger the amount, the less are the proportional charges for money transfer. In addition, charges differ from place to place.

Hundi or money transfer services are mostly run by traders who link two places by mean of trade, highway transportation business which connect two or more different places, courier service companies which transfer parcels to other countries and trading or foreign employment agency which deal with branches in other countries. Traders do not charge for transfer fee; they provide extra service for their customers.

5.3. Awareness and usage of formal financial products and institutions

5.3.1. Introduction

When designing the sample, it was assumed that it would be possible to find respondents for some focus groups and interviews using formal financial products. MSR could only find a handful of lower income respondents who qualified; most of the respondents who used formal financial services had an income between 1 000,000 Kyats and 2 000,000 Kyats. It was a recruiting criterion that younger respondents using formal financial products in rural areas should be interviewed (the assumption being that younger people would be early adaptors of new products); however, in the delta area fieldworkers could not find any such people. Only one young male respondent from dry region has a bank account and he has the experience of using remittance services from the bank.

“I don’t know the initial saving amount at the bank. For me, I’ll save in the bank if I had 2,000,000 Kyats and I don’t want to save a small amount of money.” – Sister of Migrant worker , 31-50 years, Yangon

“I don’t think the government employees like us are the customer of bank. Bank’s customers can be the trader, entrepreneurs and business persons.” - Teacher, 41 years old, Phyapon, Delta

Based on the finding of the research, formal banking financial services are still far away for ordinary people. Respondents did not consider themselves to be the target market of banks – banks were mostly seen to be for people with ‘millions of kyats’. Respondents could envisage that they might be the target market of Microfinance Co-ops and registered pawn shops

5.3.2. Awareness and understanding of financial concepts

Respondents had excellent knowledge and understanding of financial concepts like interest rates, collateral, capital and investment. Many respondents could explain the differences between saving and investment. Although rural respondents could not save for future purpose, they were aware of investment in long term perspective with risk.

“saving at home does not have benefit while saving at bank has benefit in the form of interest. Investing in business can be profitable or incur a loss. For me, investment means putting money for capital in my farm operation to cultivate crops”. - Farmer, 31-50 years, Pakokku

Case Study 2 respondent showed a thorough understanding of financial services, savings, and planning for the future. Her sibling borrowed money from the bank, putting up their home as collateral. As the collateral was valued high, they received a huge loan. This loan was split up

into smaller loans amongst the siblings, for their own SMEs. Each sibling repaid at bank interest rates to the sister who was the original borrower. So, investments were shared, repayment burdens were shared, and the original borrower ended up making more money from the interest her siblings paid to her. Case Study 2 respondent had also saved a sizeable amount of money in the bank as contingency for emergencies or starting a new business venture. (This case study is appended).

Respondent were aware of saving in the form of gold. Most respondents mentioned that they or their wives, preferred to invest in small gold ornaments. People were also aware of gold and its influence on market prices, and currency exchange rates.

“because money in hand can be reduced easily for unnoticeable usage and value of money can reduce time to time, it is better to buy gold – it is easy to liquidate, profitable from increasing market price and easy to keep in case of emergency.” - Older woman, 31-50 years, Yangon

A concept like insurance, which was outside their frame of reference, was not comprehended. Except some respondents who run small businesses and high awareness of financial services, most of the respondents are unaware of insurance.

Many respondents confused insurance with collateral as guarantee for loan because of the same vocabulary “Ar Ma Khan”. According to Myanmar Insurance Enterprise, there are only 300,000 who have life insurance in Myanmar. Almost all insurance holders are Government employees.

5.3.3. Awareness of formal delivery channels

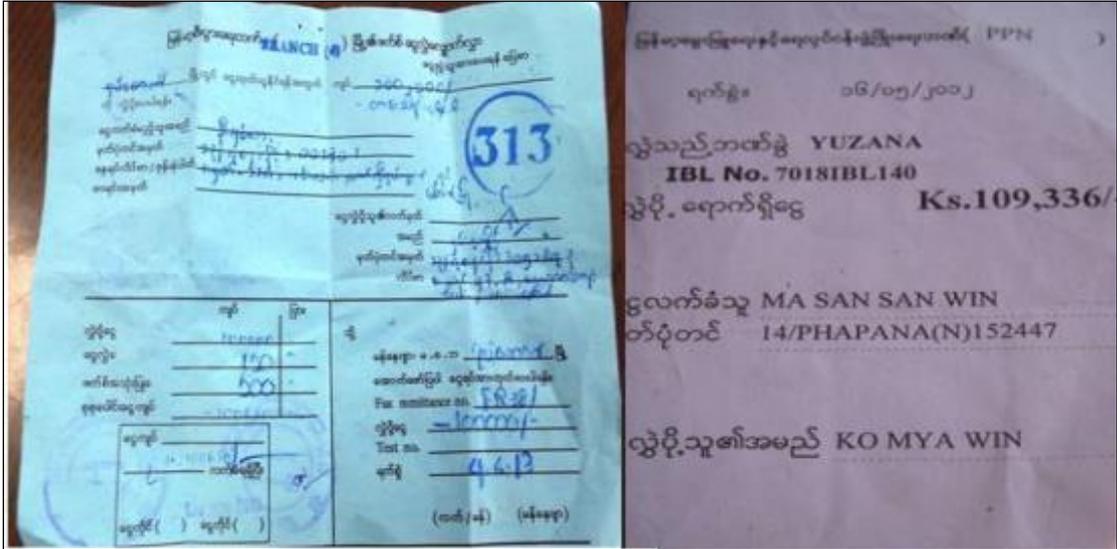
Myanmar is a cash society; small and large transactions are entirely cash-based. People respect and fear the law, so, it is not surprising to see people carrying bags of cash on the streets in urban and rural areas. Whether it is shopping for grocery or buying an apartment, transactions are always made in cash, no cheques are accepted, as financial services do not support any other mode of payment. However, it is a season of change in Myanmar, and changes are happening in almost all sectors. What these changes will be, and what will be its affect at the grass root level, remains to be seen.

Even Yangon there was limited awareness of electronic options, for instance only two respondents use cards issued by the private banks. Those are called MPU (Myanmar Payment Union) cards. MPU card can be used for ATM and debit transactions. In rural areas these are unknown. The few respondents who used these options reported that they did not function well – one respondent said that the satellite signal is not good on cloudy days, the cards did not always work on such days!



Myanmar language pamphlet of Western Union service available in private bank
 (Source: MSR, 2013)

Electronic transmittances via banks was however accepted without question; we hypothesise it is because the ‘hundi’ system of informal transmittance works seamlessly, the banks are just perceived to be doing something similar. However, the banks’ transmittance system was sometimes criticised as being slower than the ‘hundi’ system – it could take a whole day for a bank transfer to go through! Instability of electricity is one factor that delay money transfer of banks.



Remittance receipt from sender; Receiver's receipt
 (Source: MSR 2013)

5.3.4. Awareness of formal financial products

Some respondents had almost no awareness of products that banks offer; it would appear that they have ‘blocked out’ any potential information about these because they do not consider themselves to be the target market.

5.3.5. Awareness of formal remittance products

The bank product best known was “remittances”; most of the respondents recruited were aware of remittances and had made use of this facility.

5.3.6. Awareness of formal loan products

Respondents were aware of the fact that banks offered loans – but also that the qualifying criteria was such that it was not accessible to them.

The Myanmar Agriculture Development Bank has number of branches in rural Myanmar, mainly offering credit to farmers, fishermen and SME’s. In spite of having many branches, few were actually aware of the services provided by the MADB. Some respondents from the Delta got loans up to 80,000 Kyats per acre for paddy and one respondent from dry area got 60,000 Kyats for his alluvial lands. The loan amount depends also on the crop being cultivated. The Government suggests the types of crops to be grown in a particular area, and if the farmer complies, he is eligible to apply for a loan with MADB. But if he chooses to grow another crop, not listed, then he is automatically disqualified from even applying for a farm loan.

In terms of satisfaction of services provided, one respondent was categorical in his criticism of the MADB. MADB required proof such as household registration, National Registration Card, and recommendation from village authorities – which he considered as a hassle and time consuming procedure.

In delta area, MADB loaned 80,000 Kyats for each acre. However, the farmer who has over 10 acres would receive maximum 800,000 Kyats from MADB because MADB limited the amount for loans (maximum 800,000 Kyats) per farming household. The farmers from delta also needed to furnish the same documents. So, someone who in the past or present has a problem with village authorities would not receive loans from MADB. This could be an isolated experience, but overall, the farmers from the Delta were satisfied with the MADB.

5.3.7. Awareness of formal savings products

Some respondents were aware of savings services provided by the banks. The interest rate on savings accounts is 8 percent and fixed deposit is up to 10 percent. This appeared as attractive proposition for the respondents, but most of them did not own a savings account, some did not have a bank account. A common premise was the “lack of money” to save.



Different types of saving: (A) Buying Gold ornaments, (B) Debit card, Myanmar Payment Union card, (C) Saving account book from private bank (Source: MSR 2013)

5.3.8. Awareness and usage by gender

Male respondents had greater knowledge of the formal banking services available, while both females and males knew more about informal financing systems.

The following tables present an insight into the use of formal financial products among home visit respondents and participants from the focus group discussions. The number in the parenthesis indicates total number of respondents.

From the table below, it is clear that access to banks and the use of formal products such as remittances and savings is more of an urban engagement. People in the rural areas do not appear to use formal financial services.

**Table 15. Access to formal financial services by respondents
Access to Bank (including MADB) (Saving& Remittance)**

Place	Male		Female	
	HV- Respondent	FGD Respondent	HV- Respondent	FGD Respondent
Yangon	4 (out of 5)	7 (out of 14)	4 (out of 9)	1 (out of 16)
Pakokku	0 (out of 2)	1 (out of 8)	0 (out of 2)	0 (out of 8)
Phyapon	2 (out of 6)	1 (out of 16)	2 (out of 8)	0 (out of 16)

The following table looks into the usage of microfinance and registered pawn shops among the respondents. Uses of these formal products seem to have greater acceptance among the people in comparison with formal bank services. In all three study areas, at least half of the females from the FGD, especially from the rural areas, access microfinance facilities as well as use registered pawn shops for borrowing money.

Males and females from PhyaPon access these services; in Pakokku females use these services more than the males. In Yangon, half of the males from the FGD and almost all respondents from home visits used microfinance and registered pawn shops during times of need.

Table 16. Access to microfinance and registered pawn shops by respondents
Microfinance/ Registered Pawn Shop

Place	Male		Female	
	HV- Respondent	FGD Respondent	HV- Respondent	FGD Respondent
Yangon	4 (out of 5)	7 (out of 14)	2 (out of 8)	1 (out of 16)
Pakokku	0 (out of 2)	0 (out of 8)	1 (out of 2)	4 (out of 8)
Phyapon	8 (out of 16)	8 (out of 16)	6 (out of 8)	12 out of 16)

5.3.9. Awareness of formal financial institutions

Most participants from Yangon area could respond to questions on banks. This could not be generalised as there were respondents living in the hub of economic activity who had no knowledge about banks and banking products.

In rural areas awareness was virtually non-existent. Though male respondents from rural areas have some awareness of banks, female respondents could not respond to question on banks.

Those respondents who were familiar with banks, distinguished between private and government banks; Government banks were considered to give poor service and not being interested in customers. The private banks mentioned most often were KBZ and YOMA.

6. CURRENT FINANCIAL FUNCTIONING

6.1. Income

Note: qualitative research is not the optimal methodology to obtain accurate income figures; the quantitative phase of the study should provide more reliable information. Figures quoted in this section should be treated as rough indications only.

Household income was not recorded, but the field team estimated it to be as follows:

Table 17. Income of respondents from focus group in urban and rural areas

FGD	Urban Income	Rural Income (Pakokku)	Rural Income (Pyapon)
Young females	100,000 - 700,000 Kyat	No FGD	50,000-150,000 Kyat
Older females	150,000 - 600,000 Kyat	25,000-150,000 Kyat	50,000-200,000 Kyat
Young males	150,000 – 300,000 Kyat	50,000- 150,000 Kyat	60,000-150,000 Kyat
Older males	150,000 – 500,000 Kyat	No FGD	100,00-200,000 Kyat

The poorer respondents in the groups in Yangon quoted figures of daily wages of 3000 Kyats – 5000 Kyats per day; in rural areas it was as low as 1000 Kyats per day. This was often not stable and income could fluctuate between almost nothing to ‘quite a lot’.

From the recruitment profile, it is apparent that incomes in the rural PhyaPon area were the lowest, with young males being the main income earners.

“Our income is very low, balance and imbalance happens several times. Our family mainly depends on the remittance from my brother who works in Malaysia. He sends us money if he has a job and I receive money at the end of month.” - Unemployed Female, 31-50 years, Yangon

“I am not a government employee; I work as a private nurse, I am a personal care giver for a child, the boss treats me as a family member. They paid monthly salary to me. If I need money urgently to transfer to my father, I take money from the client without interest” - Female Nurse, 21-30 years, Yangon

“I have regular income from lottery business. As an authorised agent, I sell lottery tickets I receive from the distributor and sell to the retailers. Distributor gives the commission to me. The amount varies from month to month based on the market price.” – Lottery agent, 31-50 years, Yangon

The household, not the individual, is the smallest group that functions financially independent.

6.2. Sources

In most households included in this study, everybody who could potentially contribute to the income of the household, did so – out of necessity. We have not interviewed anybody in a household where an able adult, who could potentially contribute, lived a life of leisure. Both genders contributed based on available work or opportunities; if, for instance, a man could not find work, the woman would make and sell snacks. In this study, male respondents are main sources for household incomes in their households both in the rural and urban areas.

Because of the collective responsibility towards elders and poor relatives, contributors to the household income sometimes do not reside in the household. It is mainly the younger generation that migrate to larger cities like Mandalay or Yangon in search of better employment opportunities. Other youth, who have the capacity and the backing; opt to move to other countries, by paying a hefty sum of money to middlemen.

In most cases income earned is received as cash. As all transactions are cash based, income is also given as cash. Most often, income is handed over to the worker / employee at the end of the work period, as cash. None have received their salary into bank accounts.

“Although it takes time to make remittance via the bus, I have no choice but to use that “hundi” system only because the bank is not available on weekends” - Older Female, 31-50 years, Pakokku (FGD)

“Our company will start giving salaries to the employees via the bank in April” – Pharmacist, 22-30 years, single female, Yangon

Remittances sent in from in or outside Myanmar, were done through the informal *hundi* system and sometimes by bank transfer.

All the respondents for focus group were “some formal users” who had experience in usage of at least one formal financial product such as bank service, registered pawn shop or registered micro credit cooperatives. Individual incomes were not recorded in the respondents’ profile.

Table 4. Some Formal Financial Product User Female (22-30) Yangon

No.	Age	Occupation	Income Sources	Proportional contribution to household income
1	22	Housewife	Husband: Casual labor	100%
2	23	Housewife	Husband: Casual labor	100%
3	24	Housewife	Husband: Casual labor	100%
4	29	Housewife, Tailor	Self-Tailor, Interest from Loan	30%
			Husband: Sends remittance from Singapore	70%
5	29	Company Staff	Self- Medical Representative	25%
			Father- Medical store	75%
6	30	Home Tutor	Self- Home Tutor	100%
7	29	Accountant	Self- Accountant	25%

			Brother - Salary	25%
			Father-Salaried	50%
8	28	Food seller	Brother sends remittance from Malaysia	60%
			Mother- Seller	10%
			Father- Money Lender	20%
			Self- Food Seller	10%

It is clear from the above table, in households with one member living outside the country, more than half of household financial income is met through remittances. Also, other members from the household engage in smaller income generating activities, and contributing towards household income. Contribution of respondents towards household expenses was less than half of the total household expenditure. The home tutor lived by herself, and used her earnings for herself. Half of the respondents / “housewife”, stayed home, and depended on their husbands to provide for home expenses.

Table 5. Some Formal Financial Product User Female (31-50) Yangon

No.	Age	Occupation	Income Sources	Proportional contribution to household income
1	42	Betel leaf Seller	Self and husband - Selling betel leaves	100%
2	38	Food Seller	Self – food seller Husband -Construction	60% 40%
3	31	Snack Seller	Self and husband -Selling snack	100%
4	34	Dependent	Husband- Food Seller	100%
5	38	Seller- betel leaves and nut	Self - Selling betel leaves and nut Husband-Army pensioner	90% 10%
6	31	Grocery store owner	Self – grocery selling Mother- commodity selling Husband – odd jobs	30% 40% 30%
7	34	Fabric Seller, Money Lender	Self- interest from money lending, fabric selling Mother- clothing selling	30% 70%
8	50	Teacher	Mother - Pension Self – tuition fees Son - Company Salary Daughter- Company Salary	25% 15% 50% 15%

Respondents from the 31-50 female FGD, mostly engaged in small businesses, relying on Government pensions, or working for the formal industry as “staff”. Income from small businesses was the main contributors to household finances. None of the respondents from this FGD received remittances from abroad. Most were self-employed.

Table 6. Some Formal Financial Product User Male (22-30) Yangon

No.	Age	Occupation	Income Sources	Proportional contribution to household income
1	30	Air-con Servicing	Self - Servicing air conditioners	50%
			Wife- Seller	50%
2	23	Graphic Designer	Self- Graphic Designer	10%
			Father Carpenter	50%
			Mother- Selling Goods	40%
3	27	Sailor	Self - Sailor	100%
4	26	Cycle Taxi driver	Mother in-law selling poultry	70%
			Self - Motorcycle Taxi	30%
5	22	Phone Repair Service	Self - Phone service staff	10%
			Parent- Government Staff	90%
6	23	Aluminum Fitter Worker	Self - Aluminum Fitter Worker	10%
			Father –Trader	60%
			Mother -selling things	30%

From the above table, male respondents in the 22-30 FGD contributed half towards the total household income, with the exception of the sailor, who was the main income source for his household. Most of the respondents appeared to be dependent on their parents and other family members, implying that they stayed together under one roof. It is unclear if salaries of these respondents is low, or if they contribute only a small percent towards household, and retain the rest for themselves.

“I have other expenses, such as gambling, and therefore I cannot contribute much. When I make money from gambling, I give some money to the household or loan money to others for a fee” - Young male, some formal 22-30 years, Yangon

Table 7. Some Formal Financial Product User Male (31-50) Yangon

No.	Age	Occupation	Income Sources	Proportional contribution to household income
1	35	Company Staff	Self - Company Staff	40%
			Wife- Garment Labor	30%
			Brother- Company Staff	30%
2	33	Seller	Self – Selling Cold Drink	80%
			Parent – other work	20%
3	32	Hotel Staff	Self - Hotel Staff	60%
			Sister- Company staff	30%
			Mother- Support by relative	10%
4	50	Selling Medicine	Self- Multi level Marketing	65%

			Wife- Pension	5%
			Son- Sailor	30%
5	45	Company Staff	Self- Agricultural Chemical company staff	10%
			Wife- Money Lender	90%
6	41	Trishaw pedlar	Self - Trishaw pedlar	70%
			Wife- Laundry	30%
7	32	Trader	Sister- Remittance from Overseas	30%
			Family- Trading Business	30%
			Self – Transport of goods from overseas	20%
			Self - Gambling wins	20%
8	43	Phone Service	Self - Phone service, Selling Water	40%
			House Rental	40%
			Support by relative from overseas	20%

Results of this FGD indicated that most of the older males were the heads of their households, but not necessarily the main income earner. From the above table it is apparent, that some respondents are able to contribute half or more towards household expenses, others are dependent on family members contributing money from different income generating activities.

Table 8. Some Formal Financial Product User Male (22-30) Pakkoku

No	Age	Occupation	Income Sources	Proportional contribution to household income
1	22	Slipper Manufacturing	Self and spouse	100%
2	27	Casual Labour	Self – casual labour	25%
			Other family members	75%
3	29	Selling used things	Self – selling used things	35%
			Other family members	65%
4	22	Trishaw pedlar	Self – trishaw pedlar	35%
			Other family members	65%
5	30	Ice-cream seller	Self – ice cream vendor	35%
			Other family members	65%
6	30	Self-employment	Self – own small business	35%
			wife	35%
			mother	35%
7	30	Casual Labour	Self – casual labour	65%
			His wife – odd job	35%
8	28	Self-employment	Self – own small business	30%
			His parents	70%

From discussions with rural youth, it is evident they are aware of the needs of the household. However, with low wages in the rural areas, income generation is distributed among family members, each respondent being able to contribute up to a third of the household needs.

Table 9. Some Formal Financial Product User Female (31-50), Pakokku

No	Age	Occupation	Income Sources	Proportional contribution to household income
1	41	Housewife	Self –wage earner for stamping plastic bag	60%
			Husband salary	20%
			Son - casual worker	20%
2	32	Casual Labour	Self – sewing, cheroot	25%
			Sisters salary, sewing	55%
			Father's pension	20%
3	46	Casual Labour	Self – wage earner in slipper business	50%
			Son –wage earner in slipper business	50%
4	31	Carrying water and Laundry Service	Self – water seller and laundry service	25%
			Sister's Husband salary	75%
5	35	Casual Labour	Husband –warehouse labour	60%
			Self – casual worker	40%
6	39	Casual Labour	Self – casual worker	100%
7	42	Housewife	Husband – Barber shop	100%
8	42	Betel leaves seller	Husband – Betel leaf pann seller	60%
			Self – betel nut and leaves seller	40%

“We are presently producing slippers on a consignment basis. Business is fair in summer months but poor in the rainy season. If I am able to invest more in this business, I am confident my wife and I can earn more income” - Young male; some formal 22-30 years, Pakokku Rural

Comparing urban (Yangon) and rural youth in the category, it appears that rural youth in Pakokku contribute more towards household expenses. Urban youth, with greater opportunities for employment in the city, contribute to 10% (on average) of the household needs. While income is low, in both urban and rural areas, rural youth have fewer avenues to spend their money compared to their urban counterparts. Discussions with rural youth suggested they are more “exposed” to the realities of daily life and their contributions to the household made a significant difference. However, urban youth appeared to be disinterested in family affairs.

Table 10. Some Formal Financial Product User Male (22-30), PhyaPon

No	Age	Occupation	Income sources	Proportional
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				contribution to household income
1	22	Labour (Rice Mill)	Self –Labour Wage	100%
2	30	Owner of grocery store	Self and spouse – run grocery store	100%
3	22	Part time worker (Dock)	mother –breeding ducks	70%
			Self – part-time job	30%
4	22	Motorbike taxi driver	Family members- shopkeeper	60%
			Self – motorbike taxi driver	40%
5	26	Casual labour	Self – casual labour	100%
6	30	Fisher man	Self – fishing and sale	100%
7	23	Retail shop worker	Self – salary	100%
8	24	Motorbike taxi driver	Self – motorbike taxi driving	100%

Respondents from rural PhyaPon appear to be “poorer” than their Pakokku counterparts. PhyaPon in the Delta region of Ayeyarwaddy was one of the areas devastated by Cyclone Nargis in 2008. Prior to the devastation, PhyaPon was a much secure community with agriculture and fisheries serving as the main sources of livelihood and income. Cyclone Nargis not only killed people in their thousands, but destroyed entire livelihoods, rendering entire communities almost destitute. According to respondents, recent Government initiatives contributed to ease their financial burdens: they are able to receive credit through microfinance set-ups from the Government, private and other agencies. Still, lives have not yet reached pre-Nargis levels. Looking at the respondents’ profile, it may be said that most of the young male respondents contribute solely to the well being of the household.

Table 11. Some Formal Financial Product User Female (22-30), PhyaPon

No	Age	Occupation	Income sources	Proportional contribution to household income
1	28	Housewife	Husband- grocery trading	100%
2	24	Grocery Seller	father – Casual worker (Jetty)	50%
			Husband – casual worker	30%
			Self- selling grocery	20%
3	29	Housewife	Husband- Motorbike Taxi Driver	100%
4	28	Casual Labour	mother – selling food	40%
			brother – employee	30%
			Self – casual worker	30%
5	26	Housewife	Husband- Fishing	100%
6	24	Owner of small grocery store	husband – casual worker	60%
			Self – runs small grocery store	40%
7	29	Housewife	husband –paddy trading	100%
8	28	Owner of small grocery store	husband – worker	30%
			Self – runs small grocery store	40%
			mother – selling snacks	30%

About half of the young female respondents stayed home, and did not work. Others worked as casual labor or were self employed. Those who stayed home were entirely dependent on their husbands to finance the household.

Table 12. Some Formal Financial Product User Male (31-50), PhyaPon

No	Age	Occupation	Income sources	Proportional contribution to household income
1	37	Fisher Man	Self - fishing	100%
2	50	Seller	daughters- migrant workers	70%
			Self – selling things	30%
3	48	Owner of small grocery store	Self – runs small grocery store	100%
4	46	Trishaw cyclist	Wife – selling snacks	40%
			Self – trishaw pedlar	30%
			His daughter- wage earner	30%
5	38	Trishaw cyclist	daughter- office staff	30%
			Self – trishaw pedlar	40%
			sister- Sewing	30%
6	50	Trishaw cyclist	Self – trishaw pedlar	30%
			Daughter- casual labour	30%
			wife- vegetable seller	40%
7	43	Trishaw cyclist	Son- trishaw pedlar	40%
			Wife- Seller	30%
			Self – trishaw pedlar	30%
8	49	Casual labour	Son- migrant worker	30%
			Self – casual worker	40%
			Daughter-masonry	30%

All respondents from this group were self-employed. Income distribution of the respondents towards household expenses varied between 30-40%. Two respondents (the fisherman and the small grocery shop owner), were the main income earners for the households,

Table 13. Some Formal Financial Product User Female (31-50), PhyaPon

No	Age	Occupation	Income sources	Proportional contribution to household income
1	42	Food seller	Son – casual worker	30%
			Self – make and sell traditional food	30%
			husband: Fisherman	40%
2	49	Housewife	husband- bank-guard	100%
3	45	Cold drink seller	husband: Fisherman	80%
			Self – sells cold drinks	20%

4	38	Snack seller	husband: Fisherman	60%
			Self – make and sells traditional snacks	30%
			Son – odd jobs	10%
5	49	Betel leaves seller	Self – selling betel nut and leaves	80%
			Son – casual worker	20%
6	34	Housewife	husband-Jetty courier	100%
7	45	Bean sprout seller	husband- Fisherman	40%
			Self – sells bean sprouts	40%
			Son – shop worker	20%
8	47	Owner of small grocery store	Son – Government employee	40%
			Self – runs a small grocery store	60%

The older women in PhyaPon Rural GFD were not the main income earners of the household. Since some of their husbands are fishermen who earn seasonal income, they have to contribute to the household income by selling snacks, sprouts and traditional foods. Engaging in small businesses enables them to chip in income towards family expenses. Other family members contribute to the family needs.

6.3. Interest on credit as source of income

Virtually all respondents with a household income of more than 300,000 Kyats stated interest as a source of income. Some provided credit to friends and family at a rate of between 3-5% per month; other provided credit to people in the community as unregistered money lenders, between 10 – 30% per month (It is considered acceptable to charge interest to family and friends; in fact, only in case of dire emergency would a person accept a loan without interest being charged.). Female respondents are more interested in receiving interest on credit as source of income.

6.4. Regularity of income

Only the salaried employees had a regular income, all the other household incomes fluctuated. Casual wage labour opportunities were not available throughout the year, seasonal changes also dictated availability of jobs, and health of the main income earner was yet another factor.

Households receiving income from people working outside of Myanmar also received money fairly regularly. Remittances from siblings and family living in urban areas came in depending on income surplus, meaning, remittances were not always regular. Families in the rural areas also engaged in small businesses, to provide for their families.

The wet season has a very negative effective on everybody working in the informal sector: all reported a decline in income during these months. In the Pakokku area, many respondents were involved in the production of slippers. In the rainy season, the slippers would not dry, which held up production, which meant no income to casual labourers. Farmers could in many instances not produce an income at all during the rainy season.

“my income is less in the rainy season because trade volume in that season is less than other seasons” - Young male, (22-30), Phyapon FGD

“I am a casual worker, and my son works in construction site, our household income is varied within a year. From June to October, only one third amounts of income earned. November, January and February are good time for us. We earned more in these three months.” – Female, Widowed, 31-50years, village in Pakokku

School terms also have an influence on regularity of income. For example, small snack shops owner who rely on the students have no income during summer holidays from March to May. All schools are closed in the summer.

Interest payment on debt was not separately categorised, almost as if this was an automatic first priority. Respondents were asked to indicate the proportional allocation of spending. Most of the money was spent on food, in many cases as much as half of the income.

6.5. Payment mechanisms

Virtually all payment is done in cash. Nevertheless, few respondents repay loans to their employers with labour. Farming households often pledge their produce in advance to dealers for money.

I have made repayment for loan borrowed from my employer with my labour. I had to borrow money to buy food.” - Farmer, older male, PhyaPon

6.6. Expenditure

In the focus groups in Yangon, respondents generated the following categories of expenses:

- Food
- Transport
- Health
- ‘Fun and grief’ (donations and socialising)
- Utilities
- Personal accessories/clothes
- Education/school fees
- Social activities (such as presents at wedding ceremonies of friends and relatives)
- Saving
- Rent (for migrant workers)
- Other (which, in the case of men, included gambling)

Majority of the respondents do not plan their monthly expenditures.

In rural areas the first priority to spend will be food if the respondents do not have any interest payment on loans. In normal times, food is the first priority, followed by education. No

contingency or emergency plans are made; no savings is kept aside to meet unexpected health expenses.

If money is tight, the first category to be trimmed is food. Other research of MSR indicated that this implied less nutritious food, fewer meals or lower quality food.

During the rainy season, when people have to survive on smaller incomes and what is in the piggy bank, food expenses were cut. These are often classified as “hunger months”.

Saving is done when there is money available; most respondents who belong to a pool savings group felt an obligation towards the rest of the group to continue saving. As mentioned earlier, pool savings were more common in urban areas; rural areas did not prefer to save through pool savings system.

Whenever there is extra money available (due to good trading, a bonus at work, etc), people buy gold. It seems as if it is not a ‘budgeted’ expense but high on the priority list, especially for women.

Education is sacrificed in difficult times. Government schools run on the same guidelines in both rural and urban areas, the fee structure is also the same. However, the affordability of parents at the rural level is much less than people in the urban areas. Also, rural families have more children than urban households, making it difficult for rural families to put children in school. School fees are abolished, but expenses towards books, stationery, and uniform have to be met. It is common to see children drop out after primary school in rural areas, because households are unable to meet the cost of education.

Table 18. Expenditure Pattern-FGD Male Group (22-30), Yangon (Urban)

Res.	Age	Occupation	Food	Transportation	living expense	Helath care	Social contribution	Utilities	Educa tion	Saving	others
1	30	Aircond Servicing	30%	0%	10%	10%	10%	20%	0%	10%	10%
2	23	Graphic Designer	17%	17%	17%	8%	8%	8%	17%	0%	8%
3	27	Sailor	21%	14%	14%	14%	14%	7%	7%	0%	7%
4	26	Cycle Taxi driver	25%	8%	8%	8%	25%	8%	8%	0%	8%
5	22	Phone Repair Service	33%	11%	11%	11%	0%	0%	0%	11%	22%
6	23	Aluminum Fitter	22%	22%	11%	11%	0%	0%	11%	0%	22%

Younger males had little savings, all mentioned food, transportation and living expenses as major expenditures.

Table 19. Expenditure Pattern-FGD Male Group (31-50), Yangon (Urban)

Res.	Age	Occupation	Food	Social contribution	Educa tion	living expense	Helath care	Clothing	Transport ation	Saving	others
1	35	Company Staff	33%	25%	8%	8%	8%	0%	8%	0%	8%
2	33	Cold drink Seller	16%	16%	16%	5%	11%	5%	16%	5%	11%
3	32	Hotel Staff	25%	19%	6%	6%	6%	19%	6%	6%	6%
4	50	Selling Medicine	22%	17%	9%	13%	9%	9%	13%	0%	9%
5	45	Company Staff	27%	20%	13%	13%	13%	7%	0%	0%	7%
6	41	Trishaw cycler	15%	20%	10%	10%	10%	15%	10%	0%	10%
7	32	Trader	21%	14%	14%	14%	7%	7%	7%	0%	14%
8	43	Phone Calling Service	20%	15%	15%	10%	10%	10%	5%	10%	5%

Older males mentioned household food expenses as a priority. As seen from the table, social contributions was rated as the second as far as income allocation was concerned. Education and schooling followed. Five of eight participants had no savings. The table highlights the “short term orientation” of the people.



Female Focus group (31-50) discussion in MSR main office, Yangon (Source: MSR 2013)



Female Focus group (22-30) discussion in MSR main office, Yangon (Source: MSR 2013)





PRA tool used to know about expenditure distribution (Source: MSR 2013)

Table 20. Expenditure Pattern-FGD Female Group (22-30), Yangon (Urban)

Res.	Age	Occupation	Food	Commodities	Social contribution	Utilities	Health care	Transportation	Education	Saving	others
1	22	Housewife	36%	7%	7%	14%	7%	0%	7%	7%	14%
2	23	Housewife	40%	10%	20%	10%	10%	0%	0%	0%	10%
3	24	Housewife	31%	8%	23%	8%	8%	15%	0%	0%	8%
4	29	Housewife, Tailor	31%	15%	8%	8%	8%	8%	8%	0%	15%
5	30	Company Staff	18%	12%	12%	12%	6%	12%	12%	6%	12%
6	30	Home Tutor	29%	12%	6%	6%	12%	18%	6%	6%	6%
7	29	Accountant	29%	12%	12%	12%	12%	12%	0%	6%	6%
8	28	Food seller	29%	18%	12%	12%	6%	0%	6%	6%	12%

The first four participants were totally dependent on their husbands for money and household expenses. For them, food expenses were a priority, there was no savings. Participants 5-8 were single women, who spent more on commodities, transportation and put aside money as savings. All participants contributed to social causes and community events.

Table 21. Expenditure Pattern-FGD Female Group (31-50), Yangon (Urban)

Resp.	Age	Occupation	Food	Education	Transportation	Social	Home	Health care	Utilities	Saving	others
						contribution	appliance				
1	42	Betel leaf Seller	25%	19%	13%	6%	13%	6%	6%	6%	6%
2	38	Food Seller	27%	20%	7%	13%	7%	13%	7%	0%	7%
3	31	Snack Seller	21%	21%	7%	14%	14%	7%	7%	0%	7%
4	34	Dependent	40%	10%	10%	0%	10%	10%	10%	0%	10%
5	38	Seller- betel leaves and nut	17%	17%	17%	8%	8%	8%	8%	8%	8%
6	31	Grocery store owner	20%	20%	13%	7%	7%	7%	7%	7%	13%
7	34	Fabric Seller, Money Lender	8%	0%	8%	15%	8%	8%	0%	38%	15%
8	50	Teacher	21%	14%	7%	14%	14%	7%	7%	7%	7%

Apart from food expenses, education and schooling costs, and transportation were the three main expenses for older females in Yangon FGD group. Only one respondent had significant savings, others saved 10% or less from their incomes.

Some respondents gave actual figures of expenditure. The spending patterns of young males and old males are not too different in the rural and urban areas; the first priority expenditure is food. Although female respondents from rural areas stated interest payment as one of their monthly expenditures, most female respondents from urban areas do not have to spend on interest payment. The expenditure pattern of participants from PhyaPon Focus Group Discussions are as follows:

Food, rental and education were the top three expenditure items for males (31-50 years) in the PhyaPon urban area. Food and education were the major expenditures for older females (31-50 years) in the urban area.

Table 22. Expenditure Pattern-FGD Male Group (31-50), PhyaPon (Rural) Delta

Participant	Age	Occupation	Expenditure	Percentage
1	37	Fisherman	Food	60%
			Educational costs	30%
			Other Costs	10%
2	50	Seller	Food	40%
			Educational costs	40%
			Other Costs	20%
3	48	Owner of small grocery store	Food	60%
			Educational costs	30%
			Other Costs	10%

4	46	Trishaw cycler	Food	50%
			Educational costs	30%
			Interest Payment	20%
5	38	Trishaw cycler	Food	40%
			Interest Payment	30%
			Other Costs	20%
			Saving	10%
6	50	Trishaw cycler	Food	40%
			Educational costs	40%
			Other Costs	20%
7	43	Trishaw cycler	Food	50%
			Interest Payment	30%
			Other Costs	20%
8	49	Casual labour	Food	70%
			Educational costs	20%
			Other Costs	10%



Male focus group (31-50) discussion in PhyaPon; respondent used stones to explain household expenditure (Source: MSR 2013, PhyaPon)

Food, education, and paying off interest against loans were the three main expenditure patterns for older males in the rural areas.

Table 23. Expenditure Pattern-FGD Male Group (22-30), PhyaPon (Rural) Delta

Participant	Age	Occupation	Expenditure	Percentage
1	22	Casual labour (Rice Mill)	Interest payment	50%
			other expenses	30%
			Food	20%
2	30	Owner of grocery store	Food	40%
			Interest payment	30%
			Other expenses including fun and grief	30%
3	22	Part time worker	Food	60%
			Breeding duck	40%

4	22	Motorbike taxi driver	Food	50%
			Interest payment	30%
			Other expenses	20%
5	26	Casual labour (Ice Industry)	Interest payment	40%
			Food	30%
			Rental fee	20%
6	30	Fisher man	Interest payment	50%
			Educational Costs	30%
			Food	20%
7	23	Retail shop worker	Food	50%
			Interest payment	30%
			Other expenses	20%
8	24	Motorbike taxi driver	Interest payment	40%
			Food	20%
			House rental fee	20%
			Motorbike rental fee	20%



Male focus group (22-30) discussion in PhyaPon; respondent used stones to explain household expenditure (Source: MSR 2013, PhyaPon)

Table 24. Expenditure Pattern-FGD Female Group (31-50) , PhyaPon (Rural) Delta

Participant	Age	Occupation	Expenditure	Percentage
1	42	Seller	Food	50%
			Interest payment	30%
			Educational Costs	20%
2	49	Housewife	Food	50%
			Interest payment	30%
			Educational Costs	20%
3	45	Seller	Food	40%
			Educational Costs	40%
			Interest payment	20%
4	38	Seller	Food	60%

			Interest payment	20%
			Educational Costs	20%
5	49	Betel leaf seller	Food	40%
			Interest payment	30%
			Educational Costs	20%
			Investment	10%
6	34	Housewife	Food	40%
			Interest payment	30%
			Educational Costs	30%
7	45	Bean sprout seller	Food	60%
			Interest payment	40%
8	41	Owner of small grocery store	Food	50%
			Interest payment	50%



Older female focus group (31-50) discussion in PhyaPon; respondent used stones to explain household expenditure (Source: MSR 2013, PhyaPon)

Food, clearing interest on loans, and education were the three main expenditure patterns for older women (31-50 years) in rural areas of Phya Pon

Table 25. Expenditure Pattern-FGD Female Group (22-30) PhyaPon (Rural) Delta

Participants	Age	Occupation	Expenditure	Percentage
1	28	Housewife	Food	40%
			Interest payment	30%
			Educational Costs	20%
			Social contribution	10%
2	24	Grocery Seller	Food	40%
			Social contribution	20%
			Interest payment	20%
			Buying grocery	20%
3	29	Housewife	Food	50%
			Educational Costs	30%

			Social contribution	20%
4	28	Casual Labour	Food	50%
			Educational Costs	30%
			Social and other expense	20%
5	26	Housewife	Food	60%
			Interest payment	20%
			Social contribution	20%
6	24	Owner of small grocery store	Food	40%
			Educational Costs	20%
			Interest payment	20%
			Social contribution	20%
7	29	Housewife	Food	30%
			Interest payment	30%
			Educational Costs	20%
			Social and other expense	20%
8	28	Owner of small grocery store	Food and cost of good sold	50%
			Interest payment	30%
			Educational Costs	20%



Young female focus group (22-30) discussion in PhyaPon; respondent used stones to explain household expenditure (Source: MSR 2013, PhyaPon)

"I have an on going food credit account with the local grocery, for which I pay at one time, sometimes towards the end of the month. If I do not clear this debt first, I cannot get the food credit service again, I will be forced to pay each time I buy food". To me this is the first priority" - Older Male, 31-50 years, Pakokku

"Month with heavy expenditure is June because of the school expense; now, I have three school going children and I have to find money to send them school." - Female, mother of 6 children, 31-50 years, village in Pakokku

6.7. When income exceeds expenditure

6.7.1. Reasons for over-expenditure

In rural areas over-expenditure is a result of very limited income and high expenditure; any unforeseen situation, particularly health problems, result in a cash flow crisis. Furthermore, even if people plan and save to be able to survive on reduced income during the wet season, the provision is mostly not sufficient.

Due to the security provided by the collective structures, limited provision is made for predictable occurrences like funerals; these are facilitated by the community with limited financial stress to the bereaved family.

Unpredictable weather has a huge impact on families engaged in agriculture and for those who work as casual labour in the agriculture sector. Respondents expressed their anxiety about unpredictable weather; flood, drought and pest outbreak, crop losses, reduced or low quality yields and reduced market prices. In such an event, farmers need quick money to tide them over as well as to re-invest, therefore they are willing to borrow at very high interest rates.

Another area of unexpected increased expense is health, and the limited provision made in most cases is not sufficient for treatment and cost of medicines. Some collective structures exist, for instance where community members make contributions towards eye operations (refer to case study 1). However, the cost of ill health is typically more than what a household can absorb with regular sources of income. Figures for health care of between 5000 Kyats and over 1,000,000 Kyats, depending on the severity of the case.

“I still have not recovered from the medical cost of my 23 year old eldest son who passed away last year. For medical costs my husband's employer Livestock Bank gave a K 300,000 loan which was not enough and I had to borrow 200,000 Kyats or more from a moneylender at 20% per month.” - Older Female, 31-50 years, PhyaPon (FGD)

“The most feared issue for us is medical cost for sick children or parent. We are scared to death to go to hospital” - Older Female, 31-50 years, Pakokku (FGD)

“My child is not in good health- I have to spend 6,000-7,000 Kyats at a time and my husband has no regular income so we are always borrowing with a daily interest rate between 15 - 20%” - Older Female, 31-50 years, Pakokku (FGD)

“Because of unexpected health problems, we had to borrow money at high interest – up to 30% a day. For a loan of 10,000 Kyats I have to pay daily interest 300 Kyats. I had borrowed up to 150,000 Kyats in the past.” - Young Female, 22-30 years, PhyaPon (FGD)

Since many of the respondents worked in the informal sector, they had to rely on uncertain market forces – therefore, their expenses frequently exceeded their income. In order to produce

an income and to survive, they are forced to borrow money for a short term at very high interest rates. However, the cycle continues, and it seems as if many of the poorer people are constantly in debt.

6.7.2. Views of the target market on loan options

When expenditure exceeds income, an immediate solution is required – which per definition rules out most of the formal options like loans from a bank or a Microfinance Co-op.

Instant access to credit is more important than the interest rate, therefore many of the poorer people accept credit of rates as high as 40% per day from informal sources.

6.7.2.1. Formal Credit: loans from banks

Banks provide loans against collateral –banks only accept property as collateral; apartments are not considered. This requirement alone rules a bank loan out as an option for most of the target market. The interest rate charged by banks is considered to be very reasonable: 13% per year

6.7.2.2. Formal credit: loans from Myanmar Agricultural Development Bank

These loans are only available to farmers at the following conditions: A farmer has to open a saving account at MADB. He/she has to inform the organization in the village which screens the farmers for loans in the village. Each screening group comprises five people: ward authority or village authority, one farmer representative either from ward or village, land surveyor, one MADB staff and one staff from the Myanmar Agricultural Service.

The other conditions include: A farmer has to own a farm or farms. He / she has to submit copy of national registration card, household list, recommendation letter from concerned village authority, and finally show his or her assets including farms at MADB.



Disbursing agricultural loans to farmers at MADB (Source: <http://madb.moai.gov.mm>)

In spite of low interest rates charged by MADB, people are reluctant to use their services as there is a lot of hassle involved.

6.7.2.3. Formal credit: loans from Microfinance Co-ops

The functioning of Microfinance Co-ops is explained in the supply side toolkit. In principle a number of people (for example five) enter into a contract with a Microfinance Co-op for a loan – they sign surety for each other, no collateral is required. The amounts, interest rate and payback terms are strictly administered. A portion of the payback is channelled towards savings, which will serve as first payment for future bigger loans.

The implication of this structure is that it takes time to put a group together who are prepared to sign surety for one another; there are lots of (seemingly complicated) paperwork to complete. They have to pay back everyday little amount, and the burden of it plus cost of travel everyday outweighs the benefits of the loan. It's reported that it takes about 1 month to receive the loan after application, so they don't have money when they want it. Besides, to take the loans, people have to guarantee each other (5 people in a group), so when one doesn't pay back, the other members have to recompense for the defaulter in the group. It's restricted to those who have regular income, so odd-job workers are excluded. In some wards in Yangon, people don't have access to it as the ward authority does not guarantee to take care of it (unless the ward authority doesn't guarantee, the Co-ops do not give out the loans to people living in that ward).

In addition, maintaining good relations with ward / village authorities comes to good use at the time of loan application or approval.

6.7.2.4. Formal credit - registered pawn shops

If someone needing credit has collateral, they could approach a registered pawnshop. Immediate credit could be obtained. Gold jewellery, but even household utensils, is accepted as collateral, at between 50-75% of the value of the item pawned. The fixed interest rate of registered pawn brokers is 3% per month for gold. Clothes are accepted, a third of the value of the clothing is loaned. These transactions can be done immediately, providing instant relief. The regulations of pawn brokers are as follows:

The interest has to be settled in full within three months, otherwise the pawnshop has the right to sell the collateral, once interest had been settled; the period for repayment of the principle amount can be extended by a month or two. Upon repayment of the loan, the collateral is returned. If various items of collateral are provided, these can be individually retrieved upon settlement of an amount. National registration has to be provided to pawn gold.

6.7.2.5. Informal credit - unregistered pawn shops

Unregistered pawn shops function in a similar manner to registered ones, but they accept many different items as collateral – even used clothing. Their interest rates are also higher, between 5% and 20% per month; they have fixed working hours, making it difficult for borrowers to visit their office without being seen by friends, neighbours or relatives.

6.7.2.6. Informal credit - loans from money lenders

Moneylenders mostly do not require collateral, but they charge interest of up to 40% per day. The interest rates mentioned most frequently by respondents were 10%, 15%, 20% and 30%.

Loans are mostly for short periods, for instance 8 days; if the loan amount and interest is not paid on the cut-off date, the loan is extended for a further 8 days – at double the interest rate.

Since moneylenders provide credit based on trust, they mostly lend to people in the community that they are familiar with. That leaves an opportunity for brokers, who introduce prospective clients to moneylenders. These middlemen typically receive 10% of the interest as broker fee.

Despite getting a loan against the identity card, it is hard to get a loan at any time. In addition, everybody has to bring the identity cards whenever they travel here and there in Myanmar. So, a few people only will try to get a loan against the identity card. The people have to leave the card at the pawn shop. If someone wants to borrow identity cards from the people for a few days for his or her own interests, that person has to pay the range K 5000-10000 to the respective persons for each identity card. It is another way to get money against identity cards.

6.7.2.7. Informal credit - loans from friends or family

Many people turn to family and friends first, because they charge reasonable interest (figures of 3%, 5% and 8% were quoted), and they charge interest per month, not per day.

6.7.2.8. Informal credit - exchanging a lottery number in a pool savings

It is possible to exchange a later number of the pay-out sequence with someone with an earlier number – at a fee of 5000 Kyats or 10000 Kyats. It depends on the amount of pool saving.

6.9. Using savings to fund over-expenditure

Savings are used for planned events as well as unplanned events. People from lower income class save in the form of gold for saving purpose as well as to wear as accessories. Poor people can save only when they have extra income, for eg, win two-digits lottery. They would use savings for health emergencies when they need to go to hospitals. Well-off people save money for unplanned events like health emergencies, and planned events such as children school fees, donations, to start up own business or to be able to invest more on the current business.

7. Attitudes toward formal financial products

7.1. Attitudes towards touch points: Banks

Respondents regarded the customer service of state –owned banks not to be as good as that of private banks. Private bank service reach out to not only business people for loan but also the ordinary people such as small traders, government employees, pensioners and so on for deposit or saving accounts. Since private banks offered 12-13% annual interest for saving, many people thought that secure way of keeping money was saving at bank in late 1990's.

Majority of people have limited access to banking and most ordinary people are unaware of banking service. Banks were not even considered by the majority of the respondents because it was perceived to be out of their reach. In the personification exercise used in groups in Yangon, a bank was described as male, old, living in a high end residential area of Yangon, driving a Land Cruiser, eating many dishes of food or hotel food – and even drinking wine. The bank would not be considered as a friend.

Saving in a bank earned small interest, instead, people preferred to keep the money at home, for quick access. Other deterrents were the cost of transportation, time spent waiting for transport, and actual transport time. With perceptions being different, some mentioned banking as a “risky proposition”, others mentioned “safer than hundi, but not easily accessible”.

7.2. Perspectives from farmers about MADB

Farmers appreciate low interest rate from MADB, 8.5% a year (in reality, they have to pay back in six or seven months after their crops are harvested). But, the total amount of loan, 80,000 Kyats per acre (up to 5 acres maximum) is not sufficient; it barely covers half of the actual cost of cultivation per acre of land.

Another negative aspect about the MADB is that the people don't receive the loan in time; before the cultivation, so they have to take loans from others in order to start cultivation practices in time.

If there is even one defaulter from the community, (not paying back the loan before the start of the next cultivation season), other farmers from that village do not receive loans and they have to wait till defaulters clear their loans with the bank.

Besides, farmers have to pay back as soon as the crop is harvested when the prices are still low - meaning farmers have to sell their produce to dealers and middlemen at less than market prices, for the sole reason of repaying to the bank. In the process, they cannot hold on to their produce for sale at higher market prices. The hassle of opening an account with the bank for future loans, is a daunting task for most people.

7.3. Perspectives from the target market about Microfinance Co-ops

Respondents' perceptions about Microfinance Co-ops were not very positive. Many have heard of the complicated process of obtaining a loan, for eg, they have to pay back some amount

everyday, and cost of travel everyday outweighs the benefits of the loan. It's reported that it takes about 1 month to receive loan after application, so they don't have it when they want it. Besides, to take loans, people have to guarantee each other (5 people in a group), so when one doesn't pay back, the other members have to pay it. It's restricted to those who have regular income, so odd-job workers are excluded. In some wards in Yangon, people don't have access to it as the ward authority does not guarantee to take care of it (unless the ward authority doesn't guarantee, the Co-ops do not give out the loans to people living in that ward). Most of the cases, those who have access to it are people who are capable of paying back, mostly better off than the lowest level people. One FGD participant mentioned that in some area, only a few persons who have close relations with the ward authority received the loan. People submitted application for loans, but never get it / rejected.

Still, microfinance cooperatives are considered somewhat more friendly and accessible when compared to banks. Personification of microfinance cooperatives likened them to a friendly mother, aunt or older sister, friendly, warm, and encouraging, a person living in the same type of housing as other "ordinary people", eating home-cooked food, and travelling by bus or taxi.

7.4. Perspectives from the target market about registered pawn shops

A personification exercise was conducted in groups in Yangon. Although the personification of registered pawnshops was not too positive, at least these were considered to be in a league that respondents felt comfortable with: all groups personified a pawnshop as Chinese, driving an own car, living in a regular house and eating regular food. They were considered to be quite stingy.

7.5. Consumer protection and education

There was no awareness of any consumer education programs or consumer protection. Respondents said that, when they used informal unregulated financial services, they had no protection; however, they could not imagine that they could have some right as consumers when being cheated. In the Buddhist approach to life, they accepted that those who cheated them will suffer for it in this or a next life.

8. CONCLUSIONS AND RECOMMENDATIONS

8.1. The highlights from the study:

Access to finance is still limited in Myanmar and the financial sector remains underdeveloped in the region. There are only a few financial institutions such as banks, cooperatives, and microfinance institutions which provide limited financial services in urban area. People in the rural areas rely mainly on the informal sector such as friends/relatives, pawn shops, traders/brokers, etc.

- People have devised their own ways of saving and transferring money in the absence of formal financial services
- Informal financial services are common, easy to access and hassle free. Despite high interest rates, people prefer these products to formal financial services.
- The *Hundi*, pool savings, borrowing from unregistered pawn broker and money lenders are preferred
- Misinformation regarding formal services appear to keep people away from accessing formal financial services
- Society, family and religion play a vital role in the day-to-day activities of the common man in Myanmar. Collectivistic activities dominate, donation groups, funeral service groups, organized but unregistered associations formed by monks, and other community leaders help in information dissemination as well as assisting in community activities.
- Among the three study areas, Yangonites were more aware of formal financial services. Rural people used informal financial services as well as microfinance and registered pawn brokers for immediate financial requirements.

8.2. Challenges and Opportunities

8.2.1. Inclusion of microfinance

- The study found that some ward/village authorities try to control the target beneficiaries of INGOs/NGOs loans. Those who have close relationships with authorities have access to loans, and the poor bracket of the population is left out. Some of the cases, the authority even lend money back to the borrowers with high interest rate with loans from NGOs.
- Information dissemination from credible sources, visits by micro-finance co-ops to the villages and explaining their services in village meeting and other confidence building measures to be taken up for greater participation.

8.2.2. Create an enabling environment

- Misinformation regarding who can use formal financial services is a common perception among the rural and lower socio economic classes. Focus on educating

people, to dispel fear, to explain the advantages of formal credit services is the need of the hour, to encourage more people to invest in banks.

- Ward and village meetings, advertisement through media, encouragement from civil societies and community organizations, would broaden understanding of these services.

8.2.3. For the authorities

- Identify gaps in the current financial structures, both formal and informal. Be able to provide technical assistance to banks, conduct exposure visits from demand and supply side, to familiarise demand side with services and supply side with the needs of the people.
- Confidence building measures, service providers to be able to address all concerns of the people – may be even provide incentives to encourage people to formal financial services.
- For banks and other formal lending institutions to increase the cap or ceiling on loans, to delink crops grown with qualifying for loans, to delink minimum land holdings with loans. However, authorities should establish a clear regulatory framework and monitoring so that people use loans for the purpose.
- Eliminate middlemen such as village authorities/ward authorities, and make access possible to the end user.
- Introduce insurance –crop, health, home, at affordable premiums. Different policies and schemes should be developed to address needs of people.

8.2.4. Credit for farmers

- MADB officials advertise loans and easy payments in advance of the cropping season, to enable farmers to apply for timely loans.
- Simplify procedures by deploying the staff to process application in the village, rather than have farmers travel all the way to the bank.
- Provide credit at subsidised interest rates to female headed households and socially excluded groups.
- Banks to conduct information camps, provide an incentive for signing up for loans, provide fertilizer subsidies, help identify seed banks recognized by the bank – as incentives
- Extend repayment tenure to ensure farmers are able to fully utilize the market
- Train farmer representatives in each area, an “extension worker” as a trouble shooter.

8.2.5. Credit for micro business / casual labor

- Provide incentive when loans are paid by the group on time
- Increase loan amount when group pays on time as motivation for other members to join in

- Daily payments to be replaced by other payment schedules, so that overall travel costs don't outweighs the benefits
- If collection has to be made on a daily basis, ensure collection centres / personnel from the bank visit the village
- Instead of a single savings for savings, provide an option for people to be able to choose according to their needs

8.2.6. Credit for SMEs

- Loans for SMEs to be based on feasibility and credibility of business plan rather than availability of collateral
- Make entire procedure for applying for loans simpler and within the reach of the end user.
- Increase coverage to include remote communities and other excluded groups
- To limit or do away with recommendations letters from village or ward authorities, ensuring process is transparent and clear of middlemen
- Provide soft loans to women headed households and other vulnerable community members
- Have a separate "insurance" type of plan, for people to fall back on if the business venture fails or destroyed by natural calamities.

8.2.7. Savings

- Familiarize people with services provided by the bank
- Confidence-building measures to encourage people to save in banks
- Have bank officials and staff visit villages to share information, for example, in a public meeting, help villagers open accounts by visiting them in their setting
- Involve local associations, monks, to advocate savings
- Provide different interest rates for different amounts saved
- Provide student savings bank options, have schools involved in creating accounts and obtaining pass books, encourage small savings once a fortnight
- Advertise through print and broadcast media
- Involve popular singers, artistes and other role models in advocacy campaigns
- Banks to have a grievance cell, so complaints are addressed and corrective measures taken
- To have a booth in the bank where people can apply for temporary national registration cards / household listing etc, to get the process of opening an account in the bank started, while officials process the application to obtain permanent identification documents to community members - this initiative to come from relevant ministries in the Government

8.2.8. Remittances

- Have banks operate for at least 6 days a week, for people to be able to operate over the weekend

- Increase coverage of government and private banks for all people to access services
- Have only the remittance section of the bank work longer hours during weekdays, may be in a shift system, this will encourage people to use remittance, and also build confidence in the end users about the entire banking systems (more people friendly)

8.2.9. Insurance

- Few people are actually aware of “insurance”. The primary goal is to educate people about insurance, and the benefits for people from all socio-economic classes
- Explain crop insurance, health and life insurance, what are premiums, etc
- As insurance is still in the inception stage, assurance of safety and risk must be emphasised
- If there are different policies, bring it to people through media and print broadcasts
- Involve popular personalities to endorse insurance

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Appendix 1: Formal financial product in Myanmar in 2013

1. Banks

According to “Thura NewsViews” Newsletter on the Internet (May 2013), “Financial industry is still very underdeveloped in Myanmar and is mostly represented by banks. This is due to tight controls exercised by the government resulting in lack of competition and legal infrastructure for vibrant financial markets. There are four laws directly governing the country’s financial sector: The Central Bank of Myanmar Law 1990, The Financial Institutions of Myanmar Law 1990, The New Savings Bank Law 1992 and the Myanmar Insurance Law 1993.”

The current banking system is a three-tier one with the Central Bank of Myanmar regulating activity of state and private banks. As of beginning of 2012, four state banks in the country including Myanmar Foreign Trade Bank (MFTB), Myanmar Economic Bank, Myanmar Agriculture and Rural Development Bank and Myanmar Investment and Commercial Bank (MICB) have been in operation. Each has its own specialization, in the banking sector. For example, MFTB with its network of 370 correspondent banks in 50 countries provides international banking and financial services. It is also the bank for foreign currency accounts opened by foreigners.

Private banks have been operating in the country since 1992, their number (19 domestic private banks as of beginning of 2012) has grown considerably although they remain under control of the Central Bank which sets interest rates for loans and deposits and they provide a limited scope of services. However, starting in October 2011, they re-introduced such services as ATMs, foreign exchange counters and hire purchase services (very popular for mobile phones).

According to the Central Bank of Myanmar, there are 452 branches of all private banks in Myanmar while the Myanmar Economic Bank, the state-owned bank has 319 branches in the Fiscal Year 2012-2013. In 2013, major private banks initiated development of online banking.

Major cities now offer ATM service through electronic banking. Also, in 2012 September, Myanmar Payment Union (MPU) service was officially launched through MPU national switch interbank.¹ Western Union international money transfer services have recently opened their offices in major cities in the country.

PhyaPon (Delta) and Pakokku (Dry zone) are towns with different commercial activities. Phya Pon area is recognized for its rice farming and fishery sector. There are branches of MADB, MEB, CB bank and MLFD Bank.

Pakokku is the town located on the west bank of Ayeyarwaddy River. It is a trading point for the Chindwin and Yaw river valleys, the town deals in timber, agriculture and several small traditional businesses like weaving, slipper manufacture, and trading of principal crops such as peanut, sesame, tobacco, rice, pulse and bean. This has evoked interest in the banking sector,

¹ MPU was established by the Central Bank of Myanmar with 17 local banks to promote the acceptance and issuance of payment cards in the country.

Source: http://markets.cbsnews.com/cbsnews/news/read/22843380/myanmar_payment_union_signs_mou_with_jcb_international

that today there are eight major private banks operating in the area. These banks mainly provide remittances, saving and loan service.

This MAP study was conducted in the rural villages which located in the two townships. While there is awareness of the banks and their services in the urban areas of these townships, rural folk are unaware of private banks and their services. Farmers who qualify for loans, mainly access the Government run MADB for farming activities in both study regions. It is common for loan beneficiaries to use the borrowed money for purposes other than the main reason for borrowing such as home improvement, education requirements, etc.

2. Microfinance Co-operatives

There are some branches of Microfinance Co-ops in Yangon which run as savings and credit cooperatives for small society such as sellers from bazaars, low income earners from ward or township. Microfinance cooperatives are originated from cooperative movement by Ministry of Cooperatives. Microfinance Co-op offer group-based credit and saving schemes to people who have regular income. These institutions are well organized and encouraged by the government for poverty alleviation even though the awareness of these was limited.

In the rural villages where fieldwork was conducted, there were none; one or two existed in the towns. Although there is no Microfinance Co-op in the rural villages, there are three Microfinance Co-ops in Pakokku Township and one Microfinance Co-op in PhyaPon Township.

Microfinance cooperatives have fixed hours of operation, and fixed times each day for repayment in instalments. A delay in payment, results in a penalty to the borrower. Experiences of two respondents are shared below:

“The repayment time is fixed at 2 PM everyday if we are late they charge penalties. For example if the daily amount is 500 Kyats we have to pay penalty 500 Kyats - total 1000 Kyats for that day.” - 7 Older Female Participants, 31-50 years, Pakokku

“They ask a lot of documents when you apply for membership, including registration card. Those who lost registration cards have to pay about 20,000 Kyats to the authorities to get a new one. And after you borrow you have to repay daily.” - Older Female, 31-50 years, Pakokku

3. Registered pawn shops

Pawn shops are important monetary sources for ordinary people who need money urgently for food, health and repayment. Majority of urban people including lower level government employees are customers of pawn shops.



Pawned items and scale for pawned gold on the counter
 (Source: <http://aungsayarpyi.blogspot.com/>)



Inside the pawnshop, there are messages and notice for the customers about the interest, punishment for pawning fake gold. (Source: MSR, 2013)

Pawn shops accept clothes, lunch boxes, kitchen and home appliance, bicycle, watch, gold or any jewellery as the collaterals, evaluate and give loan from a few hundred Kyat to thousands of Kyat based on the estimated value of guarantee.

Currently, there are about 300 registered pawn shops in Yangon. Registered pawnshops are well known and wide spread not only in Yangon, but also in rural villages. However, the people from villages usually do not go to those registered pawn shops.



Pawnshop signpost on the main road of PhyaPon, (Source: MSR, 2013)

Registered pawn shops have fixed hours of operation. People hesitate to go to registered pawn shops during the day, as neighbours and friends may see them, and discuss their financial state, causing embarrassment to the borrower.

“When my child was hospitalized I had gold to pawn but I still needed to borrow.” “They do not accept all kinds of clothes. And take no responsibility for any damage. Advantages are- interest rate is lower and they promise confidentiality and to keep your dignity.” – Young Female, 22-30 years, PhyaPon

Money lenders are in every ward. If I go to registered one, there is transportation cost and in case of emergency, it is not easy to go there.” - Young Female, 22-30 years, Tharketa, Yangon

“If I lose the pawn ticket from the registered pawn shop I have to give the recommendation letter of ward authorities to get a substitute ticket.” - Young Female, 22-30 years, PhyaPon

4. NGO credit initiatives

Micro credit services in the rural areas have been in operation for several years, both international NGO and local organizations have been part of this service. However, it was on a smaller scale, and less publicised. Cyclone Nargis in 2008 has been a turning point of sorts for various service providers.

New stakeholders in the micro finance markets were beginning to make their presence felt in rural as well as urban Myanmar. Many international NGO’s and UN agencies were involved in rehabilitation efforts in the devastated areas. Restoring livelihoods was a priority for most, and access to credit services was the need of the hour. International donors along with seasoned players in the micro credit services came to the fore, providing credit to target groups such as

farmers, fishermen, small and medium enterprises, women headed households with group based liabilities. Small and medium farmers and businesses from the ravaged Delta areas applied for micro credit from the NGO credit initiatives. Prominent organizations are Pact, UNDP, Save the Children, World Vision, IDE among many other international and local non-government organizations.

“NGO credits help us somehow. I don’t need to take high interest loan. Earlier, there was no NGO and I took high interest loan for cultivation. When the crop failed or when there was a pest outbreak, we were drowning in the debt cycle.” – Small farmer, 31-50 years, PhyaPon

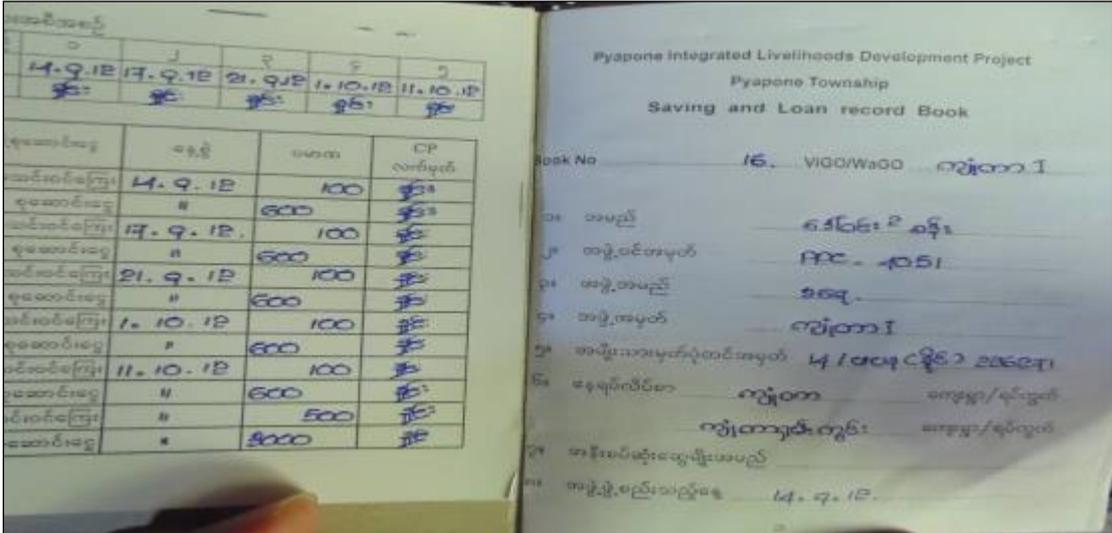
“In our ward, the NGO credit initiatives were not successful. They noted our names, in reality, the persons who were familiar with the ward authorities got the loan” – Trishaw pedler, 31-50 years, Yangon

Among the **INGO** which provide microfinance, IDE, World Vision and Pact Myanmar are well known by rural respondents especially from Delta Region.

IDE was involved in rehabilitation program for the delta which was damaged by the cyclone. IDE provided agriculture loan (100000 Kyat) to small farmers only. IDE initiated in organizing committee for administrative of loan. Since IDE deducted the interest from the initial loan, farmers only received (95000 Kyat).

World Vision provided food to the affected area after Nargis cyclone hit. In order to improve the family's livelihood, World Vision provided pigs, ducks and goat. They evaluate all the aid as monetary value and the person aided had to pay back 15% of aid after they earn money to the community fund designed by World Vision. The village committee use money from the fund for credit with 5% interest to HH in the village.

Pact Myanmar supported saving-led microfinance to low income earners, including small farmers in storm-hit rural communities, by organizing self-help groups. People who applied microfinance became members of group in each village. Steering committees were founded in each village and helped to organize small groups which include 5 persons. Credit can be applied by anyone from agricultural sector or low income earners. For credit amount 60000 kyat, 3120 kyat which is sum of partial loan and interest was paid back every 14 days for 25 rounds.



Savings and loan record book of the respondent in PhyaPon (Source: MSR 2013)

5. MADB

Myanmar Agricultural Development Bank is one of the largest credit sources for farmers and rural households. Loan is allocated only among farmers who cultivate paddy, beans, sesame, etc. as a group-based lending scheme. According to the branch manager, MADB provide loans and saving services. There are three types of loans available; long-term, short-term and seasonal loan. Among them, the seasonal loan is mostly applied for in PhyaPon area. Only those farmers who have savings account with MADB qualify for the loan. Farmers who want to apply for agriculture loan have to contact the screening group for a letter of recommendation after checking the condition, cultivation and ownership of farm land. Under the group-based lending scheme, 5 or 10 farmers have to guarantee for each other to ensure loan repayment. If one fails to pay back a loan, all others have to share the loan and interest as a joint liability.

Currently, MADB provides 50,000 – 80,000 Kyats per acre as minimum, depending on the type of crop cultivated. The maximum amount of money is 500,000 - 800, 000 Kyats for 10 acres. Even if a farmer owns and cultivates on more than 10 acres, he can apply for a loan for 10 acres only. Interest rates are 8.5% per annum for seasonal & term loans and 8% per annum for savings deposits.



(A) Saving book from Myanmar Agricultural Development Bank
(B) Amount of loan and interest and return that noted in the book (Source: MSR 2013)

“The most important reason to seek financial loans from our bank (MADB) is lower interest rate than informal creditors. Being the government’s bank, there is no loan default for this branch; almost all loans are repaid by the applicants.”

“The disadvantage is that we provide only short-term seasonal loan and limited maximum amount that cannot fulfil the requirements of customers, farmers”

Branch Manager, MADB bank, PhyaPon

6. Registered pawn shops

Registered pawn shops are another source of money during emergencies. To register as a pawn shop, owner have to apply for an operating licence. According to the owners of pawn shops, the licence fee is different from place to place based on the demand. It means shops which operate in the suburbs are charged higher rates for obtaining a licence fee than one operating in downtown. The estimated cost for licence and tax was about 5-7 million Kyat. Even if it is a profitable business the initial capital is huge because of increasing tax. The demand differs from place to place and from one season to another.

7. Microfinance Cooperatives

Demand for microfinance in Myanmar exceeds supply four times, holding back development as the country emerges from decades of isolation and highlighting the need to build up sustainable and credible microfinance institutions in the country.

Microfinance was first introduced to Myanmar in 1997 by UNDP's Human Development Initiative (HDI), a pilot project that was regulated by a special MoU with authorities.

As part of HDI, a number of microfinance initiatives were implemented through various international NGOs (INGOs) such as EDA, Grameen Trust, GRET and PACT in the Delta area (Ayeyarwaddy Division), the Dry Zone and Shan State. Later on, other INGOs also began providing microfinance services as part of their broader poverty alleviation intervention.

From March 2006, PACT was selected as the single subcontractor for UNDP microfinance programming, becoming by far the dominant microfinance provider in the country. There are six categories of microfinance providers in Myanmar in order of formality: state banks, private banks, NGOs, cooperatives, specialized agricultural companies, and village banks. There are others providing microfinance, such as pawn shops and informal money lenders, but there is no information or data available on them.

Agricultural sector in Myanmar is 27.6% of GDP and the largest employer in the country. While, it contains the largest number of potential microfinance clients, only 2.5% of all loans are made to this sector

Products are designed to serve micro or small and medium enterprises (SME), to develop agricultural activities or to enable poor household to cover primary needs (education, health). Following Nargis, some specific products were also developed to replace the assets of the affected population, particularly agricultural assets such as livestock, paddy seed etc. Overall, products range from 5 to 500 thousand Kyats for a maturity of 3 up to 12 months.

Two banks are involved in agricultural microfinance: the Myanmar Livestock and Fisheries Development Bank Ltd and the Myanmar Agricultural Development Bank (MADB). However these only cover a fraction of the estimated credit needed by farmers. For example, a paddy farmer requires on average 100,000 to 130,000 MMK of loan per acre for cultivating each monsoon-paddy.

The MADB provides only a fraction of the need, with a maximum loan size of 8,000 MMK per acre for short term loans without collateral at 1.5% a month. Even then, the loan is only available to farmers who are registered with the Land Record Department. As a result of lack of appropriate credit, paddy are typically under a lot of pressure to repay any credit they receive just after the usual harvest time , leading to a glut of paddy for sale at harvest creating very low prices on the market.

Appendix 2: What money can buy

1. What money can buy

As an experiment, we gave members of the field team (FGD facilitators from MSR) each 5000 Kyats (about USD 5.5-6) to spend on food in a market. This amount would be sufficient for nutritious meals for a family for a day.



Food bought by 5000 Kyat in Yangon; Items bought by 1000 Kyat in PhyaPon

In rural areas respondents were given 1000 Kyats to buy food.

- A lady who is about 50 years old in Pakokku Township bought a pack of sugar, readymade coffee, tea leaf pickle, instant noodle, and small snacks.
- A man who is 33 years old bought a pack of cake and a pack of roasted peanuts in Pakokku Township.
- In delta area, one respondent bought rice, oil, candles, and joss sticks. Another respondent from delta area bought instant ovaltine, candles, and joss sticks.

The ‘fun and grief’ expenses provide an interesting insight into the lives of people of Yangon: for a relatively small regular contribution (of 500 Kyats – 1000 Kyats), an individual can partake in a lot of social activity in the community. Life in the collective structures is punctuated by religious ceremonies and celebrations. Given the Buddhist approach, everybody can participate, even without a donation – although everyone is under a moral obligation to make some contribution.

In rural areas the contributions are smaller (200 Kyats), but the principles remain the same.

The following are examples of estimates of what the total costs/sum of contributions would be:

- 500 – 5,000 kyats for religious events in the ward, for example, robe offering ceremony
- About 5,000 kyats for parents, or elder relatives, to spend on snacks, traditional foods, small donations, or buying candies / snacks for the grand children

The cost of bigger events differs according to how lavish it is done. Expenditure in urban and rural areas also differ

Funeral

In urban area, the minimum cost for funeral will be 200,000 Kyats. The minimum cost for funeral in the rural area will be 100,000 Kyats. The cost will vary according to the socio economic status.

Attaining monkhood

A minimum cost in the rural area is about 15000 Kyats and at least 30000 Kyats in the urban area. The expenditures will depend on the socio economic status. Some rich people celebrate the reception of monkhood ceremony in the four star hotels.

Wedding

Although wedding is a significant event in Myanmar, though not everybody spends a lot of money on it. The minimum cost for a wedding in the rural and urban areas is 300,000 Kyats. The costs for wedding of middle class people in the rural and urban areas will be 3 million Kyats or more.

Donations

Donations to monks during festive religious seasons, for example water festival and robe offering ceremonies are not determined in specific amount. Many urban respondents mentioned that they used to donate some amount daily or weekly or on a monthly basis. Respondents from rural area can afford donations only after harvesting and selling crops. However, nobody mentioned that they took a loan for donation purpose. Rural people donated to the monks and to religious affairs. Urban educated people and younger generation preferred to donate to charity funds and contribute to community development. Some respondents said they were members of donation groups. At these donation groups the minimum contribution is 1000 Kyats, with no limit on the maximum.

Appendix 3

General comments on gender

1. Gender

In Myanmar, rural women and girls are subject to extreme poverty, leaving them vulnerable to trafficking and exploitation. Gender equality is also undermined by a number of discriminatory customary laws concerning marriage, property ownership and inheritance rights. These laws often serve to entrench stereotypes of women as child-bearers and men as decision-makers.

The Multiple Cluster Indicator Survey data shows that 7 % of girls between 15 and 19 years of age were married, divorced or widowed in 2010, compared to 11% in 1991. In 1973, 22% of girls aged between 15 and 19 were married, divorced or widowed which indicates that societal acceptance of early marriage has declined in recent decades. The World Health Organisation reports that 43% of married women aged 15 have started childbearing, by 19 years this number reaches 74%.

With regards to parental authority, fathers are perceived as the head of the household and have the duty of providing for their wives and children. In practice, women bear primary responsibility for child-rearing, as well as caring for her parents and her husband's parents.

There is a lack of data on the law regarding women's access to land, however land could be considered property and subject to the legal provisions. There is also no data on women's land ownership. Women also have equal rights as men to acquire, administer and dispose of property. In marriage, women jointly own the property accumulated during the period of marriage together with their spouses.

Women and men have equal legal rights to apply for bank loans and engage in other types of contracts. The MAAF operates a micro-credit scheme that specifically targets women. In 2006, this scheme provided temporary loans of 72.4 million Kyats (USD 11 million) to a total of 8 608 women. The government reports that a similar programme run by the Myanmar Maternal and Child Welfare Association has provided loans totalling close to 180 million Kyats (USD 28 million) to more than 45 000 women with a desire to manage small-scale businesses or breed livestock.

However, non-government women's organisations report that as women have complained that they are financially exploited, as the schemes charge women interest on the loans at the same rates as the moneylenders and the individuals running the schemes profit the interest.

Myanmar is a society in which there is gender equality at all levels – where all women are empowered, can fully realize their rights, are in position where they can effectively lead, and are treated with dignity and respect. Having mentioned so, there are exceptions. For example some widows, women from socially excluded groups, people with FRC, such as Chinese and Indian women do not have easy access to credit or any formal services compared with Burmese women or other Government recognized ethnic women.

Men hand in incomes to the mother / wife, for her to manage household expenses: food, clothing, education, health and loan repayment.

Women are eligible to become members in different organizations, but it appears there is a glass ceiling, especially in administration services.

During emergencies and crises, women take centre stage, in households, managing food, looking after the sick, and earning too, when she can.

Self help groups (SHG) set up by NGOs are wholly women-centered, giving them credit at low interest rates. Seed money is given by the NGO, and this is a revolving fund. The target population is mainly women from low economic status, vulnerable households, and for children from these households.

In Myanmar, most microfinance cooperatives are run and managed by women. However, women are not given any subsidies, both male and female applicants and members are treated equally, and loans granted based on credibility and feasibility of the small or medium enterprise, rather than gender. Majority of borrowers are women – from diverse enterprises such as hawkers, traditional snack shops, handicrafts, printing, processed food industries, among others.

Appendix 4 Case studies

Case study: Respondent 1

Objective is to illustrate:

- How financially sophisticated the small business owner is;
- How she functions within collective structures.
- Her perspective on formal financial institution

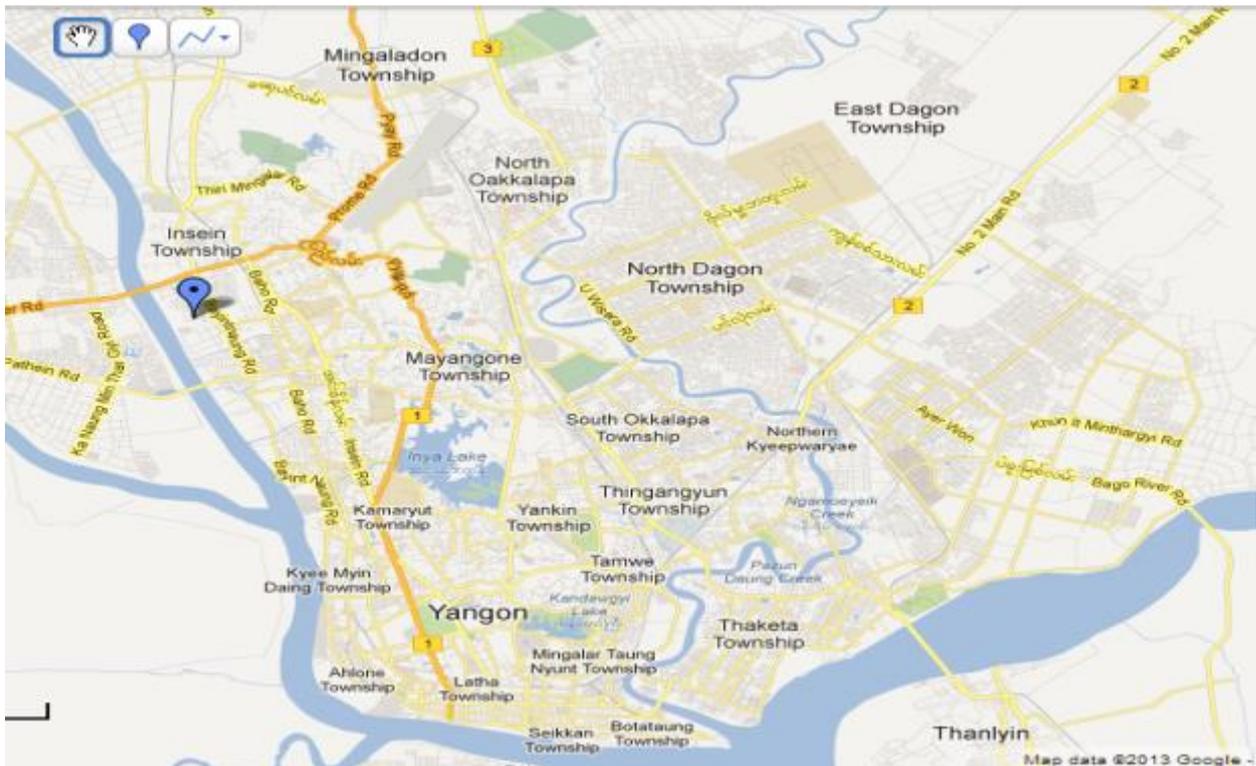


Photo Map of Yangon, indicating area of Respondent's house



Photo General photos of the surroundings



Photo The surroundings of Respondent's house; In front of his house are tea shop and trishaw gate.



Photo The surroundings of Respondent's house; beside his is the relative's house



Respondent 1 is 49 years old – a fact that he mentioned often: he had a heart operation 18 years ago and the surgeon said that he might not live to 60. Therefore, he is trying to fulfil his dreams and responsibilities quickly and to the best of his ability. So far, he is quite satisfied that he is achieving this. As part of his achievements, he and his whole family had been on a pilgrimage to the temples of Bagan, an ancient city of Myanmar and other famous places in upper Myanmar; his children are well taken care of and he has a successful business – a small grocery store in the Insein Township, ward (Ga); he recently added a health massage salon in a separate section of the house, where his wife practices electric massaging which help cure back pain and joint pain. When the field team visited the massage section, there was an electric massager-bed and new bright blue curtains.



Photo Respondent 1's business, a mini shop that also provides phone call and massage services.



Photos Massage section of the shop.

In his shop he sells a range of general groceries Snacks were prominently displayed while chewing 'betel paan'² and seasonal fruits are sold too. He also has a chest freezer that contains for drinking water bottles and soft drink cans and bottles for sale. The shop is located at a street corner and in front of a tea shop; the gate used by trishaws³ is closely located. Apart from providing phone call services, he also sells mobile airtime top up cards.

² A life that is commonly chewed then spit ou or swallowed.

^{3 3} A pedicab/ a bike taxi: a bicycle with a cart attachment to ferry customers.

Respondent 1, his wife and two children live in the same building as the shop in the land owned by his mother in-law, they share this land with other siblings.



Photo Respondent 1's family

When he was young, he took up various career roles. Initially, he worked for the public transportation corporation owned by the socialist government until he was fired for participating in a strike. He then sought work at a construction company where he worked for a long time as a supervisor for the brick layers. The switch to run a small business from his home was because of his health condition. He also distributed medicine from New Zealand through a network together with his wife and learned of the different ways of earning quick money by watching the popular trend of his community. Apart from the small business, he also lends money to some reliable friends and debtors.

According to the questionnaire he filled in during the recruiting, his demographic, financial product usage and access to information details are as follows:

- **Age:** 49
- **Marital status:** Married
- **Ethnicity:** Myanmar
- **Religion:** Buddhist
- **Highest education level:** Standard 9
- **Position in household:** Household Head
- **No. of people in household:** 4 (Respondent 1, Wife, Son and Daughter)
- **Dispersion of household members:** No
- **Household income:** K300,000 – 500,000
(Net income - About K 200,000)

- **Formal financial product usage:**
 - Loan from registered pawn shop

- Remittance via bank

He has experienced bank money transfer services, customers sent to him from other states)

- **Informal financial product usage:**

- Loans from relatives and money lenders
- Retail account (sometimes provided by wholesalers)

-

- **Occupation:** grocery store owner
- **Access to electricity:** Yes
- **Ownership of mobile phone:** Yes
- **Access to internet:** No
- **Forms of communication used:**

He lives in a suburb in urban Yangon. His home is located near circular railway and Bayint Naung Road.

The modes of transport he uses are: bicycle or trishaw when going to the market and the bus when going to the big market in the downtown area or to the bank.

The nearest banks to him, CB bank, AGD bank and Kanbawza bank, are located 30 minutes away by bus in Bayint Naung Wholesale and Warehouse area.

Financial well- being

In spite of being relatively satisfied with his life, he expressed that financially he was ‘at the age of 49 but still struggling’, yet he had hoped to retire at this age. He would have liked to be in a position where he could give money to his parents whenever they needed and however much they required.



Photo A shrine at the respondents home.

He values Three Gems of Buddhist Religion and his fathers photo can be seen on the shrine

His descriptions about ‘struggling with money’ revealed that he is comfortable with complex financial concepts and sophisticated in his approach to financial management; he used terms like capital, investments, interest per day or per month, etc, with insight during the interview.

- Income

His income consists of:

- Profit from the grocery store/health massage section makes up about 70% of his income
- The balance of his income is from interest on loans to others (at 20 % interest per day).

The proportion might vary during the year: during the rainy season the demand for goods from his grocery store declines; however, there is always a demand for credit.

In order to increase his income, he would invest. Respondent 1’s approach to investment is similar to that of most of the respondents interviewed in Yangon: investment is equated with ‘investing in a business – your own or someone else’s.’ Respondent 1 quoted an example as an investment: he invested in a freezer, which allows him to sell goods that need to be refrigerated, therefore it is an investment that is increasing his profit.



Photo Inside the Respondent’s house, 2 Chest Freezers and TV Case

He also explained how he invested in his brother’s company. His brother is a manager of Steel Company. He invests money as a credit with 5% interest rate for short term. The company use this money for revolving capital.

Ideally he would like to invest in an addition to his store, adding a building construction store: he has the expertise to do this, since he worked in the industry for many years.

- Expenditure

The total expenditure of his household, including school fees is about 250,000 Kyats. Daily expenditure is about K6000 for food.

For day to day expenditure they live 'out of the money box of the shop'. Even though they do not formally budget, they use the funds frugally and are relatively able to estimate the percentages on different aspects: Food Expenses 70% , School Tuition Fee 30%. His daughter is 9th standard student and his son is attending training to become sailor. Their school fees are priority of expenditure for parents. Sometime, he support money to his parents who live in other township with other siblings.

- Remittances

His wife also involved in network marketing and sold the medical products from main office to Myeik, town in Tanintharyi Division , the southern part of Myanmar. The customer transfer money to Yoma Bank , Bayint Naung branch and he received money through bank.

He sometime uses person to transfer or send money to his parents who live in other township. He has concern about the dishonesty of people and he chooses the familiar person. However, he never had bad experience of informal remittance. He used to send via man is K 100,000.

- Saving

U Chit Po has never saved in a formal banking institution, but his knowledge about the value and complexities of saving is highly sophisticated.

Savings is required for the future; in his case to fulfil dreams of going on a pilgrimage to Buddha Gaya (the birth place of Buddha, located in India and Nepal. Bigger donations to monks and other charitable causes are also paid from the savings.

He saves cash in 'a piggy bank' , ' Su Bu' ; he used to check his daily income and if it is good income, he save K1000 for that day. If the shop need to fill goods to sold, he could not save for that day.

Bigger savings are in gold jewellery, because gold has many advantages over cash or savings in a formal financial institution:

- It keeps its value;
- It is flexible: you can liquidate a number of smaller items up to the amount required;
- It is easier to transport/take with you than cash;
- Unlike the situation with a bank, you do not have to give notice if you need to liquidate your savings;
- It can be used as collateral at a pawn shop;

- Managing cash flow/Credit

Being a store owner, he needs to buy stock. He buys from wholesalers, mostly using cash. Over the years he has built a relationship of trust with these and, if required, they are prepared to give him a few days' credit if required. It is done on an informal basis, the wholesaler noted in memory or noted in the list of cash receivable. Some retailers used to buy and pay back in next time. This type of payment is called "Kuak Pyan Pay". But this is for regular customers only.

He uses credit from a registered pawn broker as a tool to manage his cash flow: he borrows at 3% (monthly interest rate for 3 months) then provide credit to others at 20% per month. As he points out: he then makes a 17% profit! He also uses credit from his brother in a similar manner. The advantage of borrowing at a pawn broker is that you can retrieve smaller items of your collateral as you pay back the loan. The downside of the pawn broker is that they do not give a guarantee against natural disasters.

He does not consider giving loans to others at a 20% interest rate as exploitative; in fact, he describes himself as a community person functioning on trust in this regard, unlike a 'loan shark money lender' he referred to who takes fingerprints. He explains that people who live in the same community need money for several reasons and they rely on the informal money lender with daily interest for example, person who get K 10000 for credit, he need to pay K500 per day until he pay K10000 back.

He is not at all concerned about a potential risk when lending money, because he used to screen persons who ask loan from him and only lend to person who is honest and reliable. Those persons always pay back. If they don't, 'the gods will make them suffer'

- Collective involvement

Respondent 1 is actively involved in a lot in community initiatives and often takes a leading role.

- Medical assistance: the community formed a self help group to assist with medical costs relating to eye problems. The community decided on eye care as specific health problem for assistance collectively, under the guidance of the monk. (Respondent 1 himself wears glasses.) Members make a contribution every month of K500 and some members provide electricity billing service to all household with service fee K 200 which become fund for medical assistance ; once someone needs assistance, first the member propose for that person, other discuss and decide to support, and arrange for required treatment or operation with the help of government's hospital.

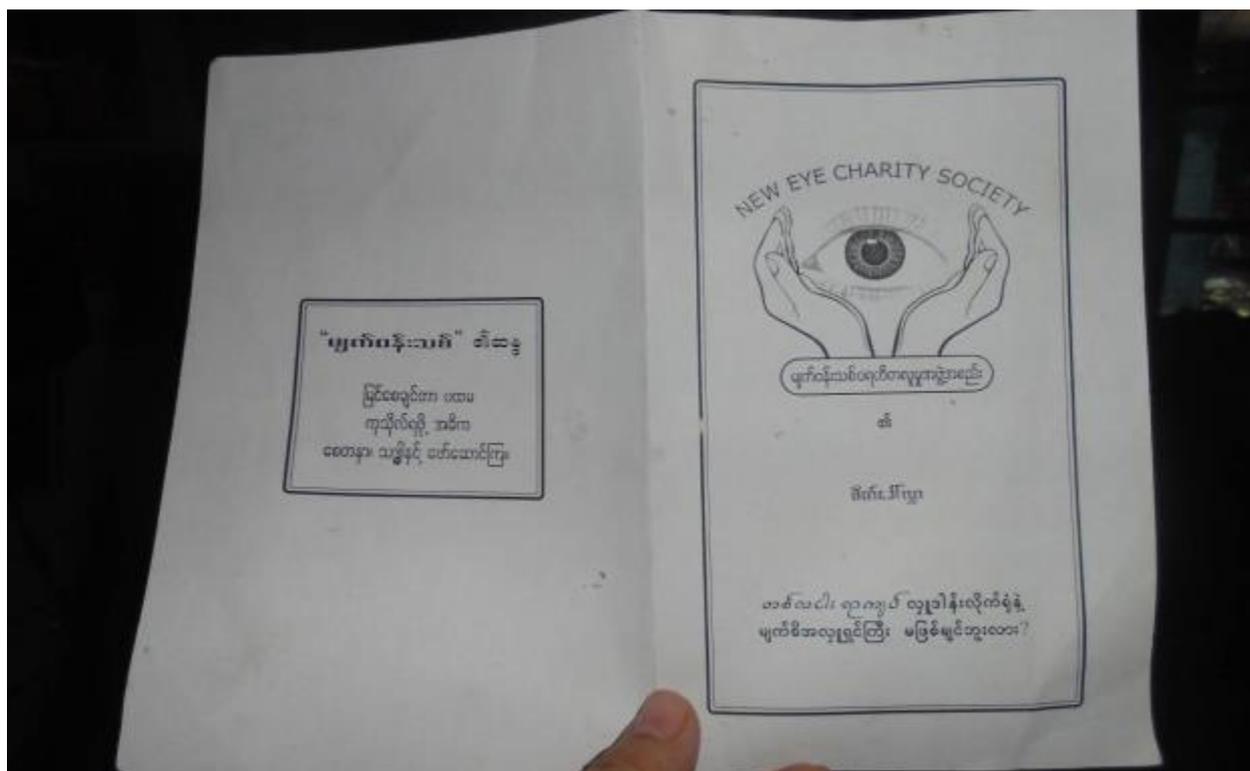


Photo Optical Charity Society that he involved; The flyer present the message which encourage to donate 500 Kyats per month to become the optical donor.

- Funeral assistance: the community formed a group to assist with the costs of funerals.

The funeral society at Respondent 1’s ward provide assistance for everybody in the ward and nearby wards, regardless of whether they contribute as members or not. However, contributing members get more benefits that the mere basics. The monthly contribution is K 500. This would give access to discounted additional services like and getting certificate to bury from municipal office, an own coffin, a hearse and arrangement at crematory. The discount is negotiated with the Free Funeral Service Society on the basis that they offer similar community assistance to the poor.

According to Respondent 1, a basic funeral would cost between K40 000 and K50 000. These costs would include the following:

The most basic requirements for a funeral would be to (sometimes) keep the body in a morgue for a few days; poor people tend to do the cremation as soon as possible after the death, often within a day of the death. A coffin is required, though poor people can rent a coffin; more affluent people tend to prefer their own wooden coffin. Transport of the body from the mortuary to the crematory is also required. Additional cost would be for the monk(s) who preside Dhamma to the family and audience, and share merit to the person who passed away over the funeral, which amounts to between K 10000 and K 50000, it depends on the willingness of donation. Providing food for the mourners is also optional. Most Buddhist families do offering food to the monks and neighbours at the 7th day of death. The typical food is ‘Mont Hin Gha’. Merit from that donation intend to share the person who passed away. Costing between K 10000 And K 50000, depending on the number of audience and the economic status of the house. A funeral is an opportunity to show respect to the diseased and the family, therefore great care is taken with the arrangements and insuring a large attendance.

- Informal savings group

Respondent 1 and some friends organised an informal savings group based on a lottery system: all members got allocated a number, which dictated which day (turn around) they would receive the total contribution of that month. Each member contributed K1000 per day. However, the group collapsed because U Chit Po made a mistake when he wrote down the lottery numbers: he wrote two number 9s! The members sorted the misunderstanding out amicably, but disbanded the group.

Connectivity:

Even though the area is not well developed in terms of road infrastructure, they do have electricity. Landline phones are accessible to community members at street vendors.

Transport is available via bus or taxi; according to his demographic information, it takes about 30 minutes to get to a bank and cost about K 200 for one-way.

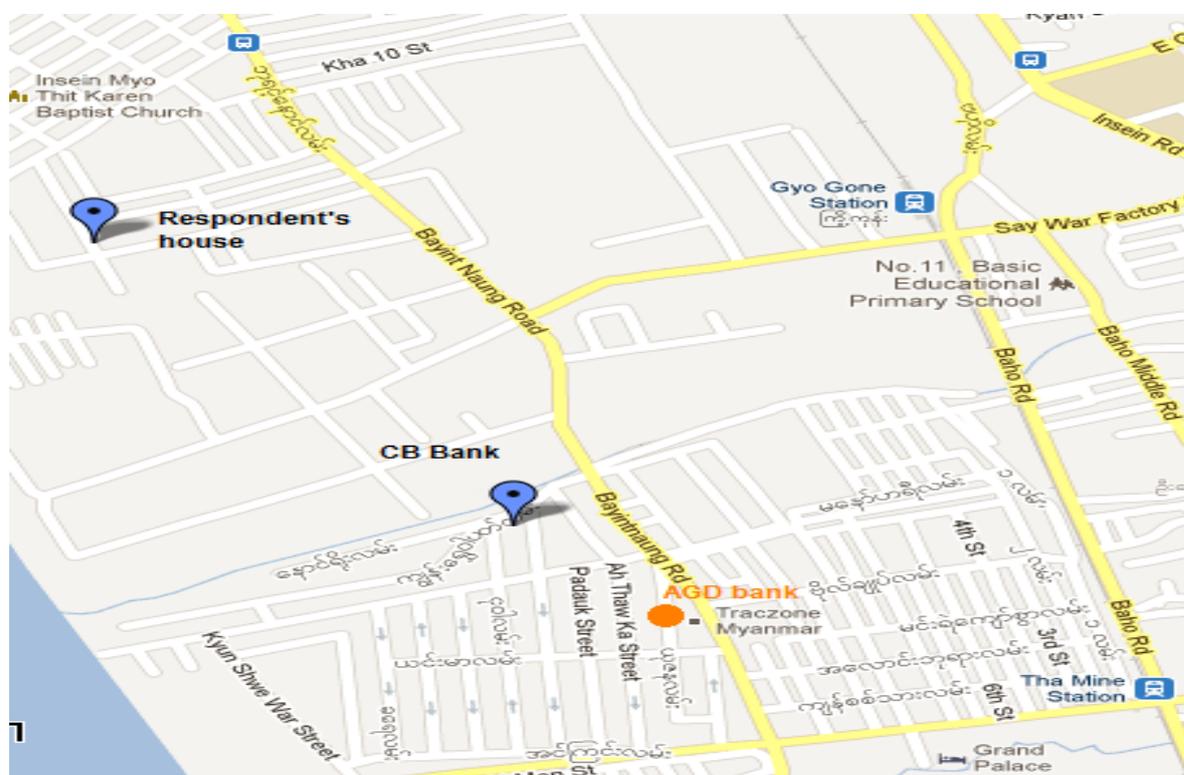


Photo Nearest bank to respondents house

According to basic demography, Respondent 1 cannot access internet via mobile. However, he aware and notice that internet is useful to know update news happened in other places (e.g. copper mining)

Perceptions about formal financial institutions

He has an extremely negative perception about banks; he personified them as gamblers and people who made money in illegal lotteries; at best banks are for shady business people. People who earn their money in a regular manner, like himself, keep their money at home.

He furthermore perceives banks to have so much red tape that he would never consider using them, especially for savings, which he might need to access at short notice. The interest offered by banks on saving is so little that it is not worth the hassle.

While he worked for the construction company, he had life insurance and paid K380 per month; when he resigned, he got back his contributions less admin costs.

Role of women in society

Respondent 1 said that women play a prominent role in society; in his own household, he includes his wife in financial decision making and consulting for future of children and business. Women in the area organise religious ceremonies and community contributions.

Case study: Respondent 2

Objective is to illustrate:

- How financially sophisticated the small business owner is;
- How she functions within collective structures.
- Her perspective on formal financial institution



Phot Map of Yangon, indicating area of respondent's house

Respondent 2 is a 40 year old woman entrepreneur who has two daughters. She and a person who later became her husband jointly started a small handicraft business before they were married. They produce rattan handicraft and furniture. She recently completed her Master of Business Administration. Even though her current business makes good profit she does not want to concentrate on business only. She wants to be a good and dutiful mother giving full attention to her daughters' education. She explained that she had dreams to expand her current business as a one-stop handicraft shop for all Myanmar handicraft products and also to start a Myanmar traditional restaurant based on her passion for cooking. However, her two daughters are very young and she wants to bring up them very carefully at the beginning of their lives. She worried about the impact of balancing her job and family. Instead of making only money she gave most of her time to her family and kept running business also, being able to make a steady income. Because of her care, the elder daughter- 12 years-old is an outstanding student; she won ten awards for her successes in this academic year. She proudly displays all the prizes and records of her daughter in the showcase.

She discussed about service to customers; doing business is not only for profit but also for offering good service to customer. She told confidently that she had ability to do both activities successfully. She reflected on the times her family started doing business; her family had long experience in selling basic food such as rice, oil running a big grocery, and

handicraft business was very far from them and they did not encourage her to do rattan handicraft business. However she started the business based on her hobby and interest. She was also proud for her products.

The successes for her were the success of her daughters and the good reputation of her business. She valued good customer service and long-term relationship. She produced different products such as slipper, hand bags, photo frame, etc. for handicraft shops and furniture for hotels in Yangon, Bagan and Mandalay.



Photo Respondent and her younger daughter

According to the questionnaire she filled in during the recruiting, her demographic, financial product usage and access to information details are as follows:

- **Age:** 40
- **Marital status:** Married
- **Ethnicity:** Myanmar
- **Religion:** Buddhist
- **Highest education level:** MBA
- **Position in household:** Daughter of Household head; Her mother is household head, (second position)
- **No. of people in household:** 7 (Respondent 1, Husband, Her mother, Two Daughters, Sister and her husband)
- **Household income:** Kyat 15 000 000 – 20 000 000
- **Formal financial product usage:**
 - Saving Account
 - Remittance via bank
- **Informal financial product usage:**
 - Loan from relatives (same as bank interest rate)
 - Remittance via Highway bus
- **Occupation:** Small business owner (Rattan Business)

- **Access to electricity:** Yes
- **Ownership of mobile phone:** Yes
- **Access to internet:** Yes

She lives in a big house with yard in a suburb in Yangon. Her home is located beside circular railway and on Yadanar Road. Her family lives in her mother's house with her sister and her husband.

The modes of transport she uses are: car, she travels by car to any place she wishes to go. The nearest banks to her, Yoma bank and Kanbawza bank, are located 45 minutes away by car in Thingangyun Township, eastern part of Yangon.



Photo Respondent's house, there is electricity meter box, satellite dish on the balcony

Financial well-being

She is satisfied with her present situation for she can live in comfort and harmonize between family and work. Most of her products are targeted to both domestic and foreign tourists so that she has high sale return at the tour peak season from October to May. During rainy season, she designs new products. When she compared her current life to the past five years, she measured financial well-being by how much she received orders for her products for winter and summer, 2011 and 2012 made them busy for producing several order from local companies. In a rainy season, five years ago, she faced her worst situation – she received no orders.

Varieties of her products attract both domestic and foreign tourists. She supplies to her customers and there is no direct sale to tourist. Then, she wants to expand her business by opening sale outlet for all handicrafts at the compound of one of the Ministry's offices. However, the plan was postponed as the other party cancelled the rental, during redecoration.



Photo Inside the Respondent's house, the dining table, showcase of kitchenwares and refrigerator express her living standard

Income

Her income consists of:

- Profit from the her business (rattan handicrafts and furniture makes up about 60-70% of her household income, 25% from interest of loan and 5 % from rental fee of the shop at the front side of her house.

The proportion might vary through the year: during the rainy season the demand for rattan goods declines; sometime she earns money from profit of investment; for example, when she had extra money she used to invest in land. When the price increased, she sold out. Sometime she sold out to her relatives and familiar friends. In the same way, there is financial flow within the familiar society. If she needs money, she can borrow from either her mother or her sisters at the same interest rate of bank. If one of her sisters needs money, she may borrow from the respondent.

She stated one lovely custom of her family; whether they need money or not they borrow / use her mother's money, pay interest to her, so the mother feels she is earning her own income, and freedom to do as she pleases with the interest.

In order to increase her income, the Respondent plans to do new business with her friends. She explained the differences between saving and investment by giving example of land investment. Since Myanmar has no financial products like stock or shares, many people with extra money invested in land, apartment, car, gold and U.S dollar for decades. As a business person, even though she worked hard, she could not earn as much lump some money as sold from land or other investment. The price of property surged higher within a month or a very short time. The respondent is one of the persons who like to speculate on land prices. Doing this, there can be high risk in loss too.



Photo Products of Rattan business, photo frames, furniture, hand bags

Expenditure

The total expenditure of her household, including school fees is about Kyat 1500 000. As she is the decision maker for household expenditure, she did not clarify several titles of expenditure. However, she budgeted the summer holidays of her daughters.

She did not mention how much percentage she used for monthly working capital. Her business is running by “Make to Order” operation process. She used both in-house and outsources workers. Sometime she gave advance money for her workers or she provided raw materials to sub contract employees.

The biggest expense is tuition and schooling fees for her daughter. She encouraged and invested in her children’s education. She spent nearly Kyat 500 000 for tuition fees for her elder daughter who attended in British Council special intensive two and half class.



Photo Respondent proud of her elder daughter's successes in Education

The whole family have mobiles and they surf the internet regularly. She estimated that the charges for mobile usage is more than Kyat 100 000.

Remittances

Her customers are away from Yangon, they transferred payment money in various ways. Many of her customers are from Bagan, no private bank is allowed to operate in this cultural region. Then they have to go the nearest town for remittance through bank. Another way is transfer money by express bus. The senders had to pay service fees depending on amount. Bus line charged two fees for under and over 100 000 kyats. The fees could be 8000 Kyats for one time. She reflected her memory, one customer cheated by packing money together with other food stuffs and he paid Kyat 1500 for service fee. She said it was very risky and discouraged cheating.

Later, customers used bank service after KBZ bank opened branch in Nyaung Oo Town. Bank called her and gave her a message. Sometime she did not withdraw immediately, instead waited for other remittances.

Savings

The respondent has saving account for contingency plan. Even though she did not mention the amount, she saved large amount initially at 0.80% and she did not deposit or withdraw for a long time. She said that she try to forget that saving in order to control herself.

There will be high demand of money when businesses are good. If she had the idea to start a new business, she would not need to borrow money from someone else.

Her husband encouraged saving habit to their daughters by monthly depositing in separate saving accounts. The respondent herself preferred investment to saving for high return. She did not save gold because her mother had experienced losses.

Managing cash flow/Credit

As a business woman, she had to buy raw materials and semi-finished good from various suppliers and pay them on cash basis.

Sometime, she gave money in advance to her employees to fulfil their needs, for examples, for school fees, for house maintenance fees and for buying mobile.

As she was brought up in the industrial environment where every sibling had their own business, the capital flow revolved within the family. She uses money for working capital from her mother, and sisters first. She has good social and financial background. The family had experienced in getting loan from Bank for several years ago. One of her sisters borrowed money from the bank by giving her house as the collateral. After receiving money, all the siblings were allowed to use and pay interest at same interest of bank. So, others could use money without collateral and the borrower would not exhaust for payment of the total interest.

Relating to the credit from bank, she reflected on the awareness of insurance. When applying for loan for the first time from the private bank fifteen years ago, her parents bought insurance policy for fire and general insurance. For her automobile, she has to buy premium because of law. She learned about insurance from her MBA course. However, she did not show interest on other insurance products.

Collective involvement

As a woman entrepreneur, she also involved in Myanmar Women Entrepreneur's Association as a executive member and she take part in the MBA Alumni society.

Moreover she involved in the "Mitta Swan Arr", in English, the Strength of Kindness, which is organized by her sisters and other relatives. The member have to contribute Kyat 3000 per month. Most of them are business owners and they ask contribution from their family members, friends and neighbours. Founders collected money for every month and saved at bank. A founder is a skilful person in accounting and she reports monthly financial statement to all donors.

They donate two times a year for the community development, for example, they donated 5 000 000 kyat to Kachin State war victims; they also donate some amount to fire accident victims and orphanage school. All donor members assembled to discuss and propose where to donate.

There is no collective involvement in funeral assistance within her society. When funeral is happened, the family did not accept monetary contribution. She used to give the robe for donation and attend to show condolence.

Connectivity

The respondent and her family members enjoy technologies and modern home comfort. Even her 5 years older daughter could play game by the smart phone. The elder daughter could surf internet under supervision of her. She limited the usage of internet service for Kyat 10 000 per month.



Photo Inside the Respondent's house; Electricity Voltage Regulator, Land line phone and TV, Sample design of Furniture

During the interview, she said about changes of social network. Many senior people apply face book for social network. The development of telecommunication increases the internet usage. She also use face book actively by sharing message, giving comment and tagging photos etc.

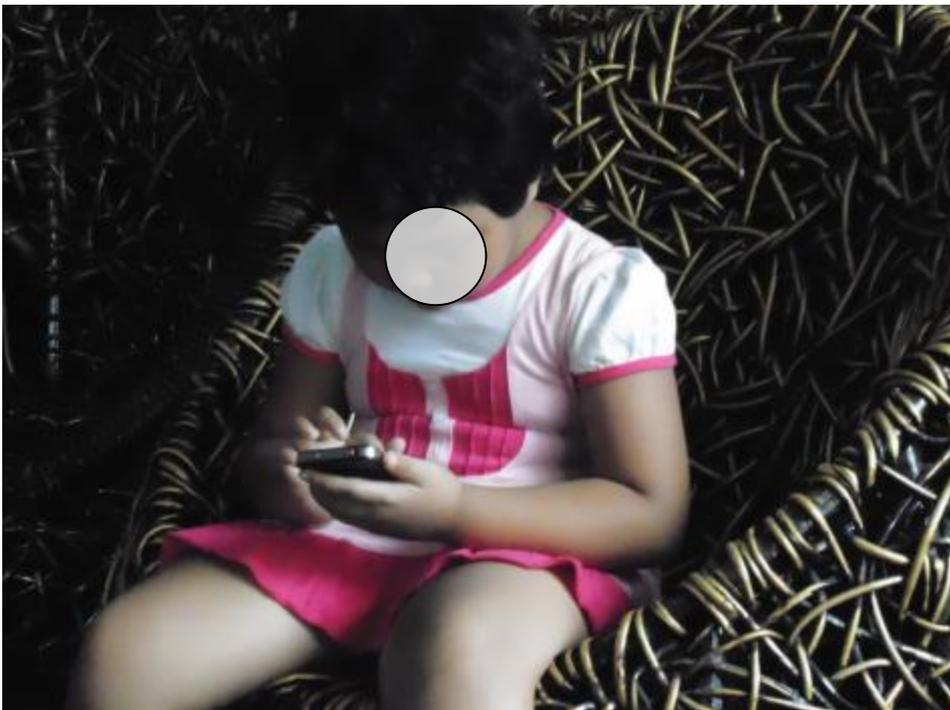


Photo Respondent's daughter 5 years old girl play game via smart phone

Perceptions about formal financial institutions

Being an educated small business woman who involved in several trade associations and business environment, her awareness on formal financial institution and formal financial credits is high. She explained the brief procedure of applying loan from bank based on her sister's experience. Bank asked the collateral and she gave her property as the collateral. For the collateral, she had to taken out the fire insurance and general insurance. After evaluating the value of home by the appraiser and provide 30% of the appraised collateral as a loan at 1.10 % monthly interest. Her sister paid interest quarterly.

According to her, most private banks did not used to ask for loan return if they trust the customer. She explained that banks depend on the interest of loan, this is their revenue, without loan, most banks could not stand.

However, many ordinary people could not touch to apply bank service. The middle class people, who have property, know the procedure could apply formal product. Relating the SME loan, she clarified that more than 90% of businesses are under category of SME. She attended one seminar organized by SME development centre which provide recommendation for applying SME loan. The other procedures are the same as other loan. She explained that there are also micro or cottages business which could not show any collateral and they are excluded to apply loan. SME centre would not recommend for these small industries.

From her point view, there can be difficulties to screen the small or micro entrepreneurs who really need capital and who really work. After researching their status, the institution should provide credit or materials and technical aids. The biggest challenge for institutions is to identify who is the right person. Some small scaled business persons have concern for repayment because of short term loan could not repay on time and deducting loan interest could have big impact on the financial well-being of them.

Role of Women in Society

Respondent 2 said that women are brilliant and not blunt at all. They already have their abilities in different area. Now they achieve more rooms in Myanmar society. If they did not fulfil the capability, they could not get the place or position. Even in the rural area, some women contribute their community and the community admired them. She thought that women already had the right and respect from the community. According to her, the rights and opportunities are related with her ability, will and mental power.

Case study: Respondent 3**Objective is to illustrate:**

- How financially sophisticated the small business owner is;
- How she functions within collective structures.
- Her perspective on formal financial institution

Respondent 3 is 34 years old. He is single and a University graduate. He is a farmer by profession, and enjoys reading books in his spare time. He participates in community activities, currently, he is the vice president of village school committee. He hopes that all children have bright futures ahead of them, and he does his bit to improve facilities in the school.

He also wishes to engage in business and contribute to his community. He is saddened that his aunt passed away a few months back, owing to a lack of funds to get her treated.

He and his family members grow peanuts and beans on alluvial lands. After harvesting peanuts and beans, they grow tomato, coriander, and radish. He and his 2 siblings do farming. Sometimes, they hire labor during harvesting activities. In addition, he has livestock (pig).

As his farm land is in the middle of the river, it gets flooded periodically. During such times, he works as casual labor or motorbike taxi driver. He is also interested in the clothes / clothing business.



Photo.

Respondent 3 in front of his father house

According to the questionnaire he filled in during the recruiting, his demographic, financial product usage and access to information details are as follows:

- Age: 34 Years
- Marital status: Single
- Ethnicity: Myanmar
- Religion: Buddhist
- Highest education level: University Graduate
- Position in household: Son
- Number of people in household: 7
- Dispersion of household members: 4 (Brothers)
- Occupation: Farmer and casual labour
- Household income: 50 – 70,000 Kyats (80% food expenditure, 20% of miscellaneous)

Usage of formal and informal financial services

- Formal financial product usage: Loan from MADB, Remittance via bank
He has used bank money transfer services; he sent money to his relatives who live in other states / region in Myanmar. He expressed that remittance via bank is more secured than other remittance systems, with less risk involved.
- Informal financial product usage: Loan from relatives.
Sometimes, when there is a need for money, he prefers to go his relatives. They may or may not charge any interest, and he mentioned having had good relations with them all.

Connectivity:

- Access to electricity: No
- Ownership of mobile phone: No
- Access to internet: No
- Forms of communication used: word of mouth
- Access to news: Radio (BBC,VOA)

He lives in Kokekohla village, Pakkoku Township. He uses motorbike when he has to go to the town or access the bank. He and his siblings walk to their agricultural land.

The nearest banks to him, Kanbawza bank, and Myawaddy bank are located 20 minutes away by motorbike in Pakkoku Township.

His household has a water pump in the compound, there is no need for them to fetch water from long distances. Water is available throughout the year.

Financial well- being

His household incomes come from farming, working as casual labour, and growing seasonal crops. He wants to try to increase household income by working hard and saving extra money as he dreams to run his own business in next five years. Peanuts and beans are harvested during April, and income is higher in this month, compared to the other. He respects and values his parents and dreams to spend happy times with family members. Although he has ambitions to do business, he still feels the lack of

sufficient knowledge or information on how to put it to work. He is passionate about his community, he mentioned that for any major donation he would not hesitate to sell his farm animals, if the cause was worthy and served the interests of the community.

Income

His income consists of:

- Income from cultivating peanuts and beans on alluvial lands makes up 60% in the summer, especially in April and
- Income from working as casual labour and motorbike taxi driver is 40%

Currently his land is submerged in the river waters, and there is nothing to farm on. He works as casual labor and motorbike taxi driver. These are his main sources of income for the present time. Income is erratic, so the proportion of his contribution to the household expenses also varies through the year. He understands the concept of the investment and saving. Ideally, he prefers to trade in garments between his village and other towns to increase his incomes. To be able to realize his aspirations, he hopes to borrow money from one of the organizations which provide credits to small business owners with low interest rates to implement his investment plan.

“I have borrowed money from MADB a year ago to invest in cultivation. Although the interest rate for that loan is very low (2%), the amount which MADB provided is not enough for the proposed farm activities. The MADB loans 80000 Kyats per acre to farmers who cultivate peanuts and beans. I am on. In spite of absence of y village who successfully repaid MADB loan. I think MADB should increase the amount of loans as the current cap does not even cover the cost of cultivation”



Photo

Respondent 3 and his elder brother

Expenditure

The total expenditure of his household is around 75000 MMK per month. Daily expenditure is about 2500 MMK and household expenditure increases as his father has health problems in some months. He could balance household incomes and expenditures well however he does not have specific plans for expenditures. He is aware of how much he has to repay and to whom, and also how much he has to receive from others. That is why he noticed income in the household being reduced each month. While reviewing his income and expenditure, he tried to cut costs. The expenditure for food is 70% of household income and he spends 30% of household income on his father's health costs and other necessities for home.



Photo Inside Respondent 3's house



Photo Respondent 3's Kitchen

Remittances

He has made remittances to other relatives who live in other towns as one of his relatives who asked his help. He is aware of the procedures to make remittances via Myawaddy Bank in Pakkoku Township. He has also used Kanbawza bank, mainly for withdrawing money.

Many years ago, he used “people” to send money to relatives. In addition, he used “hundi” system via the bus. Among many systems to make remittance, he prefers using the bank to “hundi” and using people.

Saving

Respondent 3 has never saved money at the bank. He sometimes saves money for food and investment. However, income is too low to save any money. He has plans to save when he has extra income. He has some livestock and small gold as saving.



Photo One way of saving is through livestock acquisition

Managing cash flow/ credit

Respondent 3 does not have his own money. He always has discussions with his brother and father. He always gives his incomes to his brother. Together with his brother, they manage the income and expenditure of the household. However, for bigger issues like home renovation or investing in a water pump, they consult their father for his advice.

For the welfare of the children in his community, he has borrowed money from an organization which provides nutrition to kids at 3% interest. He does not recognize the name of the organization. In addition, he has borrowed his relatives and friends who live in other villages at no interest. Sometimes, he has to repay at 7% to his friends.

He has also used the services of the registered pawn shop in Pakokku township. He used gold as collateral at the registered pawn shop in Pakkoku Township. Then he borrowed 50000 Kyats from Pact Myanmar. He prefers the organizations to money lenders and pawn shops to offer loans. He is servicing more than one loan now.



Photo Water pump inside the compound

Collective Involvement

Respondent 3 is actively involved in a lot of community initiatives and often takes a leading role.

- Assistance to community children and school
He tried to organize people to form a school committee in the village and he is the vice president of that committee. His work has provided stationery, desks, chairs, and clean water to the children. He dreams to expand the present primary school to a middle school. That is why he talks, encourages and persuades the people in his village to be involved in his dream.
- Member of free funeral service in the village
He always participates in the social and religious activities in the village. He makes 500 or 1000 Kyats to the free funeral service and other religious activities.
According to Respondent 3, the cost for a funeral is between 20000 MMK and 30000 Kyats. Free funeral service provides the bereaved family:
 - (1) 30000 MMK for the family if the dead person is over 20 years old
 - (2) 20000 MMK for the family if the dead person is between 12 and 20 years old
 - (3) 10000 MMK for the family which the dead person is under 12 years old.
- Community infrastructure
He contributed his labour and money to build a bridge in the village.
- He has never been involved in saving pool in the village.

Managing cash flow/ credit

The village where the person lives is not developed in terms of road infrastructure, availability of electricity, and telecommunications. The respondent does not have

electricity, mobile phone or TV at home. The transportation is via motorbike and trishaw. According to his demographic information, it takes about 30 minutes to get to a bank and it cost about 500 Kyats one-way by motorbike. Respondent 3 cannot access internet in the village. However, he knows how the internet works and how it could benefit him and his community.

Perceptions about formal financial institutions

At the time of borrowing from the MADB, Respondent 3 had a bank account and a passbook. Although the people at the bank are is very familiar with him, and he knows the bank procedure, still, he prefers saving at home to the bank because it provides quick access money at any time. He feels that saving in the bank is risky, although he could not elaborate on this. To go to the bank or a registered pawn shop, he needs to spend time and money on transportation.

Role of women in society

Respondent 3 stated that women can participate in the society without any restriction. He mentioned that many women are involved in social activities in the village. In addition, he continued that women have more job opportunities.

Case study: Respondent 4

Objective is to illustrate:

- How financially sophisticated the small business owner is;
- How she functions within collective structures.
- Her perspective on formal financial institution

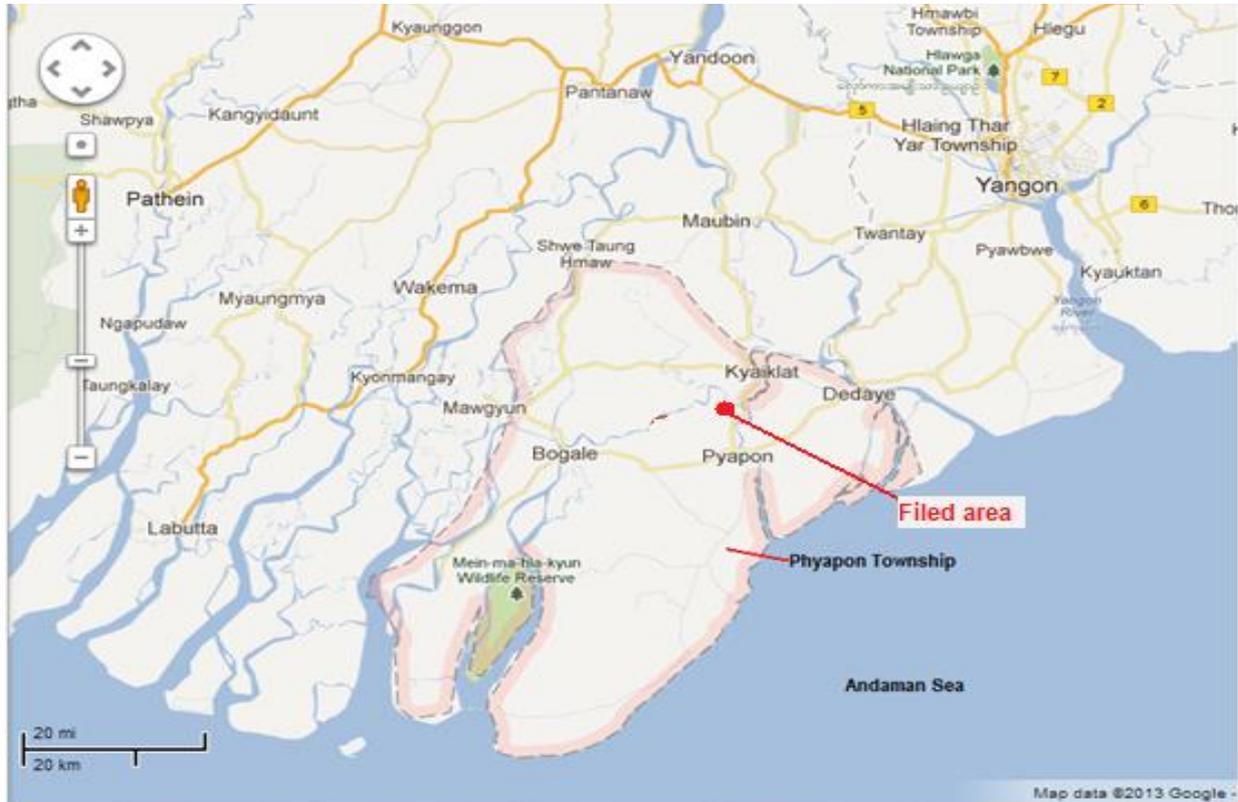


Photo Map of Phyapong Township

Respondent 4 is a small farmer who owned 6 acre for farm land and 3 acre for garden land. There are 5 members in his family including his wife, one son and two daughters. He cultivates two paddy crops; monsoon paddy and winter paddy. For the whole year, he plants fruit trees and vegetable too. He immersed himself in farming; there is not much free time for him. However, in the day time, he takes rest by reading religious book.

The respondent defined his life by referring the Buddha' teaching, "Kamma", he believed that "the consequence happened because of the root cause". For that, he tried to do good things in this life for having better new life. He did not satisfy the current economic situation and want to improve more.

He values his family and he strengthens the relationship between family members. The success for him is successful education of his children. Recently his son is attending Government Technological College (GTC) in Yangon.

He shares household financial management with his wife. If they need money urgently, the couple discussed together and solved it.

As the farmer, the most fear for him is weather. He is alert to weather and used to attend the seminar of natural disaster and environment and listen to the weather forecast news from radio.



Photo Respondent, her younger daughter and his wife

According to the questionnaire he filled in during the recruiting, his demographic, financial product usage and access to information details are as follows:

- **Age:** 48
- **Marital status:** Married
- **Ethnicity:** Myanmar
- **Religion:** Buddhist
- **Highest education level:** Secondary level (8th Standard)
- **Position in household:** Household head;
- **No. of people in household:** 5 (Respondent, Wife, One Son, Two Daughters)
- **Household income:** Kyat 250 000- 300 000
- **Formal financial product usage:**
 - Agricultural Loan from MADB
 - remittance through bank
- **Informal financial product usage:**
 - Loan from informal money lender
- **Occupation:** Small Farmer
(Paddy , Fruit and Vegetable)
- **Access to electricity:** Yes
- **Ownership of mobile phone:** No
- **Access to internet:** No

He lives in a small thatch house near the field in Shan Kwin village which is located 6 miles far away from Phyapon Town.

The modes of transport he uses are: bicycle or motor cycle taxi.

The nearest bank to him, MADB bank, is located 6 miles away from his village.



Phot

Respondent's house, back of his house is his paddy field
Financial well-being

“When compared to last five years, my financial status became worst. Because of Nargis Cyclone, our lives went down to “zero” level. Even we have tried very hard; it is still far away to attain the previous state of wellbeing.”

Financial management by him was changed too. After cyclone disaster, the garden land was destroyed and he had to find money time to time for replanting fruit trees and reserve the lands for plantation. He explained that finance is the biggest challenge for him. He had reconciled himself to accept the current situation with the help of Dhamma.



Photo Inside the Respondent's house

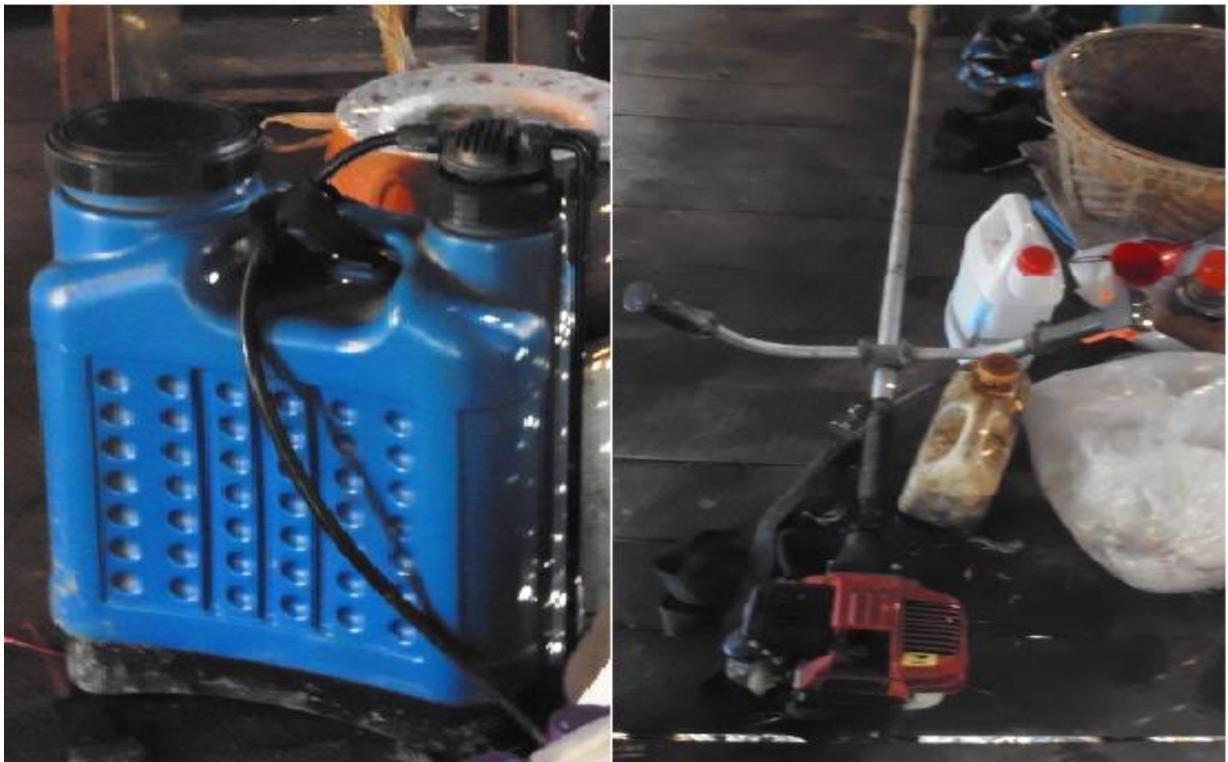


Photo Farming Equipments

Income

His income consists of:

- Profit from the paddy firm makes up about 60% of income and 40 % from sale of season fruit and vegetable.

The income might vary through the year: there is seasonality. For example, he received the income from sales of guava fruit twice a year, in summer and in rainy season. He also cultivated chilli, long bean after finishing the paddy crop. If he had free time he used to cultivate several vegetables.

As the farmer family, the main financial inflow is from agricultural crops. From sale of vegetable and seasonal fruits, he earns daily.

In order to increase his income, the respondent plans to invest in farmland and farm machinery. The financial need is the critical to implement his plan. He said that “if we cannot have our own money to perform, it is better to lend money to us at low interest.”

He used to sell the paddy in two ways. He directly sells to the paddy broker in his community. The trader or broker came to the field and weighed the paddy themselves. Even he noticed that there was cheating in weighting, he sold to them because he did not need to arrange and pay for transportation cost. Sometime, he went to other town and sold in order to get more market-price. However, he did not have a farm-truck, so he had to hire a tractor to carry paddy and paid labour charges. After calculation, there was not so much difference in two ways. He did not take advance money from trader or broker.



Photo

Paddy Field for winter paddy



Photo Bags of monsoon paddy reserved for rice

Expenditure

Even he did not mention the amount of his expenditure; he estimated the proportion and priority as below:

Elder son's school and tuition fee	- 20%
Education expenditure for two children	- 15%
Agricultural inputs to farmland	- 35%
Daily food expense and repayment of loan	- 25%
Agricultural inputs to fruit farm	- 5%

Because of two crop cultivation, there could be financial balance in these years. He said that it was not too bad or no too good. He did not have monthly financial management practice because he did not receive monthly income. The pattern of inflow is biannual and he managed the finance at that time. He reserved rice from the crop. Money from vegetable farm becomes daily food expense.

Remittances

Since his son is studying in Yangon, the respondent transferred money to his son through the bank. He had to go to bank, Myanmar Livestock and Fishery Development Bank or Myanmar Economic Bank, which is located in the Phyapon Town. He gave the information of receiver, his son's name and national registration (N.R.C) card number and money to staff. Then he called to his son to let him know. The service fee is Kyat 200 for Kyat 10 000. He said that procedure is not difficult and it is the safest way.

Savings

"There is no surplus or extra money for us. Thus why, I cannot save money or gold right now. I hope to have extra money in the future and will save in state owned bank". However, he used to save some money for celebrating donation at home.

He is aware of benefit of saving at bank, interest for saving. Regarding the investment, he explained that investment has some risk; there can be profit or loss. For him, investment is only in agriculture field. He wants to invest more in his farming.

Managing cash flow/Credit

The significant event happened in last year was pest outbreak in his paddy field. Half of crop was nearly to destroy by pest. He had to find money to control the outbreak. He borrowed money from his familiar friend at 8% monthly interest. He said that the interest was fair and the other money lender did not pay loan at that rate. Some have to borrow at 10%, 15% or 20%.

According to him, social relationship and personality of borrower is important to receive loan. Whenever he had financial trouble, he could borrow from the relatives, friends and money lender because of his character and honesty.

There were several causes that made financial need for him. He experienced in financial crisis for unexpected health problem of his children in 1999, 2004 an 2011. The highest medical expenses was about Kyat 600 000. For this case, he asked help from relatives. They did not take any interest for loan.

For his farmland, he applied agriculture loan from MADB. He explained some procedure. First farmers need to send application form to village administrator. Application fee is Kyat 2500. The village committee transferred to the bank after screening. For receiving bank book, he paid Kyat 2000. Loan amount is Kyat 80 000 per acre for 2013. Interest is 0.85% for 100 Kyat. From his bank book, the loan for monsoon paddy 4 acre, Kyat 50 000 per acre, was received at September 2012 and returned back at January 2013. He returned total amount of loan, Kyat 200 000 and Kyat 6490 for interest. He used to calculate the payable amount himself. Sometime he asked the bank staff to clarify term.



Photo Inside the Respondent's house

Collective involvement

The most valued for him is religion. He appreciated social relationship with neighbours and community. He involves in many religious affairs and he is the supporting member of Moe Goke Vipassana meditation group. He and other members organize the 7-days meditation camp, repair and maintain the monastery building, collecting the donation in the village and prepare accommodation and food for the monks, meditators and people who meditate in the camp. The monk lead, teach and decide in the organization.

In his village, there are three donation affairs celebrated by villagers. His family contribute some amount like other villagers when he received lump some money for crop sold.

Another involvement is in school society. As he is a parent of schoolchildren, he is elected to involve in school benefactor committee. The committee has right to discuss and suggest how to develop the education of their children to the school teachers. Sometimes, these persons support financially to the school.

Next one is Free Funeral Service Group. He is one of the patrons of funeral group. This is voluntary group and he involve in leading role. Consensus is appreciated in this group. When there is funeral within their village track, any volunteers can go and arrange whatever he can do, then the others will follow and implement together.

Connectivity

The respondent lives near the field and the place is far from other houses. There is no electricity, no telephone line in his place. There are TV, radio and electric lamp in the respondent house. Battery might be the source of electricity.

Respondent 4 did not have mobile. In the village, telecommunication service is available in the retail shop. Other respondents who live in the village can access electricity from private owned generator.

Transport is available via motorcycle taxi which will take 45 minutes to go nearest town, Phyapon and it cost about Kyat 200 for a one-way.

Perceptions about formal financial institutions

According to the respondent, many farmers applied agricultural loan. Number of farmers who applied loan was increasing because of lower interest and higher amount of loan. First they have to open bank account. They have to keep bank book because all information was noted in the bank book. Some farmers could not open account and did not receive loan because they did not fill requirement of information in the application. From his point view, the most important one is recommendation from the village administrator. In most case, the bank person did not come and check farmland ownership at the field.

He thinks that the farmers are customer of MADB because they use loan and pay interest. There are rule and regulation for borrowers; borrowers should conform to it; if not, it is the fault of borrower.

He gave suggestion for MADB, "it is better to give loan as early as possible". From his suggestion, it can be implied that farmers received loan very late and they still depend on the informal money lender for agricultural inputs.

Role of Women in Society

Regarding role of women in society, he gave example; womenfolk also participate in funeral service group. They cleaned the woman dead body and participate in reciting Buddha preaching. In other religious affairs, women participate actively.