



CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

## Setting the minimum reserve ratio that banks must keep in Myanmar kyats

1. Banks experienced an annual deposit growth rate of 4.8% and a loan growth rate of 6.5% at the end of March 2023, and it is found that the deposits of banks with the Central Bank increased by 35% and the amount of cash held by banks increased by 36% at the end of March 2023 compared to the same time in the previous year. In February 2023, the loan-to-GDP ratio was 28%, and the amount of operations (borrowing/lending) of banks in the interbank market was 1,166 billion kyats, an increase of 98% compared to the previous year. Foreign banks and private banks have increased liquidity of kyats, there is more financing by banks for trade, the balance of short-term loan services from the Central Bank to banks has decreased significantly, the financial ease ratio of the entire banking sector is 30.47%, the non-performing loans (NPL) of banks decreased by 10.99% compared to the end of the previous financial year, and as a result of this, it can be seen that the banking sector is operating properly in terms of its financial situation, the banking sector has become stable, and the amount of money has almost reached the target.
2. Therefore, in order to prudently reduce the rate of inflation and according to the current economic situation of the country, the minimum reserve ratio to be kept in Myanmar kyats shall, as a monetary policy, be increased from currently 3% to 3.5 for the period during which the minimum reserve ratio must be kept (26.4.2023 to 23.5.2023). Along with increasing the minimum reserve ratio to be kept in Myanmar kyats, the average excess reserve above the minimum reserve for which banks must pay interest shall be adjusted from currently 10-50 billion kyats to 7-50 billion kyats and the interest rate shall be increased from 3.5% to 3.6%.
3. The Central Bank of Myanmar is closely monitoring the country's economic growth rate, inflation rate, money supply situation, the financial ease of banks and the developments in the banking sector, and is implementing appropriate monetary policy methods to stabilise the value of the Myanmar kyat and ensure the stability of the exchange rate.

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## LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

### About Lincoln Legal Services (Myanmar) Limited

Lincoln Legal Services (Myanmar) Limited provides the full range of legal and tax advisory and compliance work required by investors. We pride ourselves in offering result-oriented work, high dependability and a fast response time at very competitive prices. Please do not hesitate to contact us:

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