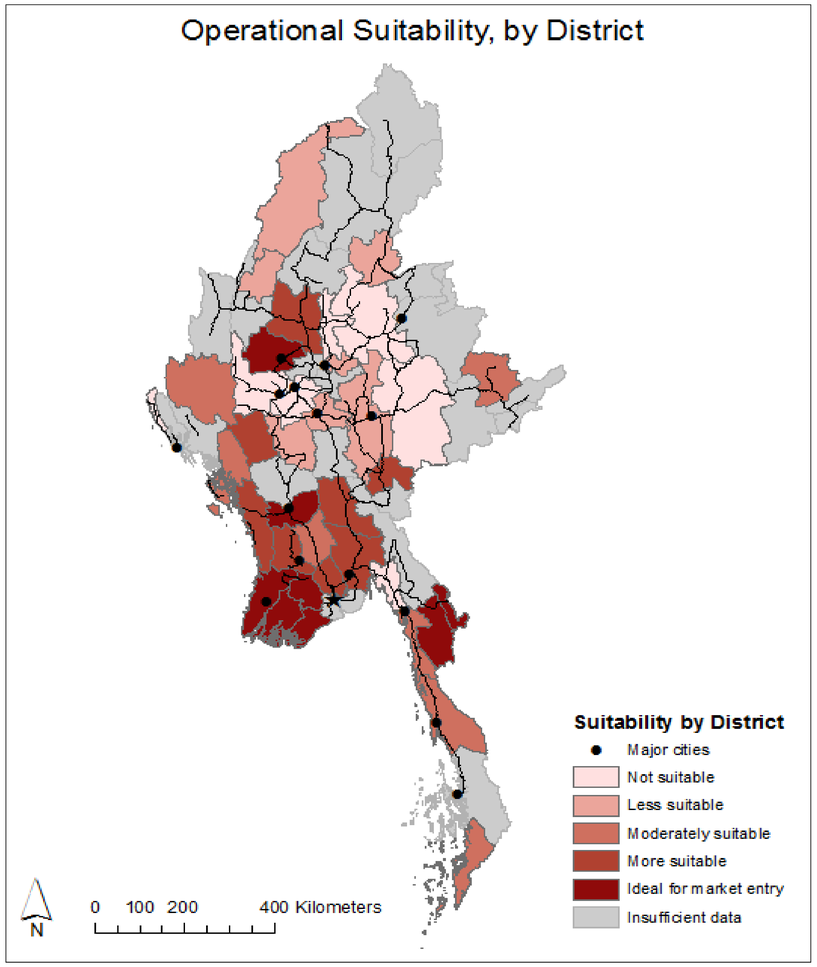
Microfinance Market Expansion: Myanmar

The Final Frontier



BACKGROUND

In 2011, decades of military junta rule came to a tentative end following a series of government reforms. In the intervening four years, unprecedented foreign direct investment has flown into the country and multi-national and regional companies have expanded operations. With a population of nearly 50 million people according to 2014 census data and 2,000 kilometers of coastline, Myanmar is rich in human capital and natural resources, thus positioning it as an obvious destination for investment.

This project specifically addresses microfinance opportunities in the country, with a focus on credit and savings. Twenty-six percent of Myanmar's population lives below the poverty line, and the median income is only slightly higher. Poverty exists throughout the country but is most dramatic in rural areas.

METHODOLOGY

The operational suitability map presents quintiles of district-level suitability as compiled by the four disaggregated maps: vulnerability, demand, population density, and infrastructure.

Vulnerability was calculated as a composite score of several household attributes, namely quality of housing, house ownership and funding, monthly household income, and typical response to crises. Demand was calculated through a weighted scoring of credit utilization and financial literacy, savings behavior, and remittance behavior (both sending and receiving). Population density was calculated as total population per Census findings weighted by district area. Lastly, infrastructure is estimated as a proxy using average distance from major roadways.

The sum of these four components generated a composite score used to weight overall suitability of operations by district.

DATA

Data for this project came from the official 2014 Myanmar Census, FinScope 2014 financial inclusion survey, and Myanmar Information Management Unit geospatial database.

FINDINGS

Analysis found eight target districts for initial market expansion based, detailed in the table to the right. These districts are largely concentrated in the Ayeyarwady, Bago, and Kayah districts.

Notably, these findings are subject to a number of critical limitations, including insufficient or missing data and classical measurement error. More substantial analysis should consider additional operational variables, including competition, security, and IT infrastructure. However, districts with missing data are largely plagued by conflict and therefore not currently considered for operations.

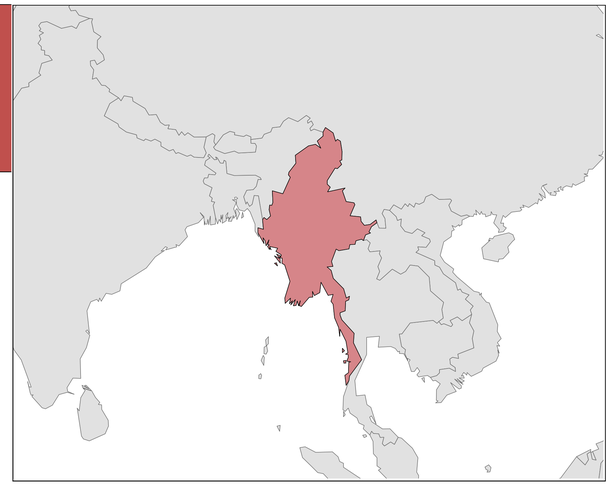
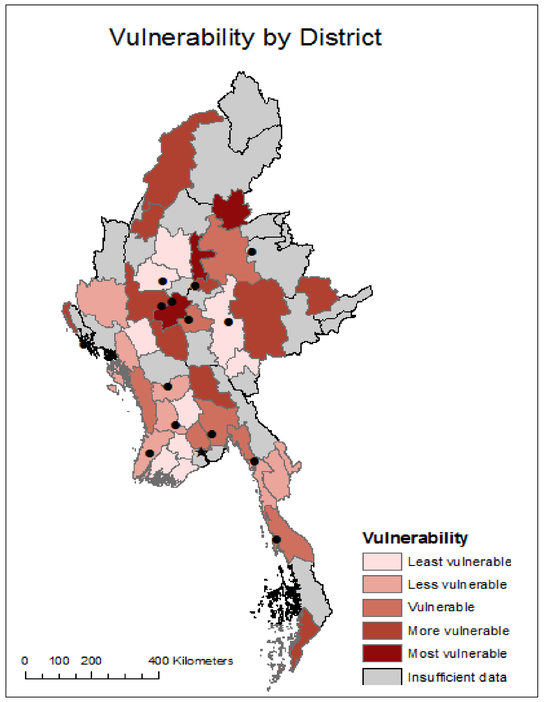
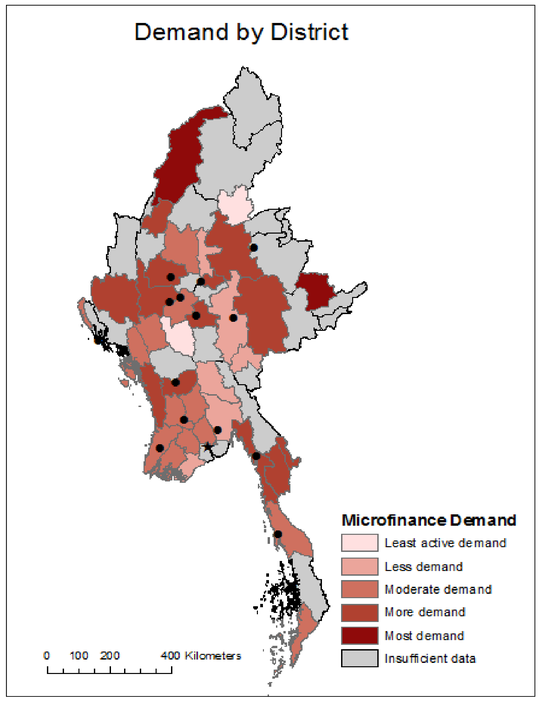


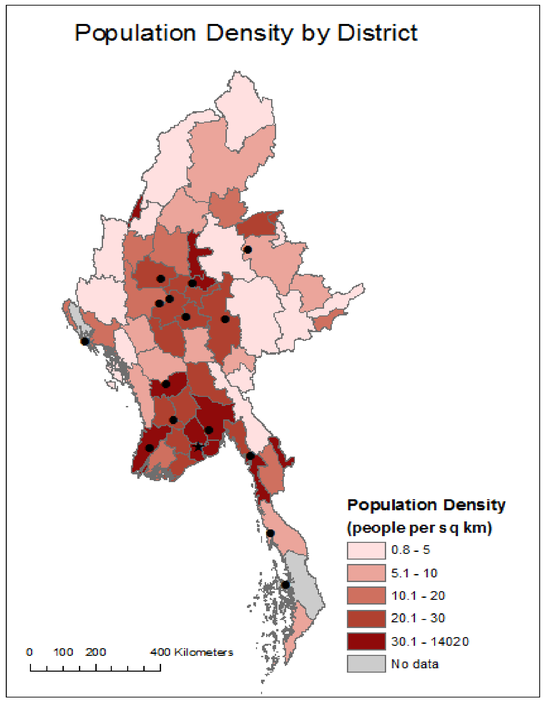
TABLE OF KEY FINDINGS

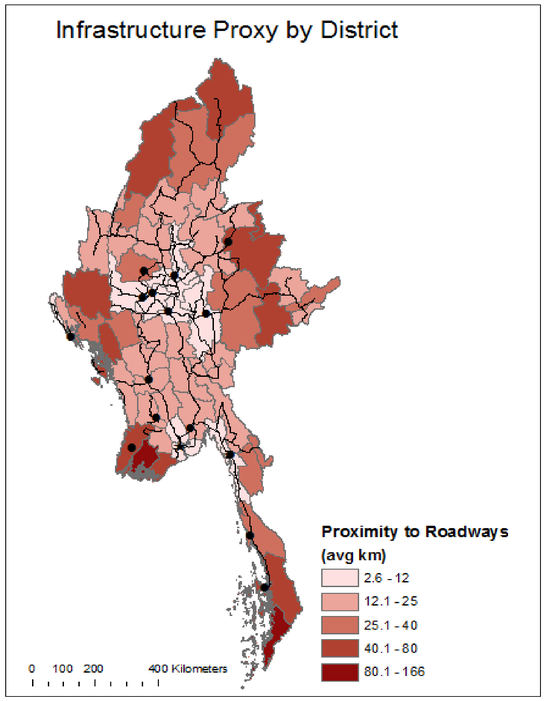
The eight most suitable districts for initial market expansion are detailed in the table below. Note that the table does not include the aggregate score, as it is merely a composite of each individual component. Vulnerability and demand scores are a weighted aggregation of representative variables.

District Name	Average Vulnerability Score	Average Demand Score	Population Density (ppl/sq km)	Average Road Distance (km)
Pyay	8.63	2.54	31.27	19.33
Maubin	7.02	2.93	22.83	22.39
Monywa	7.54	2.24	23.70	28.00
Myawady	8.55	2.36	38.29	33.63
Hpa-an	8.18	2.35	11.68	35.40
Pharpon	7.08	3.58	26.50	58.08
Bassein	8.32	2.95	31.36	62.71
Myoungmya	7.40	3.33	13.33	80.50









This project uses data from three primary data sources:

- Myanmar Census 2014: Gathered by the Myanmar federal government, UNFPA, and DFID in March 2014 and published in October 2014.
- FinScope: Gathered by UNCDF, LIFT, Cenfri and FinMark trust in May 2014 and published in December 2014.
- Myanmar Information Management Unit (MIMU): Shapefiles of administrative districts and roadways prepared by MIMU and National Statistics Agency of Myanmar.

Each map is projected in the Transverse Mercator WGS 1984 UTM Zone N46 coordinate system.

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