

New Interest Rates for Microfinance Institutions

On 5th June 2019, the Microfinance Business Supervisory Committee (“MBSC”) issued the Directive No. 1/2019 on new interest rates for microfinance institutions operating in Myanmar, which will enter into force on 1st October 2019.

The new interest rates are as follows:-

1. 2.3% per month but not more than 28% per annum for microfinance loans calculated from the loan's effective rate;
2. 1.2% per month but not less than 14% per annum for compulsory savings;
3. 0.8% per month but not less than 10% per annum for voluntary savings.
4. Business operators are now prohibited from manufacturing, ordering, importing, distributing or advertising any unsafe goods and are required to implement special safety measures for label-controlled goods and other goods and/or services determined by the Goods and Services Safety Committee. They must inform the public if and when there is a reasonable ground to believe that their goods or services are not safe and become dangerous to consumers. They must take actions to eliminate such danger, e.g. taking down or recalling the goods and promptly notifying the CPB of their actions taken.

The total fees and charges charged on loans by microfinance institutions, such as fees for loan services, banking services, fines, digital financial services, social welfare, life insurance, membership fees, books and documents charges, and prepayment service charges must:-

1. not exceed 2% of the loan amount if the loan is for a fixed term of 12 months
2. be 2% per annum on the loan amount if the loan is for a term of less than 12 months or more than 12 months.



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