



# Myanmar Payment Union Public Co.,Ltd.



Annual Report (2015-16)

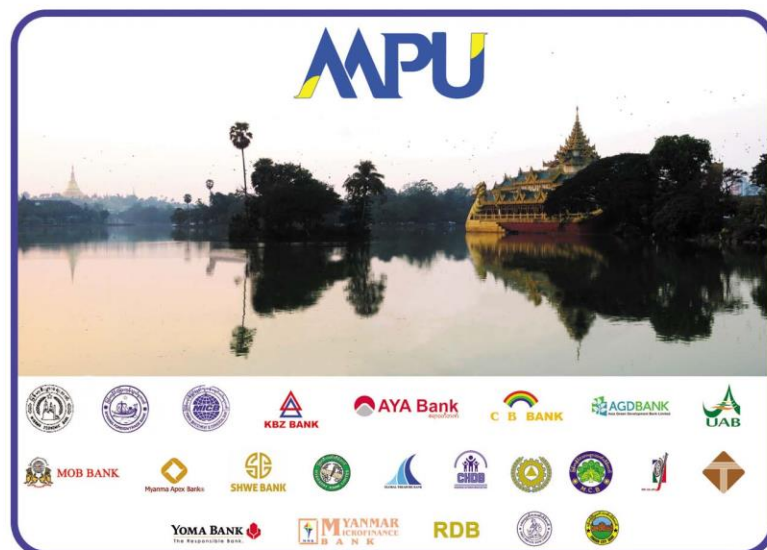
## Board of Directors



## Team MPU



## Member Banks





## Message from the Chairman

Dear Shareholders,

Myanmar, until now, has been a cash-based society heavily dependent on cash payment transactions both in retail and wholesale. With the objective of transforming the cash based retail payment system into a modernized cashless electronic payment system, MPU was established under the guidance of the Central Bank Of Myanmar. MPU could establish an inter-bank electronic payment and ATM network among the 23 number of member banks.



In the year 2015 ,MPU was transformed into a public company limited enabling the 23 member banks to become the shareholders of MPU Public Co.,Ltd. It is an honor for me to be elected as the first chairman of the company and lead MPU to become more and more successful in fulfilling its objectives.

Now, in Myanmar, electronic card payment system has developed to some extent under the regulatory guidance of the CBM which issued the Electronic Payment Card Regulation in 2012, and CBM's support for the development of payment industry in the country.

This is the first ever annual report of MPU (Public Co.,Ltd), in which all of us can see the developments and achievements within the first year after the company was formed. We can see how MPU has made good performances by looking at the diagrams which show the progress made in the number of ATMs, number of POS terminals, number of card issued and increase of transaction volumes year on year.

On behalf of the Board of Directors of MPU, I would like to take this opportunity to express my sincere gratitude to the responsible officials from the CBM for their guidance and support to MPU's development without which MPU could not have achieved this remarkable progress.

Also I would like to extend my gratitude to the management and employees of MPU, member banks, all the directors, POS merchants, customers and all the stakeholders who have contributed their support to the development of MPU.

Looking forward to working closely with all the stakeholders and partners for the further development of the payment industry in Myanmar.

Mya Than

## Establishment

Myanmar Economy was largely dependent on cash based transactions. The first ATM card was launched in 1995, followed by issuance of credit cards by private banks but unfortunately, it was suspended after banking crisis in Myanmar in 2003. After Myanmar economy began opening up in 2010, many changes took place in the banking sector and changes in the payment system can be seen as one of the significant reforms of the financial industry. In 2011, the Myanmar Payment Union (MPU) was established initially with 17 member banks under the guidance of the Central Bank of Myanmar (CBM) and started its operations in 2012.



## Transformation into a Public Company

In July 2015, MPU was transformed from an association into a public company and now, there are 23 member banks of which 16 members have already issued cards and installed ATMs & POS terminals in the market.



## Objectives

The first priority is transforming of the cash-based society into a electronic payment dominant society in Myanmar.

The main objectives of MPU are - to stand as National Payment Switching (NPS), to upgrade the retail payment system, to transform into cashless transactions by sharing payment services through an inter-bank electronic payment network among member banks and to link with international payment systems in future.



# Remarkable Contributions of MPU to Myanmar Payment Industry

## Services

When MPU started its operations in late 2012, member banks started issuance of MPU Debit cards. Starting from July 2015, member banks could issue MPU Credit cards with the approval of CBM. Globally, retail e-payment nowadays has become very popular as it is easy & convenient for consumers to buy online. MPU saw this opportunity and created a gateway to facilitate easy payment for online sellers and buyers. MPU e-commerce was launched in February 2015. MPU also launched co-branded card system in early 2016 partnering with UPI and JCB. These co-branded cards can be used at ATMs and POS terminals in both domestic and overseas.







## Technology

In 2012, we had to use mostly IP star (C-band) to connect ATM & POS to our switching system and communication, at that time was not stable and lost connection often.

The telecom infrastructure improved in 2013, and at the same time the connectivity technology also improved and 3G & GPRS wireless systems reinforced our network. However we are still facing communication problems in some regions, and frequent power cut-off is another issue for smooth functioning of MPU transactions.

To enhance our products and better services to customers, we are going to upgrade the switching technology. FIS (Fidelity) from U.S is going to be acquired to replace the current switching system and it is expected to be able to go live in late 2017.



## Partnership with international Payment Card Organizations

In early 2013, We made a partnership agreement with UPI for acquiring business and all UPI cards issued by international banks can be used in our network.

We also signed a partnership agreement with JCB to acquire their cards in our network in mid 2013. In 2015, we signed partnership agreements with UPI and JCB for issuing co-branded cards that can be used within Myanmar and also at oversea by using their networks.



インターナショナル・タイランド  
(右)とMPUのソー・リ  
(JCB I 提供)



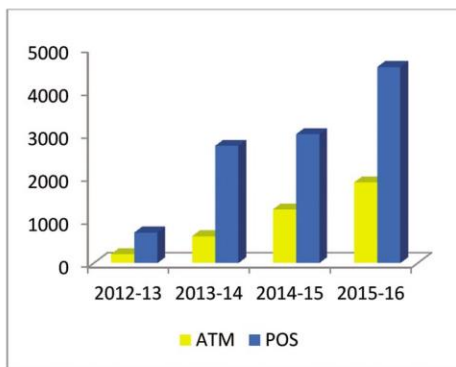


## Our Progress

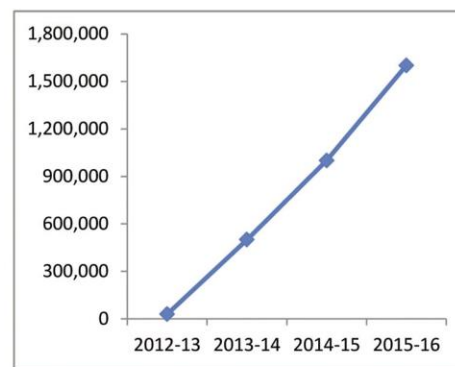
MPU was established in 2011 and started its operations in late 2012. At the beginning MPU and its member banks faced many challenges - such as – weak infrastructure, limited awareness of card payment culture by Myanmar people, and low confidence in electronic payments. However, transactions increased gradually in ATM usage, although POS usage still needs to improve through the participation of both merchants & cardholders.

Number of ATMs & POS terminals deployed by our member banks are growing in the market. Diagram show the growing patterns of ATM & POS transactions, and number of cardholders.

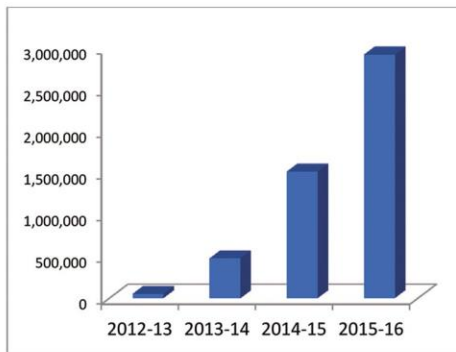
**No. of ATM & POS**



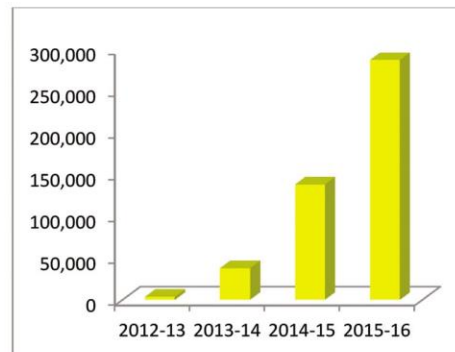
**No. of Card issued by member banks**



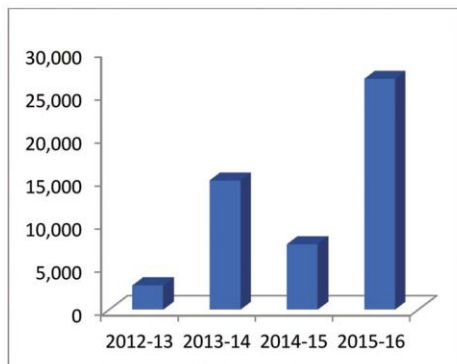
**ATM usage – no. of transactions**



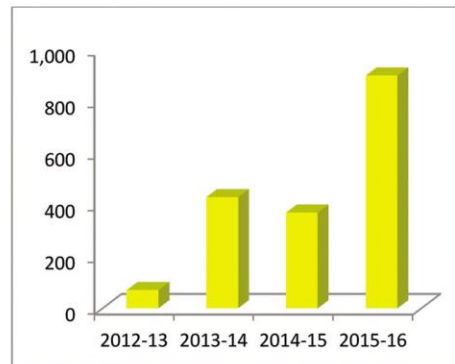
**ATM usage – Vol. of transaction (MMK in mil)**



**POS usage – no. of transactions**



**POS usage – Vol. of transaction (MMK in mil)**



## Future Plan

1. Plans have been made to upgrade our switching technology to be able to launch in late 2017. The new switching system will be able to offer wider range of products and services; cardholders can be able to make account transfers between our member banks and can pay utility bills.
2. Plans are being made to be on International Chip Card Standard, EMV technology by partnering with Union Pay International (UPI).
3. To upgrade the skill set of MPU management and employees through trainings, domestic and overseas.
4. To promote activities which will attract people of Myanmar to actively use electric means of payment.







# Myanmar Vigour & Associates Limited

#411, Level 4, Strand Square, No 53, Pabedan Township, Yangon, Union of Myanmar.  
Telephone: +95 (0) 123 073 64/ 123 073 65

## AUDITOR'S REPORT TO THE SHAREHOLDERS OF MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED.

We have audited the financial statements of **MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED** which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and statement of cash flows for the period then ended, and the summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards (MFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

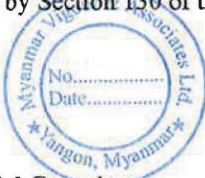
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We are also required to report, in accordance with section 145 (1) and (2) of the Myanmar Companies Act, to the members of the Company, on the accounts examined by us. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

The financial statements give a true and fair view of the financial position of **MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED** as at 31 March 2016 and of its financial performance and its cash flow for the period then ended in accordance with MFRS. The books of accounts have been maintained by the Company as required by Section 130 of the Myanmar Companies Act.



Cho Cho Aung Tin  
Certified Public Accountant and Financial Consultant  
Yangon, Myanmar



Date: 01 FEB 2017

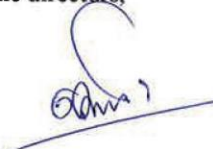
Member of Deloitte Touche Tohmatsu Limited

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**  
(Incorporated in Myanmar)

**STATEMENT OF FINANCIAL POSITION**  
*As at 31 March 2016*

	Notes	16 July 2015 to 31 March 2016 MMK
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4	2,419,925,013
Other receivables and prepayments	5	28,035,404
Other assets	6	13,762,894
		<b>2,461,723,311</b>
<b>Non-current assets</b>		
Plant and equipment	7	166,711,099
Intangible assets	8	165,211,439
		<b>331,922,538</b>
<b>Total assets</b>		<b>2,793,645,849</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Other payables and accruals	9	99,830,099
Current income tax liabilities		2,455,534
<b>Total liabilities</b>		<b>102,285,633</b>
<b>Net assets</b>		<b>2,691,360,216</b>
<b>Capital and reserves</b>		
Share capital	10	4,200,000,000
Advance capital	10	400,000,000
Accumulated losses		(1,908,639,784)
<b>Total equity</b>		<b>2,691,360,216</b>
<b>Total liabilities and equity</b>		<b>2,793,645,849</b>

On behalf of the directors,

  
Zaw Win  
Director



  
Khin Aye Maw  
Director

*The accompanying notes form an integral part of these financial statements.*  
*Auditor's Report*



**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**  
(Incorporated in Myanmar)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
*For the financial period ended 31 March 2016*

	Notes	16 July 2015 to 31 March 2016 MMK
Service revenues	11	21,514,000
Data processing revenues	12	233,136,567
Operating revenues		254,650,567
Non-operating revenues	13	115,607,811
<b>Total revenues</b>		<b>370,258,378</b>
Personnel expenses	14	(79,495,558)
Network and processing expenses	15	(92,508,773)
Depreciation and amortization	16	(141,886,122)
General and administrative expenses	17	(35,099,161)
Other expenses	18	(12,339,549)
<b>Total expenses</b>		<b>(361,329,163)</b>
<b>Net income</b>		<b>8,929,215</b>
Day (1) loss	19	(1,915,113,465)
<b>Loss before tax</b>		<b>(1,906,184,250)</b>
Income tax expenses	20	(2,455,534)
<b>Loss for the period</b>		<b>(1,908,639,784)</b>

There is no other comprehensive income during the period, as such no statement of other comprehensive income is presented.

On behalf of directors,

  
Zaw Win  
Director



  
Khin Aye Maw  
Director

*The accompanying notes form an integral part of these financial statements.*  
*Auditor's Report*

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**  
(Incorporated in Myanmar)

**STATEMENT OF CASH FLOWS**

*For the financial period ended 31 March 2016*

	<b>2016</b>
	<b>MMK</b>
<b>Cash flows from operating activities</b>	
Profit before tax	8,929,215
Adjustments for:	-
Depreciation of fixed assets	34,660,194
Amortization of intangible assets	107,225,928
Intangible assets – written off	654,091
Fixed assets – written off	252,314
Operating cash flow before working capital changes	<u>151,721,742</u>
<b>Change in operating assets and liabilities</b>	
Decrease in trade and other receivables	28,270,694
Increase in trade and other payables	<u>77,915,310</u>
<b>Cash generated from operations</b>	<u>257,907,746</u>
Tax paid	-
<b>Net cash generated from operating activities</b>	<u>257,907,746</u>
<b>Cash flows from investing activities</b>	
Purchase of plant and equipment	(16,032,523)
Purchase of intangible assets	<u>(349,650)</u>
<b>Net cash used in investing activities</b>	<u>(16,382,173)</u>
<b>Cash flows from financing activities</b>	
Share contribution	<u>400,000,000</u>
<b>Net cash from financing activities</b>	<u>400,000,000</u>
<b>Net increase in cash and cash equivalents</b>	<u>641,525,573</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>1,778,399,440</u>
<b>Cash and cash equivalents at end of the period</b>	<u>2,419,925,013</u>

*The accompanying notes form an integral part of these financial statements.*  
*Auditor's Report*

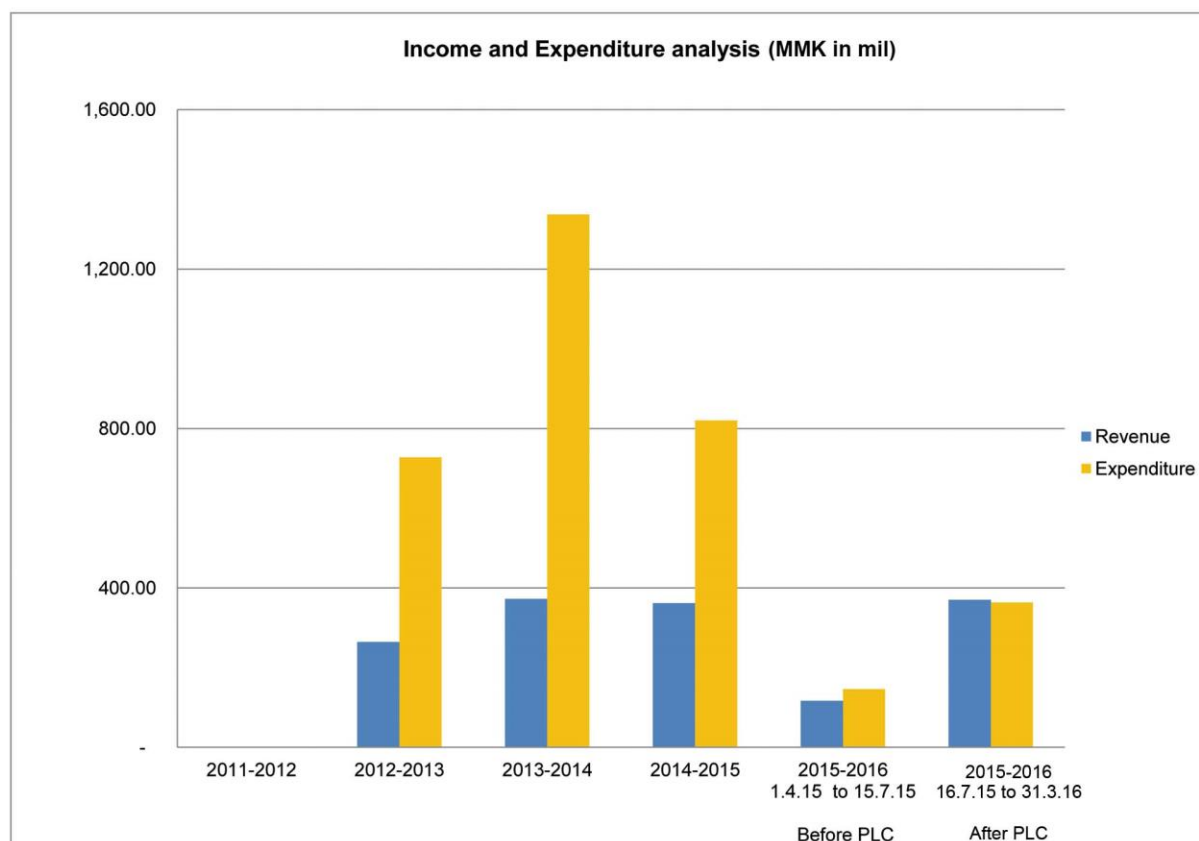


**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**  
(Incorporated in Myanmar)

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

*For the financial period ended 31 March 2016*

	Share capital	Advance capital	Accumulated Losses	Total
	MMK	MMK	MMK	MMK
<b>Balance at 16 July 2015</b>	-	-	-	-
Share contribution	4,200,000,000	400,000,000	-	4,600,000,000
Loss for the period	-	-	(1,908,639,784)	(1,908,639,784)
<b>Balance at 31 Mar 2016</b>	<b>4,200,000,000</b>	<b>400,000,000</b>	<b>(1,908,639,784)</b>	<b>2,691,360,216</b>





## **Myanmar Payment Union Public Co.,Ltd.**

No.26 (A), Settmu Road, Yankin Township, Yangon, Myanmar.

Tel : (95) 1 - 860 3891~95

Fax : (95) 1 - 860 3890



[www.myanmarpaymentunion.com](http://www.myanmarpaymentunion.com)



[myanmarpaymentunion](https://www.facebook.com/myanmarpaymentunion)