



# ANNUAL REPORT

2018 ~ 2019

MPU is a National Payment Switch. Our main objective is to reduce cash transactions by creating an interoperability between our member banks.

Electronic payment can **change the lifestyle.**

Myanmar Payment Union Public Co., Ltd.





28  
Member Banks



## Dear Esteemed Shareholders and partners-

The current pace of change in Myanmar Payment landscape is gradually shifting from cash to digital with the explosive growth of mobile and internet penetration in recent years. About 10 years ago, almost all transactions occurred within the bank branch network but today one third of transaction is likely to flow through by multiple channels of digital ecosystem such as ATMs, POS and e-commerce; Fintech and other third-party interface like mobile wallets. Thanks to the rapid rise of digital channels; more participants' involvement and all stakeholders' cooperation and coordination for industry development.

We strongly believed that today technology and customer-centric innovation will be seamless and a reflection of good users' experience in digital payments and new trend of payment technology like QR code system is more convenient for both consumers and merchants to accept digitally. Myanmar, as a late mover advantage, we can leap frog to use the new technologies which can lead all our member banks to accelerate their digital transformation efforts and our people easily to access formal financial services. We understand that the interoperability of payment transactions and public awareness are crucial to improve our payment industry.

MPU was established in 2011 and started operation in late 2012; this FY 2018-19, we passed the primary stage and becoming seven years old organization. We have seen the certain extend of digital payments development in our country in those days. We also had the unparalleled opportunities to learn and faced some challenges and problems during our 7 years journey but we could manage to overcome with the collaboration of our shareholders (member banks) and stakeholders as well as the support and guidance of our regulator-Central Bank of Myanmar (CBM), without which MPU couldn't achieve such a remarkable improvement.

This FY 2018-19, MPU was successfully migrated to new switching implementation and on behalf of the Board of Directors, I would like to thank to MPU team and project steering committee for their best efforts. The standing of MPU is to serve as a Payment Interpretability system, thus, we encourage all our member banks as quick as possible to join our new switching system which can offer more innovative products and services to our people with reasonable costs and efforts.

This is our fourth annual report will show the better financial performance with the accelerating usage of transaction at ATMs, POS and e-commerce. The volumes of transaction are growing on POS as well as ATM and e-commerce. On behalf of the Board, I would like to express my appreciation for those achievements to the management and employees of MPU, member banks, all the directors, our cardholders and merchants, all stakeholders and partners for their contributions and hard works.

Let me also take this opportunity to express my sincere gratitude to the responsible officials from the Central Bank of Myanmar for their guidance and continuous support to MPU.

We are looking forward to working closely with all of you and wishing you a year that sets you up for success in FY 2019-20 and beyond!

A handwritten signature in purple ink, located at the bottom right of the page.



**U Maung Maung Win**  
**Chairman**  
(2011-2013)



**U Mya Than**  
**Chairman**  
(2014-2016)



**U Zaw Win**  
**Chairman**  
(2016-2017)



**Daw Kyi Kyi Than**  
**Chairman**  
(2017-2019)



**U Ye Min Oo**  
**Chairman**  
(2019-Present)



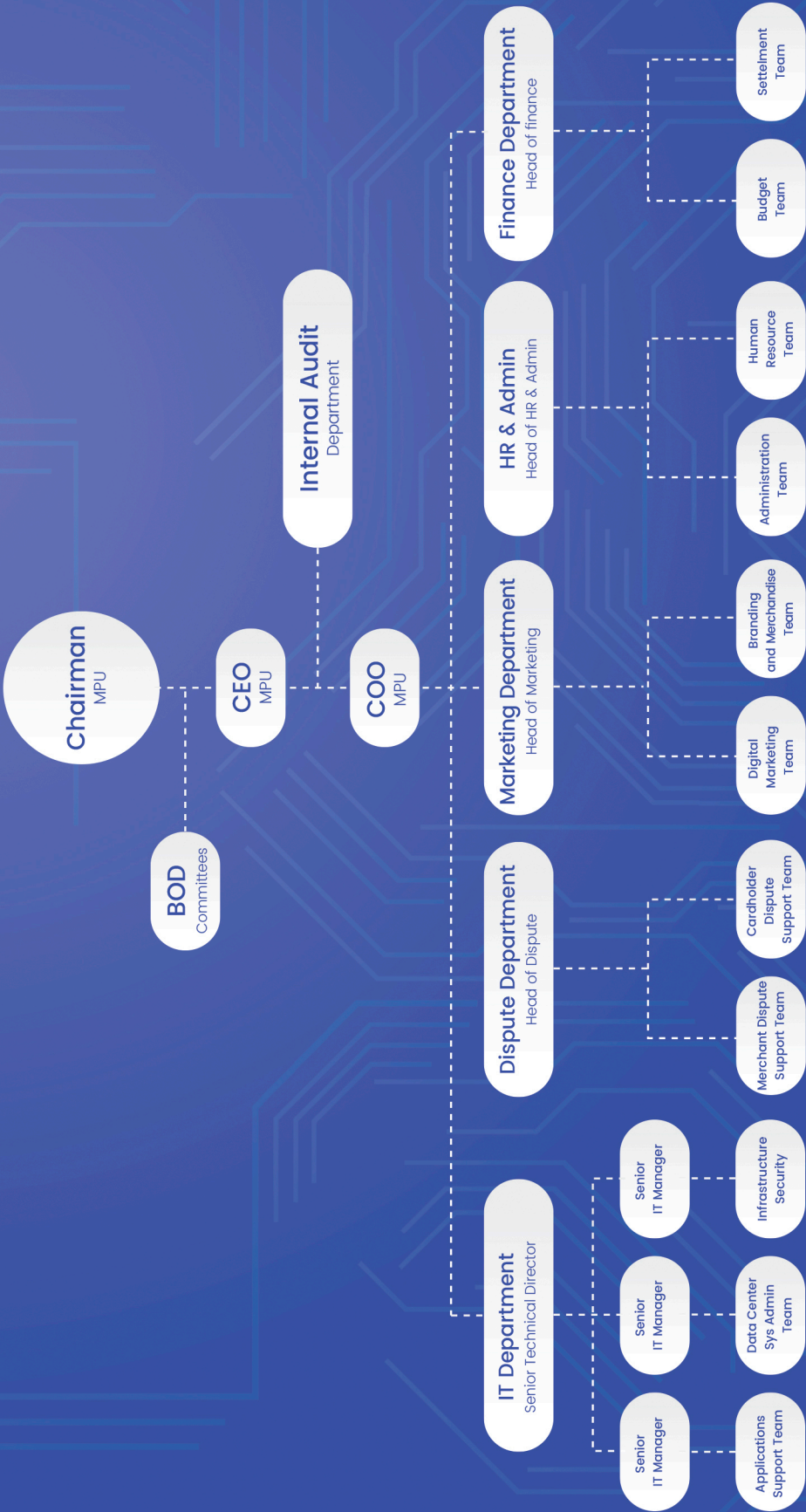
(2012-Present)  
**U Zaw Linn Htut**  
**CEO**







Organization Chart  
Myanmar Payment Union Public Co., Ltd.





## VISION

Creating a successful and well developed digital payment system in Myanmar

## MISSION

Establishing a reliable national payment network in the country.

Building the cashless payment culture by transforming the consumer's behavior.

Introducing innovative and value added payment products to consumers through optimizing resources among our members.

## OBJECTIVES

Stand as National Payment Switch (NPS) for Myanmar.

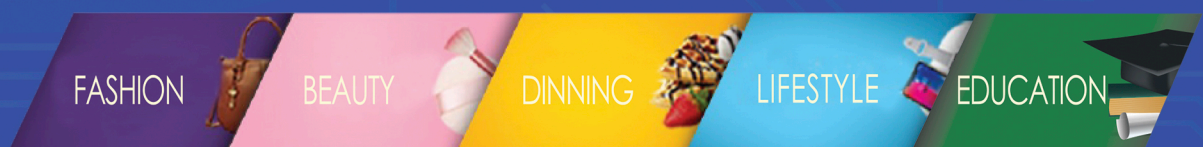
Share the bank services among the member banks.

To reduce cash based payment in retail and micro payment.

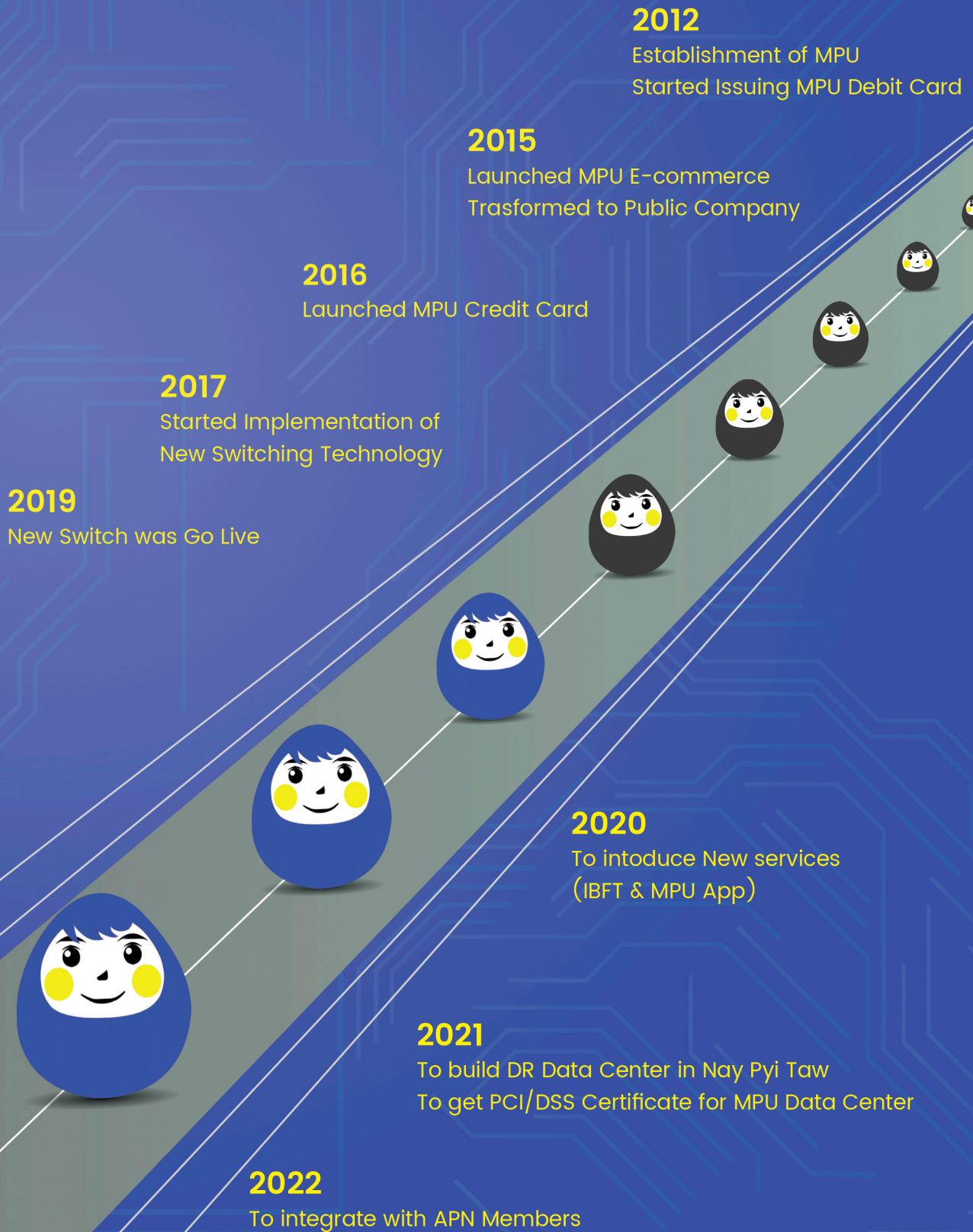
To improve existing payment system.

To connect with international payment system.

**Ready to Go Cashless**



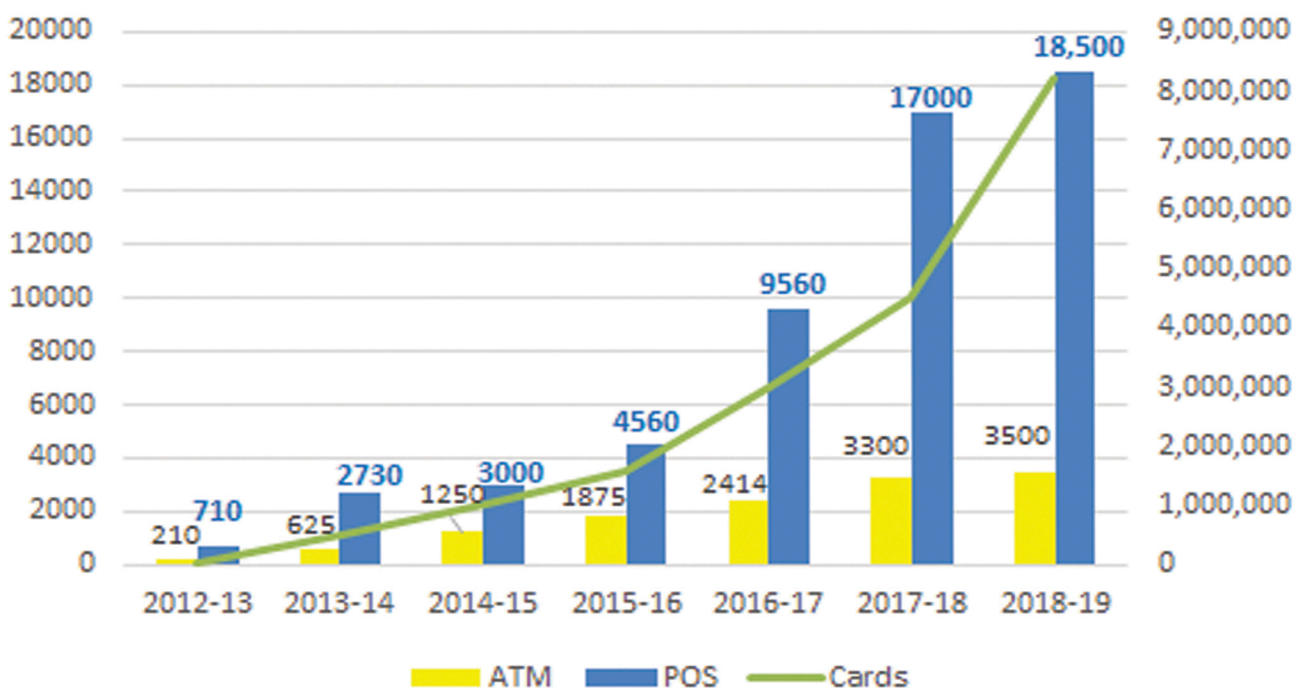






Number of MPU cards are increasing year on year and card usages at ATM are also growing. We expected more and more card usages in future due to good collaboration and co-ordination between our member banks by sharing their resources.

## Progres of ATM, POS & Card Deployment



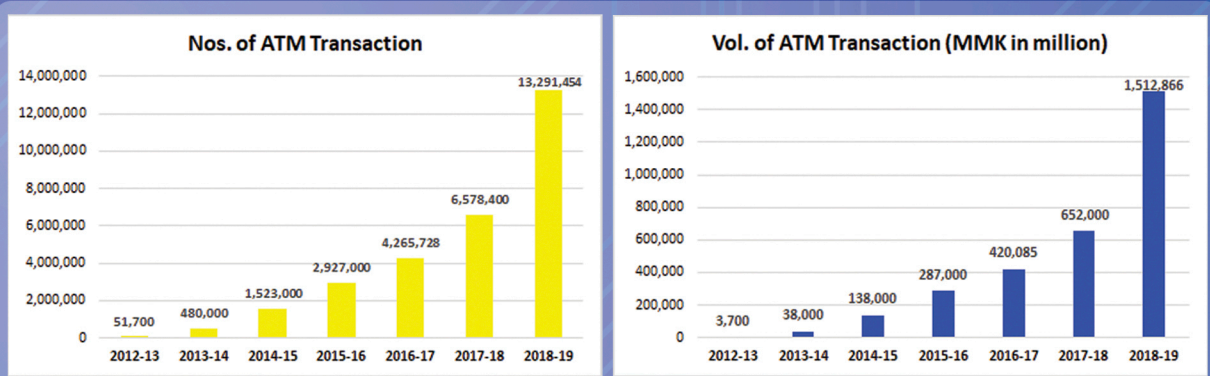
## Total Transactions for FY - 2018~2019

|                               | ATM     | POS   | E-com | Total   |
|-------------------------------|---------|-------|-------|---------|
| Vol. of Trans(mmk in million) | 1,106 B | 164 B | 37 B  | 1 307 B |
| Nos. of Trans(mmk in million) | 9.4 M   | 1.9 M | 0.5 M | 11.8 M  |
| Nos. of Dispute               | 55,811  | 7,455 | 2,216 | 65,482  |

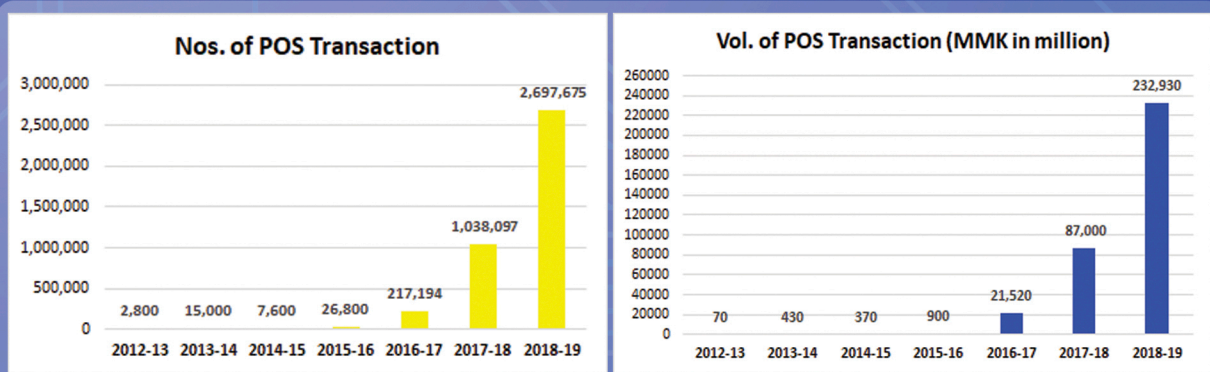


Card payment are obviously growing at merchants, this is a signal that people has more confident to use digitally for their purchase of goods and services. The benefit of domestic scheme are lower interchange fee for our people and good for nation to get TAX. MPU is contributing to our payment system development as well as to create digital payment eco-system for the Nation. Online transactions are also increasing year on year and it is good for a business and consumers to go online with secure payment channel.

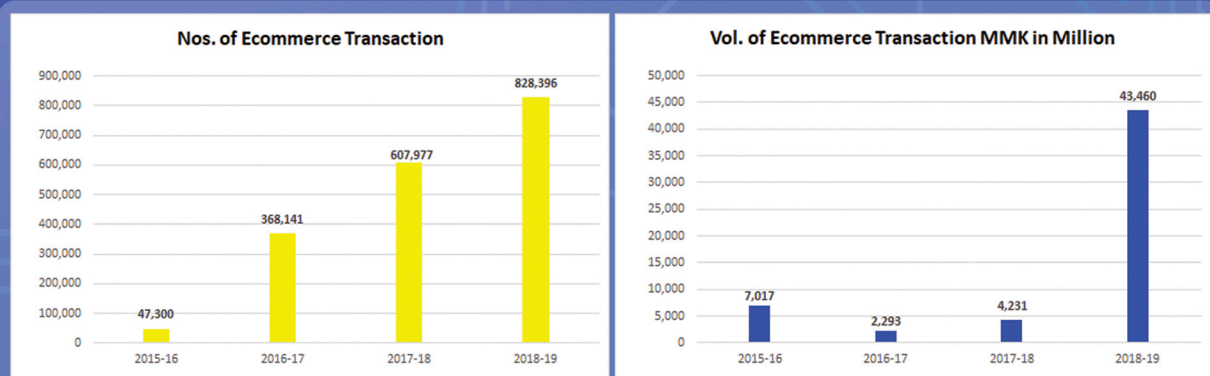
## ATM Transactions



## POS Transactions



## E-commerce Transactions





We are focusing to upgrade our switching technology by using and internationally reputable solution provider FIS (Fidelity). We expected to be able to complete migration at the end of 2019. We plan to offer new service with new switching technology. We Strongly believe that the new technology will lead to decline in use of cash and can achieve our mission to create cashless payment in future.

IBFT (Inter Bank Fund Transfer) is the most demanding service by our cardholders and we will deliver this service with new technology.



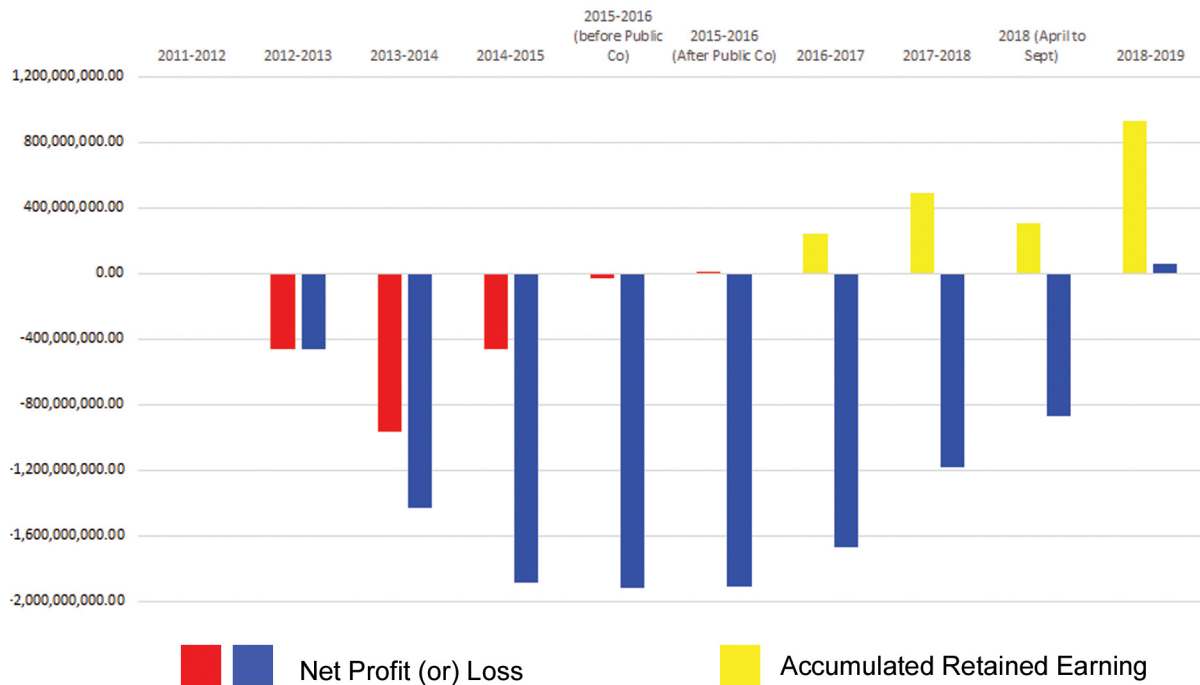
## Human Resources Development

Employees are the asset of our company and, training and development is one of the key for capacity development of our employees. We conduct the training internally as well as we allow our staff to attend specific external training program for their special skill development. Our HR always serve as a link between human resource management and the overall our strategic plan.

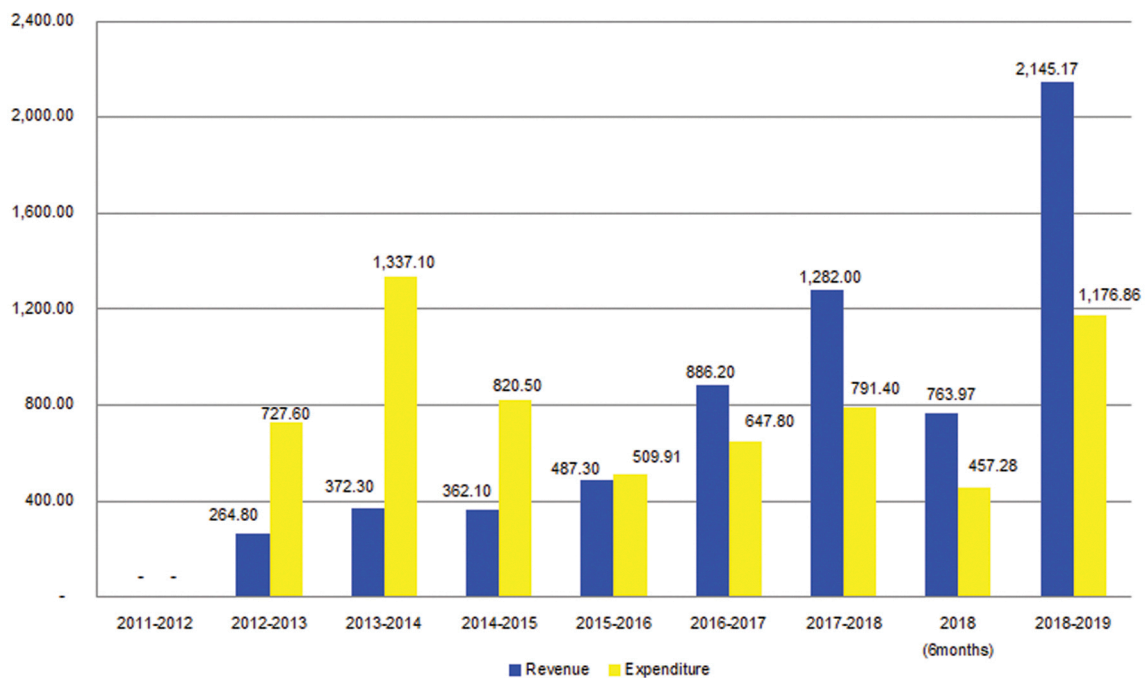
|  |  |                                       |  |
|--|--|---------------------------------------|--|
| INTRO Level<br>(4Skills)                 | Master of<br>Banking and Finance                               | OFFICE<br>Management                  | Logistic & Supply Change<br>Management     |
| ACCOUNTING & AUDITING<br>ON JOB Training | Diploma in<br>Management and Administration                    | Graphic Design<br>Course              | GENERAL<br>Management                      |
| Basic<br>LINUX                           | Diploma in<br>International Financial Reporting Standard(DIFR) | ACCA UK<br>EXAM FEE                   | Real Life in<br>English course             |
| Diploma in<br>Banking                    | Diploma in<br>Business Management                              | COMMERCIAL<br>DESIGN                  | Future Leader Congress 2018<br>Program Fee |
| HR<br>Management                         | Diploma in<br>Marketing  | Workshop<br>(Internal Audit Practise) | ACCA UK<br>EXAM FEE                        |
| BUSINESS<br>Management                   | CUSTOMER<br>Service  | LCCI-3                                | CPA Part-1                                 |



## Accumulated Retained Earning



## Income and Expenditure analysis



## TAX PAID

| 2015~2016 | 2016~2017  | 2017~2018   | 2018 (6 months) | 2018~2019 (Provision) |
|-----------|------------|-------------|-----------------|-----------------------|
| 2,618,994 | 81,276,226 | 164,204,508 | 101,286,698     | 342,000,000           |







## **Independent Auditors' Report**

**To the members of Myanmar Payment Union Public Company Limited.**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of **Myanmar Payment Union Public Company Limited** ("the Company"), which comprise the statement of financial position as at 30 September 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS 20.

In our opinion, the accompanying financial statements are property drawn up in accordance with the provisions of the Myanmar Companies Law and Myanmar Financial Reporting Standards (MFRSs) so as to give a true and fair view of the financial position of the Company as at 30 September 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

#### ***Basis for opinion***

We conducted our audit in accordance with Myanmar Standards on Auditing (MSAs). Our responsibilities under those standards are further described in the '**Auditors' responsibilities for the audit of the financial statements**' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other information***

Management is responsible for the other information. The other information comprises the Directors' statement, but does not include the financial statements and the auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

#### ***Responsibilities of management and directors for the financial statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Myanmar Companies Law and MFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.



## ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with MSAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with MSAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

## **Report on other legal and regulatory requirements**

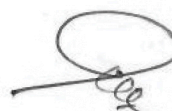
In accordance with the Myanmar Companies Law (2017), we report that;

- (i) we have obtained all the information and explanations we have required and
- (ii) the books and records have been maintained by the Company as required by Section 258 of the Myanmar Companies Law.



28 JUL 2020

Dated: July , 2020.



(Maung Maung Aung)  
Certified Public Accountant  
PA No. (197)  
U Hla Tun & Associates Limited  
Shwelon Plaza, 64(B), 1<sup>st</sup> Floor,  
Komin Kochin Road, Bahan Township,  
Yangon Region.



E:MPU / INDEPENDENT AUDITOR REPORT (30 Sept 2019)




**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019**

|                                       |             | 30 Sept 2019         | 30 Sept 2018         |
|---------------------------------------|-------------|----------------------|----------------------|
| <b>ASSETS</b>                         | <b>NOTE</b> | <b>MMK</b>           | <b>MMK</b>           |
| Cash and Cash Equivalents             | 6           | 5,095,563,980        | 3,626,699,347        |
| Accounts Receivable                   | 7           | 9,570,330            | 7,956,000            |
| Other receivable and Prepayment       | 8           | 795,566,748          | 412,267,564          |
| Other Assets                          | 9           | 10,364,970           | 24,127,864           |
| Property, Plant and Equipment         | 10          | 309,686,363          | 216,082,187          |
| Intangible Assets                     | 11          | 22,832,822           | 11,106,793           |
| <b>TOTAL ASSETS</b>                   |             | <b>6,243,585,213</b> | <b>4,298,239,755</b> |
| <b>LIABILITIES</b>                    |             |                      |                      |
| Other Payable                         | 12          | 179,066,306          | 108,467,753          |
| Income Tax Payable                    | 13          | 406,521,837          | 262,656,206          |
| <b>TOTAL LIABILITIES</b>              |             | <b>585,588,143</b>   | <b>371,123,959</b>   |
| <b>EQUITY</b>                         |             |                      |                      |
| Share Capital                         | 14          | 5,200,000,000        | 4,600,000,000        |
| Subscription in advance               | 14          | 400,000,000          | 200,000,000          |
| Retained Earnings                     |             | 57,997,070           | (872,884,204)        |
| <b>TOTAL EQUITY</b>                   |             | <b>5,657,997,070</b> | <b>3,927,115,796</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> |             | <b>6,243,585,213</b> | <b>4,298,239,755</b> |

See accompanying Notes to the Financial Statements.

**Authenticated by Directors;**

  
 (Daw Khin Aye Maw)  
 Director

  
 (Daw Moe Mar Lar)  
 Director

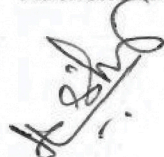


**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

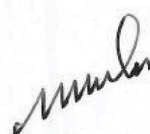
|                                      |      | YEAR ENDED<br>30 Sept 2019<br>MMK | PERIOD ENDED<br>30 Sept 2018<br>MMK |
|--------------------------------------|------|-----------------------------------|-------------------------------------|
|                                      | Note |                                   |                                     |
| Data Processing Revenue              | 15   | 1,611,834,635                     | 576,609,653                         |
| Service Income                       | 16   | 39,253,200                        | 826,000                             |
|                                      |      | <b>1,651,087,835</b>              | <b>577,435,653</b>                  |
| Bank Interest Income                 | 17   | 444,557,968                       | 158,172,318                         |
| Other income                         | 18   | 43,340,460                        | 8,121,196                           |
| <b>Total Income</b>                  |      | <b>2,138,986,263</b>              | <b>743,729,167</b>                  |
| Staff related expenses               | 19   | (396,172,402)                     | (171,136,062)                       |
| Network and processing expenses      | 20   | (172,767,109)                     | (62,450,289)                        |
| Depreciation & Amortization          | 21   | (82,110,865)                      | (31,350,315)                        |
| Postage and communication            |      | (92,827,400)                      | (36,458,497)                        |
| General and Administrative expenses  | 22   | (153,895,929)                     | (57,437,213)                        |
| <b>Total Administration, etc</b>     |      | <b>(897,773,705)</b>              | <b>(358,832,376)</b>                |
| <b>Net Profit before tax</b>         |      | <b>1,241,212,558</b>              | <b>384,896,791</b>                  |
| Income Tax Expenses                  | 23   | (310,319,639)                     | (98,451,698)                        |
| Capital Gain on Disposal             |      | -                                 | 20,250,000                          |
| <b>Net Profit for year after tax</b> |      | <b>930,892,919</b>                | <b>306,695,093</b>                  |
| Other Comprehensive Income           |      | -                                 | -                                   |
| <b>Total Comprehensive Income</b>    |      | <b>930,892,919</b>                | <b>306,695,093</b>                  |

See accompanying Notes to the Financial Statements.

Authenticated by Directors;



(Daw Khin Aye Maw)  
Director



(Daw Moe Mar Lar)  
Director



**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

|   | Share Capital        | Subscription In Advance | Retained Earning/(loss) | MMK Total            |
|---|----------------------|-------------------------|-------------------------|----------------------|
| <b>Balance at 1 April 2018</b>            | 4,600,000,000        | -                       | (1,179,579,297)         | 3,420,420,703        |
| <b><u>Changes during the period</u></b>   |                      |                         |                         |                      |
| Issued shares                             | -                    | -                       | -                       | -                    |
| Receipt of advance share capital          | -                    | 200,000,000             | -                       | 200,000,000          |
| Total comprehensive income for the period | -                    | -                       | 306,695,093             | 306,695,093          |
| Transfer to Reserves                      | -                    | -                       | -                       | -                    |
| <b>Balance at 30 September 2018</b>       | <b>4,600,000,000</b> | <b>200,000,000</b>      | <b>(872,884,204)</b>    | <b>3,927,115,796</b> |
| <b>Balance at 1 October 2018</b>          | 4,600,000,000        | 200,000,000             | (872,884,204)           | 3,927,115,796        |
| <b><u>Changes during the year</u></b>     |                      |                         |                         |                      |
| Readjustment for previous year            | -                    | -                       | (11,645)                | (11,645)             |
| Issued Shares                             | 600,000,000          | (200,000,000)           | -                       | 400,000,000          |
| Receipt of advance share capital          | -                    | 400,000,000             | -                       | 400,000,000          |
| Total comprehensive income for the year   | -                    | -                       | 930,892,919             | 930,892,919          |
| <b>Balance at 30 September 2019</b>       | <b>5,200,000,000</b> | <b>400,000,000</b>      | <b>57,997,070</b>       | <b>5,657,997,070</b> |

See accompanying Notes to the Financial Statements.



**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

|  | YEAR ENDED<br>30 Sept 2019<br>MMK | PERIOD ENDED<br>30 Sept 2018<br>MMK |
|--|-----------------------------------|-------------------------------------|
| <b>(A) Cash flows from operating activities</b>                        |                                   |                                     |
| Profit before income tax   | 930,892,919                       | 405,146,791                         |
| <b><u>Adjustment for non-cash items</u></b>                            |                                   |                                     |
| Interest Income  | (444,557,968)                     | (158,172,318)                       |
| Depreciation   | 70,584,787                        | 27,912,487                          |
| Intangible assets amortized  | 11,526,078                        | 3,437,828                           |
| Write off property and equipments                                      | 16,516                            | 793,511                             |
| Disposal gain on property and equipments                               | -                                 | (20,250,000)                        |
| Adjustment for Retained Earnings                                       | (11,645)                          | -                                   |
| Operating profit/ (loss) before working capital changes                | 568,450,687                       | 258,868,299                         |
| <b>Changes in Operating Assets and Liabilities</b>                     |                                   |                                     |
| Accounts Receivable  | (1,614,330)                       | 2,256,751                           |
| Other receivable and Prepayment  | 3,427,519                         | 4,222,053                           |
| Other Assets   | 13,762,894                        | -                                   |
| Other liabilities  | 380,896,192                       | (7,221,202)                         |
| Cash generated from operations   | 964,922,962                       | 258,125,901                         |
| Interest received  | 353,126,758                       | 44,207,888                          |
| Income taxes paid  | (461,727,500)                     | (2,500,000)                         |
| <b>Net cash provided by/(used in) operating activities</b>             | (A) <u>856,322,220</u>            | <u>299,833,789</u>                  |
| <b>(B) Cash flows from investing activities</b>                        |                                   |                                     |
| Purchase of property, plant and equipment                              | (164,205,480)                     | (61,702,476)                        |
| Purchase of Intangible assets  | (23,252,107)                      | (1,322,181)                         |
| Sales proceed of property and equipments                               | (B) <u>-</u>                      | <u>26,800,000</u>                   |
| <b>Net cash provided by/(used in) investing activities</b>             | <u>(187,457,587)</u>              | <u>(36,224,657)</u>                 |
| <b>(C) Cash flows from financing activities</b>                        |                                   |                                     |
| Proceeds on received of advances, representing                         | 800,000,000                       | 200,000,000                         |
| Proceeds from Short Term loans   | (C) <u>-</u>                      | <u>-</u>                            |
| <b>Net cash provided by/(used in) financing activities</b>             | <u>800,000,000</u>                | <u>200,000,000</u>                  |
| <b>Net Increase/(Decrease) in cash and cash equivalents(A)+(B)+(C)</b> | <u>1,468,864,633</u>              | <u>463,609,132</u>                  |
| <b>Cash and cash equivalents at beginning of the year</b>              | <u>3,626,699,347</u>              | <u>3,163,090,215</u>                |
| <b>Cash and cash equivalents at end of the year</b>                    | <u><u>5,095,563,980</u></u>       | <u><u>3,626,699,347</u></u>         |

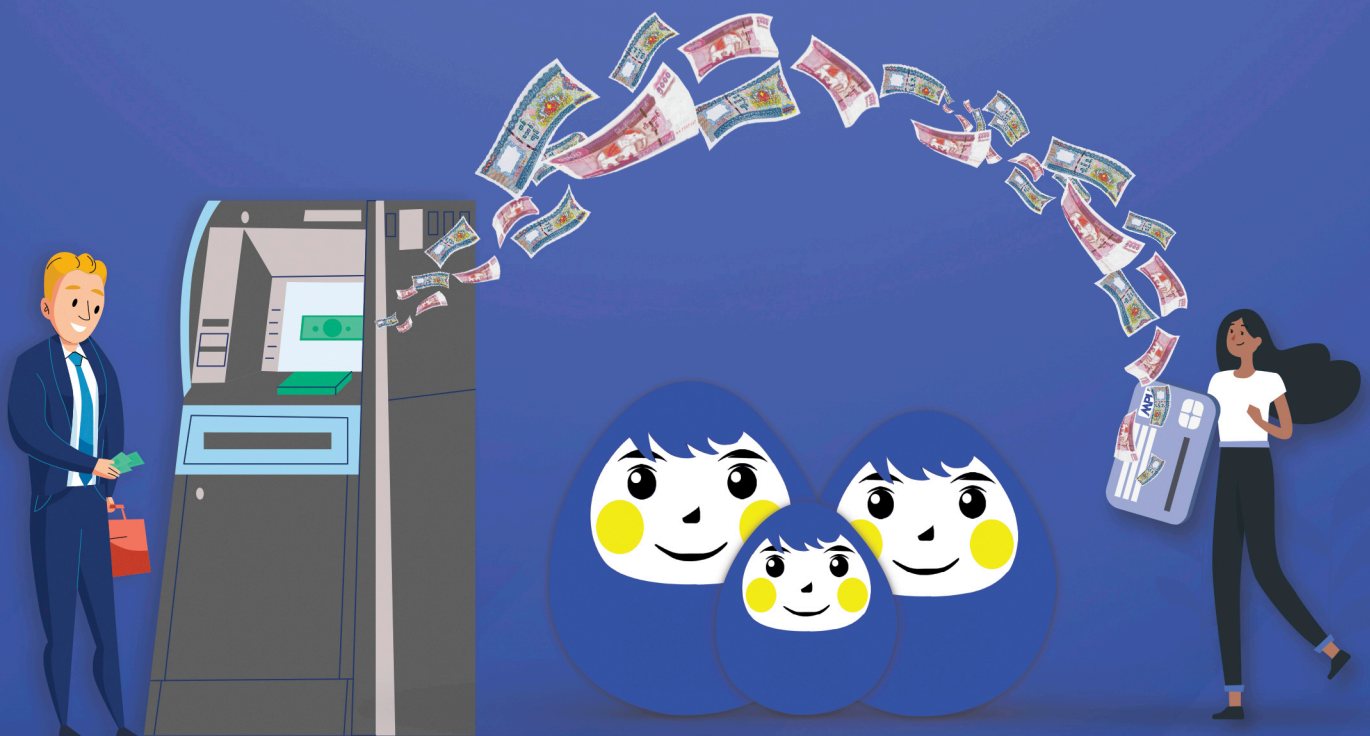


# IBFT SERVICE

ATM အသုံးပြုပြီး



ကတ်အချင်းချင်းငွေရွှေ့ပါ



တစ်ရက်လျှင်ငွေ ကျပ်(၁,၀၀၀) မှ သိန်း(၁၀၀) အထိလွှဲပြောင်းနိုင်ပါသည်။



ပေးချေလွယ်ကူ



Better Way to Pay

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

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(Central Bank of Myanmar)

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📠 : +95 1 8603890

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

📘 : MyanmarPaymentUnion