



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

Republic of the Union of Myanmar
Central Bank of Myanmar

Date: 30 April 2024

Directive No. 4/2024

Subject: **Setting the minimum reserve requirement ratio that banks must maintain in MMK and the interest on excess reserve (IOER)**

Reference: (1) Central Bank of Myanmar Directive No. 9/2023 dated 5 April 2023
(2) Central Bank of Myanmar Memorandum dated 5 April 2023

1. The Central Bank of Myanmar issued the directive referenced in (1) which sets a minimum reserve requirement ratio of 3.5% that banks must maintain in MMK, composed of 3% that banks must maintain as current account balance (CAB) with the Central Bank and 0.5% to be maintained as cash at bank, and the memorandum referenced in (2) which sets the interest rate on excess reserve at 3.6%.
2. The Central Bank of Myanmar has increased the minimum reserve requirement ratio that banks must maintain in MMK from 3.5% to 3.75% to prudently control the increase of the money in circulation and the increase of the inflation rate. State-owned banks, private banks and branches of foreign banks shall maintain, out of these 3.75%, 3% as current account balance (CAB) with the Central Bank and 0.75% as cash at bank.
3. In order to further improve the liquidity of banks and enable banks to earn more interest income, the interest rate on the average excess reserve will be set at 3.80%. When paying interest, interest will only be paid to banks with an average excess reserve amount of at least MMK 7 billion and above, and up to MMK 50 billion will be allowed as average excess reserve.
4. The adjustment of the minimum reserve requirement ratio that banks must maintain in MMK and the adjustment of the interest rate on the average excess reserve will come into effect starting from 3 May 2024.

On behalf of the Governor
Dr. Lin Aung, Deputy Governor

Distribution list: *[Omitted.]*



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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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