

**Workshop on the Development of the Financial Sector in Myanmar and its role  
in supporting inclusive Economic Growth and Poverty Reduction**

**7-8 November 2011**

**Yangon, Myanmar**

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*Fourth session:*       **Strengthening of the Central Bank – Regulation and Supervision**

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***Key functions of the central bank to be strengthened:***

1. Monetary policy:  
*Objective:*    Maintaining macroeconomic stability, inflation control
  
2. Regulation and supervision of the financial sector  
*Objectives:*    Maintaining financial sector confidence and stability,  
                      guarding the autonomy of financial sector institutions  
*Core subsectors:*  
                      Private banks  
                      State banks  
                      Microbanking/microfinance organizations  
                      Capital markets  
                      Payment system  
                      Insurance  
*Core functions:*
  - a. Regulation:  
                      Maintaining an appropriate sequence over time of regulation,  
                      deregulation and reregulation in response to evolving economic and  
                      financial conditions
  - b. Supervision:  
                      Off-site and on-site inspection, directly or in cooperation with  
                      specialized supervisory agencies (eg, bank or insurance  
                      superintendencies) or delegated to auditing apexes of networks of  
                      (micro-) financial institutions
  - c. Enforcement of compliance:  
                      Enforcement of regulation against resistance and interference by state  
                      and non-state agencies
  
3. Development banking  
*Objective:*    Growth and development of the financial sector,  
*including:*  
                      promotion of universal inclusive access to adequate financial services,  
                      financial sector innovations (eg, financial inclusion engineering),  
                      reform of financial institutions,  
                      agricultural development bank restructuring and reform,  
                      transformation of nonformal to formal financial institutions,  
                      promotion of networks of (micro-) financial institutions,  
                      promotion of human resource development in the financial sector,  
                      regulating and monitoring human resource development

4. Development of the central bank

Objective: Strengthening the capacity of the central bank,  
*including:*  
autonomy of the central bank (as a prerequisite for carrying out its functions unimpeded),  
capacity building of the management and staff of the central bank (to carry out its various functions),  
viability of the central bank (to cover its costs from its operational income)

5. Non-functions of the central bank

(avoiding conflicts of interest):  
direct promotion of economic development  
direct promotion of poverty eradication