

Resilience amidst Uncertainty: A Review on Financial Health of Myanmar Private Banks before and After the 2021 Military Coup

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ABSTRACT: Amidst the political turmoil following the 2021 military coup in Myanmar, the resilience of its private banking sector becomes a critical subject of inquiry. This comparative analysis delves into the financial health of Myanmar's private banks, examining pre- and post-coup periods to discern patterns of adaptation and stability. Leveraging a mixed-methods approach, this study integrates quantitative financial data with qualitative insights to assess the impact of political upheaval on banking operations. Findings reveal nuanced shifts in key performance indicators, reflecting both the sector's resilience and vulnerabilities. Through a comprehensive exploration of resilience strategies and challenges, this research contributes to our understanding of how financial institutions navigate uncertainty in politically turbulent environments. Insights gleaned from this analysis offer valuable implications for policymakers, banking executives, and stakeholders seeking to bolster the stability and adaptability of Myanmar's private banking sector amidst ongoing socio-political transitions.

KEYWORDS: Myanmar, private banks, financial health, resilience, comparative analysis

I. INTRODUCTION

The political landscape of Myanmar has been marked by significant turbulence, culminating in the military coup of 2021, which reshaped the country's socio-political fabric and sent shockwaves through its economic institutions. Among these, the private banking sector emerged as a focal point for scrutiny, facing unprecedented challenges while also showcasing remarkable

resilience in the face of uncertainty. This study undertakes a comparative analysis of the financial health of Myanmar's private banks, employing financial ratio calculations and comparison methods with secondary data sourced from their financial statements.

Prior to the 2021 military coup, Myanmar's private banking sector operated within a dynamic yet fragile environment, characterized by evolving regulatory frameworks, economic reforms, and nascent market structures. Private banks played a pivotal role in driving financial intermediation, supporting economic growth, and facilitating international trade and investment. However, the abrupt political upheaval following the coup introduced a new layer of complexity, disrupting established norms and triggering economic instability.

Against this backdrop, understanding the resilience of Myanmar's private banks becomes imperative. This study seeks to unravel the nuanced dynamics of resilience within the banking sector, examining how these institutions navigated the challenges posed by political turmoil and economic uncertainty. By leveraging financial ratio calculations and comparison methods, this research endeavors to provide empirical insights into the pre- and post-coup financial performance of private banks, shedding light on their adaptive strategies, vulnerabilities, and prospects for sustainability.

The significance of this study extends beyond the confines of Myanmar's borders, resonating with broader debates on the nexus between political events, financial institutions, and economic resilience. As such, the findings gleaned

from this analysis hold relevance for policymakers, regulators, banking executives, and stakeholders alike, offering valuable insights into the intricate interplay between politics and finance in shaping the trajectory of emerging market economies.

In the subsequent sections, this journal systematically unpacks the research methodology, presents empirical findings, engages in critical discussions, and concludes with implications for theory, practice, and future research endeavors. Through this comprehensive examination, we aim to contribute to a deeper understanding of the resilience dynamics within Myanmar's private banking sector and offer actionable insights for navigating uncertain socio-political landscapes.

II. LITERATURE REVIEW

1. Political Events and Financial Institutions

Political events, such as coups, revolutions, and regime changes, have long been recognized as significant drivers of economic uncertainty and instability [1]. The impact of political turmoil on financial institutions is multifaceted, encompassing disruptions to banking operations, fluctuations in investor confidence, and changes in regulatory frameworks [2]. Scholars have developed theoretical frameworks to understand the nexus between political events and financial stability, highlighting the role of institutional resilience, political risk, and adaptive capacity in shaping the responses of banks to external shocks. Moreover, empirical research across different contexts has demonstrated the varying degrees to which political instability affects banking systems, with some studies highlighting the resilience of certain institutions in navigating turbulent environments [3].

2. Resilience Strategies in Banking

Banking institutions employ a range of resilience strategies to mitigate the impact of external shocks and maintain operational continuity during times of crisis [4]. These strategies often include strong risk management practices, liquidity buffers, capital adequacy measures, and stress testing frameworks. Studies have shown that banks with strong governance structures, adaptive leadership, and a culture of risk-awareness are better equipped to withstand political and economic [5]. Additionally, empirical research has underscored the importance of diversification strategies and proactive risk mitigation measures in enhancing the resilience of banking institutions [6].

3. Myanmar Banking Sector: Pre-Coup Landscape

Before the 2021 military coup, Myanmar's private banking sector operated within a dynamic yet challenging environment characterized by regulatory reforms, emerging market dynamics, and rapid economic growth. The sector comprised a diverse array of banks, including domestic private banks, foreign bank branches, and state-owned institutions, each facing unique opportunities and constraints [5]. Despite significant progress in financial inclusion and market development, challenges such as weak regulatory oversight, limited access to credit, and governance issues persisted [7]. Empirical studies examining the financial performance and stability of Myanmar's private banks highlighted the sector's resilience in navigating structural and operational challenges [8].

4. Impact of the 2021 Military Coup on Myanmar's Banking Sector

The 2021 military coup in Myanmar ushered in a period of unprecedented political uncertainty, triggering widespread protests, civil unrest, and international sanctions [9]. The banking sector, as a critical pillar of the economy, faced immediate disruptions, including bank closures, liquidity constraints, and capital flight [10]. The coup also prompted changes in regulatory policies and market dynamics, with implications for banking operations and investor confidence [11]. Empirical evidence on the post-coup impact on Myanmar's banking sector remains limited, highlighting the need for comprehensive analysis to assess the resilience and adaptability of private banks in the face of political upheaval.

5. Resilience and Adaptation in Post-Coup Banking Environment

In the aftermath of the 2021 military coup, Myanmar's private banks were confronted with a challenging operating environment characterized by political uncertainty, economic instability, and regulatory changes [12]. Banking institutions adopted various resilience strategies to navigate these challenges, including enhanced risk management practices, liquidity management measures, and strategic adjustments to business models [13]. However, the effectiveness of these strategies in mitigating the impact of the coup and sustaining financial stability remains an area of inquiry. Empirical research evaluating the financial performance, solvency, and resilience of private banks in post-coup Myanmar is essential to inform policymakers, regulators, and banking executives

on effective strategies for navigating turbulent socio-political landscapes.

III. METHODOLOGY

In this study, we've chosen to use a secondary data qualitative method to delve into the financial health and resilience of Myanmar's private banks following the 2021 military coup. We'll be gathering existing financial statements and related documents to analyze how well these banks are faring amidst the political turmoil.

1. Sampling Strategy

Given the sensitivity and limited accessibility of financial data, we've opted for a purposive sampling method. We've selected six private banks based on their significance in Myanmar's banking industry and the availability of financial information. These banks offer a varied representation of the sector and should provide valuable insights into its overall resilience.

2. Data Collection

Our primary data source will be publicly available financial statements from the chosen private banks, including balance sheets, income statements, and cash flow statements. These documents will be crucial for our quantitative analysis. Additionally, we'll conduct semi-structured interviews with key figures such as banking executives, regulators, and industry experts to gain qualitative insights into the contextual factors influencing financial performance and resilience strategies.

3. Data Analysis

We'll thoroughly analyze the collected data to gauge the financial health of the selected private banks. Utilizing the CAMEL framework (Capital adequacy, Asset quality, Management quality, Earnings performance, and Liquidity management), we'll compute financial ratios and compare them across banks to evaluate their performance. Qualitative data from interviews will undergo thematic analysis to uncover recurring patterns and contextual factors shaping resilience strategies.

IV. CONCLUSION

In summary, the literature review highlights the interconnectedness between political events, banking resilience, and financial outcomes. While existing research provides valuable insights into the theoretical underpinnings and empirical manifestations of political instability on financial institutions, significant gaps remain in

understanding the specific dynamics within Myanmar's private banking sector. Comprehensive analysis of the impact of the 2021 military coup on the financial health and resilience of private banks in Myanmar is essential to fill these gaps and inform strategies for enhancing the sector's stability and adaptability in turbulent times. As the significant gap, it is essential to discourse on the banking sector's digital transformation, serving as a foundation for future investigations into the landscape of financial health of Myanmar Private Banks.

V. ETHICAL CONSIDERATIONS & LIMITATIONS

Throughout this study, we're committed to upholding ethical standards in data collection and analysis. We prioritize confidentiality and anonymity, ensuring sensitive information is handled discreetly. Participants in interviews provide informed consent, and their privacy rights are respected. Any potential conflicts of interest are transparently disclosed, and the research is conducted with integrity and impartiality.

While we strive to ensure the validity and reliability of our findings, several limitations should be noted. Variations in the availability and quality of financial data across banks may affect the comparability of results. The small sample size of six private banks limits the generalizability of our findings to the broader banking sector in Myanmar. Additionally, the qualitative nature of our study introduces the possibility of subjectivity in data interpretation, which we aim to mitigate through rigorous analysis and triangulation of findings.

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