

# SAC-M RESET SERIES

## RESETTING THE MYANMAR ECONOMY

Dr. Sean Turnell + SAC-M

6 August 2025





The Special Advisory Council for Myanmar (SAC-M) is an independent group of international human rights experts working to support the peoples of Myanmar in their fight for peace, genuine democracy, justice and accountability.

For information about SAC-M and details of our work, please visit - <https://specialadvisorycouncil.org/>

 [info@specialadvisorycouncil.org](mailto:info@specialadvisorycouncil.org)

 @SpecialCouncil

 [special-council.bsky.social](https://special-council.bsky.social)

 <https://www.linkedin.com/company/sac-m>

# RESET SERIES

The SAC-M Reset series is a collection of short papers on topical issues prepared in partnership with leading authorities on Myanmar. They aim to stoke discussion and renewed action in support of the Myanmar people's aspirations for peace, progress, equality, justice and an inclusive federal democracy.

# 1

# Introduction

In February 2025, Dr Sean Turnell wrote *The Military, Money, and Myanmar: Breaking the Nexus* for SAC-M.<sup>1</sup> Its impact was immediate. With his characteristic clarity, Dr Turnell shone a light on Myanmar's economy under the military junta. He proposed steps to begin building a prosperous economy for a new, federal democratic Myanmar, and set out what individual states, private corporations and the international system could do to support lasting change.

This SAC-M Reset paper distils the key messages of Dr Turnell's paper and adds fresh insights in a rapidly changing international economic landscape. SAC-M is deeply grateful to Dr Turnell, who remains the most eminent and respected expert on Myanmar's economy.



# 2

# Money and the Military

The Myanmar military's command over the country's finances lies at the heart of its ability to repeatedly wage war on the people they are meant to protect. The National League for Democracy (NLD) administration that was in office from 2016 was committed to reducing the role of the military in Myanmar's economy, and well understood the threat the military's economic dominance posed. Yet there was little that Myanmar's civilian government could do once the tanks started rolling on 1 February 2021. A new darkness for Myanmar descended.

Since the attempted coup, spending incontinence has been one of the defining features of the military junta. Much of this expenditure has been on the military itself (annual appropriations up nearly 100% since the coup), 70% of which has been financed by printing more money.<sup>2</sup> Myanmar's national debt is up 50%, even as spending on health and education are both down. Myanmar's GDP, which fell 18% at the outset of the coup, is now 50% below where it should be even by conservative estimates of its expected trajectory.<sup>3</sup> Poverty rates have more than doubled. This already grim outlook has deteriorated further since the 28 March Sagaing earthquake. According to a June update by the World Bank, poverty rates in Myanmar could increase by 2.8% and the national GDP is projected to contract by 2.5% in the 2025/26 fiscal year, mostly as a result of the quake.<sup>4</sup> Perversely, the impact of the Trump administration's recent 40% tariff on Myanmar goods will likely be insignificant compared to the damage inflicted by the junta's own onerous compliance requirements. With newly installed price controls, the reintroduction of conscription and all manner of other coercive measures, the junta has adopted the economics of the quartermaster rather than that of the market. What has taken place is a new type of demonetisation of Myanmar's economy. A seizing up of the formal monetary economy. The prospect of the elimination of money as a unit of trust looms large in Myanmar today.

**The nexus between money and oppression comes via the military's control of Myanmar's central bank, its tax system, the earnings of state-owned enterprises, and the military's dominance over banks and other financial institutions. International banks have also earned their share of disrepute.**

## 2.1 The Central Bank of Myanmar

The Central Bank of Myanmar (CBM) has enacted many of the deleterious policies of the junta. As much as 30,000 billion of kyat banknotes have been printed since the coup (compared to just over 3,000 billion during the civilian government's last year in office).<sup>5</sup>

Supplying money domestically in all its forms is a key role that the CBM plays in supporting the junta, but so are its activities in securing foreign exchange – and starving everyone else of the same. The junta has run down the country's reserves to about \$US2.5 billion, little more than half of that available in 2020. Closely reliant on China (and, to a more limited extent, Russia), the junta is increasingly friendless and only too willing to cede Myanmar's sovereignty in their quest for foreign cash and support.

Under the NLD Government, exploitative loans proffered by China as part of its so-called 'Belt and Road Initiative' (BRI), some of which were accepted by previous military regimes, were renegotiated in Myanmar's favour.<sup>6</sup> Such loans are back again under the junta, which has left Myanmar supine to China's financial advances.

## 2.2 Crony Banks

Myanmar's banks have always been handmaidens of the military state. For much of Myanmar's history this was overt and centralised, culminating in the nationalisation of the banks in the 1960s and their ultimate concentration into just one institution - the disastrous monolith 'People's Bank of the Union of Burma'.<sup>7</sup> The manifest failures of this institution saw it broken up in the 1970s, into the four somewhat specialised state-owned banks that remain with us today – the Myanma Economic Bank (MEB), Myanma Agricultural and Development Bank (MADB), Myanma Investment and Commercial Bank (MICB), and the Myanma Foreign Trade Bank (MFTB). From the outset the last two of these institutions were the primary vehicles via which Myanmar's military leaders conducted their financial transactions with the outside world, in company at times with the MEB and the central bank.

Since the coup the condition of Myanmar's banks has sunk to new depths. With the economy cratering, the exchange rate in free fall, trust in institutions of all kinds disappearing and with bank staff in open revolt against what was happening in Myanmar, a series of 'bank runs' foreshadowed system collapse. Yet the junta simply outlawed mass withdrawals from banks. In the weeks after coup, and at multiple points in the years since, bank depositors in Myanmar have been denied access to their funds.

In all sorts of ways, Myanmar's banks remain useful to the junta. At the domestic level they have become the most important buyers of government debt. As such they are key financiers of the military at home. Critically, however, and as outlined at length by the UN Special Rapporteur on

Myanmar, they also facilitate the junta's international purchases, including of arms and fuel. This is both directly with the Defence Ministry as customer, as well as via the military controlled conglomerates Myanmar Economic Corporation (MEC) and Myanmar Economic Holdings Limited (MEHL).<sup>8</sup>

## 2.3 State-Owned Banks

The major banking vehicles for the junta's international arms procurement remain the state-owned banks. This was initially the MFTB and the MICB continuing their traditional role. In June 2023, however, the United States (US) imposed sanctions on both banks, causing the junta to shift international banking duties to the MEB. In addition to arms procurement, the MEB also became the appointed vehicle for the inflow of foreign exchange earnings of state-owned enterprises and the payment/receipt of government charges and taxes.

As with the Central Bank after the coup, state-owned banks have also largely been taken over by the military in terms of personnel. Representative of the trend is the MEB, which appointed a score of military officers to its management ranks.<sup>9</sup>

## 2.4 International Banks

On the other side of the transactions involving the MFTB/MICB/MEB are international banks, partly from countries from whom Myanmar's junta was purchasing arms and fuel, but also those residing in financial centres such as Singapore, Hong Kong and Dubai. In the wake of sanctions and pressure more broadly, however, here too there has been a substantial realignment. Previously the financiers of choice for Myanmar's military and ruling elite, Singapore's banks have stepped back from such business. As revealed by the UN Special Rapporteur on Myanmar,<sup>10</sup> payments facilitated by banks in Singapore fell from \$US260 million in 2022 to just \$US40 million in 2023 (or from over 70% to just under 20% of all such international payments made by the junta). Nevertheless the gap left by the admirable actions of Singapore has been partially filled by Thailand-based banks, as well as various entities in Dubai.<sup>11</sup>

# 3

# Money as Freedom

In the monetary and financial sphere, as well as on the battlefield, the Myanmar people's forces of resistance to the junta have been innovative and committed. Ancient and trusted monetary instruments that protect anonymity and freedom have returned and new institutions have been fashioned to fund the struggle against the junta's tyranny.

## 3.1 Hundi

The junta's command over formal money creation and distribution has stimulated alternative monetary arrangements that create spaces for freedom. This has most obviously emerged via the return to prominence of the 'hundi' system. An ancient practice known in most parts of the world (under a variety of names), hundi allows the transfer of monetary value via networks of trust that are usually invisible to monetary and other authorities.<sup>12</sup>

## 3.2 Money of the Spring Revolution

Innovative crowdfunding via social media, online lotteries and cheeky campaigns of selling-off the houses of junta officials have all played a part in a genuinely grassroots upswell of financial support provided by Myanmar diaspora all around the world.<sup>13</sup>

Even more interesting perhaps, and with surely long term effect in a future Myanmar, have been the works of the National Unity Government (NUG) and groups associated with it to create a parallel and semi-formal financial system that exploits the technological revolution currently transforming global (and local) finance. The ambitions here are vast – an online Spring Development Bank (SDB) to fund the revolution and spearhead reconstruction later, a stable-coin cryptocurrency to store, make secure and facilitate payments, bond and initial coin offerings to fund the SDB, simple sales taxes in 'liberated' areas, and much else – even the consideration of a nascent shadow central bank.<sup>14</sup>

**Longer term, Myanmar's military, in whatever form it exists, must be made permanently financially subservient to the institutions of a democratic civilian**



government and parliament, subject to their oversight, and excluded from engaging in profit-making enterprise. Military owned and affiliated corporations should be detached from the military, privatised and their proceeds used as part of a sovereign fund to finance pension and other liabilities to Myanmar citizens broadly. Military-owned land and other assets should be transferred out of military ownership into a state property trust under the control of the democratic civilian government and parliament.

# 4

# Before the Junta's Fall: Efforts To Date

## 4.1 Sanctions

The most effective and complete way the nexus between money and the military in Myanmar will be severed will come at the junta's defeat at the hands of the Myanmar people. In the meantime, international efforts to rein in the actions of the junta have come via the imposition of economic, financial and Magnitsky-style individual sanctions.<sup>15</sup> This includes the imposition of sanctions on the junta's enabling financial institutions, as well as individuals who facilitate the flow of money to them. These sanctions are effective, especially in denying the junta the foreign exchange it needs to purchase advanced weaponry from abroad.

Led by the US, such sanctions have been levied by the European Union (EU), the United Kingdom (UK), Australia, Canada, New Zealand, and even, as noted (in effect) by Singapore. Such sanctions target the junta's leadership, junta ministers and deputies, members of Myanmar's judiciary, senior officials of state-owned enterprises (SOEs) and military businesses, as well as arms brokers, and people involved generally in servicing the military.

Amongst the sanctioning countries there are wide divergences with respect to the nature, breadth and scope of the measures levied. Meanwhile, no formal sanctions upon the junta have been applied by India, Japan, South Korea or, with the exception of Singapore, any of the ASEAN countries.

Prominent amongst the SOEs sanctioned, and critical to the flow of revenues to the junta, is the Myanma Oil and Gas Enterprise (MOGE). Traditionally Myanmar's largest earner of foreign exchange via its exports of natural gas (primarily to Thailand and China), MOGE is comprehensively sanctioned by the EU. The US sanctions on MOGE ban US financial institutions from providing financial services to it, effectively ruling out the use of the US dollar as a currency for payment to MOGE. Importantly though, in surely a concession given to US-ally Thailand as a significant MOGE customer, the US sanctions do not preclude other countries dealing with MOGE, using currencies other than the US dollar.

The other important thing to note on US sanctions as they relate to MOGE is that there are no 'secondary' sanctions against other country financial institutions providing financial services to MOGE, just so long as these do not involve the dollar. Such financial institutions are thus not confronted with a choice of dealing with MOGE or US entities.

MEC and MEHL, the aforementioned military conglomerates, are sanctioned by all the countries with substantial sanctions on Myanmar's junta.

The MFTB and MICB are both subject to sanctions from the US, Australia and Canada. According to the US Treasury's Office of Foreign Assets Control (OFAC), these two state-owned institutions 'facilitate much of the foreign currency exchange within Burma and enable transactions between the junta and foreign markets, including for the purchase and import of arms and related materiel. MEB, however, has yet to be sanctioned.

Certain individuals associated with Myanmar's private banks are also subject to sanction, but the banks as a category are not yet sanctioned in the way, for example, that Russian banks are denied access to international payments networks.

Likewise not employed thus far against Myanmar's banks are secondary sanctions – measures that impose penalties on persons and organizations not subject to the sanctioning country's legal jurisdiction, but which are engaged in the same dealings prohibited under primary sanctions.

Of perhaps greatest interest with respect to the sanctioning of Myanmar's banks concern the US action to freeze the assets of the Central Bank. This timely move, which took place just nine days after the coup, effectively seized just over \$US1 billion in funds held in the Federal Reserve Bank of New York by the CBM.<sup>16</sup> The seizure was authorised under a Presidential Executive Order (EO 14014) that froze access and the movement of 'All property and interests in property that are in the United States' of the junta including the Central Bank of Myanmar.

## 4.2 Anti Money Laundering Actions

Myanmar has long had a problem meeting international standards with respect to money laundering, as determined by the world's leading institution on the matter, the 'Financial Action Taskforce' (FATF). Following their attempted takeover the junta has ignored the issue, and on 21 October 2022 Myanmar was put on FATF's blacklist.<sup>17</sup> This is a most serious designation. The impact is to effectively exclude the country's banks from the international financial system. In October 2024 (and reiterated in June 2025), FATF announced that, with no improvements in the situation since the blacklisting, unspecified (at this point) 'countermeasures' would be considered.<sup>18</sup> These measures, on top of the bilateral sanctions discussed here, are a significant blow to the international weapons procurement aspect of Myanmar's military-money nexus.<sup>19</sup>

## 4.3 Debt

Debt issued by the junta should be regarded as odious and its repayment not to be binding on future governments in Myanmar. There should be no incentives for other countries to financially support the junta, nor profit from its abuses.

# 5

# Reset Recommendations

Following the termination of the junta, a new civilian government in Myanmar must ensure that the military never again controls the economy or in any way resources itself beyond the allocations of the civilian authorities. This paper offers the following recommendations.

## For the NUG and Myanmar's Democratic Movement:

- Continue innovative and creative financial initiatives. What is done, however, should always be beyond reproach, 'more royal than the king' in terms of probity and governance. At stake is not just funding the resistance now but, via the success of the Spring Development Bank, the bond issues, the Initial Coin Offerings (ICOs) and stablecoins, is the opportunity to lay down the long term foundations of Myanmar's financial future.
- Campaign to have all debt instruments issued by the junta declared as 'odious', thus casting doubt they will be honoured by future governments of Myanmar. This will disincentivise financial support for the junta from countries such as China, as well as entities within Myanmar complicit in its abuses.
- Myanmar's banks must be restructured, recapitalised, and reimagined as vehicles for peace and prosperity instead of as the sinews of war. Foreign investment in the sector should be encouraged as one way to avoid cronyism, while a new state-owned development bank created out of the ashes of existing government banks should assist in stability.
- Myanmar's public finances must be placed on a sustainable stable basis, with a reformed and equitable taxation system complemented by a functioning market for government debt.
- A just and democratic fiscal framework between all levels of government in Myanmar, but especially between the centre and the states and regions, must be established. In the sphere of economic policy this must entail a greater decentralisation of decision making, which itself will resist the concentration of power in the ways long exploited by Myanmar's military.

## For the International Community:

- Make the junta's access to finance as difficult as possible, recognising this is directly correlated to its ability to wage war against the Myanmar people. For most countries, this means joining the

US, EU, UK, Australia, Canada and a number of other countries in sanctioning Myanmar's state-owned banks, and other private Myanmar banks as their activities come to light. For the already sanctioning countries, tightening the financial restrictions on the junta should include better coordinating their actions to ensure consistency and to close loopholes for the junta to exploit. To this end, sanctioning the Myanmar Economic Bank should be a priority, as should freezing any assets of the Central Bank held in offshore accounts.

- For the US specifically, the most important source of support to the democratic opposition in Myanmar, exploring the means by which the Central Bank assets frozen by the New York Federal Reserve might be released for humanitarian purposes stands out as a munificent and productive action. This Paper has outlined some models by which this might be done, but creative solutions are surely there for the taking. Naturally, these same solutions should also apply to other countries as they too immobilise assets of the CBM. Of course, given the dominance of the US dollar in international transactions of all kinds, the burden of imposing secondary sanctions on Myanmar's state-owned banks also falls primarily upon the US.
- Support the financial innovations of Myanmar's democratic opposition. This should include specific sanctions exemptions for institutions such as the Spring Development Bank, as well as assistance with respect to institutional recognition and regulation.
- For countries with substantial numbers of Myanmar migrant workers, refugees and diaspora seeking to send money home, do not facilitate the junta's efforts to tax and otherwise exploit such people through compulsory payments channels. Adopt a liberal approach in allowing an open market for international payments providers, consistent with accepted international practice.<sup>20</sup>

## For the Multilateral Financial Institutions

- The World Bank, International Monetary Fund and the Asian Development Bank all suspended disbursements and any projects involving the junta effective from the day of the attempted coup. This common approach to the illegal junta should continue, even as these institutions monitor developments in Myanmar. As per the recommendation with respect to financial regulators above, however, the MFIs should support and cooperate with the NUG and other legitimate actors in Myanmar. The MFIs will play a key role in Myanmar's future. It's time to consolidate their links with the actors who will be their partners.

# Endnotes

- <sup>1</sup> Available at <https://specialadvisorycouncil.org/wp-content/uploads/2025/02/SAC-M-The-Military-Money-Myanmar-ENGLISH.pdf>.
- <sup>2</sup> World Bank (2023), Myanmar Economic Monitor, December, <https://documents1.worldbank.org/curated/en/099121123082084971/pdf/P5006630739fd70a00a66c0e15bf7b34917.pdf>.
- <sup>3</sup> On this trajectory, see World Bank (2024), Myanmar Economic Monitor, June, <https://documents1.worldbank.org/curated/en/099061124195517221/pdf/P5006631cca59607d182041fae76ab566cc.pdf>, at p.5.
- <sup>4</sup> See <https://www.worldbank.org/en/news/press-release/2025/06/12/earthquake-compounds-myanmar-s-economic-challenges#:~:text=The%20World%20Bank's%20Myanmar%20Economic,to%2014%20percent%20of%20GDP>.
- <sup>5</sup> Mizzima, 'Myanmar junta trying to reverse economic woes by printing more banknotes', 7 June 2024, <https://eng.mizzima.com/2024/06/07/10614>.
- <sup>6</sup> For details, see Sean Turnell (2024), *The Best Laid Plans: The Inside Story of Reform in Aung San Suu Kyi's Myanmar*, Sydney, Lowy Institute/Penguin Books, pp.75-82.
- <sup>7</sup> For more on this and other aspects of Myanmar's monetary and financial history, see Turnell (2009), *Fiery Dragons: Banks, Moneylenders and Microfinance in Burma*, Copenhagen, NIAS Press.
- <sup>8</sup> Openly named by the Special Rapporteur on Myanmar in this context is the Ayeyarwaddy Farmers Development Bank (branded as A-Bank), and United Amara Bank. These two are not alone, however, and some of Myanmar's largest and most prominent private banks are likewise active in facilitating the junta's 'death trade'. See UN Human Rights Council, Special Rapporteur on the Situation of Human Rights in Myanmar (2024), *Banking on the Death Trade: How Banks and Governments Enable the Military Junta in Myanmar*, <https://www.ohchr.org/sites/default/files/documents/hrbodies/hrcouncil/sessions-regular/session56/a-hrc-56-crp-7.pdf>.
- <sup>9</sup> Aung Naing, '19 Military Officers Selected for Management Roles at Myanmar's Largest Commercial Public Bank', Myanmar Now, 8 May 2023, <https://myanmar-now.org/en/news/19-military-officers-selected-for-management-roles-at-myanmars-largest-commercial-public-bank/>.
- <sup>10</sup> Special Rapporteur on the Situation of Human Rights in Myanmar (2024), *Banking on the Death Trade* at pp.13-14.
- <sup>11</sup> As above at p.13.
- <sup>12</sup> For details of the workings of hundi (and similar) networks, see Turnell (2009), *Fiery Dragons: Banks, Moneylenders and Microfinance in Burma*, Copenhagen, NIAS Press, at pp.29-32.
- <sup>13</sup> For a detailed discussion of many of these initiatives, see International Crisis Group (2022), *Crowdfunding a War: The Money Behind Myanmar's Resistance*, Asia Report no.38, December, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/328-crowdfunding-war-money-behind-myanmars-resistance>.
- <sup>14</sup> The website of the Spring Development Bank, at which can be found further details on all of this, can be found at: <https://springdevelopmentbank.com/>.
- <sup>15</sup> The most effective of such Magnitsky-style sanctions (against individuals involved in 'gross violations of internationally recognised human rights') are those levied by the United States under its 'Global Magnitsky Human Rights Accountability Act', S.284 – 114th Congress (2015-2016), 18 April 2016, <https://www.congress.gov/bill/114th-congress/senate-bill/284/text>.
- <sup>16</sup> See Executive Order 14014, Joseph R. Biden Jr, President of the United States of America, 'Blocking Property With Respect to the Situation in Burma', February 10, 2021, <https://public-inspection.federalregister.gov/2021-03139.pdf>. Simon Lewis and Humeysa Pamuk, 'U.S. blocked Myanmar junta attempt to empty \$1 billion New York Fed account', Reuters, 5 March 2024, <https://www.reuters.com/article/business/exclusive-us-blocked-myanmar-junta-attempt-to-empty-1-billion-new-york-fed-a-idUSKCN2AW2MC/>.
- <sup>17</sup> The designation was affirmed in October 2024. For more on the FATF designation, what it means and what is ahead, see 'High-Risk Jurisdictions subject to a Call for Action - 25 October 2024', Financial Action Taskforce, <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-october-2024.html>.
- <sup>18</sup> The announcement that countermeasures could be considered in 2025 can be found at the same website, 'High-Risk Jurisdictions subject to a Call for Action - 25 October 2024', Financial Action Taskforce, <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-october-2024.html>. For the maintenance of this position in 2025, see 'High-Risk Jurisdictions subject to a Call for Action - 13 June 2025', <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-june-2025.html>.
- <sup>19</sup> See also Special Rapporteur on the Situation of Human Rights in Myanmar (2024), *Banking on the Death Trade* at p.35.
- <sup>20</sup> See for instance the practices outlined in World Bank (2007), *General Principles for International Remittance Services*, Committee on Payment and Settlement Systems, <https://documents1.worldbank.org/curated/es/894291468313541470/pdf/388210ENGLISH01remittances01PUBLIC1.pdf>.