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Debt in the Context of Crisis

The Evolution of Lending in Myanmar

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ABSTRACT

Key Highlights

- **Household indebtedness has declined substantially.** Between 2021 and 2025, the share of households in debt in rural areas fell by 21 percentage points and in urban areas by 9 percentage points. This decline is partly due to credit markets no longer functioning, particularly in conflict-affected areas.
- **Informal lenders dominate Myanmar's credit market.** In 2024–2025, 80 percent of loans originated from informal sources, while only 21 percent came from formal financial institutions or the public sector.
- **Relatives and friends are the largest source of credit,** accounting for 53 percent of all loans, followed by moneylenders with 20 percent. Private banks account for only 1 percent of loans.
- **Most loans are used to meet basic household needs,** with 43 percent used for food purchases and 27 percent used for health expenditures.
- **Debt is concentrated among vulnerable households,** including the asset poor, wage laborers, households with larger family sizes and higher dependency ratios, and those affected by economic and climate shocks.
- **Loan repayment difficulties are widespread** and are associated with poorer welfare outcomes, including reduced spending on food and healthcare, higher income poverty, lower food consumption, and poorer dietary diversity.

Since the 2021 military coup, households in Myanmar have faced overlapping economic, climatic, and conflict-related shocks that have severely disrupted livelihoods and increased financial vulnerability. In this context, borrowing becomes an increasingly important coping strategy for households seeking to smooth consumption, manage shocks, and maintain basic welfare. But despite its importance, formal and informal sources of debt have shrunk, forcing many to go without debt. Using data from the Myanmar Household Welfare Survey (MHWS), this paper examines patterns of household indebtedness, sources and uses of loans, repayment difficulties, and the relationship between debt and household welfare outcomes.

In the first round of the MHWS (December 2021–February 2022), 61 percent of households were in debt, including 67 percent of rural households and 48 percent of urban households. Since then, the share of households owing money has fallen by 21 percentage points in rural and farm households and by 9 percentage points in urban households, suggesting growing supply-side constraints in lending.

Eighty percent of loans are from informal lenders, with only 21 percent sourced from formal financial institutions or the public sector. Informality is considerably higher in urban areas, where 89 percent of households had informal loans, compared with rural areas, where 76 percent of households had informal loans. This difference appears to be driven primarily by farmers, who are still able to access some government and formal lending for agriculture.

Overall, most debt is held by relatives and friends (53 percent in 2024–2025). This is followed by money lenders (20 percent). Shops and traders are also important sources of credit (8 percent), particularly for wage laborers. Again, farmers appear to retain some access to public sector loans (10 percent). MFIs represent the second largest source of formal lending (9 percent). Finally, private banks make up a very small share of loans in the country (1 percent).

Most loans are used for household expenditure rather than for investment. Between 2023 and 2025, 43 percent of loans nationally were used to purchase food. Health expenditures were the second most common use, accounting for 27 percent of loans, while around 7 percent of loans were used for education and 6 percent for ceremonies, donations, or repaying other loans. In rural areas, 33 percent of loans were invested in farming and 13 percent in businesses, whereas in urban areas only 4 percent were invested in farming but 22 percent in businesses.

Debt is concentrated among more vulnerable households: the asset poor, farm and non-farm wage labor, landless households and households with larger family sizes and higher dependency ratios are all more likely to borrow. Exposure to shocks is strongly associated with indebtedness. Households affected by climate shocks, food price increases, loss of employment, fuel price increases, and electricity blackouts are all more likely to owe money. On the other hand, conflict shocks are associated with lower levels of borrowing, likely reflecting reduced access to credit in conflict-affected areas rather than lower borrowing needs.

In 2024-2025, 30 percent of households reported that it would be very difficult to repay their loans, while a further 44 percent reported that repayment would be somewhat difficult. The households most likely to struggle with repayment are also among the most vulnerable, including farm and non-farm wage workers, asset-poor and landless households, households with many dependents, and those affected by climate and conflict shocks. Farmers and rural households, however, report relatively lower repayment difficulties, likely reflecting continued ability to use farm-based income sources to repay loans. Loan sources also matter for repayment difficulty. Compared with borrowing from relatives and friends, households borrowing from shops and traders, banks, and the public sector were less likely to report repayment difficulties. In contrast, borrowing from money lenders substantially increased the likelihood that a loan would be difficult to repay. Finally, repayment difficulties are closely associated with declining welfare. Households struggling to repay loans are more likely to reduce spending on food, non-food items, and healthcare, and are more likely to experience income poverty, low food consumption, and poor dietary diversity.

In the context of repeated economic and conflict-related shocks in Myanmar, access to credit remains critical for household survival. However, high interest rates, the predominance of informal lending, and the low incomes of borrowers mean that debt can quickly become unsustainable, trapping vulnerable households in cycles of indebtedness that further erode welfare. Expanding access to affordable credit, introducing more flexible shock-responsive repayment mechanisms, and linking lending to employment and livelihood support programs will be critical for helping vulnerable households cope with the ongoing crisis.

1. INTRODUCTION

Since the February 2021 military coup, households in Myanmar have faced overlapping economic, climatic, and conflict-related shocks that have severely eroded livelihoods and increased financial vulnerability. In this context, access to credit is a critical coping tool — allowing households to smooth consumption and maintain basic welfare. Credit also continues to be a necessary input for farm and non-farm businesses. Yet the formal institutions that previously provided credit have contracted sharply, forcing many to borrow from informal sources at higher costs, or to go without credit altogether.

The most important structural barrier driving this contraction is seemingly the inability to move money into and out of the country. When the military took power, public trust in the banking system eroded and many depositors withdrew their savings, reducing banks' lending capacity. The Central Bank of Myanmar's (CBM) response — raising the minimum reserve requirement in April 2024, meaning banks were required to hold a larger share of their remaining deposits idle rather than lending them out — compounded this shortage (DFDL, 2024). In April 2022, the CBM required businesses to convert all foreign currency earnings into kyat within one working day (CBM Notification No. 12/2022, Central Bank of Myanmar, 2022). This made it difficult for international lenders to get their money out of Myanmar in the currency it was in, removing commercial incentives to lend into the country. This problem was made worse by the emergence of a large gap between the official exchange rate set by the CBM and the rate at which the kyat actually traded on the open market: a foreign lender converting dollars into kyat at the official rate and then trying to convert back would face a significant loss, making the effective cost of lending to Myanmar institutions prohibitive (World Bank, 2024, Central Bank of Myanmar, 2024). Because of all these factors, foreign capital, which had been a major source of funding for microfinance institutions in particular, declined significantly (World Bank, 2024).

Using data from the Myanmar Household Welfare Survey (MHWS), this paper examines patterns of household indebtedness in this environment — looking at who is borrowing, from whom, for what purposes, and with what consequences for household welfare. More specifically, we examine debt through four research questions. First, how has the lending sector in Myanmar evolved since the escalation of the conflict, particularly with respect to changes in overall debt levels and use of credit by source? Second, who is in debt? This question examines the household-level associates of indebtedness, including demographic structure, livelihood characteristics, migration status, and exposure to climatic, conflict-related, and economic shocks. Third, among indebted households, what characteristics determine financial stress? Drawing on self-reported difficulty in loan repayment, this question analyzes the extent to which financial stress is shaped by household characteristics and, critically, by the source and type of lender. Fourth, how does difficulty in repaying loans translate into other coping strategies, specifically in terms of expenditure reduction, and what are the downstream effects on welfare outcomes such as income poverty, minimum acceptable food consumption, and dietary diversity? The findings show that while the majority of households remain in debt, the share of borrowing households has fallen significantly since 2021, informal sources now account for 80 percent of all loans, and repayment difficulties are widespread and concentrated among the most vulnerable households.

2. BACKGROUND: THE SUPPLY OF CREDIT IN MYANMAR SINCE 2021

2.1. Public sector lending

Before the coup, the Myanmar Agricultural Development Bank (MADB) was the primary source of credit for smallholder farmers, operating in approximately 60 percent of townships and disbursing loans at 150,000 kyat per acre, often for paddy production, secured against land ownership certificates (Toth, 2020). In 2021, the MADB was transferred to the Ministry of Planning and Finance from the Ministry of Agriculture, Livestock, and Irrigation (MOALI) (MOALI, 2018). Thereafter, its operations deteriorated due to several policy changes. Loans were increasingly restricted to areas where repayment compliance could be guaranteed — cutting off farmers in some of the most conflict-affected areas, most notably Sagaing and Rakhine (Kostner et al., 2021; MAPSA, 2023). Until 2025, farmers whose names were not listed as the registered holders of the Form 7 land title could still access agricultural loans from MADB by submitting a recommendation letter from the relevant village authorities. This changed with the introduction of a stricter directive in 2025, which made only registered Form 7 holders eligible to apply for agricultural loans. In February 2026, the Co-operative Societies Law was amended to pass government loan debts directly to a deceased borrower's heirs (DFDL, 2026). This shifted repayment risk onto families who had not taken the loan themselves, creating disincentives for households to borrow from state channels.

In August 2022, the government established the State Economic Promotion Fund with an initial allocation of 400 billion kyat, which appeared to represent a new source of agricultural credit (Global New Light of Myanmar, 2022). In practice, however, these funds were mostly channeled into state-directed contract farming schemes and infrastructure upgrades under strict departmental oversight, meaning they were accessible only to farmers willing to produce specific crops for state-approved buyers — not to the broader smallholder population (Myanmar IPTV, 2022; Global New Light of Myanmar, 2022).

The cumulative effect of these changes has been a reduction in public agricultural lending: the total value disbursed fell from more than 2,500,000 million MMK in 2019/20 to a low of roughly 395,000 million MMK in 2021/22, recovering only partially to 679,000 million MMK in 2023/24 and 620,000 million MMK in 2024/25— less than a third of pre-crisis levels (Central Statistical Organization, 2024). The public credit that does remain active is heavily concentrated in the rice-producing regions of south and central Myanmar, largely inaccessible to farmers in conflict-affected areas or to households without land collateral (Ei Win & Minten, 2026; Minten & Ei Win, 2025; World Bank MFI report, 2024).

2.2. Private sector banks

Private banks were already lending to a narrow slice of the population before the coup: requirements for formal salary records, business licenses, financial statements, and collateral excluded most people working in Myanmar's large informal economy, and in 2020, 77 percent of the value of all private bank loans outstanding was made to clients in Yangon alone (World Bank, 2024; IMF, 2018). Since 2021, a series of regulatory changes compressed the sector further. The CBM introduced mandatory foreign currency conversion requirements in April 2022, cutting banks off from international liquidity and limiting their ability to finance trade and cross-border transactions (Central Bank of Myanmar, 2022). Oversight of banking transactions was intensified, with banks required to monitor customer accounts more closely and report on financial activity, increasing compliance costs (APG, 2023; World Bank, 2024). In August 2024, the CBM raised the maximum lending rate ceiling from 10 percent to 15 percent, which, while giving banks more room to price for risk, also raised borrowing costs sharply for households and businesses at a time when the kyat had already

depreciated by 30–35 percent against the US dollar (Central Bank of Myanmar, 2024; LIFT, 2021). In sum, as credit risks rose and the economic environment deteriorated, banks became even more cautious about new lending, tightening eligibility requirements and increasing collateral demands. As a result, private bank credit became more concentrated among a small number of established urban borrowers (World Bank, 2024; Turnell, 2023).

2.3. Microfinance and NGO lending

Microfinance institutions — which provide small, uncollateralized loans primarily to women and rural households — were Myanmar's most important source of formal credit for low-income borrowers before the coup, growing from approximately 1 million clients in 2012 to 6 million by 2020 and serving far more individual borrowers than the entire banking sector combined (World Bank, 2024). But in 2022, amendments to the Myanmar Registration Law prohibited international NGOs from offering microfinance services unless they converted to commercial company status under the Directorate of Investment and Corporate Affairs, with criminal penalties for non-compliance — a regulation that fundamentally altered the operating environment for foreign-linked MFIs (World Bank, 2024). At the same time, the CBM directed borrowers to suspend repayments on foreign loans, creating uncertainty that made international lenders unwilling to extend new credit to Myanmar MFIs; between February 2021 and November 2022, only one MFI received a foreign loan (World Bank, 2024). Borrowing from local banks remained prohibitively expensive, as banks required MFIs to post 40 percent of the loan value as cash collateral before lending, pushing the effective cost of funds to 18–20 percent — well above what MFIs could profitably lend to low-income clients (World Bank, 2024). The combined effect was a severe funding squeeze, a large fall in the number of MFI clients and a big reduction in MFI lending (MAU, 2023; Allen and Gledhill, 2023).

For NGOs these regulatory changes along with the closure of many USAID-funded programs, led to a huge decrease in lending. In 2023, Pact Global Microfinance Fund (PGMF) stopped operations in Myanmar. PGMF had operated for 25 years, serving over 2.3 million clients across approximately 15,000 villages, with 99 percent of its borrowers being women (LIFT, 2013; World Bank, 2024). While several other NGO-affiliated microfinance institutions ceased operations or reduced their lending activities after the coup, others—including VisionFund Myanmar, BRAC Myanmar Microfinance Company Limited, and Proximity Finance—have continued to operate, although many have scaled back their lending because of funding and regulatory constraints (World Bank, 2024; BRAC Myanmar Microfinance Company Limited, 2024; VisionFund International, 2023). In addition, the Livelihoods and Food Security Fund (LIFT) has continued to support Myanmar's rural finance sector as a multi-donor development fund by financing and strengthening microfinance institutions and other financial service providers, rather than providing loans directly to borrowers (LIFT, 2020).

2.4. Informal lending

As formal credit has contracted, informal lenders have become the dominant source of borrowing for most households. Among these are moneylenders and pawnshops. Moneylenders typically charge interest rates of 5–10 percent per month — compared to median MFI rates of 2 percent per month — and require collateral such as gold, land documents, or vehicles, or rely on personal guarantees and social relationships (World Bank, 2024; Basu et al., 2020; LIFT, 2021). Pawn shops offer a second form of informal credit, providing short-term loans secured against gold jewelry or precious metals, with the asset forfeited if repayment is not made (Basu et al., 2020; Duflos et al., 2013). In rural areas, agro-input retailers have become a particularly important source of credit: nearly half of all farmers now purchase inputs on credit from retailers, typically at around 2 percent per month, with long-term personal relationships substituting for formal collateral (Goeb et al., 2025a). Some crop traders also extend credit to farmers both through deferred payment on inputs and direct cash loans, helping sustain agricultural activity during periods of severe banking disruption — though by the

2025 monsoon season, two-thirds of retailers who had extended credit to farmers reported unrecovered debts, signaling that even this informal system is under serious strain (Goeb et al., 2025b, 2025c).

3. DATA AND METHODS

3.1. Data

This paper draws on nine rounds of the Myanmar Household Welfare Survey (MHWS), a phone-based household survey covering the period from December 2021 through October 2025. The survey was conducted quarterly in 2022, biannually in 2023 and 2024, and once in 2025. The MHWS was designed to provide national and sub-nationally representative data on household welfare in a context where in-person enumeration is infeasible due to ongoing conflict and geographic remoteness. Each round surveyed approximately 12,000–13,000 households, with respondents recruited from a proprietary database of phone numbers stratified at the township level to ensure broad geographic coverage across all 15 States and Regions of Myanmar.

The MHWS achieves national representativeness through a combination of quota sampling and post-survey entropy weighting. During data collection, quotas were set at the State/Region level for gender, urban/rural residence, education level, and farm household status to counteract the biases typically associated with phone surveys, including overrepresentation of men, urban residents, and more educated households. Post-survey sampling weights are constructed to align the weighted sample with population benchmarks on percent rural, farming, low-education, agricultural land holdings, housing type, and household composition. These weights ensure that all estimates are representative of the conventional household population of Myanmar. Full details on the sample design and weighting strategy are described in Lambrecht et al. (2024).

This paper relies on the debt module in MHWS, which was progressively expanded across rounds to capture increasingly granular information on household borrowing. In Rounds 1 through 4, all respondents were asked whether they currently owed money to any loan or credit provider, and those who did were asked how difficult it would be to repay. Beginning in Round 5 and continuing through Round 7, the questionnaire was expanded to also capture the primary source of borrowing — the lender to whom the household mainly owed money — alongside the reason for borrowing and the interest rate on the household's largest loan. The source question covered eight categories: banks, microfinance institutions, moneylenders, shops and traders, NGOs, relatives and friends, public sector, and others.

Rounds 8 and 9 introduced a substantially richer measurement approach. Rather than asking only about the primary lender, these rounds used a looped instrument that iterated over all sources from which the household currently owed money. For each identified source, the survey collected the reason for borrowing, the interest rate and the perceived difficulty of repayment specifically to that source. This design means that for households with debt from multiple sources, Rounds 8 and 9 yield source-level observations, enabling analysis of interest rates, loan purposes, and repayment difficulty by lender type within the same household. A full overview of the debt module by round is provided in Appendix Table A. 1.

3.2. Empirical Model

We estimate three sets of models to address our research questions concerning the prevalence of household debt, the associates of debt repayment difficulty, and the welfare consequences of holding difficult-to-repay debt.

To examine which households are more likely to hold debt, we estimate a pooled logit model where the dependent variable, $Debt_{it}$, is a binary indicator equal to one if the household currently owes money to any loan or credit provider, including banks, microfinance institutions, moneylenders, shops and traders, or relatives and friends. Using all nine rounds of the MHWS, the estimation sample comprises 112,231 household-round observations. The model is specified as:

$$P(Debt_{it} = 1) = \Lambda(\alpha + X_{it}\beta + S_{it}\eta + \gamma_r + \delta_m + \theta_s + \varepsilon_{it}) \quad (1)$$

where $\Lambda(\cdot)$ denotes the logistic cumulative distribution function, i indexes households and t indexes survey rounds. The vector X_{it} captures household, respondent, and location characteristics hypothesized to be associated with debt holding: whether the household grows crops, main livelihood category, number of income streams, whether the household receives remittances, asset class, land, whether the household is a women-adult-only household, whether the household size and the dependency ratio exceed the sample mean, the age and gender of the respondent, and whether the respondent has low education.

Round fixed effects γ_r , month fixed effects δ_m , and state fixed effects θ_s are included throughout. We report average marginal effects. We additionally estimate an extended specification incorporating a set of shock variables, S_{it} , including whether a household member migrated in the preceding round, mean number of conflict events per 1,000 households within the township, loss of internet access, banking difficulties, climate shocks, self-reported physical insecurity, and reported shortfalls in food, fuel, employment, and electricity, as well as gambling. Because the majority of these shock variables were introduced to the survey from Round 5 onwards, the estimation sample for this extended specification is reduced to approximately 88,000 observations. Summary statistics and variable definitions for all controls are provided in Appendix Table B.1.

To examine which indebted households face the greatest difficulty repaying their obligations, we restrict the sample to households reporting debt and estimate a second pooled logit model where the dependent variable, $Vdiff_{it}$, is a binary indicator equal to one if the respondent reports that repaying their current loans will be very difficult. The model is specified as:

$$P(Vdiff_{it} = 1) = \Lambda(\alpha + X_{it}\beta + S_{it}\eta + T_{it}\lambda + R_{it}\zeta + \gamma_r + \delta_m + \theta_s + \varepsilon_{it}) \quad (2)$$

where X_{it} is the same vector of household, respondent, and location characteristics described above. S_{it} is the same vector of shocks as above. T_{it} is a vector of indicators for the source of the household's debt — banks, public institutions, microfinance institutions, moneylenders, friends and family, and shops — and R_{it} is a vector of indicators for the primary reason for borrowing, covering food, health, education, business, and farming expenditures. The same round, month, and state fixed effects are included, and standard errors are clustered at the township level.

To estimate the impact of holding difficult-to-repay debt on household welfare, we estimate six random effects logit models, one for each of the following binary outcomes: whether the household reduced health expenditures due to lack of food or money (Y_1), whether the household reduced non-food expenditures due to lack of food or money (Y_2), whether the household reduced food expenditures due to lack of food or money (Y_3), whether the household is income poor (Y_4), whether the household has low food consumption as measured by the Food Consumption Score (Y_5), and whether the household has inadequate minimum dietary diversity (Y_6). Each model is specified as:

$$P(Y_{it}^k = 1) = \Lambda(\alpha + \pi Vdiff_{it-1} + X_{it-1}\beta + P_{it}\nu + S_{it-1}\eta + R_{it-1}\zeta + \gamma_r + \delta_m + \theta_s + \varepsilon_{it}) \quad (3)$$

for $k = 1, \dots, 6$, where Y_{it}^k is the k^{th} welfare outcome for household i in round t . The coefficient π on $Vdiff_{it-1}$ is our parameter of interest and captures the association between holding difficult-to-repay debt in the previous round and current welfare outcomes. All time-varying regressors — with the exception of respondent and location characteristics, which are treated as fixed — are entered

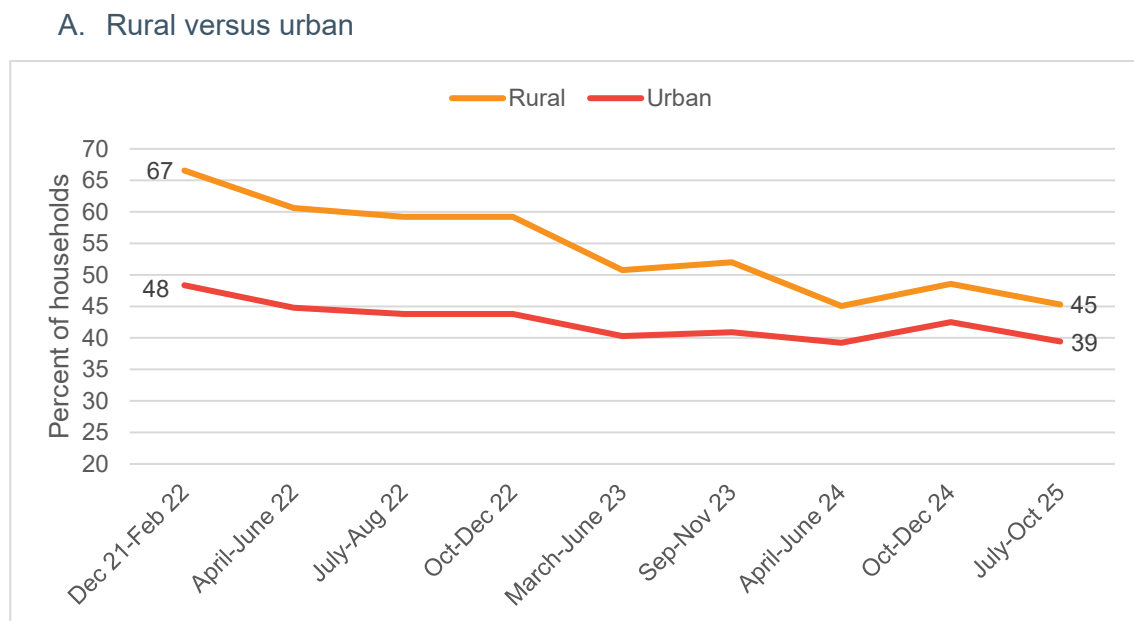
as one-period lags. X_{it-1} retains the household characteristics. But P_{it} is now a vector of respondent characteristics, as they are not lagged. S_{it-1} is a vector of lagged basic shock controls, and R_{it-1} is a vector of lagged indicators for the purpose for which debt was incurred, included to account for the possibility that welfare effects are confounded by the circumstances that originally prompted borrowing. u_i is a household-level random effect, and round, month, and state fixed effects are included throughout.

4. RESULTS

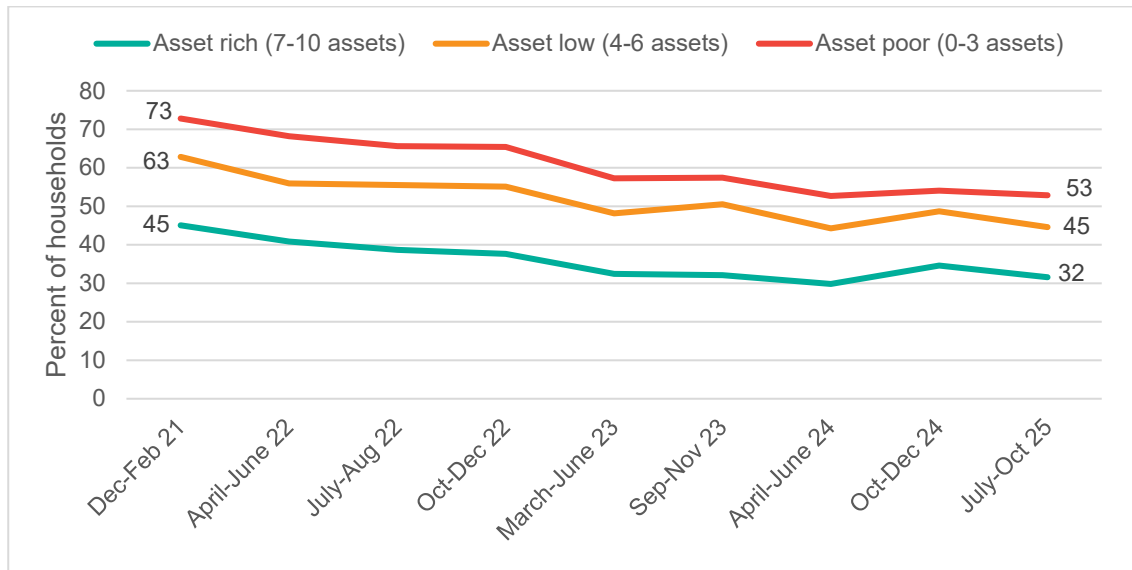
4.1. Debt in Myanmar 2021 – 2025

When the first round of the MHWS was conducted in December 2021 through February 2022, 61 percent of households were in debt, meaning at the time of the survey, they owed money to any loan or credit provider (Figure 1). More rural households owed money, 67 percent, compared with 48 percent of urban households. Between December 2021 and October 2025 (Round 9 of MHWS), the percentage of households who owe money declined substantially, by 21 percentage points in rural areas and 9 percentage points in urban areas. Farm households also saw a 21-percentage point decline in owing money. By asset class, the poorest households saw a decline in borrowing by 20 percentage points from 73 to 53 percent of households. The richer households also saw a large decline, by 13 percentage points, from 45 to 32 percent of households. This is seemingly evidence of growing supply-side constraints in lending.

Figure 1. Percentage of households who owe money to a lender, 2021- 2025



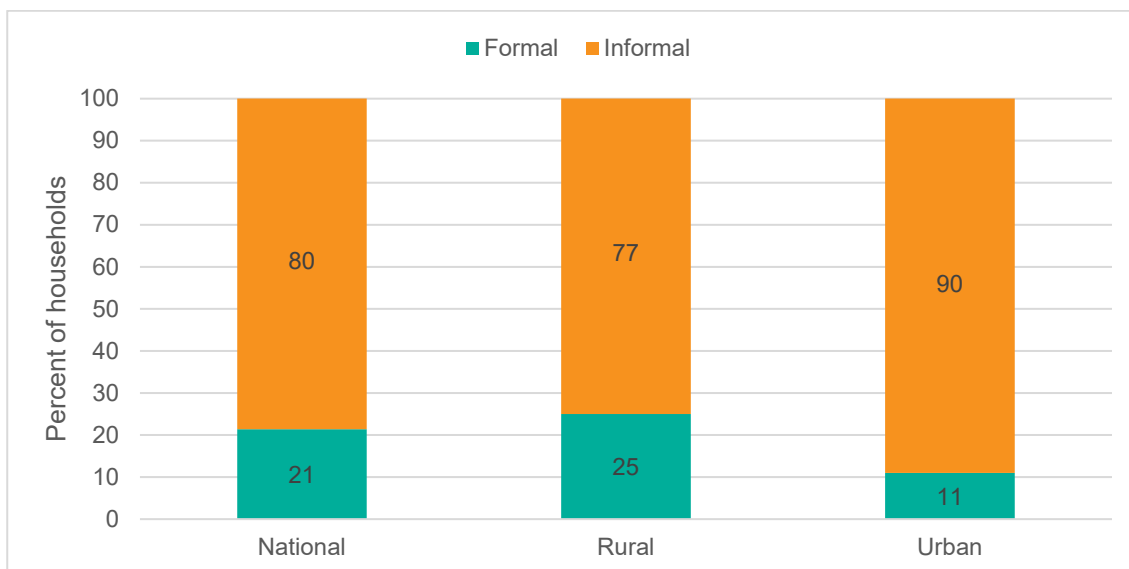
B. Asset Classes



Source: Authors' calculations from the Myanmar Household Welfare Survey

Since March 2023 (when we began to collect information on the source of the loan), we find that 80 percent of loans are from informal lenders, with only 21 percent sourced from formal financial institutions or the public sector (Figure 2). This level of informality is considerably higher than in neighboring countries such as Thailand, Vietnam and Cambodia (Trang, 2025; Nguyen et al., 2023). Informality is considerably higher in urban areas, 90 percent of households have informal loans, versus in rural areas, where 77 percent of households have informal loans. This difference is driven primarily by farmers who are still able to access some government and private sector lending for agriculture (Goeb et al., 2026).

Figure 2. Sources of debt by location, pooled average March 2023-October 2025



Source: Authors' calculations from the Myanmar Household Welfare Survey

Note: The total may exceed 100% because respondents could select multiple loan sources, including both formal and informal sources.

When we look at loan source overall and by main source of income, several important patterns arise. First, as a percentage of loans, most of the debt is held by relatives and friends (53 percent) (Table 1). This is followed by loans from moneylenders, and shops and traders, making up

approximately 20 percent and 8 percent of loans, respectively. Among formal lending sources, the public sector constitutes the largest share at 10 percent, followed by MFIs at 9 percent. Finally, private banks constitute very little debt at 1 percent.

When we look at this breakdown by the primary source of income of the household, we can see that fewer farm households have loans from relatives/friends and moneylenders. Instead, 26 percent have loans from the public sector. On the other hand, households who earn their primary income from either farm or non-farm wages rely more heavily on moneylenders. Non-farm salaried households seem to make up for the lack of formal credit with increased borrowing from relatives and friends. Non-farm business households have a higher number of loans comparatively from MFIs and shops/traders.

Table 1. Source of loan by sector of main income, pooled average March 2023-October 2025

	National	Own farm	Farm wages/salary	Non-farm wage	Non-farm salary	Non-farm business
Relatives and friends	53	45	53	54	64	55
Moneylender	20	15	26	26	18	20
Shops/traders	8	8	11	8	6	9
MFI	9	8	8	9	8	12
NGOs	1	1	1	1	1	1
Public sector	10	26	4	3	3	4
Private bank	1	1	1	1	1	1

Source: Authors' calculations from the Myanmar Household Welfare Survey.

One reason that formality and informality matter so much is interest rates. While relatives and friends account for the largest share of lending, 47 percent of these loans were interest-free (Table 2). Seventy-three percent of loans from shopkeepers and traders were also provided without interest. Almost all loans from other sources were given with interest rates. Among loans that charged interest, the median monthly interest rate in 2024/2025 was lowest for public sector loans at 1 percent per month, followed by banks and MFIs at 2 percent per month (also supported from other sources: Sathapana, 2026; Dawn, 2020; Hana, 2026; LOLC, 2022; Vithey, 2019; Fortune Fund Myanmar, 2026). Shopkeepers and traders charged a median monthly interest rate of 4 percent, compared with 5 percent for relatives and friends and 7 percent for moneylenders. Therefore, households that rely on informal lending sources do so often at substantially higher borrowing costs than formal lenders.

Table 2. Percent given on interest and monthly median interest rate, pooled average October 2024 - October 2025

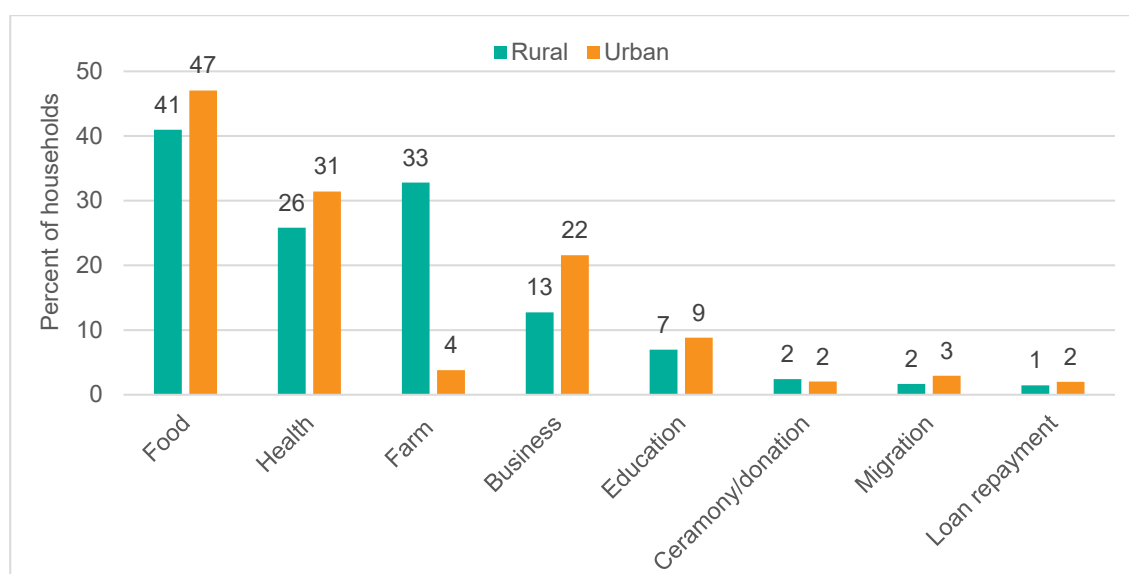
	Percent given on interest	Monthly interest rate (median)
Relatives and friends	53	5
Moneylender	98	7
Shops/traders	27	4
MFI	100	2
NGOs	100	2
Public sector	100	1
Private bank	98	2

Source: Authors' calculations from the Myanmar Household Welfare Survey.

Note: We use the period October 2024 - October 2025 because we have interest rates by source.

Most loans are being used to meet household expenditures. Between 2023 and 2025, 43 percent of loans across Myanmar, 47 percent in urban areas, and 41 percent in rural areas were used to purchase food (Figure 3). This is followed by 31 and 26 percent of loans which were used to pay for health expenditures, in urban and rural areas, respectively. Around 7 percent of loans were used for education, while 4 percent of loans were used for ceremonies, donations, or to repay loans. In rural areas, 33 percent of loans were invested in farming and 13 percent of loans were invested in owned businesses, whereas in urban areas, 4 percent of loans were invested in farming and 22 percent of loans were invested in owned businesses. Over the period, therefore, around 77 percent of loans were used for household expenditures, while 33 percent of loans were used for productive purposes. While in rural areas, 64 percent of loans were being used to smooth expenditures, in urban areas, 80 percent of loans were being used to smooth expenditures.

Figure 3. Use of debt by location of residence, pooled average March 2023- October 2025



Source: Authors' calculations from the Myanmar Household Welfare Survey
Note: Loans can have multiple uses, so loan by use will not add up to 100.

There are large differences in loan use by main sources of income (Table 3). Among farming households, the majority of loans were directed toward agricultural activities, accounting for 65 percent of borrowing, while 8 percent were used to support business operations. The pattern was markedly different for wage-earning households. Among farm wage earners, 63 percent of loans were spent on food, compared to 58 percent for non-farm wage earners, with a further 36 percent of borrowing in this group allocated to health expenditures. This suggests that for wage-dependent households, debt served primarily as a consumption-smoothing mechanism rather than a productive investment. Notably, even among non-farm salaried households — who might be expected to face less acute financial pressure — loans were similarly oriented toward smoothing expenditures rather than capital investment. Among non-farm business households, by contrast, a substantial share of borrowing was directed toward their owned businesses (40 percent).

Table 3. Use of debt by sector of main income, pooled average March 2023- October 2025

	National	Own farm	Farm wages	Non-farm wage	Non-farm salary	Non-farm business
Food	43	27	63	58	48	34
Health	27	17	36	36	34	23
Farm	25	65	14	6	6	8
Business	15	8	4	9	10	40

Education	7	7	7	9	9	7
Ceremony/donation	2	2	2	3	2	2
Migration	2	1	2	2	3	2
Loan repayment	2	1	2	2	2	2

Source: Authors' calculations from the Myanmar Household Welfare Survey.

Table 4 presents the use of loans by source, where each column sums to more than 100 percent, because loans even from one borrower can have multiple uses. Loans from relatives and friends were used primarily to meet food and health expenditures. However, 21 percent of such loans were also directed toward farm expenditures, and 13 percent toward non-farm business activities. Loans from moneylenders were overwhelmingly used to cover food, health, and education expenses, though a share was still allocated to farm and non-farm business purposes. Among loans from shops and traders, 61 percent went toward food purchases, while 24 percent — sourced from input retailers, traders, and wholesalers — were used to finance farm expenditures, and 13 percent supported non-farm businesses. MFI loans were distributed more evenly across non-farm businesses, farm activities, and food expenditures, with a notable share also allocated to health. Public loans were overwhelmingly directed toward agricultural purposes, accounting for 87 percent of that category, as was a substantial share of private bank loans at 39 percent, though the latter also supported business expenses at 21 percent and served a consumption-smoothing function (food, health, education).

Table 4. Use of debt by loan source, pooled average October 2024 - October 2025

	Relatives and friends	Moneylender	Shops/traders	MFI	Public sector	Private bank
Food	41	49	61	26	11	23
Health	34	40	8	19	8	21
Farm	21	20	24	36	87	39
Business	13	13	13	29	6	21
Education	10	12	3	11	4	9
Other	14	13	5	12	4	16

Source: Authors' calculations from the Myanmar Household Welfare Survey.

Note: We use the period October 2024 - October 2025 because we have loan use by source.

Table 5 presents loan sources by end use, with rows summing to 100 percent, allowing for an assessment of which lender types mainly finance each category of expenditure. For food-related borrowing, the majority of loans came from friends and relatives, though a substantial share originated from moneylenders at 22 percent and shops and traders at 14 percent. Health expenditures were similarly dominated by borrowing from friends and family, yet a quarter of such loans were sourced from moneylenders. The same pattern holds for education, with the addition of MFIs contributing 10 percent.

Turning to productive borrowing, 31 percent of agricultural loans came from the public sector, 11 percent from MFIs, and 2 percent from private banks, suggesting that less than half of all farm lending was financed through the formal sector. Farmers were therefore compelled to supplement formal credit with borrowing from moneylenders, shops and traders, and friends and relatives. The situation was even more pronounced for non-farm business households, where only 4 percent of business loans were sourced from the public sector, 2 percent from private banks and 19 percent from MFIs. This means 47 percent of business loans came from friends and relatives and 17 percent from moneylenders.

Table 5. Loan source by use of debt, pooled average October 2024 - October 2025

	Relatives and friends	Moneylender	Shops/traders	MFI	NGO	Private bank	Public sector	Other
Food	52	22	14	6	0	1	3	2
Health	60	25	3	6	0	1	3	2
Education	54	24	3	10	1	1	5	2
Other	57	21	4	9	1	1	5	2
Farm	35	12	7	11	1	2	31	2
Non-farm business	47	17	9	19	1	2	4	1

Source: Authors' calculations from the Myanmar Household Welfare Survey.

Note: We use the period October 2024 - October 2025 because we have loan use by source.

4.2. Debt repayment difficulty

In 2024/2025, 26 percent of households reported that it would be very difficult to repay their loans, while a further 44 percent reported that repayment would be somewhat difficult (Table 6). By source, even among loans from relatives and friends, 30 percent of borrowers reported that repayment would be very difficult, with a further 47 percent describing it as somewhat difficult. Moneylender loans were by far the most commonly reported as difficult to repay, with 46 percent of borrowers describing repayment as very difficult and 43 percent as somewhat difficult. Loans from shops and traders were comparatively less burdensome, though 25 percent of borrowers still reported difficulty with repayment. Among formal lenders, 29 percent of MFI borrowers reported difficulty repaying, followed by 20 percent for public sector loans and 18 percent for private banks.

Table 6. Level of difficult for paying back loan by loan source, loan usages and main livelihoods, pooled average October 2024 - October 2025

	Very difficult	Somewhat difficult	Not difficult
Overall	26	44	30
Loan sources			
Relatives and friends	30	47	23
Moneylender	46	43	11
Shops/traders	25	42	33
MFI	29	36	35
Public sector	20	37	42
Bank	18	54	29
Loan use			
Food	38	44	19
Health	43	45	12
Farm	22	41	37
Business	24	48	29
Education	39	45	16
Other	34	42	24
Main livelihood			
Farm	23	42	36
Farm wages/salary	40	45	15
Non-farm wage	40	45	15
Non-farm salary	26	48	27
Non-farm businesses	27	47	26
Other	36	38	26

Source: Authors' calculations from the Myanmar Household Welfare Survey.

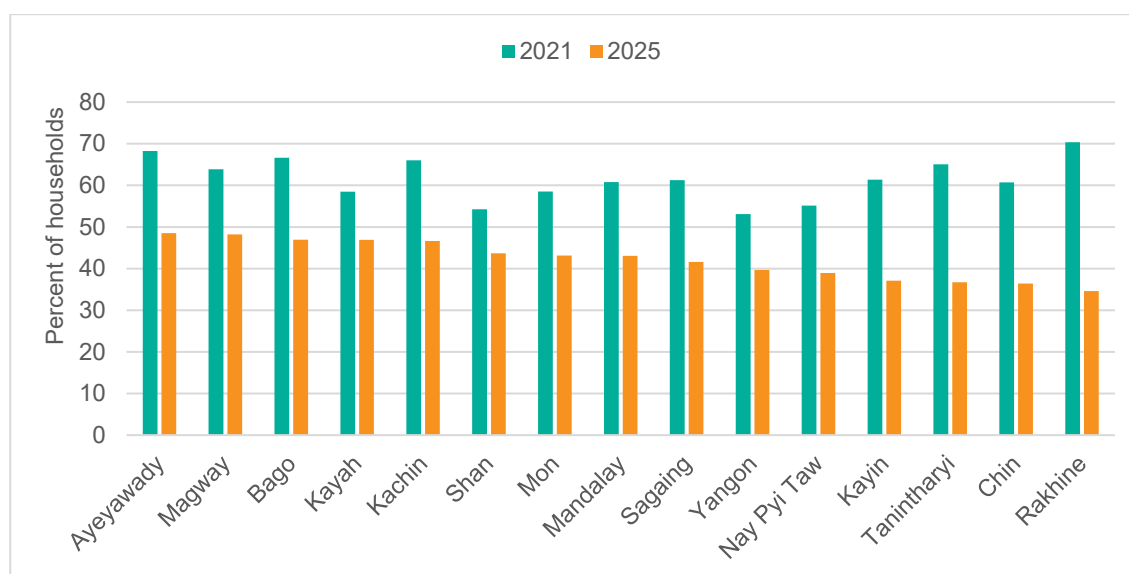
By use, households that borrowed for health and food purposes experienced the greatest repayment difficulty, with 43 percent and 38 percent, respectively, reporting loans as hard to repay. Farm loans were associated with the least difficulty, with 22 percent of borrowers reporting challenges — though this still represents a substantial share. Notably, 37 percent of those with farm loans reported no difficulty with repayment. Business loans followed, with 29 percent of borrowers having no difficulty repaying. When examining repayment difficulty by source for farm loans specifically, borrowers from private banks reported the least difficulty, followed by public sector and shops/traders' loans. Moneylender loans were by far the most difficult to service, with 37 percent of farmers reporting repayment difficulty (see Appendix Table B.2).

By household type, wage earners struggled the most with loan repayment, with 40 percent reporting it would be very difficult and 45 percent reporting it would be somewhat difficult. Farm households reported the least difficulty, with 23 percent describing repayment as very difficult to manage.

4.3. Spatial patterns of debt

At the state and region level, just like at the national level, debt declined — every state and region recorded lower borrowing in 2025 than at the start of the survey period in 2021, as shown in Figure 4 where orange bars (2025) fall consistently below green bars (2021/22).

Figure 4. Percent of households owing money to a lender by state/region, 2021-2025



Source: Authors' calculations from the Myanmar Household Welfare Survey

The most striking state-level story is Rakhine. When the survey began, Rakhine households had the highest debt levels of any state or region. But by 2025 they had the lowest. This reversal almost certainly reflects an acute collapse in credit supply rather than improved household finances. Chin and Tanintharyi tell a similar story, both starting with comparatively high debt levels and ended with the second and third lowest shares of indebted households by 2025.

In the agricultural heartland — Ayeyarwady, Magway, and Bago — debt levels began relatively high and remained relatively higher but still declined by around 20 percentage points on average, reflecting the broader contraction in lending nationally. Shan presents the most resilient picture: beginning with 54 percent of households carrying some debt and declining the least of any state to 44 percent, suggesting that credit markets in Shan have contracted but not collapsed in the way

observed in other states/regions. But also lending in Shan started relatively lower than in other states/regions.

In early 2023, Shan had the highest share of farm debt at 42 percent, followed by Kayah, Bago, and Sagaing, even in these agricultural states, over 40 percent of loans were already being used for food. Business lending was most prominent in Yangon, Mon, Kayin, and Rakhine, where around 20 percent of loans financed non-farm enterprise activity. Chin and Tanintharyi stood out from the outset as the most distressed, with the highest shares of loans used for food and health expenditures.

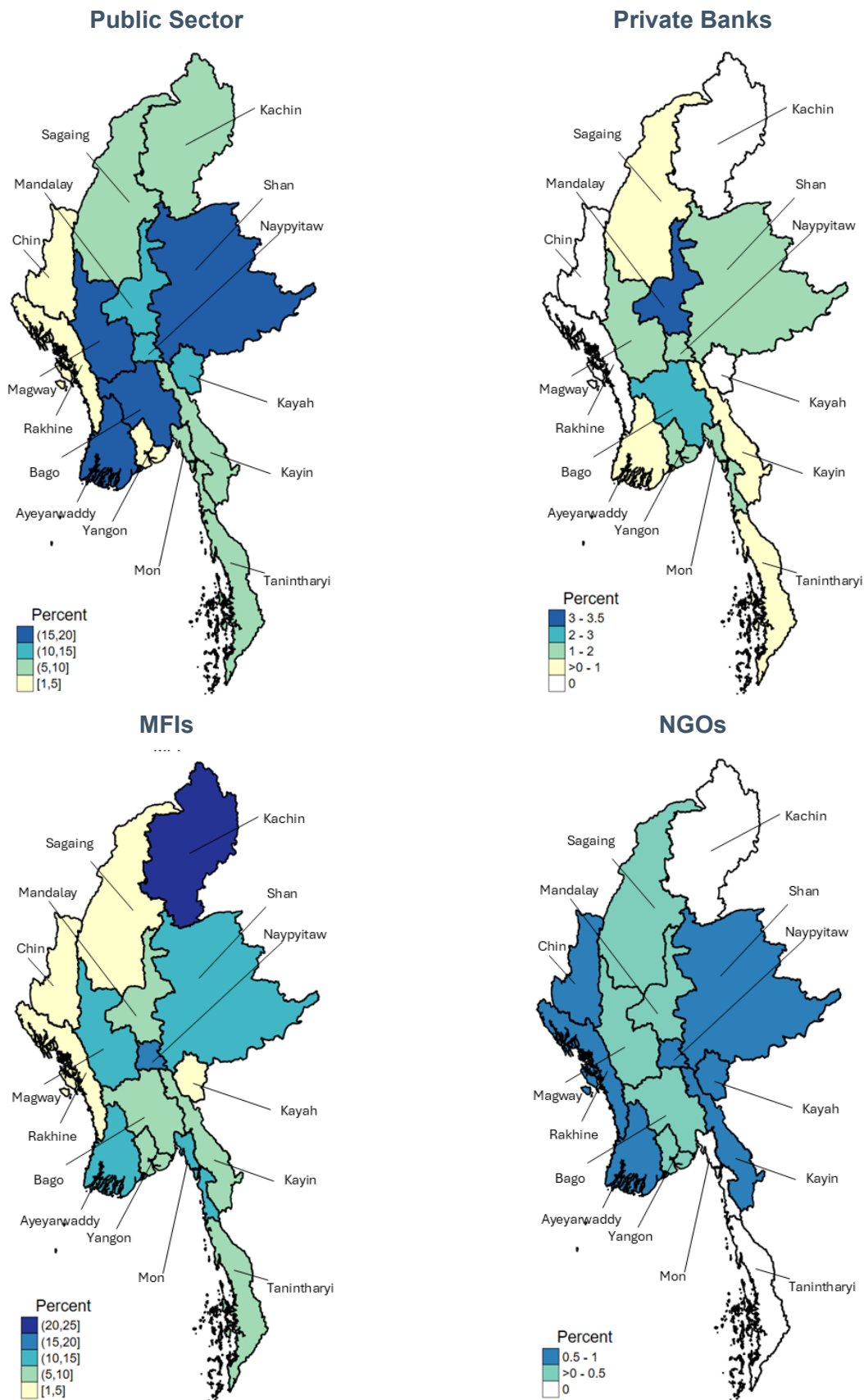
By 2024, most of these patterns held — with one critical exception. In Rakhine, the share of loans used for food surged to 65 percent, while farm lending collapsed to 8 percent and non-farm business lending to 13 percent. Kayin also recorded a 5-percentage point decline in business lending. By 2025, Rakhine's agricultural lending had not recovered. Meanwhile, Shan and Ayeyarwady retained productive lending portfolios — 52 and 40 percent of loans for agriculture, respectively — as did Bago, Kayah, and Magway. Business lending remained highest in Yangon, Mon, and Kayin.

The contraction in formal credit documented earlier is visible in detail when loan sources are examined by state. Microfinance institutions were widespread in 2023, with MFI lending ranging from 8 to 20 percent across most states and reaching 21 percent in Shan (Figure 5). By 2025, MFI lending had contracted sharply and was concentrated in a handful of states — Nay Pyi Taw, Shan, Ayeyarwady, and Magway (Figure 5).

The retreat of formal and semi-formal lenders has not been offset by informal substitution everywhere. Moneylenders, once a critical source of credit in Chin and Rakhine, appear to have largely withdrawn from those markets as well — households in these states can no longer access even informal commercial credit. Moneylender activity is high in Tanintharyi and Mandalay. In the most distressed states — Chin, Kayah, and Rakhine — relatives and friends now account for more than 80 percent of all loan sources, signaling the near-complete collapse of all credit channels beyond the immediate social network.

The state-level picture points to a two-tier credit landscape emerging across Myanmar. In a handful of relatively stable agricultural states — Shan, Ayeyarwady, Nay Pyi Taw, and Bago— some productive state and MFI agricultural lending persists.. In the conflict-affected states — Rakhine, Chin, Kayah, and Kachin — the credit system has effectively collapsed. Formal banks have exited, MFIs have withdrawn, moneylenders have retreated, and households are borrowing almost exclusively from family and friends to cover food and health costs.

Figure 5. Percentage of households owing money to formal sources by state/region, in 2024 – 2025

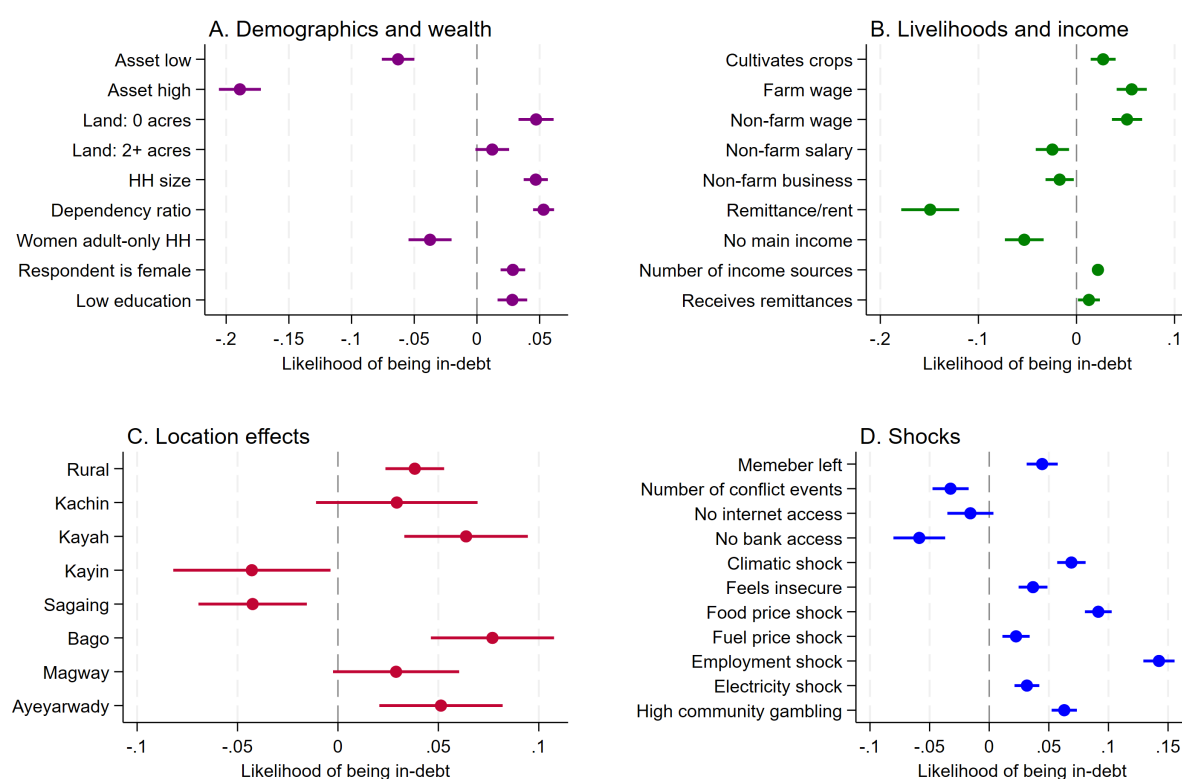


Source: Authors' calculations from the Myanmar Household Welfare Survey

4.4. Associates of indebtedness

The first question we explore is which households are more likely to be in debt. Household debt is modelled using a pooled logit with average marginal effects reported as percentage point changes in the probability of owing money. Two specifications are presented: a baseline structural model including livelihood type, asset class, household composition, alongside round, month, and state fixed effects (Model 1); a second model adding self-reported price, employment, and electricity shocks available from Round 5 onwards. The first model is estimated on 111,107 observations, with marginal effects of the key variables presented in Figure 6, panels a, b, and c. The second model is estimated on 60,918 observations (only households with credit), with marginal effects of the shock-related outcomes presented in Figure 6, panel d. Standard errors are clustered at the township level throughout.

Figure 6. Associations between likelihood of being in debt and respondent, household, and location characteristics and shock exposure



Note: Panels A, B, and C come from the same pooled logit regression of respondent, household, and location characteristics on likelihood of having debt. Panel D comes from a second regression that includes shocks but drops state/region fixed effects. Coefficients are represented as dots, and confidence intervals are lines from dots. If the confidence interval crosses 0, the relationship between the coefficient and likelihood of having debt is not significantly different from 0 at the 95 percent level. Asset poor is used as the base category for asset class. Land specifically refers to agricultural land. Agricultural land between 0.1 and 1.9 is the base category. The base main livelihood category is own-farm income. The base state/region is Mandalay.

Wealthier households are consistently and substantially less likely to hold debt, with the effect growing markedly larger at higher asset levels. Asset rich households are 18 percentage points less likely to hold debt than asset poor households. Agricultural land was also a significant determinant of indebtedness, with both households with no agricultural land and those with larger agricultural plots more likely to carry debt relative to households with between 0.1 and 2 acres. This pattern reflects the dual nature of borrowing — driven at one end by financial desperation among the landless, and at the other by productive investment among those with sufficient collateral to access

credit. Larger households and those with higher dependency ratios are more likely to carry debt. Women-only households are less likely to owe debt, suggesting financial exclusion.

Livelihood type is a consistent and robust predictor of debt. Farm wages and non-farm wage workers are 6 and 5 percent more likely to owe money than the base category of own-farm households. Non-farm salaried workers are significantly less likely to owe money, reflecting their more stable and predictable income stream. Households with no income or living on donations are significantly less likely to owe money, which likely reflects credit exclusion rather than financial security — lenders are unwilling to extend credit to households with no visible income. Households receiving remittances or rent income are also less likely to owe money, consistent with these income sources reducing the need to borrow.

Compared with urban households, rural households are more likely to be in debt. Compared to Mandalay, which we use as our base region in the regression, households in Kayah, Bago, and Ayeyarwady are more likely to be in debt. On the other hand, households in Kayin and Sagaing are less likely to have debt.

Climatic shocks are positively and significantly associated with owing money, with a moderately large effect. Perceived insecurity is also positive and highly significant, with a similar magnitude to climatic shocks. The number of conflict events, by contrast, is negative and significant — areas with high conflict events are actually associated with lower debt probability. This is also true of areas without internet access or formal bank access.

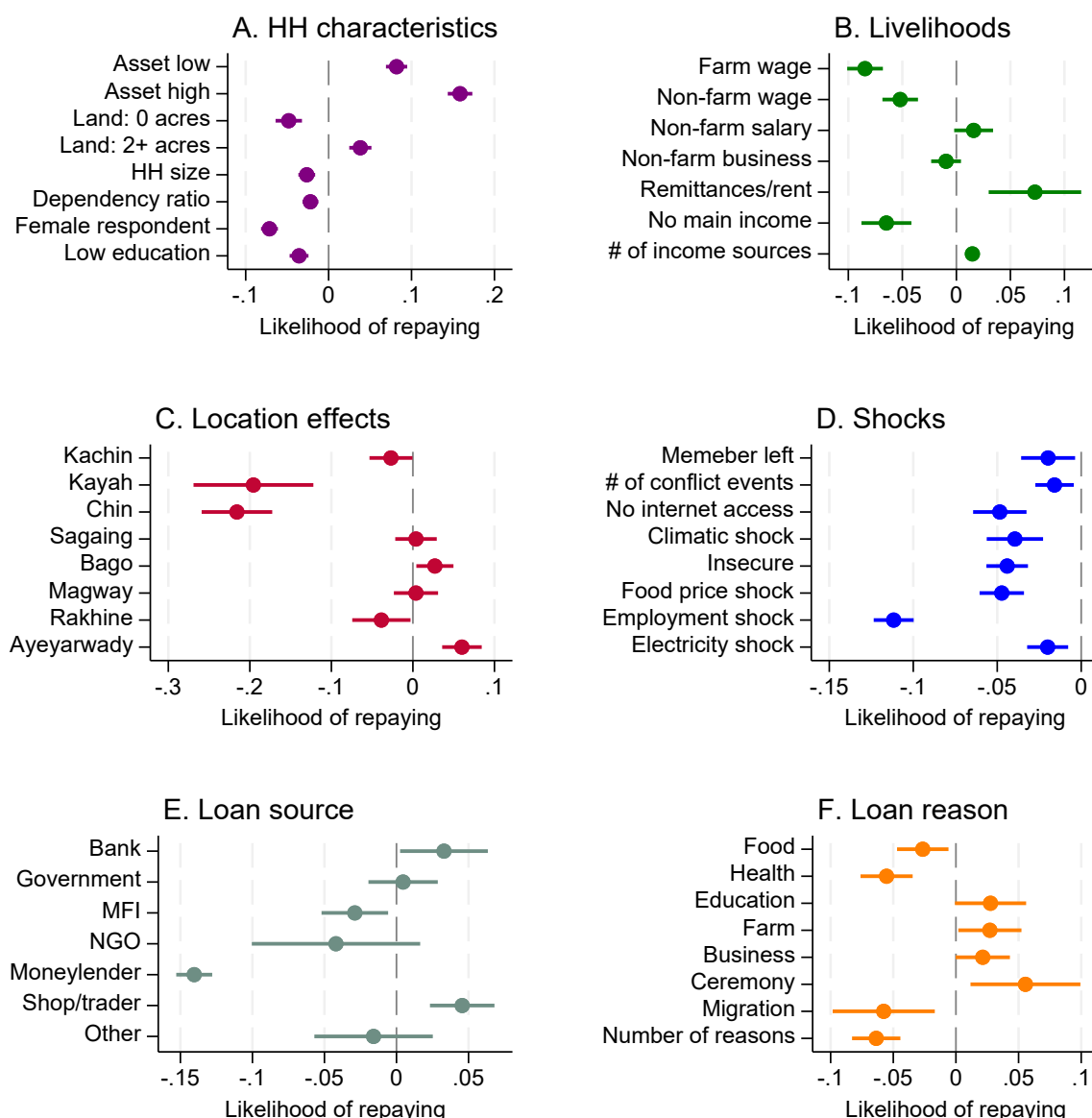
Food price shocks, fuel price shocks, employment loss, and electricity loss all significantly increase the probability of owing money. Employment loss has the largest effect, followed by food price shocks, then fuel and electricity. Households with someone who left in the previous period are more likely to owe money, suggesting that migration is associated with borrowing — likely as a coping strategy that co-occurs with migration.

4.5. Associates of debt repayment difficulty

The associates of household debt repayment difficulty are examined using a pooled logit model estimated on the subsample of indebted households — that is, conditional on a household already owing money (Figure 7). For simplicity, average marginal effects are reported as percentage point changes in the probability of finding debt easy to repay, with negative values signaling difficulty in repayment. As before, standard errors are clustered at the township level. Four specifications are presented: a baseline model including livelihood type, asset class, and household composition with round, month, and state fixed effects; a second model adding shocks; a third model adding the sources of loans; and a fourth model adding the uses of loans. Because the shock, loan source, and loan use variables are only available from Round 5 onward, the sample size falls substantially in the latter three specifications.

Asset rich households are significantly less likely to find debt difficult to repay; they are 16 percentage points less likely compared with asset poor households. Households with larger landholdings also find debt easier to repay, likely because land functions as collateral and as a productive asset generating income to service loans. Households receiving remittances are also significantly less likely to find debt very difficult to repay, demonstrating that external income flows provide a buffer against debt stress. Rural households are less likely to find debt difficult to repay, but this effect disappears once loan types are added, suggesting that the rural-urban difference in repayment difficulty is explained by what rural households borrow for rather than by rurality per se. On the other side, larger households and those with higher dependency ratios are more likely to struggle with repayment.

Figure 7. Associations between ease of repaying debt with household, and location characteristics and shock exposure



Note: Panels A, B, and C come from the same pooled logit regression of respondent, household, and location characteristics on likelihood of debt. Panel D comes from a second regression that includes shocks but drops state/region fixed effects. Panel E comes from a third regression that includes loan source and Panel A controls, relatives and friends are used as the base category. Panel F comes from a fourth regression that includes loan reason and Panel A controls. The base loan reason is other which includes, loans used for debt repayment, donations, and specific household purchases. Asset poor is used as the base category for asset class. Land specifically refers to agricultural land. Agricultural land between 0.1 and 1.9 is the base category. The base main livelihood category is own-farm income. The base state/region is Mandalay. Coefficients are represented as dots, and confidence intervals are lines from dots. If the confidence interval crosses 0, the relationship between the coefficient and difficulty to repay debt is not significantly different from 0 at the 95 percent level.

Livelihood type is also a strong predictor of repayment difficulty among indebted households. Farm wage workers face the highest probability of finding debt very difficult to repay. Non-farm wage workers show a similarly elevated but somewhat smaller effect. These two groups — the most economically precarious workers in Myanmar's labor market — carry not only higher debt burdens but debt that is dramatically harder to service. Non-farm salaried workers, by contrast, show a small positive effect in simpler models that turns negative once loan source is controlled for, suggesting that conditional on how and from whom they borrow, salaried workers are better positioned to

manage repayment. Households with no income or relying on donations stand out as a very vulnerable group — they face a very large and highly significant increase in repayment difficulty across all models.

The state fixed effects in the full model reveal large and significant geographic variation in repayment difficulty conditional on all household and shock controls. Chin and Kayah show the largest negative effects — households in these states find debt substantially harder to repay than the Mandalay baseline even after controlling for livelihood, assets, and respondent characteristics. Rakhine and Kachin also show elevated repayment difficulty. These are precisely the states identified in the descriptive analysis as having experienced the most severe credit market disruption. On the other side, households in Ayeyarwady and Bago find debt repayment easier, also in line with the descriptive findings.

All shocks have a negative and significant effect on debt repayment. Households hit by climatic shocks are more likely to find their debt very difficult to repay — not just more likely to hold debt, but less able to service it. Perceived insecurity has a similar pattern, positive and highly significant throughout, consistent with insecurity disrupting the economic activity needed to generate repayment income. While having a member leave, facing a high level of conflict, and having no internet access lower the likelihood of debt incidence, among debt holders they also make repayment more difficult. Economic shocks including food price shocks, electricity shocks, and employment shocks also negatively affect ease of repayment; employment shocks increase repayment difficulty by 11 percentage points.

The loan source variables tell a particularly clear story. Compared to loans from relatives and friends, loans from moneylenders are associated with a very large and highly significant increase in repayment difficulty — a 14 percentage point increase in difficulty of repayment, the largest effect of any loan source. This reflects the high interest rates and coercive collection practices associated with informal moneylending in Myanmar. MFI loans are also associated with higher repayment difficulty than loans from friends and family, suggesting that even microfinance loans are creating debt stress. Bank loans are associated with lower repayment difficulty, likely reflecting the wealthier nature and the more favorable terms of formal lending for those who can access it. Shop and trader credit is also associated with lower repayment difficulty. One possible explanation is that these arrangements may offer greater flexibility in repayment timing and, in some cases, may be denominated in kind rather than cash.

Repayment difficulty is also significantly affected by loan purpose. Compared to households that take out loans for other reasons — including loan repayment, donations, and specific purchases — households that borrow for food and health expenses are more likely to struggle with repayment. This is intuitive, as these loan uses do not generate income from which repayments could be made. Interestingly, loans used to finance migration are also associated with greater repayment difficulty, possibly due to delays in remittance receipt or in income generation by the migrating household member. Farm loans, by contrast, are easier to repay than other loan types, likely because they are productive — directly financing income generation. Non-farm business loans, however, show no significant difference relative to the baseline. Somewhat surprisingly, loans taken out for ceremonies such as weddings are also easier to repay, possibly because such borrowing is more common among wealthier households who are better positioned to service their debts.

Table 7. Association between difficulty to repay debt, loan type, and welfare outcomes

	Reduced health expenditures	Reduced other non-food expenditures	Reduced food expenditures	Income poverty	Food insecurity	Inadequate dietary diversity
Very difficult to repay	0.0978*** (0.00962)	0.1190*** (0.0105)	0.1350*** (0.0102)	0.0475*** (0.0087)	0.0492*** (0.0067)	0.0607*** (0.0084)
Loan for food	0.0580*** (0.00954)	0.0658*** (0.0103)	0.0676*** (0.0101)	0.0520*** (0.0087)	0.0177*** (0.0066)	0.0186** (0.0082)
Loan for health	0.0695*** (0.0104)	0.0742*** (0.0113)	0.0576*** (0.0110)	0.0479*** (0.0095)	0.0223*** (0.0072)	0.0271*** (0.0089)
Loan for education	-0.0155 (0.0165)	0.0079 (0.0179)	0.0123 (0.0175)	0.0058 (0.0150)	-0.0018 (0.0114)	-0.0211 (0.0142)
Loan for farm	0.00766 (0.0134)	-0.0198 (0.0145)	-0.0262* (0.0142)	-0.0091 (0.0123)	-0.0113 (0.0093)	-0.0260** (0.0116)
Loan for business	-0.0002 (0.0129)	0.0237* (0.0139)	-0.0169 (0.0136)	-0.0258** (0.0117)	-0.0205** (0.0089)	-0.0187* (0.0111)
Loan for marriage/funerals/ceremonies	-0.0420 (0.0313)	-0.0368 (0.0337)	-0.1150*** (0.0329)	-0.0284 (0.0293)	-0.0308 (0.0222)	-0.0224 (0.0275)
Observations	11,346	11,346	11,346	14,525	14,760	14,760

Note: Random effects panel models estimating the effect of lagged severe debt stress on coping strategies and welfare indicators, restricted to credit-owing households. Income poverty indicates that daily per adult-equivalent income falls below the poverty line. Food insecurity includes households with poor or borderline food consumption or experiences of hunger. Inadequate dietary diversity indicates failure to meet the minimum dietary diversity threshold.

Significance levels: * p<0.10, ** p<0.05, *** p<0.01.

4.6. Welfare consequences of debt repayment difficulty

Table 7 presents random effects panel regressions of coping strategy adoption and welfare outcomes on the lagged indicator of whether the household found its debt very difficult to repay, alongside loan purpose, household characteristics, conflict variables, and state and round fixed effects. The use of lagged debt difficulty addresses reverse causality concerns — households that cut food expenditure in the current period may report greater difficulty repaying, so using the prior round's repayment difficulty as the predictor helps establish a credible temporal ordering. The sample is restricted to indebted households across rounds 5 to 9.

The central finding is that debt households cannot manage translates directly and significantly into deteriorating welfare across every outcome examined. Households that reported very difficult debt repayment in the prior round are significantly more likely to have reduced health expenditure, cut other non-food expenditures, and reduced food expenditure in the current round — with the food expenditure reduction the largest of the three coping strategy effects. They are also significantly more likely to be income poor and food insecure, and significantly more likely to have inadequate dietary diversity.

The purpose for which debt was incurred matters substantially for subsequent welfare outcomes, independent of repayment difficulty. Borrowing to purchase food and borrowing to pay for health expenditures are both strongly and consistently associated with worse outcomes across all seven dependent variables — households that borrowed for these reasons are more likely to cut expenditures further, more likely to be income poor, food insecure, and nutritionally deprived. This is consistent with distress borrowing: households that took on debt to cover basic consumption needs were already in a deteriorating welfare position when they borrowed, and the debt compounds rather than resolves their vulnerability. By contrast, borrowing for farm expenditures and for non-farm business is associated with significantly lower income poverty and inadequate dietary diversity, and with lower non-food expenditure cuts — productive borrowing, even in crisis conditions, retains a welfare-protective function.

5. CONCLUSION

This paper has detailed the important story of lending in Myanmar between 2021 and 2025. It first examined how the lending sector has evolved since the escalation of conflict, particularly with respect to changes in overall debt levels and the use of credit by source. Debt has declined dramatically, particularly for farm households, by 21 percentage points — revealing a substantial gap in agricultural lending. By source, most loans now come from relatives and friends or other informal channels, reflecting a severe decline in access to formal credit. The picture is even more alarming when examined by use: around half of agricultural and business loans are held with informal sources, with both farm and non-farm businesses relying on moneylenders, relatives, and friends for productive lending.

Most loans are taken out to smooth expenditures on food, health, and education. While 47 percent of informal loans between friends and family carried no interest, the majority did, and roughly 66 percent of loans overall came with attached interest rates. The consequences are severe: 26 percent of indebted households report their debt as very difficult to repay, and 44 percent find it somewhat difficult to pay off.

This produces a deeply uneven picture, with three distinct groups. The first are households who need credit but cannot access it — a problem especially acute in high-conflict states such as Chin, Kachin, Kayah, and Rakhine, where formal lending has nearly entirely dried up. The second are

households who have accumulated loans they cannot repay — disproportionately asset-poor, landless, wage-earning, and shock-affected households borrowing from moneylenders for consumption purposes, placing them under tremendous financial strain. The third group — larger landholders in more stable regions such as Bago, Ayeyarwady, and Nay Pyi Taw — retains meaningful access to formal and semi-formal credit, underscoring how unequal the landscape has become.

The welfare consequences of unmanageable debt are unambiguous. Households struggling to repay are significantly more likely to reduce health expenditure, cut non-food spending, and reduce food consumption — the largest of the three effects. They are also significantly more likely to be income poor, food insecure, and to suffer from inadequate dietary diversity. This points to two clear and urgent policy priorities: affordable formal credit for productive purposes — farming and non-farm businesses alike — must be made available, particularly in conflict-affected areas, as access to productive loans is critical to sustaining household incomes; and interest-free and accessible credit or cash-support for vulnerable households so they are able to respond to shocks.

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APPENDIX A

Table A.1. Overview of the debt module across survey rounds

Survey round	Question(s)	Response options/ Notes
Round 1 – 4	K.16 Currently, do you owe any money to loan or credit providers, including banks, MFIs, moneylenders, shops, traders, suppliers, relatives or friends?	1= Yes 2 = No 9998= Don't know 9997 = prefer not to say
	K.17 For all the loans/credit you currently have, how difficult will it be to pay off these debts?	1= Not difficult 2=Somewhat difficult 3=Very difficult 9997 = prefer not to say 9998= Don't know
Round 5	K.16 Currently, do you owe any money to loan or credit providers, including banks, MFIs, moneylenders, shops, traders, suppliers, relatives or friends?	1= Yes >> K.17 2 = No >> Next module 9998= Don't know 9997 = prefer not to say
	K.17 For all the loans/credit you currently have, how difficult will it be to pay off these debts?	1= Not difficult 2=Somewhat difficult 3=Very difficult 9997 = prefer not to say 9998= Don't know
	K.18. To whom do you mainly owe money?	1=Bank 2=MFI 3=Moneylender 4=shops/traders 5=NGOs 6=Relatives and friends 7= Other
	k.19. Why did you borrow this money (multi-select)?	1=To purchase food 2=To pay for health expenditures 3=To pay for education expenditures 4=To pay for farm expenditures 5=To repay loan 6=To pay for marriage/funerals/ceremonies 7=To pay for migration of household 8 = To pay for migration of a household member 9= Donations 10 = To pay for non-farm business 11 = Other 9998= Don't know
	K.20. What is the interest rate of your biggest loans?	____%/daily ____%/month -----%/year 9998= Don't know
Round 6 – 7	K.16 Currently, do you owe any money to loan or credit providers, including banks, MFIs, moneylenders, shops, traders, suppliers, relatives or friends?	1= Yes >> K.17 2 = No >> Next module 9998= Don't know 9997 = prefer not to say
	K.17 For all the loans/credit you currently have, how difficult will it be to pay off these debts?	1= Not difficult 2=Somewhat difficult 3=Very difficult 9997 = prefer not to say 9998= Don't know
	K.18. To whom do you mainly owe money?	1=Bank 2=MFI 3=Moneylender 4=shops/traders 5=NGOs 6=Relatives and friends 7= Other 8= Government departments

	1=To purchase food 2=To pay for health expenditures 3=To pay for education expenditures 4=To pay for farm expenditures 5=To repay loan 6=To pay for marriage/funerals/ceremonies 7=To pay for migration of household 8 = To pay for migration of a household member 9= Donations 10 = To pay for non-farm business 11 = Other 9998= Don't know 1. _____%/daily 2. _____%/month 3. _____%/year 4. _____No interest 9998= Don't know
k.19. Why did you borrow this money (multi-select)?	
K.20. What is the interest rate of your biggest loans?	
K.16 Currently, do you owe any money to loan or credit providers, including banks, MFIs, moneylenders, shops, traders, suppliers, relatives or friends?	1= Yes >> K.17 2 = No >> Next module 9998= Don't know 9997 = prefer not to say
K.18. To whom do you owe money? (multi-select) Loop through sources	1=Bank 2=MFI 3=Moneylender 4=shops/traders 5=NGOs 6=Relatives and friends 7= Other 8= Government departments
Round 8 – 9 k.19. Why did you borrow this money (multi-select)?	1=To purchase food 2=To pay for health expenditures 3=To pay for education expenditures 4=To pay for farm expenditures 5=To repay loan 6=To pay for marriage/funerals/ceremonies 7=To pay for migration of household 8 = To pay for migration of a household member 9= Donations 10 = To pay for non-farm business 11 = Other 9998= Don't know
K.20. What is the interest rate of \${K18}?	1. _____%/daily 2. _____%/month 3. _____%/year 4. _____No interest 9998= Don't know
K.21 For this loan/credit {source}you currently have, how difficult will it be to pay off this debt? (CAPL: Loop for each source)	1= Not difficult 2=Somewhat difficult 3=Very difficult 9997 = prefer not to say 9998= Don't know
K.18a What is the total value of debt in MMK you currently owe?	_____MMK _____lakh 9997=prefer not to say 9998=don't know

APPENDIX B

Table B.1. Descriptive summary of control variables

	Mean	Sd	Min	Max
Age	39.46	12.77	18	74
Male	0.46	0.50	0	1
Farm HHs	0.39	0.49	0	1
Rural	0.71	0.45	0	1
Respondent has at most primary education	0.56	0.50	0	1
Women only households	0.09	0.29	0	1
Asset class				
Asset poor (0-3 assets)	0.34	0.47	0	1
Asset low (4-6 assets)	0.41	0.49	0	1
Asset rich (7-10 assets)	0.25	0.43	0	1
Land ownership				
Acres of land (zero)	0.63	0.48	0	1
Acres of land (>0 - 2)	0.18	0.38	0	1
Acres of land (> 2)	0.19	0.39	0	1
Main Source of livelihood				
Own farm/fish/livestock	0.28	0.45	0	1
Farm wage/salary worker	0.11	0.32	0	1
Non-farm wage worker	0.15	0.35	0	1
Non-farm salary worker	0.13	0.34	0	1
Non-farm business	0.25	0.43	0	1
Remittance				
Remittance/rent (high income)	0.01	0.12	0	1
Remittance/rent (very little income)	0.06	0.24	0	1
Number of different income sources	1.87	0.90	1	9
Received any remittances in the past 3 months	0.17	0.37	0	1
Household size				
Above mean HH members	0.42	0.49	0	1
Above mean dependent	0.42	0.49	0	1
Migrant, Conflict, and Shocks				
Migrant 15 or older	0.10	0.31	0	1
Number of conflict events per 1,000 households during MHWS survey	0.26	0.49	0	18
No internet access in the last month	0.17	0.38	0	1
Gambling	0.19	0.39	0	1
Climatic shock	0.13	0.34	0	1
Feels insecure	0.21	0.41	0	1
HH affected by higher food prices	0.40	0.49	0	1
HH affected by higher fuel prices	0.38	0.49	0	1
HH affected by loss of employment	0.25	0.43	0	1
HH affected by loss of electricity	0.30	0.46	0	1
HH affected by unable to access money in bank account in the past 3 months	0.03	0.18	0	1

Source: Authors' calculations from the Myanmar Household Welfare Survey.

Table B.2. Percentage of households reporting that debt repayment difficulty for farm expenditures, by loan source (R 8 – R 9 pooled)

	Very difficult	Somewhat difficult	Not difficult
Overall	37	41	22
Loan source			
Relatives and friends	25	45	31
Moneylender	37	44	19
Shops/traders	21	38	41
MFI	26	37	37
Public sector	19	37	44
Bank	14	51	35

Source: Authors' calculations from the Myanmar Household Welfare Survey.

Table B.3. Reasons for taking loans from different sources across States and Regions in 2023 - 2025

	Kachin	Kayah	Kayin	Chin	Sagaing	Tanintharyi	Bago	Magway	Mandalay	Mon	Rakhine	Yangon	Shan	Ayeyawady	Nay Pyi Taw
2023 (Round 5)															
To purchase food	43	41	37	51	41	51	42	45	39	37	45	44	29	40	50
To pay for farm expenditures	23	39	16	8	29	6	28	22	21	13	16	7	42	26	17
Non-agricultural business	15	7	21	9	11	15	16	12	19	23	19	20	10	17	14
2024 (Round 7)															
To purchase food	51	50	44	60	39	56	40	46	39	35	65	47	34	40	37
To pay for farm expenditures	15	29	15	19	24	5	28	25	19	15	8	6	39	30	14
Non-agricultural business	18	14	17	4	10	12	15	11	18	18	13	16	11	17	10
2025 (Round 9)															
To purchase food	53	45	43	40	41	39	35	41	39	37	65	38	26	33	42
To pay for farm expenditures	7	35	18	7	38	14	37	35	25	16	1	8	52	40	26
Non-agricultural business	15	2	18	13	11	16	12	10	15	22	13	21	10	17	15

Source: Authors' calculations from the Myanmar Household Welfare Survey.

Table B.4. Percent of loans taking from different sources across States and Regions in 2023 -2025

	Kachin	Kayah	Kayin	Chin	Sagaing	Tanintharyi	Bago	Magway	Mandalay	Mon	Rakhine	Yangon	Shan	Ayeyawady	Nay Pyi Taw
2023 (Round 5)															
Bank	0	0	1	0	2	2	3	2	3	1	0	0	1	0	1
MFI	15	20	10	7	8	9	9	16	16	15	6	9	21	10	20
Moneylender	12	9	18	31	15	18	23	22	18	24	30	26	12	25	17
shops/traders	8	2	6	4	8	9	7	9	6	4	5	4	9	10	15
NGOs	5	2	1	0	1	3	0	0	2	0	2	0	3	1	2
Relatives and friends	53	61	61	59	57	59	42	41	46	51	49	57	46	43	34
Other	5	3	2	3	2	4	3	4	3	5	2	2	2	2	4
	8	6	4	0	10	1	16	10	10	5	8	4	7	11	11
2025 (Round 9)															
Bank	0	0	0	0	1	0	3	1	3	2	0	2	2	1	2
MFI	5	1	6	3	3	8	8	11	9	8	0	8	13	11	19
Moneylender	10	17	15	8	24	31	18	20	22	17	2	24	10	23	11
shops/traders	14	1	13	3	10	8	11	7	8	8	6	4	15	7	13
NGOs	0	0	2	1	0	0	0	0	1	0	0	0	1	0	1
Relatives and friends	62	83	58	81	62	52	47	54	54	66	92	61	51	49	44
Other	3	0	5	5	2	2	3	3	2	2	0	2	1	2	1
Public sector*	9	0	3	1	5	6	19	15	9	7	0	3	18	17	18

Source: Authors' calculations from the Myanmar Household Welfare Survey.

*Government departments were not included as a separate loan source category in Round 5. We have re categorized them accordingly.

Table B.5. Loan use by sector of main livelihood

	National	Rural	Urban	Own crop/fish/ livestock farming	Farm wages/ salary	Non-farm wage	Non-farm salary	Non-farm business	Remit/ donations
Health	43	41	47	27	63	58	48	34	46
Farm	27	26	31	17	36	36	34	23	33
Business	25	33	4	65	14	6	6	8	17
Education	15	13	22	8	4	9	10	40	11
Ceremony/donation	7	7	9	7	7	9	9	7	7
Migration	2	2	2	2	2	3	2	2	3
Loan repayment	2	2	3	1	2	2	3	2	6
Food	2	1	2	1	2	2	2	2	2

Source: Authors' calculations from the Myanmar Household Welfare Survey

Table B.6. Interest rates by sector of main livelihood

	National	Rural	Urban	Own crop/fish/ livestock farming	Farm wages/ salary	Non-farm wage	Non-farm salary	Non-farm business	Remit/ donations
Bank									
Daily	1	2	0	0	0	9	0	0	0
Month	83	82	84	78	87	82	83	87	84
Year	14	15	12	20	13	10	12	11	16
No interest	2	1	4	2	0	0	5	3	0
MFI									
Daily	2	1	2	1	1	3	0	2	2
Month	92	94	86	97	95	92	91	88	87
Year	6	5	11	2	4	5	9	10	11
No interest	0	0	0	0	0	0	0	0	0
Moneylender									
Daily	4	2	7	1	3	8	1	7	2
Month	93	95	89	96	94	89	94	91	96
Year	1	1	0	2	1	0	0	0	1
No interest	2	2	3	2	2	3	5	2	2
Shops/Traders									
Daily	0.3	0	0	0	0	1	0	0	0
Month	27	30	14	51	15	7	17	23	17
Year	0.4	0	0	1	0	1	0	0	0
No interest	73	69	86	48	85	91	83	77	83
NGOs									
Daily	-	-	-	-	-	-	-	-	-
Month	87	84	94	94	100	75	27	100	89
Year	14	16	6	6	0	25	73	0	11
No interest	-	-	-	-	-	-	-	-	-
Relatives and friends									
Daily	1	1	1	0	0	2	1	2	1
Month	52	56	43	60	60	47	43	48	48
Year	1	1	0	1	1	0	1	0	0
No interest	47	42	56	38	40	51	56	49	51
Other									
Daily	3	1	7	0	0	0	0	15	0
Month	58	64	39	77	22	58	41	43	96
Year	4	3	6	1	18	2	9	2	0
No interest	36	32	48	22	59	40	50	40	4
Public sector									
Daily	0.3	0	0	0	0	0	0	0	0
Month	81	81	81	80	93	87	80	89	73
Year	18	18	19	20	7	13	20	10	27
No interest	1	0	0	1	0	0	0	1	0
Pooled									
Daily	2	1	3	0.4	1	3	1	3	1
Month	65	69	55	74	67	60	56	62	62
Year	3	4	2	6	1	1	2	2	4
No interest	34	30	43	24	34	40	44	38	36

Source: Authors' calculations from the Myanmar Household Welfare Survey.

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