

# **Sustainable Banking Under Crisis: Sociopolitical Risk Mapping through SPRAF-Enhanced Z-Score in Myanmar (2018–2023)**

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## **Abstract:**

This study presents an enhanced framework for evaluating financial stability in emerging economies facing persistent sociopolitical disruptions. Focusing on Myanmar's private banking sector from 2018 to 2023—a period marked by the COVID-19 pandemic, a military coup, and economic sanctions—the research integrates a novel Sociopolitical Risk Adjustment Factor (SPRAF) into the traditional Altman Z-score model. The objective is to capture the systemic risks typically overlooked by conventional financial metrics.

SPRAF incorporates three critical dimensions—Political Stability, Economic Risk, and Regulatory Quality—weighted and normalized using global indices (World Bank, IMF, Transparency International). The enhanced Z-score model is applied to six major private banks in Myanmar over a six-year period, with longitudinal and panel regression analyses revealing significant disparities in resilience across institutions. Results demonstrate that banks with stronger liquidity buffers and capital adequacy maintained relatively higher SPRAF-adjusted Z-scores, while others fell deeper into financial distress post-2021.

This study contributes to the discourse on sustainable finance by offering a replicable, governance-aware diagnostic tool for policymakers, regulators, and investors operating in politically volatile regions. The findings underscore the necessity for region-specific risk assessment models and emphasize Asia's potential to lead in financial resilience innovations amid global uncertainty. The SPRAF-Z model holds broader applicability across Southeast Asia and other post-conflict economies, aligning with SSAH 2025's vision of sustainability through contextualized, cross-disciplinary frameworks.