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CUSTOMER PERCEPTION ON AGENT BANKING

SERVICES OF CB BANK

(A CASE STUDY OF PALAW TOWNSHIP)

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CUSTOMER PERCEPTION ON AGENT BANKING SERVICES
OF CB BANK
(A CASE STUDY OF PALAW TOWNSHIP)

A thesis submitted as a partial fulfilment of the requirements for the degree of Master of Banking and Finance (MBF)

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ABSTRACT

This study focuses on how customer perceive on the CB Agent Banking Services that determine their international use of this services. The objectives of the study are to identify the agent banking services of CB Bank and to examine the customer perception on the agent services of the CB Bank. Descriptive method and both primary data and secondary data are used in this study. Current total number of CB agents countrywide is more than 2039 in April, 2019. The study only chose 9 agents which is the fifty percent of the total agent in related area in Tanintharyi. The 100 sampled customers out of 180 regular customers of the 9 Agents were chosen randomly selected and the results were analysed and discussed in order to assess the customer perception on CB Agent Banking on four dimensions as cost, convenience, agent quality and reliability. The study found that the mean values for all independents seem strongly agree. Among these variables, customers were agreed that the service charges were reasonable and customer's required information in free of charges. As these conditions, customers were satisfied on cost of CB agent banking services. Relating with the agent quality, there is a positive impact on using agent banking services in the study. This show that the customer was believed the agent quality. CB Bank have to raise the convenience by doing the agent locations and campaigns for its agent banking products. And also, the agent wanted to made the transaction time more quickly and to make the customer easy to understand the agent banking services.

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LIST OF ABBREVIATIONS

ATMs   - Automatic Teller Machines

CB   - Co-Operative Bank

CBM   - Central Bank of Myanmar

IMF   - International Monetary Fund

KYC   - Know Your Customer

POS   - Points-of-Sales

SRS   - Simple Random Sampling

TAM   - Technology Acceptance Model

(T-24)   - Temenos Banking Software

CHAPTER I
INTRODUCTION

In emerging markets and rural areas, traditional banks have a hard time reaching customers. An opening and operating traditional bank branch are often not cost-effective. Operating a bank branch entails having at least one teller at the front desk, a bank manager, bank employees specializing in e.g., loans, and securities. Nowadays, the trend changes from harder way to the more convenient way of making transactions by using the internet banking, mobile banking and the agent banking that are technology driven banking services. The countries in Latin, America, Africa and Asia have already applied the different models of agent banking to make the success stories. In Bangladesh, the total number of agents stood at 3,450, up from 2,577 a year earlier at the end of 2018. The total number of accounts more than doubled to 36.12 lakh in local currency in 2017 from a year earlier, according to data from the Bangladesh Bank.

"Agent banking" refers to the provision of financial services through agents or third-party intermediaries on behalf of the financial institutions. Daud, Kassim, Said and Noor (2011) examined the critical success factors influencing the adoption of agency banking services in Malaysia using technology acceptance model (TAM). It is found that perceived usefulness, perceived credibility and awareness about agency banking have a significant effect on user's attitude thus influencing the intention toward agency banking. A similar study was conducted by Cheah, Toe, Sim, Oon and Tan (2011), and found that factors such as perceived usefulness, perceived ease of use, relative advantages and personal innovativeness were positively related with the intention to adopt agency banking services. In the same context Riquelme and Rios (2010) found that usefulness, social norms, and social risk are the factors that influence the intention to adopt agency banking services in Singapore.

Agent banking has become one of the most promising strategies for offering financial services in emerging markets. This approach can be particularly capable when serving the unbanked poor as a result of its capacity to decrease banks' cost-to-serve and achieve low-pay specialists. Agency banking is a branchless banking service offered by banking institutions whereby the bank appoints existing businesses to offer a variety of banking services, on its behalf to its clients who are not reached

by traditional bank networks, especially those living in remote and rural areas (Keeler, 2011).Agents could have a dramatic impact on improving access to financial services, especially in rural areas (FinAcces, 2009).Financial inclusion is defined as the ability of an individual, household, or group to access a full range of responsibly delivered, affordably priced and reasonably convenient formal financial services (Christen, Lauer, Lyman & Rosenberg, 2011).

1.1 Rationale of the Study

Agent banking or Agency banking is cost effective, convenient to use and making profit in win-win situation, for both financial institutions and the agents. It can support the financial inclusion by extending a range of financial products and services which towards the people who are in the underserved area through via the agents. CB Bank needs itself to make sure to have a strategic plan and the objectives to improve its competitiveness in the market because it is the private bank in Myanmar. Establishing many branches that can provide the bank services to cover most of the area of Myanmar but it is too costly and needs more time and resources. So, it chooses the Agents Banking Product they could be very appropriate in line with its current position.

Currently it starts its banking services through more than 1800 agents in different States in 2017. It plans to extend that network up to 3000 agents in near future. Current number of CB agents throughout the country is 2019 (as in April 2019). To know customers' perception on its service is important for the bank because it can help them to good or bad that there is something needed to change if they see the real view of their customer upon their product or services. It can provide similar services like branch banks, but it can save transition costs and time consumed as the customers do not need to come to the nearest branch to get banking services. This study would like to examine the Customers' Perception because it can help up to know how agent banking could be successful or not in the future like traditional branch.

1.2   Objectives of the Study

The objectives of this study are as follows;

(1) To identify the Agent Banking Services of CB Bank.

(2) To examine the Customer Perception on the Agent Banking Services of CB Bank in Palaw Township.

1.3   Scope and Methods of the Study

This study focuses on CB Agent Banking Services. Descriptive method was used in this study. Both primary data and secondary data was used. Primary data were collected by using the structured questionnaires to examine the perceptions of the customers of the bank. The secondary data were gathered from and cited the various sources like the records of CB Bank, the relevant text books, the previous research works, the news and the reliable websites, etc. The total number of CB Agent was 2039, in April 2019. The number of CB Agent in Palaw Township only is 18 in March, 2019. Among them, the study chooses 9 agents in Palaw Township. The selected agent's deals with 180 regular customers on that date, March 2019. Out of them, the 100 of customers were asked to understand their perceptions on CB Agent Banking Services.

1.4   Organizational of the Study

This study is organized into five chapters. In chapter (1) the introduction section which is followed by rationale of the study, objectives of the study, scope and method of study and organization of the study. In chapter (2) is related with the literature review of the study. And chapter (3) is related with the background study on the Agent Banking Services of CB Bank. And chapter (4) is the analysis the customer perception on CB Agent Banking Services in Palaw Township. The findings, conclusion and suggestions are found in last chapter, chapter (5).

CHAPTER II
LITERATURE REVIEW

In this chapter, it presented the literature reviews on the customer perception on the Agent Banking Services. It also reviewed different literature theories and the Empirical reviews related with the Agent Banking.

2.1   Concept of Branchless Banking

Branchless banking which is one of the banking distribution strategies that provide financial services without relying on the existence of a bank branch office. Branchless Banking is a distribution network used to provide financial services outside branch offices of bank through technology and alternative networks to be cost-effective, efficient and in safe and comfortable conditions. In banking transactions do not depend on the existence of bank offices, because services and financial activities can be done only by using mobile phones or other forms.

Branchless Banking is a banking service without the need to open branch offices. The goal is to reduce the cost of banking services. The expansion of the banking network requires no small cost to reach remote locations in the country. Branchless Banking is one of the potential approaches that are non-conventional, this is because our banking is still conventional

There is different type of branchless banking models that is evolving. A licensed financial institution delivers financial services through a retail agent. That is, the bank develops financial products and services. Retail agents have face to face interaction with customers and perform cash in and cash out functions, much as a branch-based teller would take deposits, withdrawals and transfer.

It has a broader innovative meaning that is in relation to boosting Indonesia's economic growth and also maintaining the stability of the financial system by increasing public access to banking financial services or known as inclusive finance. So, with the access society to the banking financial services are expected to improve the welfare of the community which in turn can encourage economic growth and simultaneously maintain the stability of the financial system. Inclusive finance means on how the formal financial services can be accessed by all rank of society whoever and wherever they are.

Another concept emerged when a traditional bank uses non-traditional low-cost delivery channel to provides banking services to its existing customers. Examples range from use of automatic teller machines (ATMs) to internet banking or mobile phone banking to provide certain limited banking services to banks customers.

2.2 Characteristics of the Agent Banking

Agent banking refers to the delivery of financial services outside conventional bank branches and that entails the use of non-bank retail outlets that rely on technology such as point-of-sale (POS) terminals, or mobile phones, for real-time transaction processing. A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and many more. In this case, most of the agents of the CB Bank are store owners, mobile phone and accessories shops, individuals, etc.

The main benefits of the agent banking are to include unbanked or underserved segment into the ecosystem and expand customer base profitably and it can provide banking to a larger customer base at low servicing costs. Other benefits are to simplify business processes and to enhance efficiency that can promote a cashless culture, and provide multiple products and payment facilities through a single agent. The agent network can be easily expanded to reach out to more people as and when required. One of the features of the agent banking is that it can minimize distance between a customer and access to financial services. Customers are convenience in withdrawing and depositing cash. It allows people from all walks of life to participate in the Economy. It is also convenience in settling bills, subscriptions and payments for government services when the customers use the agent banking network. It can encourage more purchasing due to easier flow of cash in financially under-served areas.

At present, one of the main challenges in moving forward to offer, and more important to promote, a broader range of financial products and services, such as

withdrawals, deposits, pre-approved credit lines, opening simplified current accounts, and international remittances.

It is not only the customers who have benefited from Agent Banking but also banks have benefited a great deal at a time when most banks are working towards cost management. Some of these benefits include: huge savings on cost of construction of bank premises and leasing costs when banks are using the Agency premises, reduction of human resource expenses (the banks do not have to employ new staff to manage the agency and the cost of training if any is to the bare minimum), savings on equipment like furniture and computers, additional delivery channels hence easier to tap more deposits and transaction best income, and finally agent cost will most certainly be passed to consumers (Robert J Waller 2010, www.traderspress).

2.3   Concept of Customer Perception

Perception is the process through which the information from outside environment is selected, received, organized and interpreted to make it meaningful to you. This input of meaningful information results in decisions and actions. Customer perception is dynamic. First of all, with the developing relationship between customer and company, his perceptions of the company and its products or services will change.

Perception is very important in understanding the human behavior, because every person perceives the world and approaches the life problems differently-Whatever we see or feel is not necessarily the same as it really is. It is because what we hear is not what is really said, but what we perceive as being said. When we buy something, it is not because it is the best, but because we take it to be the best. Thus, it is because of perception, we can find out why one individual finds a job satisfying while another one may not be satisfied with it.

The Internal influences that have effect on consumer behavior consist of and individual's perception, learning, memory, motives, personality, emotions and attitudes. Perception plays a major role in the processing of information and consumer decision making. It begins with consumer exposure and attention to marketing stimuli and ends with interpretation. These three stages make up the process of perception. There is a very small amount of information that the consumer processes during the stages of exposure and attention which make these stages highly selective.

Customer perception leads to thought and thought leads to action. Perception is the process whereby stimuli are received and interpreted by the individual and translated into a response. In other words, perception is the process by which the mind receives, organizes and interprets physical stimuli. To perceive is to see, hear, touch, taste, smell and sense internally something or some event or some relation. Perception is selective because, and individual cannot possibly perceive all stimulus objects within his perceptional field; hence, he perceives selectively. Perception is organized because, perceptions have meaning for the individual and they do not represent a buzzing confusion.

Perception depends upon stimulus factors. That is, the nature of physical stimulus itself is a determinant of perception. The variables like color, size, contrast, intensity, frequency and movement are of this kind. Again, perception depends on the personal factors. What the individual brings to the situation governs perception his ability to see or hear the message, his needs, his moods, memory, expressions and values all these modify the message reception. The personal factor of perception is his self-concept, need, span of apprehension, mental set and past experiences.

2.4 Previous Study

This section is to construct the concept for this study paper which analyzes the customer perception on the CB agent banking services in Palaw Township. For that reason, all the related variables were used in the two previous research paper are applied for the analysis. First is the Marina' Technology Acceptance Model (2009) and the second one is effects of agency banking on customer satisfactions in the banking industry in Kenya, Philip (2017).

Marina (2009) constructs of TAM are almost measured in the same way every context, in addition, TAM model is a consistent tool and empirically sound. Quite a few meta-analysis research works have given adequate amount of data regarding TAM to be extremely plausible and realistically explain up to forty percent of the behavioral intension to use. In addition, quite a lot of research works have applied TAM for evaluating consumer's adoption in diverse settings for example e-commerce (Hearn & Hearn, 2008); e-learning, internet banking and e-government (Azouzi, 2009). TAM has been evaluated within broader behavioral theories such as the Theory of Reasoned Action (Legris, Ingham, & Collerette, 2003). The theoretical framework of Marina, 2009 is shown as Figure (2.1):

Figure 2.1 Marina's TAM Model

Independent   **Dependent**

| Ease of Use |
| Accessibility |
| Cost | → | Customer Satisfaction |
| Awareness |
| Security |
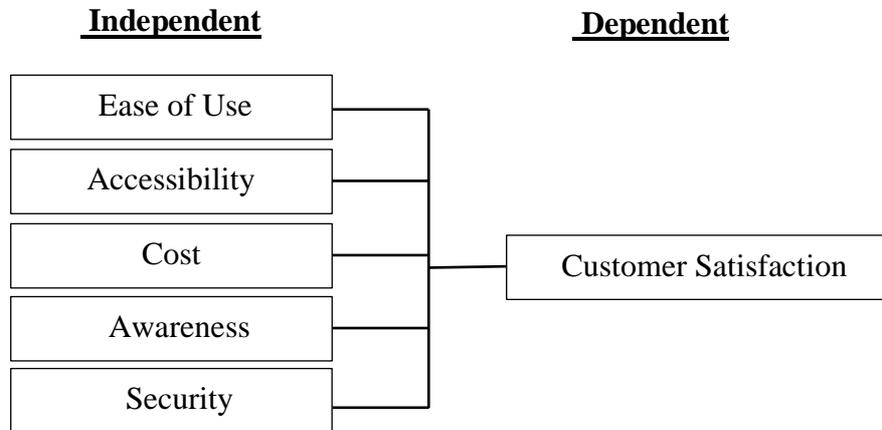
Source: Marina's, 2009

Philip (2017) seeks to determine the effects of agency banking on customer satisfactions in the banking industry. The variable of in this study includes convenience, agent quality and reliability. The paper is based on the survey questioners with a sample size of 200 respondents, the empirical results indicated the agent banking customer was satisfaction on the convenience. The theoretical frame work is as shown in Figure (2.2):

Figure (2.2) Philips's TAM Model

Independent   **Dependent**

| Conveniences |
| Agent Quality | → | Customer Satisfaction |
| Reliability |
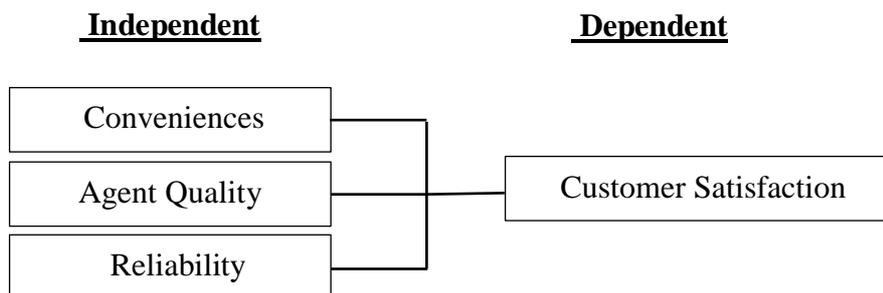
Source: Philips's, 2017

2.5   Conceptual Framework of the Study

According to TAM model of Philip, (2017) and Marina (2009), the conceptual framework of the study was shown in Figure (2.3):

Figure (2.3) Conceptual Framework of the Study

Independent		Dependent
Cost		
Conveniences		Customer Satisfaction
Agent Quality		
Reliability		
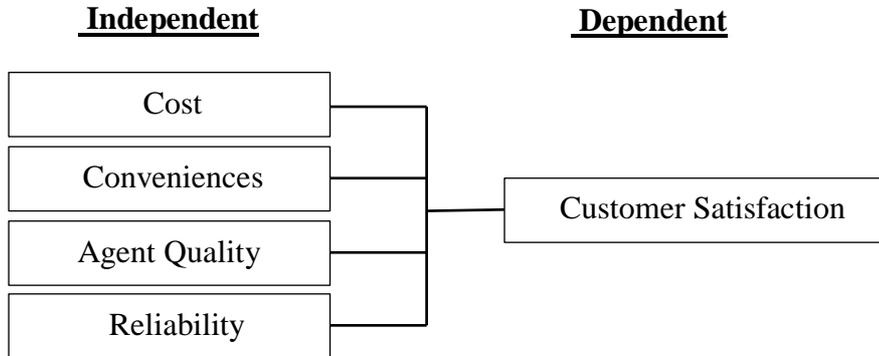
Source: Adapted from Marina's, 2009, Philips's, 2017

This framework attempted to establish and explain factors of the customer perceptions of agent banking service in Palaw Township. These factors include the cost of agency transactions, conveniences, agent quality and reliability on agent banking services. The study determined the agent banking service on financial inclusion in Palaw Township. The conceptual framework for the study is presented in figure below.

Cost

Cost is defined as the extent to which a person believes that using agent banking would cost money (Luarn and Lin, 2005). The cost may include the transactional cost in the form of bank charges, mobile network charges for sending communication traffic (including SMS or data) and mobile device cost. Mallat (2007), and Cruz and Laukkanen (2010) are of the view that subscription and service fees for accessing mobile services such as banking, promotional offers, shopping have a significant influence on user acceptance, and as a result, it is concluded that cost has a negative effect on adoption of agent banking services.

This particular study however focuses on the rural unbanked context, a population with low income. Cost is selected as an influencing factor in this study because people are being sensitive when it comes to cost not only in study area but also in across the world.

Convenience

Philip (2017) describes perceived ease of use as "effects of agency banking on customer satisfactions in the banking industry in Kenya, Philip (2017)", that is, utilizing a specific technology would be free of physical and mental exertion. Ease of use is the user's impression of the measure of requirement needed to use a technology or the degree to which a user accepts that utilizing a specific innovation will be effortless and smooth Philip (2017).

Depending on the people in area of study, Convenience is taking account as most influencing factors in the conceptual framework. People in study area, some are believe using agent banking system need hard effort while some are believing that cashless payment system would be free of effort.

Agent Quality

Philip (2017), described the agent quality was very important for the agent banking in the banking and financial sector. Customers rely on the satisfaction of the quality of the agents to gain better relation with the organization. Customer satisfaction is a state of mind that the quality of the service has been met or exceeded over the life time of the use of service.

Reliability

Gaining customer's reliability is vital for the success of e-business banking. Customer perception of privacy and security influences reliability in online transactions (Friedman, Kahn, & Howe, 2000).

Money people feel like they have exposed themselves to the possible theft and perceived ease of misuse of their bank account in the event that hackers get access to their secret codes or from friends and relatives who are likely to access their usages (Yeow, 2008).

CHAPTER III
BACKGROUND STUDY ON THE AGENT BANKING
SERVICES OF CB BANK

This chapter consists of discussion on the general situations of Myanmar Banking Industry which is followed by the profile of CB Bank. Accordingly, the profile of CB Bank includes the background of the bank, the organization structure of the bank and then the agent banking services provided by CB Bank.

3.1 Background of CB Bank

CB Bank is one of the earliest and largest private sector banks in Myanmar that was established in 1992 under the Central Bank of Myanmar Law and the Financial Institution of Myanmar Law. CB Bank was first set up as Co-operative Bank which is a private, non-public bank on 21st August 1992 and was reformed as a public company in 2004 to provide more financial services to the public, has come into 25 years now.

From 1997, reforms were introduced and modifications were made as decorations of building, reform of fully computerized banking system were carried out. There used to be a Co-operative Farmers Bank and Co-operative Promoters Bank under the Ministry of Co-operatives, both established in 1996, which in June 2004 were merged together with Co-operative Bank into the CB Bank several branches across the country, making it one of Myanmar's largest banks.

CB Bank is not built on co-operative principles in its governance structure and also the Ministry of Co-operatives does not have shares in the bank. Its major shareholders are U Khin Maung Aye and his Citizen Business Private Company, who owns 24% of the bank's shares. There are many lines of businesses under the groups of company including Kaytumadi Trading, Hotel Business, Golden Myanmar Airline, and the Microfinance Bank, Citizen Business Insurance Company and CB Securities limited.

CB Bank is conducting banking services in accordance with the rules and regulations prescribed by the Central Bank of Myanmar (CBM). CBM has permitted and granted Authorized Dealer License to CB Bank in 2011 as the first step to operate international banking business.

CB Bank has business lines in retail banking, corporate banking and SME banking. CB Bank offers services in consumer financing, cards & merchant services, corporate finance and advisory, international trade and payment services, treasury and transaction banking. Banking services are provided not only in traditional ways but also with integration of modern technology.

In 2011, CB Bank started the service named as EASI Banking ATM service, as the first ATM established in Myanmar and took Master, Visa, CUP, POS Merchant service to all around in Myanmar in 2013 and also issued CB Bank EASI MasterCard for using worldwide. And then CB Bank launched Mobile Banking Services, first in Myanmar on 2nd January 2014.

CB Bank has expanded, not only with its banking services but also its branch network in many business sectors and area, good in security and communication. In 2017, CB Bank has more than 200 branches and 950 mobile banking agents all over the country. CB Bank has grown the largest ATM network in excess of 700 ATMs and 4900 POS machines. The bank was the first to launch Self Service Cash Deposit and Cash Recycling Services in the country. CB also holds the top market position in card issuing bank and POS merchant acquisition in Myanmar.

CB Bank has achieved the awards regarding its modern technologies as follows; Best Digital Bank Myanmar and Best Mobile Banking Application Myanmar at the World Finance Banking Awards 2016, First Travel Prepaid Card in Myanmar; The industry Leadership Award 2013, Best Merchant Acquiring; Cards and Payments Asia Trailblazer Awards 2014, Best Initiative in Mobile Payments: Card and Payments Asia Trailblazer Awards 2014.

Based on modern technologies, CB Bank is now able to offer different kinds of modern banking services to its customers. As a result, CB Bank interfaces with the customers not only in the branches but also through mobile phone and internet banking platforms. CB Bank focuses on building relationship with customers, providing excellent customer service, and leverage on technology.

The bank aims to strengthen its governance, risk and compliance structure as a measure to ensure balance and sustain growth. CB Bank has been established for the practices of good corporate governance for managing and monitoring the bank and provides with quality financial services to the customer.

CB Bank has clearly defined its objectives and customer strategy which are to be executed and understood by the organization to achieve its mission and vision. The mission of CB Bank is to serve the customers, staff, shareholders and the environment with the greatest values of comfort and complete satisfaction. Its vision is to become one of the top-notch leading banks in Myanmar with solid foundation, superb performance, excellent image and reputation.

CB Bank aims to establish a quality bank will modern technology leading to a world standard bank. Improvement in efficiency and balancing of staff performance are an imperative management of CB Bank. Customers Strategy of CB Bank are effective cost, highest satisfaction, superb advantage in the contest of advantage in order to fulfill the needs of the customers in better and more satisfactory way, by the bank strategy.

3.2   The Organization Structure of CB Bank

The bank is managed by the Board of Directors which is composed of14 members elected by the Annual General Assembly. Under the management and direction of the board of directors, CB bank has been able to position itself as one of the most known and reliable banks in Myanmar.

With the bank following organization structure in Figure (3.1), CB Bank is operating banking functions with accelerating momentum is Head Office with 16 Departments and over 200 bank branches across the country under the control of Executive Management Committees, Vice Chairman and Chairman. Vice Chairman serves as Chief Executives Officer (CEO) who is the main person of CB Bank banking business and working together with two managing directors and the six management committees

The duties and responsibilities of Board of Directors in conducting the business are to meet the objectives of the bank as well as to fulfill Board of Directors resolutions. The Board is composing of Executive Director, Non-Executive Director and Independent Directors. CB bank has established an internal working until to help adjust the Bank's risk management systems to be consistent with changes in circumstances as appropriate.

Figure (3.1) Organization Structure of CB Bank

```
                              Chairman
                                 │
                       ┌─────────────────┐
                       │       CEO       │
                       └─────────────────┘
                                 │
              ┌──────────────────────────────────────┐
              │    Executive Management Committees    │
              └──────────────────────────────────────┘
                    │                              │
         ┌─────────────────┐            ┌─────────────────┐
         │  MD (Business)  │            │   MD (Support)  │
         └─────────────────┘            └─────────────────┘
```

Consumer Banking	Card Service		Finance	New Branch Opening
Business Banking	Financial Institution		Compliance	Admin
Treasury	Transaction Banking		Legal	Systems
International Trade	Payment Services		Human Resources	Risk Management
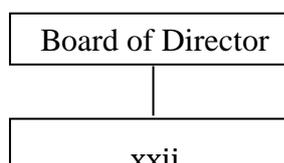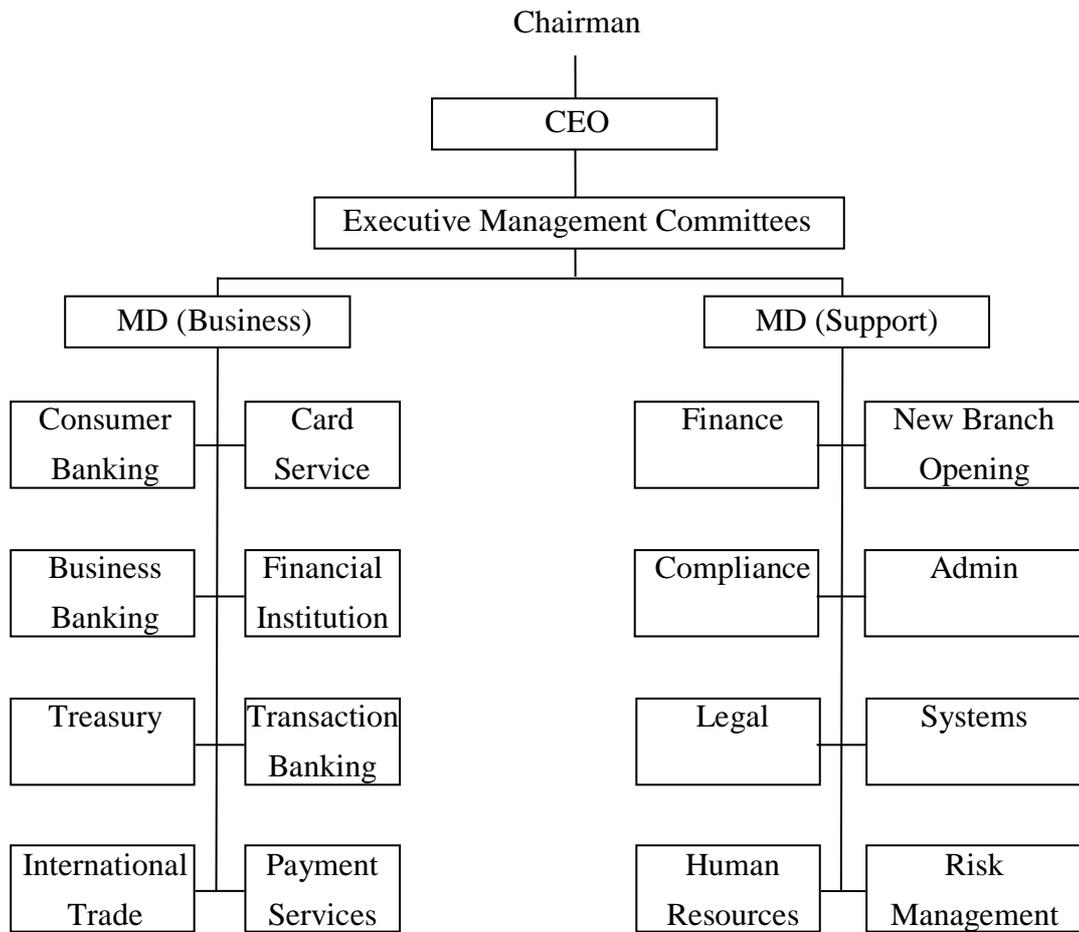
Source: Head Office of CB Bank, 2019

3.3   Origin of CB Agent Banking

CB Bank was the first bank in Myanmar to launch mobile banking in 2013. CB Bank's mobile banking is a complete mobile banking service available on all mobile phone networks. Customers only need to download onto their respective mobile phones and then they can register via nearest CB Bank's branches in order to connect their accounts with the chosen mobile number in order to use the service. Customers can easily and safely complete their transactions anytime, anywhere.

The mobile banking service can be used daily process without failure. The mobile service can be managed not only on cash flow but also easily can be managed to transfer the funds speedily and securely. The mobile banking service is very simple and easy to use it. If the customers cannot go to the bank as they do not have time or when they are away from bank for travelling, they can make daily transactions and fund transfer facilitates in the real time by using the mobile banking service.

CB Bank also launched mobile-based agent banking network at first in Myanmar in 2014. The agent banking service is a bank service which makes the customers time save and easy for the small businessmen. In this service, the latest technology of Temenos Banking Software (T-24) is applied by Switzerland based Company. That technology has the higher security system and gives to protect the accounts.

Customers can make daily transactions and fund transfer facilitates in the real time by using the CB Mobile Agent Banking Service. If the receiver has only a mobile phone number, customer can make fund transfer easily and quickly in the agent at rural and urban areas. Daily cash transactions can be withdrawn safely at not only nearer CB Banks but also mobile agents of CB Bank. The agent system is more effective to provide banking services in rural areas and CB Bank has now more than 2039 agents and those agents can cover more than 60,000 villages. CB Bank has been arranging to use its mobile banking service across the country of Myanmar.

3.4   The Regulatory Framework for Agent Banking

As the regulatory authority, the Central Bank of Myanmar (CBM) is responsible to provide a comprehensive legal framework for sound and efficient functioning of the banking sector and to keep abstract of recent banking sector development. In this context, the CBM has carried out a review of the existing law, rule and regulations and revised many instructions and issues now ones, made drafting new law with the Technical Assistance from IMF and World Bank. In response to the developments and complexity of the operations in banking and financial sector as well as for the preparation for the joining Article VIII member countries of IMF, CBM has been drafting the following laws, of which some are submitted to Hluttaw for approval.

(a) The Central Bank of Myanmar Law;

(b) The Foreign Exchange Management Law;

(c) The Securities Exchange Law

(d) The Financial Institutions of Myanmar Law.

In order to develop the momentum of the State's economy, creation of good financial environment tis essential and well-functioning financial system is critical. In this context, the CBM adopts a banking sector development strategy with three phases are (1) permitting domestic private banks to run joint venture banks with foreign

banks, (2) permitting foreign bank to establish locally incorporated 100% own subsidiary, and (3) permitting foreign bank to open the bank branches in Myanmar.

As the Focal point of the Financial Sector on Anti-Money Laundering activities to ensure that the financial system is not in any way comprised by criminal activities associated with money laundering, the CBM has issued Instruction No.7/2011 to comply Anti-Money Laundering and Combating the Financing of Terrorism measures by the banks which hold the Donkey Changer License according to the Control of Money Laundering Law and Rules enacted in 2002 and 2003 respectively. Financial sectors play an important role in economic development of a country. A central bank with its tools of money policy endeavors to attain proper functioning of a sound and stable financial system conducive to an orderly, balanced and sustainable economic development.

The CBM is the regulatory and supervisory authority of the financial sector in Myanmar. Bank Supervision Department supervises the financial system of Myanmar on-site and off-site examinations. In recent years, the financial system of Myanmar has developed rapidly with active participation from the private sector. Along with the rapid increase in private banking, a number of measures have been taken to strengthen the regulatory framework and the supervision of the banks, (CBM report, 2012-2013). The regulatory framework includes the following:

(a) Limit on deposit – a bank's deposits should not exceed 10 times of its paid-up capital.

(b) Reserve requirement – 10% of total deposits to deposited at the CBM (cash in hand, maximum 25% to be maintained and deposit with the CBM, not less than 75% to be maintained)

(c) Liquidity ratio – 20% of deposits is to be kept in cash balance with the CBM or the other banks.

(d) Capital adequacy ratio – core capital to be 10% of risk-weighted assets.

Banks are required to maintain a general provision of 2 percent of the total loan portfolio, in addition, the banks must set aside 50 percent and 100 percent provision for any "doubtful" and "bad loans" respectively. In 2014 and 2015, banks have improved their product offering and have been increasingly promoting new payment solutions. Since financial inclusion which is tremendous power to drive economic growth and if it works functionally, it could bring towards the well-being and prosperity of people.

Central Bank of Myanmar is working continuously to develop a modern information technology based efficient and secured banking system with a view to increase stability in the financial sector.

3.5   Customer Services Provided by CB Agent Banking

A CB Agents Banking Service provides the following services for the customers

(a)   Domestic remittance

(b)   Payment and Disbursement of Myanmar Kyats via branches of mobile operators, ATM machines, Bank branches and agent.

(c)   Payment from persons to person, payment and remittance from CB prepaid card account to other CB prepaid card account.

(d)   Payment from individual to business (such as payment for water tax and electricity bill) payment of Skynet bill and internet bill.

(e)   Microfinance loan, excess loan disbursement, microfinance payment such as premium.

(f)   Foreign remittance (WU/IME, cash out)

(g)   Payment from government to individual (such as wage, salary, pension and another fund).

(h)   Payment from individual to government (tax).

3.6   Training and Supports for CB Agents

CB Bank provides the necessary training and other support materials before performing as Agent. Therefore, Agents can support the necessary assistance to the customers who use CB Agent Banking system in addition to the monetary activities CB Bank may provide the support the market extension supported material and technology for Agent. CB Bank skilled staff systematically teach the technology and platform of the agent banking services. Agent are taken monthly tanning (or) free training from time to time given service by CB Bank is a system can be easily used by the people's customer services call center of CB Bank may provide the technology assistance and other activities to the agents.

CB Bank call center may

(a)   Change of PIN

(b)   Change the information of the data of customers

CB Agent Banking also support for Agents as followings;

(a) Support the necessary advertisement.

(b) Advertisement may be uploaded at CB Bank website and CB Branches.

(c) The required training may be provided in practical and theory for the successful business performance.

(d) If needed, the skilled staff may be sent for marketing and promotion.

(e) Agent log book, receipt book, other machinery software requirement may be supported.

(f) Agent list shall be uploaded at CB Bank website, Facebook consecutively in order to easy payment and disbursement of monies by agents.

(g) Call center may give the service 7 days per week, 24 hours per day.

Control the Personal Record (Know Your Customer)

Control of personal record includes detail information and data of customers who use CB Agent Banking Services system may prevent from illegal activities. Remittance payment by individual to individual, for each customer, by central bank of Myanmar;

A. Remittance payment amount is maximum Ks2,000,000 per one time.

Election is made in Line with the standards designated by CB Bank, policies and procedures prescribed by Central Bank of Myanmar.

(a) Select the best entrepreneurs to increase sale value.

(b) Agent's personal bio data is recorded completely.

(c) Provide the adherence terms and conditions agent may be appointed by entering into the contract in order to abide by these rules.

Standard Criteria for Agent Recruitment are as follows;

(a) Business is made, has a good dignity.

(b) Interested in agent banking and performs its assigned duties diligently.

(c) N.R.C, House Hole Member List, Bank account and document related to ownership of shop.

(d) Amount of operational monies shall be deposited to the bank, designed to the respective business level.

(e) Business operation premise has good telecommunication and communicable place.

(f) Agents have to hang the sign board (or vinyl is visible to the customer for providing an agent banking).

(g) Staff can provide the best service to the customers within the training time.

(h) The shop business hour, services is ready to provide

(i) Undertake to control the daily transition transferred by bank to be kept at agent log look.

(j) Cashes disbursement is made to the customers; cash float to be inspected always.

Agent can also get the following benefits from the bank when they perform their business;

(a) Entitled to the commission from momentary gain for every performance.

(b) Entitled to the interest from the saving deposit.

(c) Continue to the interest from the saving deposit.

(d) To obtain extra income from the extension of CB Bank's agent banking activities.

(e) Increase the income without incurring the extra expense due to the performance of CB Bank's gent banking.

(f) Provide additional entitlement to Agents who can attain more customers.

CHAPTER IV
ANALYSIS OF CUSTOMER PERCEPTION ON CB AGENT BANKING SERVIES

In this chapter, it was started with the analysis on demographic factors and then customer perception on the agent banking services provided by CB Bank has been are analyzed. Agent banking service is the transaction between mobiles devices. It is a kind of service and intangible. The received money to the customer or agent is also a tangible product so that it can be said that agent banking service is both service and product function. The theory applies the concept of sensory perception to the agent banking service.

4.1　Research Design

This section describes a detailed presentation of methodology and procedures which have been followed in conducting the study about analyze the customer perception on CB Agent Banking. Analytical descriptive method has been used to sustain quantitative measurement and analysis. Data has been collected through structured questionnaire as a main tool for the study. The structured questionnaire has been designed especially for this study and contains three parts. First part of the questionnaires is the primary information about the demographic specifications of the sampled individuals. Second part is descried some questions regarding the experiences of customers and the type of services on CB Agent Banking and the last part describes the 20 statements regarding to the customer perception on the CB Agent Banking. This part contains four dimensions which are cost-effectiveness of agent banking, conveniences, agent quality, reliability on agent banking services. Every question has five alternative answers according to Likert Scale which consists of five degrees (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree). (See Appendix)

The sample has been selected by simple random sampling (SRS). Primary data is collected by delivering the questions to the random customers through elected agents. The questionnaires have been collected within one month with a response rate of (100%).

In order to be able to select the appropriate method of analysis, the level of measurement must be understood. For each type of measurement, there is an appropriate method that can be applied. In this study, ordinal scales were used.

Ordinal scale is a ranking or a rating data that normally uses integers in ascending or descending order.

4.2 Demographic Characteristics of Respondents

This section presents the profiles of selected 100 sampled customer who are currently use the agent banking service. The profiles cover the gender, age, marital status, education and occupation. All the data obtained from the questionnaires collected are interpreted and summarized in average, frequency distribution and percentage distribution.

Respondents by Gender

The first analysis of the demographic profile of respondents is the analysis on the gender of respondents. Table (4.1) show the gender of respondents. As shown in Table 4.1, the gender of the respondents is 68% of female and 32% males. Therefore, female respondents are more than males.

Table (4.1) Number of Respondents by Gender

Gender	No. of Respondents	Percentage
Male	32	32.0
Female	68	68.0
Total	100	100.0

Source: Survey Data, 2019.

Respondents by Marital Status

Marital status is divided into three categories; single, married and other. The survey data regarding to the marital status of the respondents are as shown in the following Table (4.2).

Table (4.2) Number of Respondents by Martial Status

Marital Status	No. of Respondents	Percentage
Single	83	83.0

Married	17	17.0
Total	100	100.0

Source: Survey Data, 2019.

Out of total sample, 83% of the respondents are single and 17% of the respondents are married. As a result of Table (4.2), the majority of respondent are single respondents.

Respondents by Age

The respondents are distributed into 4 groups that they are Under 20, 21-30, 31-40, and over 40 years. Table (4.3) reflects the distribution of age of respondents.

Table (4.3) Number of Respondents by Age (in Years)

Age Group(in Years)	No. of Respondents	Percentage
Under 20	13	13.0
20-30	47	47.0
31-40	36	36.0
Over 40	4	4.0
Total	100	100.0

Source: Survey Data, 2019.

According to the data shown in the above Table, the 47 respondents is the highest age-group between (20-30) years, and 4 respondents is the lowest age group of over 40 years. As a result of Table (4.3), the majority of respondent are the age group of (31-40) years.

Respondents by Education Level

Regarding to education level, respondents are distributed into three categories: Undergraduate, Graduate, Post Graduate as shown in the Table (4.4).

Table (4.4) Number of Respondents by Education Level

Education level	No. of Respondents	Percentage

Under Graduate	13	13.0
Graduate	79	79.0
Post Graduate	8	8.0
Total	100	100.0

Source: Survey Data, 2019.

Most of the respondents are graduate and the other holds the Under Graduate 13% of the respondents according to the result of the above Table. Therefore, the most of the agent customer are the Graduate.

Respondents by Occupation

The occupation of the respondents is divided into five categories: Own business, Company staff, Shop/ grocery, Student and Self-Employed. The distribution by Occupation of the respondents is shown in Table (4.5).

Table (4.5) Number of Respondents by Occupation

Occupation	No. of Respondents	Percentage
Own Business	4	4.0
Company Staff	8	8.0
Shop/grocery	12	12.0
Student	18	18.0
Self-Employed	58	58.0
Total	100	100.0

Source: Survey Data, 2019.

According to the result table, these table represents the occupation of the 100 respondents. In occupation categories, self-employed is the highest with 58% of respondents. Second largest is student and the third is shop/grocery.

4.3   Analysis on Customer Experiences on Using Agent Banking Services

This section presents how 100 sampled customers who are currently use and have the experience with the agent banking services provided by CB Bank. There are only two questions that year of experience in agent banking and usage of banking service from agent. The results are shown as the summary tables with percentage.

Year of Experience of Using CB Agent Banking Services

The answer of the respondents is distributed into five categories; Less than 1 month, 1 to 3 months, 4 to 6 months, 7 to 12 months and over 12 months. The results are shown in the Table (4.6).

Table (4.6) Year of Experience of Using CB Agent Banking Services

Category	No. of Respondents	Percentage
Less than 1 month	8	8.0
1-3 month	12	12.0
4 to 6 months	19	19.0
7 to 12 months	17	17.0
Over 12 months	44	44.0
Total	100	100.0

Source: Survey Data, 2019.

According to the Table (4.6), 44% of respondents are over 12 months experiences with the agents and 19% of the respondents of the respondents are used the agent services from 4 to 6 months.

Types of Service Categories of CB Agent Banking Service

The type of services categories of CB Agent Banking Services are money transfer, money deposit, remittance, payment bills and mobile top-up. In this case, the customer can choose the answer more than one. The results are as shown in the Table (4.7).

Table (4.7) Type of Service Categories of CB Agent Banking Service

Banking Services	No. of Respondents	Percentage
Money Transfer	33	33.0
Money Deposit	26	26.0
Foreign Remittance	8	8.0
Payment bills	22	22.0
Mobile Phone Bill top-up	11	11.0
Total	100	100.0

Source: Survey Data, 2019.

According to the results, 33% of respondents are using money transfer of agent banking are the highest group. 22% of the respondents are using payment bills and the only 8% of respondents are using for the foreign remittance. The results are show in the Table (4.7).

4.4 Analysis on Customer Perception on Agent Banking

This section presents the sampled the customers' perception in the product and services of CB agent banking. There are four dimension that are stated as perception on cost- effectiveness of banking services, perception on conveniences, perception on agent quality and perception on reliability on banking services. The 100 respondents were asked to rate perception of banking product and services. Every question has five alternative answers according to Likert Scale which consists of five degrees (Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree). The translation of level ranking was analyzed mallow exterior candidate's perception designed by Best (1997:174)

The results are shown according to their perception levels on four dimensions; Perception on Cost Effectiveness on Agent Banking, Perception on Conveniences on Agent Banking, Perception on Agent Quality on Agent Banking and Perception on Reliability on Agent Banking in the following Tables.

Perception on Cost Effectiveness of CB Agent Banking Services

The following Table (4.8) indicates the relationship between the perception and cost as applying agent banking with mean and standard deviation value. There are five factors for the perception on cost effectiveness on CB Agent Banking Services.

Table (4.8) Perception on Cost Effectiveness on CB Agent Banking Services

No	Statement	Mean	Std. Deviation
1	Agents banking reduce transaction cost	4.25	.672
2	Services charges are reasonable	4.38	.708
3	Low transportation cost	4.06	.789
4	Customer can save more time to go to the nearest agent	4.13	.787
5	Customer can get the required information in free of charges	4.29	.608
Overall Average Scores		**4.22**	

Source: Survey result, 2019.

According to the results of Table (4.8), the overall mean of perception and cost is 4.22 which can accept that perception can contribute to the business development and also customer satisfaction. Services charges are reasonable has maximum and agreeable mean values with the cost of CB Agent Banking Services. All of these factors are seen with agree level. This seems that cost effectiveness is important for the agent's customer.

Perception on Conveniences of CB Agent Banking Services

There are five question that are designed to obtain the perception of customers on convenience of agent services. The higher level of mean score, customer perception greater on conveniences and vice versa. The sampled customers were asked to rate on the statements describe their perception level regarding convenience for using agent banking services.

Table (4.9) Perception on Conveniences on CB Agent Banking Services

No	Statement	Mean	Std. Deviation
1	Transaction time is very quick	4.00	.791
2	Easy to cash in/out	4.01	.745
3	Customer do not need to open an account to use the agent banking services	4.28	.792
4	24-hour/7-days operation	3.98	.710
5	Customer can easy to understand the agent banking service	4.31	.465
Overall Average Scores		**4.12**	

Source: Survey result, 2019.

Table (4.9) indicates the relationship between the perception and conveniences as customers apply the agent banking which is better than normal banking practices. The average score of the perception and convenience is 4.12. The customer's highest perception is on statement one: customer can easy to understand the agent banking services. The second highest perception is on customer do not need to open an account to use the agent banking services with 4.28 mean score. And then 24-hour/7-days operations is the lowest mean score 3.98.

Perception on Agent Quality of CB Agent Banking Services

The following table indicate the relationship between the perception and agent quality of agent banking. Agents appoints the person who has good knowledge, kind and polite and eager to assist the customer's requirement in real time. The agents are also need to understand the location business development in line with the country's economic situation. Therefore, agents banking provides the best agent services quality to the customers which can develop the business rapidly.

Table (4.10) Perception on Agent Quality on CB Agent Banking Services

No	Statement	Mean	Std. Deviation
1	Agent have good experience and knowledge about their services	4.41	.494
2	Agents can run the services in zero free error	4.53	.502
3	Agents have skillful in their work	4.59	.494
4	Agents can keep confidentially of account and transactions	4.63	.485
5	Agents can clarify the doubts of the customer	4.23	.633
Overall Average Scores		**4.48**	

Source: Survey result, 2019.

According to the results of Table (4.8), the average score of the perception and agent quality is 4.48 which is higher level than the average too. The highest mean score is 4.63 that is agent can keep confidentially of account and transactions. The second and third highest is the agent have the skillful in their work with mean score 4.59 and agent can run the services in zero free error got 4.53 mean score not much differ with first highest. The lowest is the agent can clarify the doubts of the customer.

Perception on Reliability of CB Agent Banking Services

Respondents perceptions on reliability related with their using the agent services is measured with five factors. The mean and standard deviation values are presented in Table (4.11). The average score of the perception and reliability is 4.46 which is higher level than the agree too, means that customers satisfy to reliability on the agent banking services.

Table (4.11) Perception on Reliability on CB Agent Banking Services

No	Statement	Mean	Std. Deviation
1	Agent employees can understand your specific needs	4.35	.500
2	Agent employees can explain the customer complains	4.46	.501
3	Maintaining error free record	4.40	.512
4	Agent promise to do something by a certain time	4.60	.492
5	Agent can help in solving customer's problem	4.51	.502
Overall Average Scores		**4.46**	

Source: Survey result, 2019

According to the results in the above Tables; Table (4.8), Table (4.9), Table (4.10) and Table (4.11), most the respondents show their perception on high level on each four dimension that are stated as perception on cost- effectiveness of banking services, perception on conveniences, perception on agent quality and perception on reliability on banking services. For perception on cost- effectiveness, some respondents show average perception level on agents banking reduce transaction cost, 4.25(0.672), Customers can get the required information/ support in free of charge, 4.29(0,608) as shown in Table (4.8).

For perception on agent quality, some respondent show average in agents have good experience and knowledge about their service, 4.41(0.494) as shown in Table (4.10). For perception on reliability, some respondent show average in agent's employees can explain the customer complain as 4.46(0.501) in Table (4.11).

4.5   Overall Perception on Agent Banking

According to the results is most the respondents show their perception on high level on each four dimension that are stated as perception on cost-effectiveness of banking services, perception on conveniences, perception on agent quality and perception on reliability on banking services.

Table (4.12) Overall Perception on CB Agent Banking Services

Dimension	Overall Perception (Average Mean Score)
Cost- effectiveness	4.22
Conveniences	4.12
Agent quality	4.48
Reliability	4.46

Source: Survey result, 209

In the comparative analysis of four dimensions that high perception on Agent quality on the CB Agent Banking services and low perception on Conveniences. The overall mean average scores of each factor are illustrated in Table (4.12).

CHAPTER V
CONCLUSION

The main purpose of the study is to examine of the customer perception on the CB Agent Banking Services. To do so, primary data is collected by delivered the structured questionnaires through selected agents who live in Palaw Township in Tanintharyi. The findings and discussion, suggestion and need for further research are presented in this chapter.

5.1   Findings

This study has been conducted with the objectives of finding out the current situation of agent banking services and to explore influencing factors on the customer perceptions on CB agent banking services in Palaw Township.

To meet the objectives of the study and to do the analysis, a representative sample of 100 customers who are already used the agent banking services. And then, the customers in the sample were requested to answer the questionnaire which is developed for the current study. The questionnaire used in the study includes 3 sections: customers' demographic information, years of experience and type of services on agent and customer perception on CB agent banking services.

According to the finding results, female respondents are more than male respondents. These seems that the female users are more using the agent banking services. In additions, most of the respondents' age group are between 31-40 years. The education level indicates most of the respondents are graduated and the most of the respondents use the agent services as the money transfer with account to account and the second one is money deposit to their account.

According to the results, independents variables (cost effectiveness, convenience, agent quality and reliability) are used in the study to analyze the customer perception on agent banking services. Mean values for all independents seem strongly agree. Among these variables, customers were agreed that the service charges are reasonable and customer's required information in free of charges. As these conditions, customers were satisfied on cost of CB agent banking services.

Relating with the agent quality, there is a positive impact on using agent banking services in the study. This show that the customer was believed the agent quality. In the comparative analysis, highest perception on agent quality on the CB agent banking services and the lowest perception on convenience are found.

5.2   Suggestion

CB Bank have to raise the convenience by doing the agent locations and campaigns for its agent banking products. And also, the agent's will be made the transaction time more quickly and to make the customer easy to understand the agent banking services. It needs to give the required skill trainings to their agents and agent's employee who deals with the customers such as basic and advance agent banking training, marketing, accountancy, etc. The agents have to also be aware what the customer needs and which one they want most among the service categories. They have to be ready to answer according to their customers' needs.

Today's banking market is very competitive, so the banker and the agents have to know what the competitor introduce new products in the market that is in an innovative way. Positive customer perception on the quality of services and products are crucial for all service producers so that they have to know how and in what extent of their customers satisfy on their products sell or services provide them by measuring.

In the comparative analysis of four dimensions of customer perception, the study found that lowest perception on Convenience. It means that the agent must focus on transactions time to quick and the 24-hour/7-days operations to the customers when they use their agent banking services.

5.3   Needs for Future Study

This study can enable to do research on small sample size, 100 respondents, in Palaw townships in Tanintharyi according to the limitation. So, the future study can extend on this area for wider perspective with bigger sample size and wider study area. It is also need to study the other commercial banks in Myanmar.

This study can only focus on the few customers through few agents. So, the future studies can focus on not only customers but also agents and the bank as well. The perception picture is clearer if they can do for every aspect of the customer perceptions.

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APPENDIX

Questionnaire

This survey questionnaire is to use only for the thesis paper "Customer Perception on Agent Banking Services of CB Bank" (A Case Study of Palaw Township). To submit a partial fulfillment towards the degree of Master of Banking and Finance (MBF) in Yangon University of Economic.

Section (A)
Demographic Information

Please tick (√) in the box appropriate to the answer of your choice.

1.   Gender
- o Male
- o Female

2.   Marital status
- o Single
- o Married
- o Other

3.   Age
- o Under 20
- o 21-30
- o 31-40
- o Over 40

4.   Education
- o Under Graduate
- o Graduate
- o Post Graduate

5.   Occupation
- o Own business
- o Company Staff
- o Shop/grocery
- o Student
- o Self-Employed

Year of Experience and Type of Services

6.   How long have you use CB agent banking service?

     o Less than 1 month

     o 1 to 3 months

     o 4 to 6 months

     o 7 to 12 months

     o Over 12 months

7.   Which of the following services you use from an agent?

     o Money transfer (Account holders/ Non-account holders)

     o Money Deposit (Existing account holder)

     o Foreign Remittance (WU/IME)

     o Payment bills (Internet bills, Electricity bills, Aeron, etc.)

     o Mobile phone bill top-up

Customer Perception on CB Agent Banking Services

Please tick as appropriate for yourself. The meanings of numbers are as follows:
(SDA- Strongly Disagree, DA-Disagree, N-Neutral, A-Agree, SA-Strongly Agree)

Cost Effectiveness

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	Agent banking reduce transaction costs					
2	Services charges are reasonable					
3	Lower transportation cost					
4	Customers can save more time to go to the nearest agent					
5	Customers can get the required information in free of charges					

Convenience

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	Transaction time is very quick					
2	Easy to cash in/out					

No	Statement					
3	Customers do not need to open an account to use the agent banking services					
4	24-hour/ 7-days operation					
5	Customers one easy to understand the agent banking service					

Agent Quality

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	Agent have good experience and knowledge about the services					
2	Agents can run the service in zero-free error					
3	Agent have ski full in their work					
4	Agents are keep confidentially of account and transactions					
5	Agents are clarify the doubts of the customer					

Reliability

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	Agents employees are prouder innovated services as promise					
2	Agents employees are understand your specific needs					
3	Agents employees can explain the customer complains					
4	Perform the services right the first time					
5	Maintaining error free record					

8. Give your suggestions (if any)

Thank you!