

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE  
MASTER OF BANKING AND FINANCE PROGRAMME**

**CUSTOMER SATISFACTION ON MOBILE MONEY SERVICES  
OF MYANMAR RED DOT NETWORK COMPANY LIMITED**

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**CUSTOMER SATISFACTION ON MOBILE MONEY SERVICES  
OF MYANMAR RED DOT NETWORK COMPANY LIMITED**

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

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## **ABSTRACT**

This study focuses on the service quality of Red Dot Company. Major objective of this study is to analyze customers' satisfactions on mobile money services of Red Dot Company. A structured questionnaire was developed from the SERVQUAL model from the ninety-eight customers which uses the three services provided by Red Dot. To meet the objectives of the study, primary data was collected by using questionnaires. Based on the result of this study, customer satisfaction in service quality of Red Dot has been almost around average level in all dimensions which means that customers are not satisfied in their service provided. In general, it was found that, the customer is less satisfied with agents not having enough cash flow, not having accuracy of the SMS system and not enough agents in the certain area. Therefore, Red Dot Company should control the agents to have better cash flow, make sure that well SMS system and search more agents that could lead to increase customer satisfactions. Finally, the agents of the Red Dot Company should provide more effective and better services to the customers.

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## **LIST OF ABBREVIATIONS**

AML	=	Anti-Money Laundering
B2M	=	Bill Payment and Merchant Payment
CBM	=	Central Bank of Myanmar
CFT	=	Countering the Financing of Terrorism
DFS	=	the Digital Financial Service
e-POS	=	electronic Point-of-Sale
GPRS	=	General Packet Radio Services
GSM	=	Global System for Mobile Communications
GSMA	=	GSM (Group Special Mobile) Association (London Based)
G2P	=	Government to Person Informal Financial Services
IMF	=	International Monetary Fund
KYC	=	Know-Your Customer
MFS	=	Mobile Financial Service
MFSP	=	Mobile Financial Service Provider
MMS	=	Mobile Money Service
MMU	=	the Mobile Money for the Unbanked
MNOs	=	Mobile Network Operators
MPSS	=	Myanmar Payment Solution Service
OTA	=	Over-The-Air Registration
OTC	=	Over-the Counter
OTP	=	One Time Password
POS	=	Point of Sale
P2B	=	Person to Business Money Transfer
P2P	=	Peer to Peer Money Transfer
SERVQUAL	=	Service Quality Model
SMS	=	Short Message Service
SPSS	=	Statistical Package for the Social Science (software)
TNX ID	=	Transaction ID
USSD	=	Un-structure Supplementary Service Data

### **CHAPTER (1)**

## INTRODUCTION

The world today, mobile money services are a powerful tool for bringing unbanked and under-banked people into the formal financial sector. Unbanked customers, usually the very poor, who do not have a bank account or a transaction account at a formal financial institution. However, Under-banked customers means who may have access to a basic transaction account offered by a formal financial institution, but still have financial needs that are unmet or not appropriately met. For example, they may not be able to send money safely or affordably.

According to GSMA (2015) report, with an estimated 2.5 billion people in the world still lacking access to formal financial services, mobile phones are increasingly being used to increase access to low-cost financial services including payments, transfers, insurance, credit, and savings. For Myanmar, 40 % of populations are being used mobile financial services in line with the survey of LIRNE Asia's national baseline by March 2015. Now, it is established in the majority of emerging economies, mobile money is a maturing industry serving new business areas and enabling a wider range of digital payments. Mobile money has become a core product offering for many mobile network operators (MNOs), who have unique assets and incentives to deliver these services in a sustainable and scalable way: trusted brands, widespread distribution, and secure channel access.

Mobile money services are important in the world. There are 411 million mobile money accounts globally. Moreover, mobile money is available in 85% of countries where the vast majority of the population lacks access to a formal financial institution. This is an extraordinary achievement, demonstrating the power of mobile, underpinned by the important role mobile network operators have played in building this industry. The future success of mobile money depends on the industry's capacity to adapt to a changing landscape. Mobile money continues to deepen financial inclusion, the number of mobile money services increased to 271 in 93 countries. Moreover, according to World Bank data on global financial inclusion, mobile money services are available in 85% of countries where the number of people with an account at a financial institution is less than 20%. Mobile money services are live in 64% of developing countries (86 of 135 countries). When looking at income classifications for these developing countries, mobile money is most widespread in

low-income economies (81%) compared to lower-middle income and upper-middle income economies, where mobile money is available in 71% and 47% of markets respectively (GSMA).

Bank and mobile money interoperability are increasingly important. When looking at the relationship between downstream ecosystem transactions (such as bill payments and merchant payments) and B2M volumes, it appears that banked customers transferring money from bank accounts to mobile money accounts are using it primarily for cashing-out at agents. This indicates that customers are actually transferring money from bank accounts to mobile money accounts in order to proceed to a cash-out, mobile money is performing an important and valued role in allowing banked mobile money customers access to their funds, and Banked mobile money customers are also sending money via P2P transfers to previously unbanked mobile money customers.

An increasing number of regulators are recognizing the major role mobile money services and can play in fostering financial inclusion, economic growth and are establishing enabling regulatory frameworks for mobile money. Therefore, the Central Bank of Myanmar (CBM) issued the regulation on Mobile Financial Services (MFS Regulation) to regulate mobile financial services (MFS) operated by non-commercial banks in Myanmar on 30<sup>th</sup> March 2016 which permits non-bank actors to issue electronic money(e-money) and utilize agents to conduct electronic transactions.

The Mobile Financial Services Provider (MFSP) must obtain a registration certificate for operating MFS from the CBM. The MFSP applicants must be a company established to operate MFS. It must have a minimum registered capital of MMK 3 billion (around US\$2,566,000).The MFSP is allowed to provide the following services: opening and maintaining MFS accounts, cash-in and cash-out transactions to and from MFS accounts, money transfers between MFS accounts, domestic payments between individuals, domestic payments between government and individuals, domestic payments between business operators and individuals, domestic payments between business operators and any other transactions as the CBM may authorize from time to time.

Allowing non-bank actors to operate in the Digital Financial Service (DFS) space has the potential to spur competition, encourage innovation, and in turn promote greater financial inclusion. Since financial institutions have been unable to fully take advantage of the opportunity to develop digital-centric models, allowing non-banks

actors to enter the space could bring in the investments, infrastructure, and capacity needed for the scale-up of DFS in the country. At the same time, a robust regulatory environment for DFS strikes the right balance between promoting innovation and ensuring the safety and efficiency of the financial sector. Key elements of building an effective regulatory system for DFS therefore also includes instituting transaction limits and know-your-customer (KYC) requirements proportionate to perceived risk; promoting interoperability between providers; providing guidelines for emerging distribution models, such as shared agent networks and agent aggregators; and ensuring a level playing field by ensuring that dominant players do not exploit their position by blocking access to agents and communication channels, such as Unstructured Supplementary Service Data (USSD).

The system of payment in Myanmar is cash payments and moves into electronic payments. Myanmar has 51 million of populations but many of the people do not have bank account. Red Dot offer a cash acceptance network providing services to those who are unbanked and make it more efficient for them to pay bill, top-up their phone and buy air-ticket, etc. It plans to do the next step of extending beyond recharging bill payments and then probable non-utility payments so concert tickets, airline tickets, and paying for classified ads. There are four services in mobile financial services such as: transfer payments; mobile insurance; mobile savings and mobile credit by using the mobile phone to provide services to the underserved. Red Dot financial service mainly performs mobile money payment services.

## **1.1 Rationale of the Study**

The mobile money agents were operating in rural versus urban areas. While the bulk of mobile money physical access points are represented by the agent outlets that each provider sets up individually, a growing number of mobile money providers are forming partnerships to leverage alternative existing distribution networks. In these areas, there are existing financial access points such as banks branches, ATMs, microfinance institutions (MFIs) and post offices. Mobile money providers leveraging these networks to efficiently increase the number of cash-in and cash-out points of mobile money customers.

Nowadays, mobile money agent networks continue to grow quickly. Agent networks out-size traditional financial and remittance service networks. The function

access and utilize mobile money services, customers rely on two distinct channels. The first is the network of physical access points where customers can typically deposit cash in to or take cash out of their mobile money account. These access points are primarily agent outlets. The second is the technical access channel the interface which customers use to initiate transfers and payments directly on their mobile handsets.

Myanmar's Digital Financial Service (DFS) provider includes Boloro, Myanmar Computer Company (MCC), Yatanarpone Billing Services, Red Dot, and Easy Pay Company. Myanmar's DFS Initiatives services are Myanmar Mobile Money, My Kyat, MYWALLET plus, Wave Money, Ooredoo, Myanmar Payment Solution Services (MPSS), OK Dollar, and AGD Pay. However, the immediate priority of providers is the roll-out of DFS services in urban areas, with gradual expansion into rural areas as the GSM footprint increases.

One of Myanmar DFS provider, Red Dot Myanmar was founded by an Irish man, John Nagle, in May 2014 and first launched operation in January 2015. Red Dot has made highly investment in Myanmar. The initial investment is upwards of US\$ 25 Million according to the Myanmar Regulation on Mobile Financial Services. It is primarily an electronic mobile service and also provides bill payments, customer loyalty, and customer management services tailored to the local market. Red Dot has become an integral part of communities across Myanmar and growing network rapidly.

As Red Dot is an electronic point-of-sale (ePOS) provider which has established a cash acceptance network that can be accessed through ePOS terminals or through a mobile application. Red Dot agents open a merchant account, which can be used to distribute airtime top-up and eventually accept utility bill payments via an aggregator. As of February 2015, Red Dot had 1700 retailers, with 1300 in Yangon, 300 in Mandalay, and 100 in Nay Pyi Taw. In 2017, Red Dot had over 16000 retailers across Myanmar such as the divisions like Yangon, Mandalay, Pago, Nay Pyi Taw, Sitgaing, Taninthayyi, Magwe, Arrawaddy and the states like Mon, Shan, Kachin, and Kayin. Red Dot plans to expand the network exponentially and partner with other DFS providers such as MPT, Ooredoo, MEC, Telenor, Y-TALK, iflik and viber to offer more services. AYA Bank, CB bank and KBZ Bank are supported banks for Red Dot pay. Red Dot has shown the willingness to partner with suitable players and pilot tailored services in rural markets for assessing the segment's response.

Red Dot mobile money services use own application and distribute agent network. The agent network refers to the way in which agents are selected to be part of the network, the network's hierarchy is structured, and its growth is managed, both by geographical location and by number. Therefore, it is important to have customer satisfaction on the service provider (agent) and sustainable development of the service providers mainly depends on the trust and loyalty of the customer, quality of service, better customer and agent relationship. Especially for Myanmar, the customer satisfaction is even more important for new product like mobile money services as most of the Myanmar citizens are not familiar with mobile money services.

## **1.2 Objectives of the Study**

There are two objectives in this study. They are:

1. To identify mobile money services provided by Red Dot Company.
2. To analyze the customer satisfaction on mobile money service of Red Dot Company.

## **1.3 Scope and Method of the Study**

This study focuses on mobile financial practices on mobile money services of Red Dot Company Ltd in Yangon, Myanmar and use Descriptive Statistics Method. Primary Data is collection depth interview with responsible personnel of Red Dot financial services and interview with selected customers. Secondary data are obtained from company report, company profile, Internet website, relevant textbooks and other related publications. The questionnaire for the study is developed according to Likert scaling technique. This study focuses on Thaketa Township in Yangon region because it has large population and most of them are company staffs who are highly used in mobile phone. There are 150 agents in Thaketa Township and the data will collect from 10 numbers of respondents at each 10 agents. The study of customer satisfaction was measured by SERVQUAL Model. It focuses on the simple random sampling selection method by measuring Customer satisfaction in service quality on mobile money services provided by Red Dot. This survey data was collected from 1<sup>st</sup> August to 10<sup>th</sup> August 2017.

#### **1.4 Organization of the Study**

This study is organized into five chapters. Chapter (1) is the introduction, which includes rationale of the study, objectives of the study, scope and method of the study, and organization of the study. Chapter (2) represents theoretical background of mobile money services. Chapter (3) identifies mobile money services of Red Dot Company. Chapter (4) analyze the customer satisfaction of the mobile money services of Red Dot Company. Chapter (5) is conducted with finding and conclusion.



## **CHAPTER (2)**

### **THEORETICAL BACKGROUND**

This chapter represents the theoretical background on the customer satisfaction of the mobile money services. There are six sections and then presented the theoretical background on the defining mobile money, function, services, the development, policy and legal issues, players and agent management in mobile money services respectively. It was followed by studies on customer satisfaction with dynamic of satisfaction that is perceived quality of service.

#### **2.1 Definition of Mobile Money Services**

Mobile financial services include mobile money, mobile insurance, mobile savings and mobile credit. Mobile money is the one of the mobile financial services and it refers to a service in which the mobile phone is used to access financial services. Mobile money practices the mobile phone to transfer money and make payments to the underserved. Both mobile money transfer and mobile payment identify a movement of value that is made from a mobile wallet, accrues to a mobile wallet, and/or is initiated using a mobile phone. Sometimes, the term mobile payment is used to describe only transfers to pay for goods or services, either at the point of sale (retail) or remotely (bill payments).

The mobile money for the unbanked (MMU) team tracks mobile money services which meet the following criteria: the service must offer at least one of the following products domestic or international transfers, and mobile payments including bill payment, bulk disbursement, and merchant payment. The service must rely heavily on a network of transactional points outside bank branches and ATMs that make the service accessible to unbanked and under-banked people. Customers must be able to use the service without having been previously banked. Mobile banking services, when customers access a bank account via a mobile phone; sometimes, they are able to initiate transactions. That compromise the mobile phone as just another channel to access a traditional banking product, and payment services linked to a current bank account or credit card, such as Apple Pay and Google Wallet, are not included. The service must offer an interface for initiating transactions for agents and/or customers that are available on basic mobile devices.

Additionally, mobile money services are a powerful tool for bringing unbanked and underbanked people into the formal financial sector. Now established in the majority of emerging economies, mobile money is a maturing industry serving new business areas and enabling a wider range of digital payments. Mobile money has become a core product offering for many mobile network operators (MNOs), who have unique assets and incentives to deliver these services in a sustainable and scalable way: trusted brands, widespread distribution, and secure channel access.

## **2.2 Functions of Mobile Money**

According to the United Nation publications, mobile money has partitioned conventional financial services into a number of complementary functions: exchange between different forms of money (cash and mobile money in this particular case); storage of money for safe-keeping (resulting e-float is stored in mobile wallet, while equivalent cash is kept elsewhere); transfer of money between different parties; investment of the resulting net balance between deposits and withdrawals. Each function has a number of components, with different inherent risks that regulators need to take into account in order to better regulate the mobile money sector as a whole.

At the broadest level, national frameworks in areas such as regulatory transparency and dispute settlement will undoubtedly affect each stage of the mobile money process. Developments in these areas are vital to ensure a suitable legal response to challenges and opportunities raised by the increasing adoption of Information and Communication Technologies (ICTs), including in the mobile money sector. The regulatory areas of e-commerce, consumer protection, privacy and data protection, telecommunications, financial regulation: electronic commerce (e-commerce) refers to the purchase or sale of physical or virtual goods or services through electronic transaction and payment systems. Such transactions may be conducted through the internet or via wireless networks such as those used in mobile phone technology. In mobile money transactions, which involve the electronic transfer of funds and electronic payment for vendor goods and services as well as related processes, fall within this scope. Mobile money developments are thus affected by applicable legal frameworks for e-commerce (cyber laws).

Privacy and data protection concerns are distinct issues that arise in e-commerce transactions. They are linked to consumer protection policies within e-commerce and telecommunications, as well as certain practices in financial regulation. In the case of mobile money transfers between different parties, privacy is of great concern. For an M-payments scenario, data may include payer and payee identifications (IDs), their geographic location, time of day, purchased items and their value and transaction value. Financial regulation in general aims to maintain the integrity of the financial system through oversight, reporting, and enforcement mechanisms. Specific goals of such regulation include the prevention of market manipulation and investor fraud, provider competence assurance, consumer protection, and maintaining investor confidence in the financial system as a whole (UNITED NATIONS PUBLICATION).

### **2.3 Development of Mobile Money**

Mobile money and/or mobile payment services into a society that previously required these capabilities will produce effects, both strengths and weaknesses. The surprising desire for mobile money and mobile payment services in "early adopter" countries and their unique rates of adoption clearly point to an incredible unfilled need and the potential for great benefits. At first, Mobile money enables new types of money flow and commerce which gets money to the point of sale where it can enter commerce, whether in a physical location or online. In the second, the absence of mobile money, there may be numerous barriers to trade and purchasing. In some cases, the need for monthly pre-payment for utilities, etc., may cause hardship and in some locations, cash is just too risky to carry on one's person while traveling. And then mobile money and mobile payment services may enable new types of local lending and other services, thus providing employment. Following that, mobile payment services may fill a gap where there is no existing service, such as bank-run checking accounts for making payments. Indeed, these services may be easier to establish in the absence of competing for financial vested interests, as well as a technical infrastructure to be overcome and re-engineered.

At that point, Central bank approval and involvement in any planned system are advisable, whether or not the system is intended to be run by the banking industry or another sector. Finally, Mobile payment services may also provide an avenue for the receipt of payments, thus enabling globalization of sales. It may be an invaluable

lifeline for remittances, including family remittances from overseas. It may also offer new models for finance, including microfinance. In the last, Mobile payment may lower transaction costs, though the history of technology development and implementation advises caution and a careful analysis (Richard L. Field 1).

## **2.4 Policy and Legal Issues for Mobile Money Services**

The use of mobile money and mobile payment services involve both legal and policy considerations, which may be domestic but may also, have cross-border implications. These considerations may be location-specific and will certainly vary depending on the architecture of the system. In addition to issues already addressed, here is a preliminary checklist of other policy and legal issues in mobile money and mobile payment services, separated into general categories: protection and other fundamental social policies.

General policies in approaching risk allocation should be considered. Risk allocation may be by comprehensive proactive regulation, left to private agreement between the parties, or a combination of the two. The first approach may exclude beneficial market developments, while the second may result in unfairness as between parties with unequal bargaining power. It is appropriate to allow risk allocation to vary by usage, parties and possibly even system architecture, since each variation may change the relative power of the parties and their ability to detect and prevent loss.

Generally, there should be incentives for the party with the ability to improve the system over time to act. The goal of promotion of commerce and the need for liquidity in a payment system are often of significant importance. Mobile payment services may be extremely useful in advancing related e-government goals. Services may include the collection of taxes, duties and fees (including taxation of electronic transactions), procurement, as well as payment obligations by governments (including benefits, salaries, grants/loans and subsidies).

According to Harvard Business School survey (July 2015), there is a variety of consumer (and business) protection concerns, though these may vary based on social expectations. General concerns include the relative obligations of the counterparties, banks, and mobile service providers, which should be clearly set forth in contracts, system rules, or regulations. Notable among these obligations are loss allocation, as well as the establishment and maintenance of other appropriate protections against

fraud, user error and system error or loss. Effective dispute resolution, insignificantly at the level of establishing sufficient trust in the system to encourage its use, is an integral part of any successful payment system. States vary on whether there should be negligence or strict liability standards for losses due to unauthorized use of devices or access codes. An independent and trusted judiciary and/or arbitration-type process may be called for, especially when considering integration into global markets.

Mobile money and mobile payment services show promise of widespread benefit to societies but particularly to the unbanked. States and their central banks should consider the needs of the unbanked and take the opportunity to explore ways to absorb them into the mainstream through mobile commerce. Additional benefits may include the encouragement of savings and the use of banks and bank accounts. If well-managed, mobile commerce also has great potential to improve and expand markets, create jobs and build a middle class (Laland Rajiv, & Ishan Sachdev, July 2015).

## **2.5 Types of Mobile Money Services**

Mobile money services are being deployed rapidly across emerging markets as a key tool to further the goal of financial inclusion. Financial inclusion is considered a key pre-requisite for lifting these populations out of poverty and for driving economic growth. Mobile money services are typically owned and operated by either a Mobile Network Operator (MNO) or a financial institution. They are typically delivered in one of two ways, either directly through a customer's mobile phone or Over-the-Counter (OTC). Services delivered directly through a customer's phone require the customer to put cash into their mobile account (i.e. convert it into electronic form), which they can then use to make payments or transfers directly through their phone. Services delivered OTC require the customer to physically visit a representative of the mobile money operator, where the customer provides cash for transactions to the representative, who then uses his / her own mobile phone and mobile money account to effect the transaction and takes the cash. Many services offer customers both options.

Mobile money services can also be broadly categorized into three groups: M-transfers; M-payments; and M-financial services. In other cases, users can access different financial-related services like insurance, micro-finance, etc., via their mobile

phone. These services typically offer a subset of the following services: Peer to Peer money transfers (P2P); remittances (domestic and/or international); bill payment / receipt, salary disbursement / receipt; retail payments; and money storage/savings. Of these, P2P tends to be the most common offering. In addition, services offer methods for turning physical cash into electronic funds in a customer's mobile account (also called "cash-in") and methods for turning electronic funds into physical cash (also called "cash-out").

The mobile money agents represent a critical component of the mobile money ecosystem. They provide an interface through which users cash-in (convert cash into mobile money) or cash-out (convert mobile money into cash) allowing convertibility between mobile money and cash. In the beginning, both cash-in and cash-out transactions were associated with certain fees.

## **2.6 Players involved in Mobile Money Ecosystem**

A typical mobile money platform involves several players and stakeholders who play different roles or derive diverse benefits from the whole ecosystem. At first, a Mobile Network Operator (MNO) that provides the mobile infrastructure and customer base that is already using its communication services and ensures compliance with telecommunication regulations and policy within the country. In many MNOs also have a recognizable brand that has been cultivated through extensive marketing and service provisions, MNOs potentially benefit from mobile money by increasing and maintaining the number of customers, reducing the cost of airtime distribution and by generating new revenues.

In the second, a bank or other financial institution with banking license and infrastructure that enables the exchange of money between different parties. These also provide oversight and regulatory compliance with national financial regulations and policy. Banks can leverage mobile money platforms to reach more people in traditionally underserved areas with their services at much lower cost. Thirdly, it is regulatory institutions across different sectors. The key regulators include Central banks for the financial sector and telecommunication regulators for the communications sector. Driven by the need for national development, regulators would like to see more people served by formal financial and communication services.

Mobile Network Operators (MNOs) have the benefit of owning the cellular network, providing and having access to consumers' mobile phones, and frequently have a physical presence in the relevant communities, but typically do not have experience in developing or distributing financial services, nor the regulatory ability to do so. In turn, banks have the benefit of already offering similar services to the banked population, but must partner with an MNO to access consumers' phones, and must often develop new business models to succeed in lower income populations. In general, the question of which type of company deploys mobile money services is decided by regulators in those countries in which MNOs are allowed to deploy their own mobile money services, they have tended to be the first movers, whereas, in countries where they are prevented from doing so, banks have tended to be the first movers.

Money flowing through a mobile money service must typically be held in a regulated account of some sort. In many situations, even when the service is operated by a nonbank, a regulated bank is used as a back-end provider to actually hold customer funds as a guardian. These funds typically cannot be intermediated by the bank or the mobile money operator, and are also remote from the bankruptcy of the mobile money operator; however, the applicability of deposit insurance protections varies from country to country. In addition, any interest accruing on such funds typically can't be passed through to account holders.

## **2.7 Customer Satisfaction on Service Quality**

During the 1980s, service quality received a great deal of attention as a key strategic factor for product differentiation to increase market share and boost profits (Phillips et al., 1983; Buzzell and Gale, 1987). Thus, researchers focused on the process in which consumers evaluate service quality. Measures of service quality focused on a variety of dimensions such as tangibles, reliability, responsiveness, assurance, and empathy Parasuraman et al., 1985).

Customer satisfaction with the service organization is based on a function of all the encounter or experiences of the customer with that organization. Customer satisfaction can occur at multiple level of and organization. The concept of customer satisfaction has received much attention within the context of relationship marketing (Henning-Thurau & Klee, 1997:738.) It is every organization's duty to proactively

define and measure customer satisfaction as it will be inappropriate to gauge the organization's success by customers' complaints (Hoffman, Czinkota, Dickson, Dunne, Griffin, Hutt, Krishnan, Lusch, Ronkainen, Rosenbloom, Sheth, Shimp, Siguaw, Simpson, Speh & Urbany, 2005:329). The state of the organization's stability and its long-term prospects are determined by the extent to which the organization satisfies the needs of its customers (Fornell, 1992:6).

Measurement of customer satisfaction should be a continuous process that translates what customers want (their needs and expectations) into strategic information that can be used by management in decision making (Lamb *et al.* 2012:5). Customer satisfaction can be classified in two forms: transaction-specific satisfaction and general overall satisfaction (Deng, Lu, Wei & Zhang, 2010:290). Transaction-specific satisfaction refers to customers' own evaluation of their experience after a specific service encounter; while the overall satisfaction refers to the customers' overall assessment of their consumption experience over a period of time (Deng *et al.* 2010:290; Munusamy *et al.* 2010:399). Customer satisfaction has been measured as a single item scale or used as a multiple item scale (Sureshchandar *et al.* 2002:363). Various studies (Cronin & Taylor, 1992:60; Spreng & Mackoy, 1996:206; Rootman, 2006) have used a single item measure of customer satisfaction to indicate the customer's overall satisfaction about the organization's overall service quality. As most successful organizations consider customer satisfaction as their key objective, service quality has to be measured by how well these organizations satisfy their customers (Brink & Berndt, 2008:70).

In previous research studies (Cronin & Taylor, 1992; Patterson & Johnson, 1993) on service quality and customer satisfaction, there appears to be an agreement among the researchers that service quality and customer satisfactions are separate variables that have a close relationship. Cronin and Taylor (1992:56) note that the difference between the perceived service quality and customer satisfaction is based on the notion that service quality is an attitude associated with a long-term, overall evaluation, whereas customer satisfaction is associated with both transaction and long-term relationship. The research study conducted by Taylor and Baker (1994:172) in four service industries found that there is a positive relationship between service quality and customer satisfaction. Cronin and Taylor (1992:65) found that service quality is an antecedent of customer satisfaction.

## **CHAPTER (3)**

### **PROFILE OF MYANMAR RED DOT NETWORK COMPANY LIMITED**

This chapter represents background study of Myanmar Red Dot Network Company Limited and it is first presented the history of mobile money, mobile money platform in Myanmar, regulation on mobile money services, profile of Myanmar Red Dot Network Company Limited, organization structure of Red Dot Company, Red Dot product and services and current services of mobile money in Red Dot.

#### **3.1 History of Mobile Money in Myanmar**

In October 2014, Myanmar invited nine foreign banks to launch operations in the country with a license that allows limited lending. Continuously two new international mobile network operators (MNOs) had launched their services in the country to compete with the state's monopoly. This means that the Myanmar government shows their willingness to open up the economy, and with a green light to other players have taken part in the liberalization process.

As of November 2014 the only fully functional mobile money platform in Myanmar was run in partnership with a military-linked bank, Innwa Bank. The service, Myanmar Mobile Money (MMM), was launched in January 2014 with France's Oberthur Technologies and allows person-to-person transfers, withdrawals and deposits, salary disbursements and merchant payments across network bank branches and agents in more remote areas. Other operators include MyKyat, a telco-agnostic provider looking to roll out in the end of 2014, targeting young, tech-savvy students and professionals who are already familiar with mobile phones and financial services. Red Dot Network, another mobile payment platform in Myanmar, is looking to focus purely on top-up and bill payments for its launch, but also aims to include loyalty services for its agents and distributors.

In Myanmar, the new entrant MNOs, Ooredoo and Telenor, are both supposed to be working on a mobile money platform for their subscribers and have the

experience from other markets to bring to the country to compete with the sole existing platform. In addition, the company has made a partnership with CB Bank, the country's second-largest financial institution, but no official statements have been made with regards to a mobile money launch. Telenor, on the other hand, announced in November 2014 its partnership with Yoma Bank, one of the country's top banks and a subsidiary of the Singapore-listed Yoma Strategic Holdings group, in preparation for its mobile money launch, but details on the timing and exact services are uncertain given that guidelines for operator-led mobile money services have not yet been issued by the Central Bank.

### **3.2 Mobile Money Platforms in Myanmar**

An increasing number of regulators are recognizing the major role mobile money services can play in adopting financial inclusion and economic growth and are establishing enabling regulatory frameworks for mobile money. Firstly, the Mobile Financial Service Provider (MFSP) must obtain a registration certificate for operating Mobile Financial Service (MFS) from the CBM. The MFSP applicant must be a company established to operate MFS and minimum registered capital of Myanmar Kyats (MMK) 3 billion. A commercial bank can also apply for approval from CBM to operate MFS, provided that its proposed MFS must not conflict with its business permitted under the Financial Institutions Law of Myanmar. The requirements above do not apply to commercial banks. The MFSP can appoint sole or non-exclusive agents to provide MFS to end customers but an exclusive agent is not allowed.

Secondly, the MFS Transactions (MFST) is allowed to provide the following services: opening and maintaining MFS accounts; cash-in and cash-out transactions to and from MFS accounts; money transfers between MFS accounts; domestic payments between individuals; domestic payments between government and individuals; domestic payments between business operators and individuals; domestic payments between business operators; and any other transactions as the CBM may authorize from time to time. All transactions in MFS accounts must be made only in MMK.

Thirdly, MFS accounts are categorized into three levels with different maximum values (in MMK) of daily and monthly transactions as follows: the holder of level 1 and 2 must be individual and level 3 must be registered legal entity.

Cumulative Transaction per day in Level 1 is 50,000, Level 2 is 200,000 and Level 3 is 1 Million. Cumulative Transaction per month in Level 1 is 1 Million, Level 2 is 5 Million and Level 3 is 50 Million. The maximum balance of Level 1 is 200,000, Level 2 is 1 Million and Level 3 is 10 Million. All transactions must be kept in Myanmar Kyats. The transaction limits for level 1 and level 2 are determined by the MFS account opening documents.

### **3.3 Regulation on Mobile Money Services**

As with many new operations in Myanmar, the ability to act hinges on updates to legislation. In December 2013 Myanmar passed the Mobile Banking Directive, allowing banks to roll out mobile banking services with a telecoms partner. The country's Mobile Banking Directive is based on a bank-led model for mobile financial services, making banks an integral partner in all mobile financial services transactions. Rather than allowing the MNOs to independently perform financial services, they must first partner with a bank and allow that bank to lead decisions in the partnership. This model is designed to allow banks to use more than one network operator should they choose, and prevents the MNOs from excluding competitors' customers from their mobile banking services.

Alongside financial services there are some more inventive products being developed for mobile customers in Myanmar to attract more users towards one of the two international providers. Myanmar's current business and political environment are ripe for additional services to roll out alongside the basic products every phone user will enjoy. For decades the country has been closed to the outside world; however, in 2015, millions of new customers will have access to the world's information at their fingertips. Furthermore, with little formal banking exposure to date and a sudden influx of telecoms connectivity, mobile financial services also have the potential to flourish as the next big thing.

The typical mobile payment client would choose to deposit their mobile account through an authorized agent, which would then deposit it into their mobile payment company's account in the mobile banking firm. This money is then held in trust in mobile banking firm's bank under the rules set by the Central Bank of Myanmar. Mobile payment would be a great asset as it is a strong driver of productivity for Myanmar. This means that the mobile payment market has vast

potential as its people get wealthier as they get used to the mobile payment banking model.

### **3.4 Profile of Myanmar Red Dot Network Company Limited**

Myanmar Red Dot Network Company Limited is located in no.22, York Center, Yaw Min Gyi Street, Dagon Township, 11191 Yangon, Myanmar. It was founded by an Irish man, John Nagle, in May 2014 and first launched operation in January 2015. Invested heavily in Myanmar, the initial investment is upwards of USD 25 Million and has become an integral part of communities across Myanmar and growing network rapidly. Firstly, it has achieved over 14,500 of outlet with supporting of the many shop owners and consumers who enjoy its services which are ready to facilitate bill payments and can easily pay utility bills, subscriptions bills, buy online game currency and other sort of bills at nearest Red Dot store. Red Dot is a first financial service and technology provider in Myanmar, which helps simplify business operations and it blends international experience with local market insight to offer a wide range of services such as electronic mobile top-up, electronic bill payment, customer loyalty and customer management services, specially tailored to the local market. It offers a wide range of tools to help businesses better steer the unique challenges of operating in the market.

Vision of the Red Dot is to be the most popular transaction platform in Myanmar. In world leader in cash payment acceptance, Red Dot is a service and technology provider operating across a number of regions to provide a wide range of services in retail environments. These services include electronic products such as mobile top-up, bill payment, voucher payments and an advanced coupon, rewards and customer management platform.

As a reliable partner to merchants, Red Dot deploy terminal and tablet hardware integrated with their services at merchant retail outlets. These services and systems are managed through Red Dot's central transaction processing platform, which provides a secure, robust and flexible transaction hub. When helping its partners' business growth, Red Dot also operates a number of support services such as merchant onboarding, funds settlement, commission calculations and a highly integrated reporting and business intelligence portal. In addition, it has white label

applications and Application Program Interfaces (APIs) available that expose their services for third-party integration partners. Being part of the Red Dot Network of shop owners will make the shop easier to run and more profitable for them. Increasing customer engagement, it will be able to top up the phone and pay bills electronically through Red dot terminal and can also reward as taking part in exciting loyalty programs. With a brand that customers trust, and more products and services than anyone else, Red Dot will make the shop a destination location in nearest shop.

Agent refers to a person or business that is contracted to facilitate transactions for users and the most important of these are cash-in and cash- out; in many instances, agents register new customers too. Agents usually earn commissions for performing these services and also often provide front-line customer service such as teaching new users how to initiate transactions on their phone. Typically, agents will conduct other kinds of business in addition to mobile money. The kinds of individuals or businesses that can serve as agents will sometimes be limited by regulation, but small-scale traders, microfinance institutions, chain stores, and bank branches serve as agents in some markets. Some industry participants prefer the terms “merchant” or “retailer” to describe this person or business to avoid certain legal connotations of the term “agent” as it is used in other industries.

At Red Dot business, it is enabling customers to conveniently purchase a range of products and services through agent network of local shops. It will be provided a new exciting way to sell mobile phone top up and allowed customers to pay their bills through their local shop. Red Dot wants Myanmar shop owners to be part of this team it will be provided easy to use innovative equipment so that Red Dot shops can offer more to their customers. This will attract more customers to the shop and they will return more often.

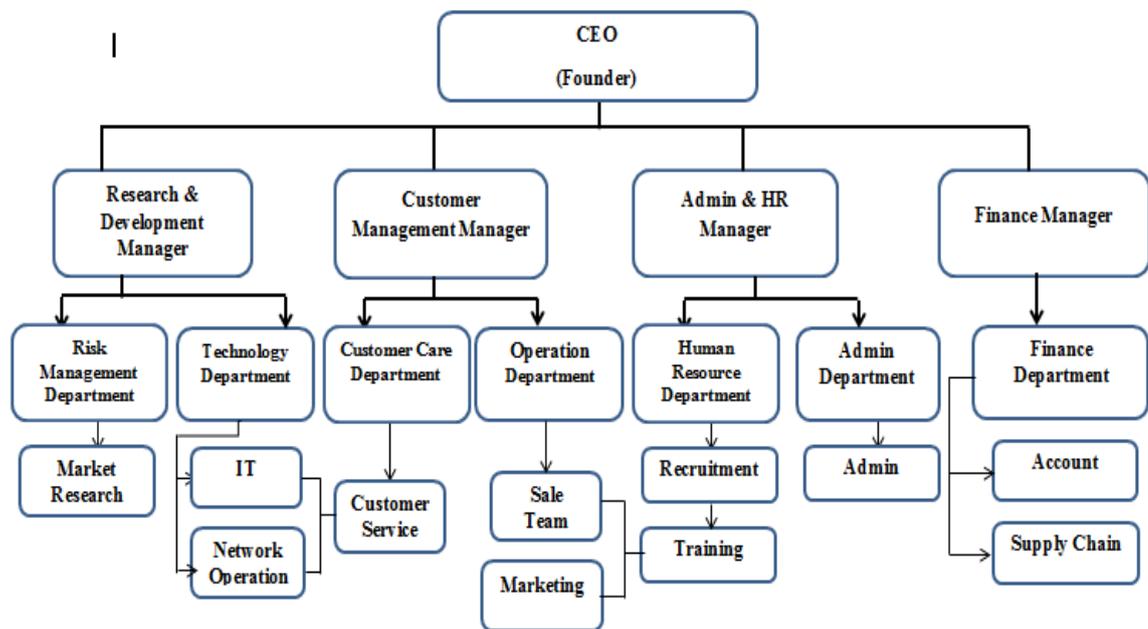
Mobile Money is an electronic mobile wallet service that lets users send and receive money easily to anywhere using their mobile phone. It is safe, secure and allows users to send and receive money; save time and pay bills; store money for future use; withdraw money easily at any Red Dot store, and reduce cash related risk. Partnered mobile money services can now withdraw and deposit money from their accounts at lots of Red Dot-MMS Stores. Red Dot can tailor their services to best suit agent’s business requirements. By partnering with it agents will no longer need to worry about time and manpower management when it comes to tracking and dispensing Top Up, ensuring customers are accurately and efficiently given their

prizes. Red Dot has worked with some of the companies: Samsung Mobile Top-Up Promotion; Colgate Super Strong Scholar Program; DRVR Top-up Services; and Acecook Lucky Draw.

### 3.5 Organization Structure of Myanmar Red Dot Network Company Limited

Red Dot Company has already formed with the required strength of the startup company. Its compact departmental structure is suitable for the business nature and functions.

**Figure 3.1 Organization Structure of Myanmar Red Dot Network Company Limited (Head Office)**



Source: Myanmar Red Dot Network Company Limited's Report (2016-2017)

As shown in Figure (3.1), there are four major departments in Myanmar Red Dot Network Company Limited. They are: Research and Development Department; Customer Management Department; Administration and Human Resource Department; and Finance Department. Research and Development department is leading by Chief Risk Management Officer of its department and it includes two sub departments: Risk Management department which contains Market Research; and

Technology department which consists of Information Technology and Network Operation.

Customer Management department is leading Chief Marketing Officer of its department. It is organized with two main departments: Customer Care department which includes Customer Service and it is connected with Information Technology and Network Operation; and Operational Department which comprises with Sale and Marketing Department. This department is a core department of Red Dot services. Furthermore, Administration and Human Resource department is directly by Chief Executive Officer and it has separated into two sub department: Human Resource department (Recruitment and Training) and Administration department (Admin). In Finance Department, it is led by Chief Finance Officer and divided into three sub department: Finance; Account; and Supply Chain department.

### **3.6 Red Dot Products and Services**

As Red Dot is a service and technology provider operating across Myanmar that's offering a wide range of services for businesses and stores. It helps the customer provide electronic top up, online bill payment and other services: one terminal for all types of Operators and Top Up services and also it will help them to improve and effectively manage their daily operations. In Mobile Top-Up, losing or damaging Top-Up stock will never be an issue again and carry multiple denominations from various mobile operators while minimizing inventory and storage costs. The Red Dot's terminal and tablet are very easy to use because training team are provided training and supported on it. Building up customer's confidence, the stock will never expire and will never miss a sale. Daily sales report on-time and on-demand, financial reports are automatically available for all Top-Ups end of the day. Free repairs are provided if the terminal does not function properly due to uncontrollable circumstances.

**Electronic Top-Up:** In mobile phone top up, Red Dot network of local shops will have the brand new equipment to sell electronic top up and shop owners won't need to stock cards to provide phone credit and they will never run out of stock. Red Dot is non-exclusive and provides a choice of top up to both shop owners and customers.

Carry multiple denominations from various mobile operators while minimizing inventory and storage costs.

**Red Dot Pay - Bill Payments:** Bill payment, Red Dot shops will allow customers to pay their (electricity/TV) bills in a convenient and local way. It has to pay in nearest local store, no need to travel, or pay someone to go and pay on behalf. Customers can now pay the bills of subscriptions, bills of online advertising, online purchases and other sorts of bills through Red Dot device. The destination retailer allows customers to pay for their bills through the Red dot terminal. It is easier to buy online goods and online gaming credits, and working hard to build a network of agents that accepts bills payment in one-go at local Red Dot store.

**Red Dot Pay-Pin:** Red Dot pays services are now available in all local Red Dot Stores and can now pay the bills of subscriptions, bills of online advertising, online purchases and other sorts of bills through the Red Dot device. Red Dot Pay is a hassle-free and convenient way to pay for any online purchases at nearest Red Dot store. Its payments make with two options which are Pay with Voucher ID or Pay with Red Dot Pay Pin. There is no longer need to go far to pay online bills just go to nearest Red Dot store and easily pay the bill. It also can purchase a bus ticket online or any other item at the Red dot store.

Furthermore, buying a Pay Pin and use it for online or in-app purchases that support it. Firstly, buy any amount of Pay pins and go to the website or app that supports Red Dot Pay Pin to purchase the items. Secondly, Red Dot Pay Pin enable to use on line services with those companies who are part of the Red Dot ecosystem which means the group of companies which have agreements with Red Dot and are not able to be used to purchase goods and services outside of the Red Dot ecosystem. Finally, Red Dot owns or has licensed all intellectual property, software and all other material underlying and forming part of Red Dot Pay PIN(s) and the Red Dot ecosystem in which those PINs can only be used.

### **3.7 Current Mobile Money Services of Red Dot**

It can now offer Mobile Money facilitated services through Red Dot devices; such as offering deposit and withdraw services: additional income with attractive commission; increase customer traffic and engagement; higher reputation and stand out as Red Dot store by offering new leading financial services; and it is easy to offer with simple and innovative technology.

**Deposit Process:** At Red Dot store with MMS logo, to deposit money into customer mobile money account; the deposit amount; and customer's phone number are accepted by agent. And then, agent is performing transaction on the Red Dot device, validating the transaction after that transaction successful along with the text message confirmation. Consumer deposit receipt will be printed after the successful transaction.

**Withdraw Process:** In this process, users walks into the Red Dot store with MMS logo and request to withdraw money from M-Pitesan account and agent is performing transaction on the Red Dot device with TNX ID (Transaction ID) and OTP (One Time Password) from consumer to validate the transaction. After that transaction successful along with the text message confirmation, consumer withdraw receipt will be printed after the successful transaction. Red Dot-MMS stores which perform deposit, withdraw transactions for partnered Mobile Money Services can be easily found with M-Pitesan logo.

## **CHAPTER (4)**

### **ANALYSIS ON CUSTOMER SATISFACTION OF RED DOT SERVICES**

This chapter analyzed the analysis on demographic characteristics of the customers of the Red Dot Company and analyses of the services provided by Red Dot, based on the survey results conducted in research methodology, demographic profile of respondents, usage of Red Dot services and customer satisfaction of Red Dot Company.

#### **4.1 Research Methodology**

This study measures the service quality of the Red Dot Company. To support the assessment, the required data were collected through sample survey. As a survey instrument, structured questionnaires were used. The questionnaires include four main parts.

The first part includes the demographic characteristics of the customers: gender; age; occupation; education; and monthly income. In the second part, it contains the usage of Red Dot services: year of started using; frequency of usage; and comparative advantages and disadvantages of Red Dot services. Thirdly, it is made up of 25 pairs of five-point Likert Scaling (ranging from “strongly disagree=1” to “strongly agree=5”), which measures the satisfaction of customers on the service

quality of Red Dot Company. These scales consist of five sub scales, which measure the different five aspects of the service quality, namely tangibles, reliability, responsiveness, assurance and empathy. Each sub scale has a different number of items and therefore it includes 25 questions.

As a sampling method, the random sampling was employed and 100 customers are collected who are using Red Dot services in this study. 98 of customers responded to the questionnaire but two of those customers failed to answer the questionnaires. After collecting the required data, the data were analyzed by using SPSS software and generating with Microsoft Excel.

## 4.2 Demographic Profiles of Respondents

The demographic characteristics of 98 respondents from Red Dot service who participated in this study are analyzed. Demographic characteristics such as gender, occupational and average monthly income are important factors in determining the service quality they enjoyed by Red Dot Company.

### Gender of Respondents

The demographic characteristics of 98 respondents from Red Dot service concerning with gender are as shown in Table (4.1).

**Table (4.1) Respondents by Gender**

<b>Gender</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Male	40	41
Female	58	59
<b>Total</b>	<b>98</b>	<b>100</b>

Source: Survey Data (2017)

As shown in the Table (4.1), the sample consists of 40 Males and 58 Females. In term of percentage, Female respondents share 59 percent of the sample while Male respondents share 41 percent of the sample. It can be clearly seen that Red Dot service have more Female customer than Male customer in 2014 to 2017. These customers,

who came from various level of organization, are familiar with Red Dot service and are frequently use of it.

### **Age Group**

Ages of respondents are separated into four groups. They are between 18 to 30 years, 31-40 years, 41 to 50 years and above 51 years. Respondent's age group is obviously shown in Table (4.2).

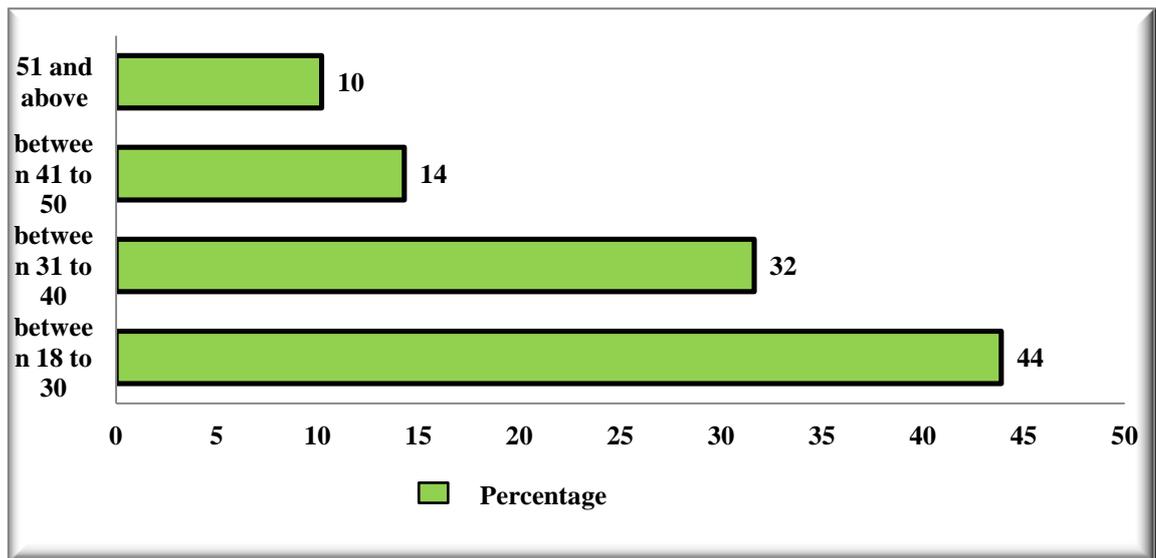
**Table (4.2) Age Group of Respondents**

<b>Age in Year</b>	<b>Number of Respondents</b>	<b>Percentage</b>
between 18 to 30	43	44
between 31 to 40	31	32
between 41 to 50	14	14
51 and above	10	10
<b>Total</b>	<b>98</b>	<b>100</b>

Source: Survey Data (2017)

As shown in Table (4.2) and Figure (4.1), the highest age group used for Red Dot was between 18 to 30 year and followed by the between 31 to 40 year with respect of 44 and 32 percent. And then, the age group that included 51 and above was the lowest, 10 percent while remaining age group was only 14 percent. Therefore, it can be concluded that the majority of respondent from customer are adult and they are able to evaluate the satisfied quality of service.

**Figure (4.1) Age Group of Respondents**



Source: Survey Data (2017)

### Occupation Level

There are six groups of occupation level resulted from customer response: Self-employment; Company staff; Government staff; Students; Dependent; and others. In Table 4.3, these are fully displayed of these six occupation levels.

**Table (4.3) Occupational Level of Respondents**

Occupation	Number of Respondents	Percentage
Self-employment	28	29
Company staff	30	31
Government staff	11	11
Students	6	6
Dependent	4	4
Others	19	19
<b>Total</b>	<b>98</b>	<b>100</b>

Source: Survey Data (2017)

In Table (4.3), the highest with 31 percent of customers are company staff, followed by 29 percent of customer who are self-employed, after that there are 19 percent of other users and 11 percent of government staffs, whereas the lowest is dependent and students that are 4 percent and 6 percent respectively. As a result of

this data, company staffs are more interested in Red Dot service and followed by self-employees.

### **Average Monthly Income**

The average monthly income is divided into four groups that are as follows: under 1.5 lakhs; between 1.5 and 3 lakhs; between 3 and 5 lakhs; and above 5 lakhs.

**Table (4.4) Average Monthly Income of Respondents (in Kyats)**

<b>Average Monthly Income</b>	<b>Number of Respondents</b>	<b>Percentage</b>
under 1.5 lakhs	10	10
between 1.5 and 3lakhs	43	44
between 3 and 5 lakhs	39	40
above 5 lakhs	6	6
<b>Total</b>	<b>98</b>	<b>100</b>

Source: Survey Data (2017)

According to Table (4.4), it illustrates that the percentage of the average monthly income of the respondents in the sample. It is clearly seen that, at first 43 respondents earn between 1.5 and 3 lakhs, in the second 39 respondents have income between 3 and 5 lakhs, after that the respondents who earn fewer than 1.5 lakhs are 10 numbers and at last 6 respondents earn above 5 lakhs.

### **4.3 Usage of Red Dot Service**

The usage of 98 respondents from Red Dot services concerning with years (2014 to 2017) and it is followed frequency of usage in purchase pay pin, prepaid phone bill and monthly utility bill payment. And also it is expressed about advantages and disadvantages of using Red Dot services.

**Table (4.5) Usage of Red Dot Services by Year**

<b>Years</b>	<b>Number of Respondents</b>	<b>Percentage</b>
2014-2015	1	1
2015-2016	46	47
2016-2017	51	52

<b>Total</b>	<b>98</b>	<b>100</b>
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Source: Survey Data (2017)

According to Table (4.5), a little respondents (1 out of 98 respondents) use the Red Dot services in Thaketa Township for the first operation of business and usage of red dot services is increasing in during second year and third year.

#### 4.3.1 Types of Usage in Red Dot Services

There are number of frequency usage in Red Dot services such as purchase Pay pin for online shopping, Phone bill and monthly bill.

**Table (4.6) Types of Usage in Red Dot Services**

Red Dot Services	Very Often		Often		Rarely		Never	
	No.	%	No.	%	No.	%	No.	%
<b>Pay Pin</b>	3	3	40	41	47	48	8	8
<b>Phone Bill</b>	48	49	46	47	4	4	0	0
<b>Monthly Bill</b>	0	0	1	1	0	0	97	98

Source: Survey Data (2017)

As shown in the Table (4.6), the most frequency usage of Red Dot service is prepaid bill (49 percent) in very often and it is followed purchase pay pin (41 percent) in often. And then, the least usage of Red Dot service is monthly bill payment (1 percent).

#### 4.3.2 Reasons of Using Red Dot Services

There are several advantages in using Red Dot services: 24 hours service; Cost saving; Accuracy; Secure; and Save time, which is customers are comparing with the other services.

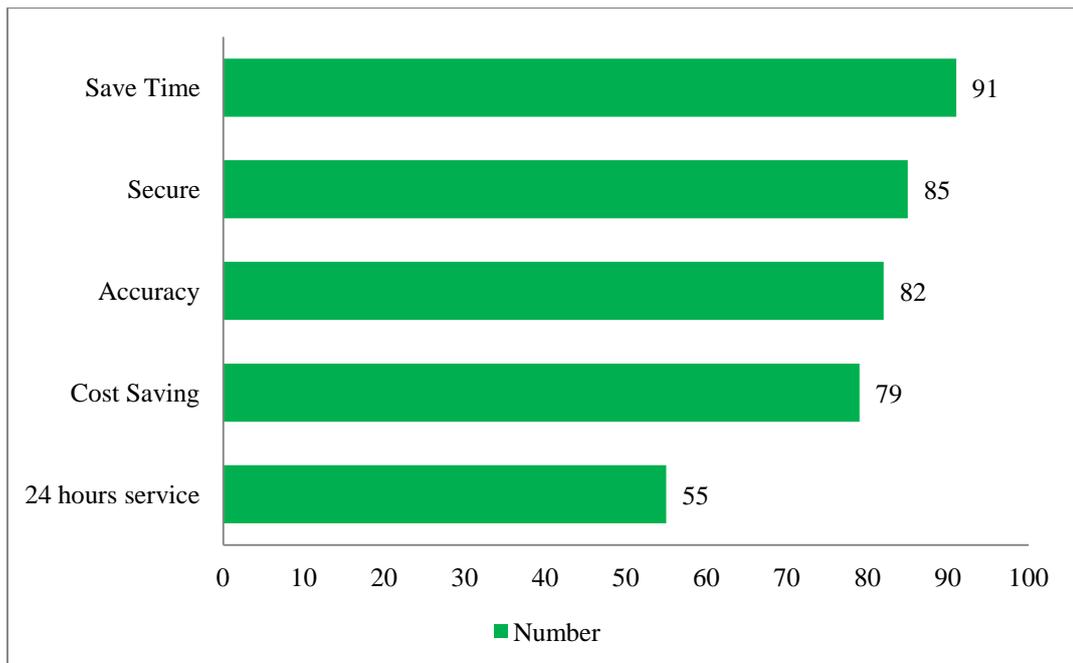
**Table (4.7) Reasons of Using Red Dot Services**

<b>Usage</b>	<b>Number of Respondents</b>	<b>Percentage</b>
24 hours service	55	56
Cost Saving	79	81
Accuracy	82	84
Secure	85	87
Save Time	91	93

Source: Survey Data (2017)

According to Table (4.7) and Figure (4.2), it can be clearly seen that, the strength in Red Dot Services comparing the other mobile money services, most of the customer satisfied time saving (93 percent) in using Red Dot services and it is followed secure, accuracy and cost saving for customer (87, 84, and 81 percent). But 24 hours services are least satisfied for the customer (56 percent) because the respondent like 24 hours services whereas Red Dot agents has been operated on their schedule.

**Figure (4.2) Reasons of Using Red Dot Services**



Source: Survey Data (2017)

### 4.3.3 Problem in Using Red Dot Services

There are several challenges: call customer service; wait for service active; contact service in-charge; and no action by company, that customer face with Red Dot services.

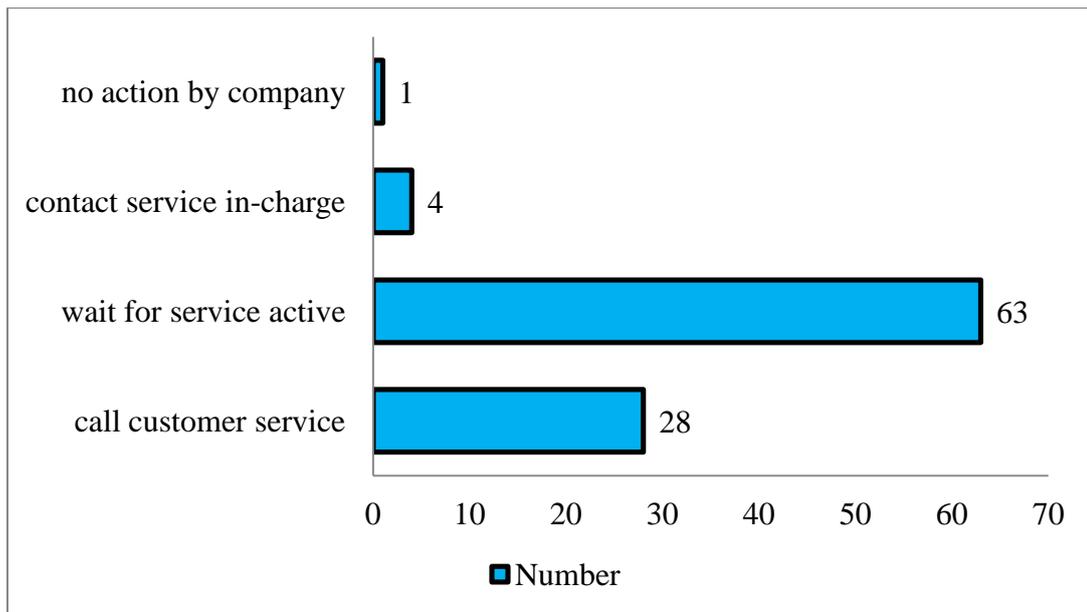
**Table (4.8) Problems in Using Red Dot Services**

Statement	Number of Respondents	Percentage
Call customer service	28	29
Wait for service active	63	64
Contact service in-charge	4	4
No action by company	1	1

Source: Survey Data (2017)

According to Table (4.8) and Figure (4.3), it is shown challenges which have been faced with Red Dot services by the customer, most of the respondents (64 percent) have waited for service until actively operated. It is followed call customer service by respondents (29 percent), contact service in-charge (4 percent), and action is not taken by company (1 percent) respectively.

**Figure (4.3) Problems of Using Red Dot Services**



Source: Survey Data (2017)

#### **4.4 Analysis of Customer Satisfaction on Red Dot Company**

In this section, the mean value and standard deviation of the responses to the questionnaires based on customer satisfaction towards the service quality of Red Dot Company in providing event catering by the five dimensions of the SERVQUAL model are estimated.

##### **4.4.1 Assessment of the Reliability of the Scale**

This study has extensively used Likert scales. Thus, before they are used, it should be checked their reliability. The reliability of a scale is defined as its ability to consistently measure the phenomenon it is designed to measure. Examining the internal consistency of the test enables the researcher to determine which items are consistent with the test is measuring phenomenon under investigation. The object is to remove the inconsistent items and improve the internal consistency of the test. In this study, Cronbach's alpha value is used as a measure of the internal consistency of the scales used in the questionnaire. However, as per DeVellis (2003), the Cronbach's alpha value should ideally be above 0.7. The results of the Cronbach's alpha value above 0.9, is suggesting very good internal consistency and reliability for the scale with this sample.

**Table (4.9) Assessment of the Reliability Scale-Cronbach's Alpha ( $\alpha$ )**

<b>Dimension</b>	<b>Indicator retained</b>	<b>Cronbach's Alpha (<math>\alpha</math>)</b>
Tangibility	TAN1,TAN2, TAN3,TAN4, TAN5	0.705
Reliability	REL1, REL2, REL3, REL4, REL5	0.809
Responsiveness	RES1, RES2, RES3, RES4, RES5	0.660
Assurance	ASS1, ASS2, ASS3, ASS4, ASS5	0.792
Empathy	EMP1,EMP2, EMP3, EMP4, EMP5	0.626

Source: Results generated from SPSS software using Survey Data (2017)

The reliability analysis was to calculate the Cronbach's alpha ( $\alpha$ ) for each dimension in Table (4.9). According to George and Mallery (2003), it provides the following rules of results: it is Excellent in greater than 0.9; Good in greater than 0.8; Acceptable in greater than 0.7; Questionable in greater than 0.6; Poor in greater than 0.5; and less than 0.5 is Unacceptable. It should also be noted that an alpha of 0.8 is probably a reasonable goal. It should also be noted that while a high value for Cronbach's alpha indicates good internal consistency of the items in the scale, it does not mean that the scale is unidimensional. As per results from the table above, the Cronbach's Alpha results are 0.705, 0.809, 0.660, 0.792 and 0.626 for tangibility, reliability, responsiveness, assurance and empathy. Looking at the reliability coefficients of all six dimensions on Table 4.9, some dimensions have coefficients slightly below 0.7, responsiveness (0.660) and empathy (0.626). This could as a result that some items under each dimension seemed too similar. The dimension, products had a very low reliability coefficient and it need to improve best cash flow in agents and the company should contribute more agents which the customer can find anywhere they reach among responsiveness dimension and it should also extend 24 hours service for customer in Empathy dimension. Other dimensions like tangible, reliability, and assurance showed coefficients higher than 0.7, meaning these dimensions comprising of various items show a true measure of service quality.

#### **4.4.2 Tangibility**

This dimension includes the appearance of physical facilities, equipment, and abilities of employees. It can be able to understand how offers various services and nature of its services. These visual aspects of the equipment are the only visual

contacts between a customer and an organization. The customer satisfactions upon tangible dimension are shown in Table (4.10).

**Table (4.10) Customer Satisfaction on Tangibility**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
Red Dot Company has modern looking equipment such as Terminal and Tablet.	3.63	0.49
Red Dot Company's physical facilities are visually appealing.	3.65	0.52
Red Dot Company's agents appear neat and accuracy.	3.64	0.50
Materials associated with the services are visually appealing at Red Dot Company.	3.67	0.51
Red Dot services agents are operating together with their business.	3.94	0.88
<b>Average Score</b>	<b>3.71</b>	<b>0.58</b>

Source: Survey Data (2017)

Table (4.10) shows the customers' satisfactions concerning tangibility. The average mean score for tangibility is 3.71 and standard deviation for tangibility is 0.58. This means that respondents demonstrated the above average degree of satisfaction in tangibility dimension. The mean score of satisfaction for agent network together with their business is highest among tangibility dimensions by 3.94 and its standard deviation is 0.88. From the fact that, agents are running together with their business and Red Dot Services is satisfied by customers. Accordingly, it can be concluded that there is well customer satisfaction on agents are operating together with their business of Red Dot Company.

#### **4.3.2 Reliability**

The dimension includes important factors of services such as how Red Dot Company provides its services, service accuracy, first right service, arranging low cost, free from error record, and no system delay. The customers' satisfactions upon reliability are stated in Table (4.11).

**Table (4.11) Customer Satisfaction on Reliability**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
Red Dot Company promises to do something by a certain time, it does so.	3.45	0.50
Red Dot Company is the first organization which performs the service right.	3.43	0.50
Red Dot Company arranges to low customer's cost in serving.	3.48	0.50
Red Dot Company insists on error-free records.	3.46	0.50
Red Dot services operate no system delay.	3.48	0.52
<b>Average Score</b>	<b>3.46</b>	<b>0.50</b>

Source: Survey Data (2017)

According to Table (4.11), the highest mean score of the statement of satisfaction by customer is no system delay and cost saving by 3.48 and their standard deviation are 0.52 and 0.50. It is followed by promises to do something by a certain time, and error-free records (3.45 and 3.46). It means that respondents were demonstrated almost average degree of satisfaction in the system is well operated by Red Dot. The lowest mean score of this dimension is Red Dot performs the services right by 3.43 and standard deviation is 0.50. It shows that most of the customers are not known very well about Red Dot services. Finally, the average mean score of satisfaction for reliability dimension is 3.46 and the average standard deviation score of satisfaction for reliability dimension is 0.50. To sum up, customer satisfaction on reliability dimension is nearly average level and it shows that the customers are not much satisfied in this dimension.

### **4.3.3 Responsiveness**

This dimension of service quality measures the willingness to help customers and provide prompt service from Red Dot Company. The satisfactions of customer upon responsiveness are shown in Table (4.12).

**Table (4.12) Customer Satisfaction on Responsiveness**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
Red Dot network agents are ability to give prompt customer services.	3.45	0.50
Red Dot network agents are always willing to help customer.	3.39	0.55
Red Dot network agents are never too busy to respond to customer request.	3.51	0.52
Red Dot network agents can find anywhere they reach.	3.08	0.28
Red Dot network agents have best cash flow.	3.07	0.28
<b>Average Score</b>	<b>3.30</b>	<b>0.43</b>

Source: Survey Data (2017)

As shown in Table (4.12), the highest mean score of the statement on the satisfaction of the customer is for never too busy to respond to customer request by 3.51 and the standard deviation is 0.52. From the fact that, Red Dot network agents are given service to customer as never too busy to respond to customer request is highly satisfied by customers. While the lowest mean score is agents have best cash flow (3.07) and followed by agents can find anywhere they reach (3.08) among responsiveness dimension in Red Dot Company. Whereas the highest standard deviation score of the statement of satisfaction of customer is always willing to help customer by 0.55 and mean score is 3.39. This means that, Red Dot agents cannot help when they are busy with their work. In conclusion, the overall mean score of responsiveness dimension is 3.30 and standard deviation score of satisfaction for reliability dimension is 0.43. Therefore, it shows that customer satisfaction on responsiveness dimension is not high but it is average level of satisfactions in this dimension by customers.

#### **4.3.4 Assurance**

This dimension includes the behavior of agents in instilling confidence, feel safe in transaction, consistently courteous with customers, knowledgeable to answer

to customers and SMS system in cash transactions when providing the services from Red Dot Company. The customers' satisfactions upon assurance are shown in Table (4.13).

**Table (4.13) Customer Satisfaction on Assurance**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
The behavior of agents in instilling confidence in customers.	3.56	0.49
The customers feel safe in transaction with Red Dot.	3.59	0.55
The agents are consistently courteous with customers.	3.63	0.63
The agents are knowledgeable to answer to customers.	3.55	0.50
Using accurately SMS system in cash transactions.	3.48	0.52
<b>Average Score</b>	<b>3.56</b>	<b>0.54</b>

Source: Survey Data (2017)

Table (4.13) shows that the satisfaction upon assurance dimensions services quality of Red Dot Company by respondents. The highest mean score in the statement of satisfaction of customer is for consistently courteous with customers by 3.63 and standard deviation is 0.63. From the fact that, the respondents are highly demonstrated in satisfied for consistently courteous. Whereas the lowest mean score is that using accurately SMS system in cash transactions by 3.48 and standard deviation is 0.52. It means that, the respondents are shown dissatisfied in using SMS system which is not accuracy.

There are three average mean scores among assurance dimension in agents of Red Dot Company. They are known to answer to customers, feel safe in transaction with Red Dot, and behavior of agents in instilling confidence (3.55, 3.59 and 3.56). In this case, the standard deviation of feel safe in transaction with Red Dot is higher than the others by 0.55. It can be seen the deviation between customer and Red Dot service in this situation. It can be concluded that, the overall average mean score in assurance dimension is 3.56 and standard deviation is 0.54. Therefore it shows satisfaction of customer in assurance dimension is dispassionate and the respondents are not fully satisfied in this dimension.

#### 4.3.5 Empathy

In this analysis, the customer satisfaction upon empathy dimension can be learned. It shows that how Red Dot Company provides mobile money service such as give customer individual attention, customer's best interest at heart, operating hours convenient to all customers, dealing with customers in a caring if all are relevant, and enough agents in the certain area. The mean scores and standard deviation of customer satisfaction of respondents among empathy dimensions are shown in Table (4.14).

**Table (4.14) Customer Satisfaction on Empathy**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
Red Dot Company has agents who give customer individual attention.	3.42	0.50
Red Dot Company gives services to customer's best interest at heart.	3.64	0.50
Red Dot agents have operating hours convenient to all customers.	3.33	0.47
Red Dot agents have dealing with customers in a caring if all are relevant.	3.67	0.51
Red Dot Company has more than enough agents in certain area.	3.65	0.52
<b>Average Score</b>	<b>3.54</b>	<b>0.50</b>

Source: Survey Data (2017)

Table (4.14) shows that the satisfaction upon among empathy dimensions is Red Dot Company by respondents. The highest mean score in the statement of customer satisfaction is dealing with customers in a caring by 3.67 and it has followed by more than enough agents in certain area (3.65) and gives services to customer's best interest at heart (3.64) respectively. And then, their standard deviations are 0.51, 0.52, and 0.45 individually. It means that, the respondents are shown their satisfaction upon Red Dot services and there have been seen not much deviation in dealing with

customers, enough agents in certain area and gives services to customer's best interest at heart.

The lowest mean score is operating hours convenient to all customers (3.33) and it also has standard deviation by 0.47. It means that Red Dot Company's operating hours is not convenient to all customers and customers want 24 hours services. The customer's best interest at heart is rated at 3.42 and their standard deviation is 0.50. It can be seen that, customers are satisfied in enough agent, give best customer interest at heart and caring which is provided by Red Dot and there have been seen positive relationship between customer and Red Dot Company. In conclusion, the overall average means score in empathy dimension is 3.54 and the overall standard deviation is 0.50. Therefore, it shows that, satisfaction of customer in empathy dimension is composed in operating hours are not fully satisfied in this dimension.

#### 4.3.6 Overall Service Quality of Red Dot Company

In this Dimension, the overall summary of the mean of satisfaction score of Red Dot Company is presented in Table (4.15). It shows the overall customers' satisfaction concerning the five influencing factors of Red Dot Company's mobile money service quality.

**Table (4.15) Overall Customer Satisfaction on Red Dot Company**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
Tangibility	3.71	0.58
Reliability	3.46	0.50
Responsiveness	3.30	0.43
Assurance	3.56	0.54
Empathy	3.54	0.50
<b>Average Score</b>	<b>3.51</b>	<b>0.51</b>

Source: Survey Data (2017)

By using the SERVQUAL model, services are calculated in five dimensions by the response to the questions from the consumers. According to the data, from the above Table (4.15), the customers' satisfactions are calculated across the five

dimensions of mean score and standard deviations, the mean scores are mostly average but some are lower than average. The highest mean score is tangibility dimension and it means that customers have more satisfied in tangibility dimension than other dimensions. The customer's satisfaction in average mean score across the five dimension are related at 3.51 and the customer satisfaction on standard deviations across the five dimensions are related at 0.51 this mean that customer's satisfaction in Red Dot Company is merely average but it is not strongly deviated from Red Dot Company.

In summary, from the results obtained from the survey, it can be clearly seen that customer's satisfaction with services quality of Red Dot Company is acceptable in these dimensions. In this regards, customer are not happy in agents to have best cash flow, performs the services right, SMS system in cash generating, operating hours and not enough agents in the certain area. Above from this point, the entire dimension is performed the average level of satisfaction when they are making transition with Red Dot Company. Therefore, Red Dot Company should operate better cash flow, make sure that well SMS system and extend more agents that could lead to increase customer satisfactions.

## **CHAPTER (5)**

### **CONCLUSIONS**

This chapter describes the findings and discussions from the analysis on services provided by Red Dot Company, and suggestions and recommendations as well as needs for further research.

#### **5.1 Findings and Discussions**

In this study, the key purpose was to explore and analyze the service provided by Red Dot Company. In new marketing literature, the SERVQUAL model has been the main technique used to measure service quality and has been extensively implemented and value by academics and practitioners. In analyzing the service quality of Red Dot Company, the SERVQUAL model was used as the main guide for measuring the customer satisfaction.

A total of 98 customers are being interviewed with constructed questionnaires. Data is analyzed from demographic characteristics first. From the primary data resulted by random assembly on the customers, female customers are more involved than male customers in using Red Dot Services. According to the data, it showed between eighteen to thirty years age group is the largest in number assuming that more interested in mobile money services compared to the other age groups. It has been found out that majority of customers are company staffs take largest numbers among others level. Between 1.5 and 3 lakhs income level also take larger number than other incomes level according to the survey data. Regarding the knowledge of the mobile money services by the customer, most of the Red Dot clients know about the M-pitesan mobile money transfer by using Red Dot Service, prepaid bill and monthly utility bill payment and purchase pay pin to use online shopping process.

From the analysis carried out, the level of customers satisfactions are average in service quality in all five dimensions studied. However, customers have more satisfied in tangibility dimension than the rest 4 dimensions whereas responsiveness

dimension is the lowest average level in these dimensions. Measuring service quality helps management to provide reliable data that can be used to monitor, maintain and improve service quality. General implication to management of Red Dot is that they should focus on all dimensions of service quality and make efforts to improve to have better performance that would lead to higher perceived service quality and customer satisfaction. Red Dot should focus on improving service quality by investing in equipment to enhance call quality, coverage, offer reasonable validity period and enhance customer care service through concentrated routine personnel training and provision of better customer friendly equipment to customer serving agents.

For improved service quality Red Dot should also develop strategies that would enhance customer's perceptions capturing. The customer satisfaction strategy helps companies to compare their performance against customer standards, compare Customer standards against internal process and identify opportunities for improvement. It will have to make improvement in all dimensions in order to fulfill that could lead to increase customer satisfaction. There is something need to do some kinds of improvement for agents commitment and their determined interest when they give services to customers.

## **5.2 Suggestions and Recommendations**

Based on the experimental outcomes, some suggestions and recommendations are made for the management of the Red Dot Company. Although it is satisfying to find that one of five service dimensions received customer satisfaction, there are still five service dimensions known as tangibility, reliability, responsiveness, assurance and empathy, which need to be improved. The management level should maintain the service quality which gets the customers' satisfaction now, while trying to improve the other weak areas.

There is a need to be more effective and efficient promises to do something by a certain time and to extend more agents somewhere their customer reached. It should perform right on the first time and insists on low cost in serving and behavior of agent and they need to maintain best cash flow when serving. On the one hand, Red Dot should improve their SMS system accurately in cash transactions should give prompt customer services and the agents should be found anywhere they reach and also giving services to customer should be in best interest at heart. On the other hand, there

should have more than enough agents in certain area and also caring customer service should be supported.

In conclusion, service quality dimensions are all directly related with the behavior of agent which directly in contact with the customers. Therefore, the agent needs to have proper knowledge and willingness to give prompt services on time and accurately. Red Dot should provide more training about service quality to customer serving agents for more understanding of the offering as this has direct impact to customers satisfactions. Supporting the agent needs concerning services quality and knowledge in service quality dimensions should be regularly exercised in order for the agent to feel more confident while serving customers. The company should also focus on the capability of the agent, so that it can compete with other mobile financial services and provide quality services which quickly reach to the highest customers' satisfaction.

Although services quality is not established and it is a variable aim which takes different requirements of customers, therefore, it is suggested that the entire group of services provider make better the quality of services to meet the customer's satisfaction.

### **5.3 Needs for Further Research**

Nowadays, everything is not stable and also changing people's life styles and satisfaction. This assessment should be done in a continuous basic knowing customer satisfaction on the services quality. Apart from that, it is able to understand the needs and wants of the customers regarding the mobile money institutions, and more mobile money institutions should be study in the future. To find the way to improve their service quality, which is based on the results gained from previous studies, each institution should be participated. Red Dot should conduct ongoing research on service quality and customer satisfaction to understand the changing customers satisfaction levels against offerings on what should be done and what strategies to be implemented in order to achieve customer satisfaction goals. Through more exploration and better considerate on the customer behaviors, well and upgraded together with standard customer-oriented mobile money services will be served to the customers, leading to the healthier mobile money institution.

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## APPENDIX A

### **Customer Satisfaction on Mobile Money Services of Myanmar Red Dot Network Company Limited.**

#### **Questionnaires**

The Information obtained from the questionnaires will be used only for MBF (Master of Banking and Finance) “**Customer satisfaction on Mobile Money Services of Myanmar Red Dot Network Company Limited**” thesis for the Yangon University of Economic. It is guaranteed that information about respondents will be kept as confident. Thank you for your cooperation.

#### **Part A: Background Information**

(1)-Kindly indicate your gender

Male  Female

(2)-Kindly indicate your age category

18-30 years  31-40 years   
41-50 years  51 years and above

(3)-What is your occupation?

Self-employ  Company Staff   
Government Staff  Students   
Dependent  Others

(4)-What is your Marital Status?

Single  Married   
Divorcee  Widows

(5)-What is your highest Level of education?

Middle School  High School   
Bachelor's Degree  Master's Degree

(6)-What is your Monthly Income?

Under 1.5 Lakhs  Between 1.5 and 3 Lakhs   
Between 3 and 5 Lakhs  Above 5 Lakhs

**Part B: Usage of Red Dot Services**

(7)-When did you start using the Red Dot service?

2014 [ ]      2015 [ ]      2016 [ ]      2017 [ ]

(8)-How many times do you use the Red Dot service in a year?  
-----

(9)-How often do you use Red Dot?

	Very Often	Often	Rarely	Never
Purchase Pay Pin for online shopping	-----	-----	-----	-----
Prepaid Phone Bill	-----	-----	-----	-----
Monthly Utility Bill	-----	-----	-----	-----

(10)-Strength in comparing Red Dot services and others

-Kindly rate the extent to which you face the following challenges when using Red Dot services. Use a scale of 1-5 where 1) Excellent, 2) Wonderful, 3) Nice, 4) Better, 5) Good, and 6) Bad

- 24 hours services      -----
- Save money      -----
- Accuracy      -----
- Secure      -----
- Safe time      -----
- Others      -----

**Part C: Challenges Affecting Red Dot Services**

(11)- Did you face any challenges when using Red Dot services?

Yes [ ]      No [ ]

(12)- If yes, what you are facing with Red Dot services.  
-----

(13)- If yes, how often do you experience the challenges?

Very Often [ ]      Often [ ]      Rarely [ ]      Never [ ]

(14)- How do you go about the challenges that you face?

- Call customer care      [ ]
- Wait until it resumes      [ ]

- Report to the nearest Red Dot agent
- No action

## Part D: Customer Satisfaction

### SERVQUAL Instrument

Please kindly read the following statements carefully and give the rating. (1= Strongly Disagree, 2= Disagree, 3= Natural, 4= Agree, and 5= Strongly Agree)

S.N	Items in each dimension	Customer Satisfaction
<b>1.</b>	<b>Tangibles:</b>	
	Red Dot Company has modern looking equipment such as Terminal and Tablet.	1 2 3 4 5
	Red Dot Company's physical facilities are visually appealing.	1 2 3 4 5
	Red Dot Company's agents appear neat and accuracy.	1 2 3 4 5
	Materials associated with the services are visually appealing at Red Dot Company	1 2 3 4 5
	Red Dot services agents are operating together with their business.	1 2 3 4 5
<b>2.</b>	<b>Reliability:</b>	
	Red Dot Company promises to do something by a certain time, it does so.	1 2 3 4 5
	Red Dot Company is the first organization which performs the service right.	1 2 3 4 5
	Red Dot Company arranges to low customer's cost in serving.	1 2 3 4 5
	Red Dot Company insists on error-free records.	1 2 3 4 5
	Red Dot services operate no system delay.	1 2 3 4 5
<b>3.</b>	<b>Responsiveness:</b>	
	Red Dot network agents are ability to give prompt customer services.	1 2 3 4 5
	Red Dot network agents are always willing to help customer.	1 2 3 4 5
	Red Dot network agents are never too busy to respond to customer request.	1 2 3 4 5
	Red Dot network agents can find anywhere they reach.	1 2 3 4 5
	Red Dot network agents have best cash flow.	1 2 3 4 5

<b>4.</b>	<b>Assurance:</b>	
	The behavior of agents in instilling confidence in customers.	<b>1 2 3 4 5</b>
	The customers feel safe in transaction with Red Dot.	<b>1 2 3 4 5</b>
	The agents are consistently courteous with customers.	<b>1 2 3 4 5</b>
	The agents are knowledgeable to answer to customers.	<b>1 2 3 4 5</b>
	Using accurately SMS system in cash transactions.	<b>1 2 3 4 5</b>
<b>5.</b>	<b>Empathy:</b>	
	Red Dot Company has agents who give customer individual attention.	<b>1 2 3 4 5</b>
	Red Dot Company gives services to customer's best interest at heart.	<b>1 2 3 4 5</b>
	Red Dot agents have operating hours convenient to all customers.	<b>1 2 3 4 5</b>
	Red Dot agents have dealing with customers in a caring if all are relevant.	<b>1 2 3 4 5</b>
	Red Dot Company has more than enough agents in certain area.	<b>1 2 3 4 5</b>

## **APPENDIX B**

### **Coding for SERVQUAL Dimension/ Statement**

The SERVQUAL dimensions/ statements are main variables used in this study and codes are used for these dimensions/ statements in order to be easy in analysis of data collected. Here is the coding of the variables for analysis.

#### **SERVQUAL Dimension/ Statement**

##### **Tangibles (TA)**

- TA1 Red Dot Company has modern looking equipment such as Terminal and Tablet.
- TA2 Red Dot Company's physical facilities are visually appealing.
- TA3 Red Dot Company's agents appear neat and accuracy.
- TA4 Materials associated with the services are visually appealing at Red Dot Company
- TA5 Red Dot services agents are operating together with their business.

##### **Reliability (RL)**

- RL1 Red Dot Company promises to do something by a certain time, it does so.
- RL2 Red Dot Company is the first organization which performs the service right.
- RL3 Red Dot Company arranges to low customer's cost in serving.
- RL4 Red Dot Company insists on error-free records.
- RL5 Red Dot services operate no system delay.

##### **Responsiveness (RN)**

- RN1 Red Dot network agents are ability to give prompt customer services.
- RN2 Red Dot network agents are always willing to help customer
- RN3 Red Dot network agents are never too busy to respond to customer request.
- RN4 Red Dot network agents can find anywhere they reach.
- RN5 Red Dot network agents have best cash flow.

##### **Assurance (AS)**

- AS1 The behavior of agents is instilling confidence in customers.
- AS2 The customers feel safe in transaction with Red Dot.
- AS3 The agents are consistently courteous with customers.
- AS4 The agents are knowledgeable to answer to customers.

AS5 Using accurately SMS system in cash transactions.

**Empathy (EM)**

EM1 Red Dot Company has agents who give customer individual attention.

EM2 Red Dot Company gives services to customer's best interest at heart.

EM3 Red Dot agents have operating hours convenient to all customers.

EM4 Red Dot agents have dealing with customers in a caring if all are relevant.

EM5 Red Dot Company has more than enough agents in certain area.

## APPENDIX C

### Red Dot Network in Myanmar



