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**FINANCIAL LITERACY AND INCLUSION OF
HOUSEHOLDS IN HLEGU TOWNSHIP**

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FINANCIAL LITERACY AND INCLUSION OF HOUSEHOLDS IN HLEGU TOWNSHIP

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ABSTRACT

The study aims to identify the financial literacy and inclusion of households in Hlegu and to analyze the relationship between the financial literacy and inclusion of household in Hlegu Township. In order to fulfil the objective of the study, descriptive research method is used to collect both primary and secondary data. There are five wards and 52 village tracts in Hlegu Township. The random sample of 114 households was from 1,039 households of two wards which is Zay Gyi ward and Myo Ma ward. The simple size represents 11% of households in these two wards. The structured questionnaires were used to identify the study objectives. The study considered five factors affecting financial inclusion which are saving practice, debt management practices, financial planning practices, investment practices and card payment practices. The survey result indicated that all these factors have the positive and significant relationship with the financial inclusion. Among them, three factors which are saving practice, debt management and investment practice were significantly influencing upon financial inclusions of the respondent households in Hlegu Township. As conclusion, the study suggest that all responsible persons who are government agencies, microfinance institutions, finance institutions and banking sector should emphasize to have the public financial awareness in their respective area. In order to promote financial literacy and inclusion in Myanmar, the study suggest that the financial education should be provided not only to the urban community but also to the nationwide to be involved and participated in the financial sector.

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LIST OF ABBREVIATIONS

AYA	Ayarwaddy Bank
CB	Co-operative Bank
CBM	Central Bank of Myanmar
FIL	Financial Institution Law
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit
IT	Information Technology
KBZ	Kanbawza Bank
LIFT	Livelihoods and Food Security Trust Fund
MAP	Making Access Possible
MEB	Myanmar Economic Bank
MIMU	Myanmar Information Management Unit
MOPF	Ministry of Planning and Finance
NGOs	Non-Government Organisations
OECD	The Organization for Economic Co-operation and Development
SECM	Securities Exchange Commission of Myanmar
SME	Small and Medium Enterprise
YSX	Yangon Stock Exchange

CHAPTER I

INTRODUCTION

Back in the centuries, the world is going with trading system to have profit or benefits. Trading things for surviving define the value upon how is important or necessary for the opponent. But it doesn't have exact points of limitation and fair enough for each trading. That is why one person cannot get the thing in time if another person is not interested in that exchange. However, the world is evolve and the era of trading is slowly transformed into kind of standard of using the exact system called financial system. The financial system is composed of the products and services provided by financial institutions, which includes banks, insurance companies, pension funds, microfinance that serve to facilitate economic transactions. Not only the system but also the peoples' educations are improved to make the advantages. Obviously, people are greedy and always want to take advantage from anything but the economic resources are limited. When the world is needed to balance, the system called financial stand into the medium between the resources and greedy people. On the other hand, the financial education is needed in the way to stop taking advantage among people.

The importance of financial education has increase in recent years as a result of financial market developments, economic and policy changes. Financial markets are becoming sophisticated and new products are continuously offered. Financial products are sold in bundles often consisting of products or services that are not needed for the customer, but the customer still pays money even they only need one or two things from that bundles. When those kind of things come, people need to have knowledge of finance to distinguish their needs and wants. With the help of financial literacy, people can make the rightful decision upon financial resources.

The key components of financial literacy are money basics such as saving, debt, planning investment, card payment and so on. Money basics relates to the knowledge, skills and understanding needed for the most essential day to day calculations. The requirement of financial literacy has become widely with the deregulation of financial markets. Then it's easier access to credit, the ready issue of credit cards, the rapid growth in marketing financial products.

Financial Literacy is the main step for financial inclusion and it provides knowledge of financial products and services, based on that an individual can select the

right product. Financial inclusion is the kind of bridge connect between economic opportunity and outcome. That's why the international financial institution like the World Bank has made it a key priority to promote financial inclusion access to formal financial services all over the world.

In between 2014 and 2017, 515 million adults worldwide opened an account at a financial institution or through a mobile money provider according to the Global Findex. In high-income economies 94 percent of adults have an account; in developing economies 63 percent do (Demirguc-Kunt, 2018). According to (Singh, 2017) financial literacy and financial inclusion are twin pillars for financial stability, while financial inclusion acts from supply side providing the financial market and services what people demand, financial literacy stimulates the demand side by making people aware of what they can demand.

1.1 Rationale of the Study

This study is intended to evaluate the financial literacy and inclusion of households in Hlegu Township. The thing called financial system is the main factor in every economy. Every economic related things are always changing between mature and decline state relies on the financial system and that can cure poverties and also can help to improve the economic growth itself. After nationalizing the banking system during the socialist era and experiencing a severe bank run in 2003, the Myanmar banking system is undergoing a significant reform process aiming at growth and sustainability.

People are trying to find the way to improve economy and become started to interest to use formal financial services. After using and exploring the financial services, they know it is not only for payment but also for saving, pooling, loaning and making insurance for preventing the economic uncertainties. But the formal financial services are not in good state compared to informal financial services. The informal financial services don't need a lot of requirements compared to the formal financial services. Therefore the formal financial services sector is struggling with satisfy clients' needs, the informal financial sector is very active and has gained an important role in Myanmar (Waldschmidt, 2013).

Since 2011, policymakers have enacted a series of reforms to develop the financial sector for economic growth. On the legislative and regulatory front, the government has enacted several new laws, including the Microfinance Law in 2011, the

Foreign Exchange Management law in 2012. And then in 2013 the law for the Central Bank of Myanmar (CBM) and the Financial Institutions Law in 2016. There are 31 domestic banks operating in Myanmar. They includes 4 state-owned banks, 10 semi-private banks and 17 privately owned banks. There are 26 non-bank financial institutions, 4 mobile financial services providers, 13 foreign banks branches, 51 representative offices of foreign banks and finance company and 177 microfinance companies all over the country. Banks are opening the new branches and also launching the several new products meant widely to use customer (Central Bank of Myanmar, n.d).

Myanmar economy has been opening up, people need to know about the knowledge of financial sector. Therefore the government has allowed the third parties concerned to share financial knowledge and to expend financial inclusion. In 2013, The project called Making Access Possible (MAP) Myanmar, created the road map plan (2014 - 2020) for financial inclusion to strengthening of the financial sector and ensuring financial inclusion in some priority segments which have been chosen in line with government policy and objectives (Demirguc-Kunt, 2018).

In 2016, Ministry of Planning and Finance (MOPF) and Livelihoods and Food Security Trust (LIFT) Fund are collaborating to distribute the financial literacy booklet in Myanmar (MOPF, 2016). In 2018, the Visa Company created the online web page for sharing the information and knowledge of finance for free access(Tun, 2018a). Besides, other local banks and NGOs are creating workshops and conferences for sharing the financial knowledge (Tun, 2018b)

This study analysed the financial literacy and financial inclusion in Hlegu Township. Hlegu is far about 27 km north-east of Yangon and 576.918 square miles wide. According to 2014 census, the population has been 270,741 people, 15% living in urban area and 85% living in rural area. Then the majority of the people are farming and livestock (General Administrative Department, 2017).

There are many financial institutions in Hlegu Township. They are one state-owned bank, four private banks, cooperative associations and eight micro finance companies, providing the different types of financial services. According to the bankers from that town, only 5% of the town populations have a bank account. This is very interesting to analyse level of the financial literacy and financial inclusion of the people living in the Hlegu Township. Then the research study can provide and support the knowledge of finance and explore the financial inclusion in Hlegu. This study also can

support the formal financial services to fulfill the customers' satisfactions in Hlegu and reciprocally improve the formal and informal financial services.

1.2 Objectives of the Study

The study objectives are as follows:

- To identify the financial literacy and inclusion of households in Hlegu Township.
- To analyse the relationship between financial literacy and Financial Inclusion of households in Hlegu Township.

1.3 Scope and Method of the Study

This study only focuses on financial literacy and inclusion of households in Hlegu Township in Yangon, Myanmar. Target group is households who live in Hlegu Township. Stratified random sampling technique are used to select the respondents in the study area. There are five wards and 52 village tracts in Hlegu Township. The random sample of 114 households was from 1,039 households of two wards which is Zay Gyi ward and Myo Ma ward. The simple size represents 11% of households in these two wards. Both primary and secondary sources of data were used for the study. Primary data were collected structured questionnaire prepared with 5-point Likert Scale during the month of October 2019. The questionnaire include three parts. The first part is demographic of households, the remaining are financial literacy and financial inclusion. Secondary data will be collected from various books, previous research papers, printed research paper from Yangon University of Economics and internet websites. This study mainly uses descriptive method and linear regression method. SPSS is used to aid in analyzing data.

1.4 Organization of the Study

This thesis is structured into five chapters. Chapter one gives an introduction to the research. It includes introduction, rational of the study, objectives of the study, scope and method of the study and organization of the study. Chapter two discusses theoretical background and it presents the definition and role of the financial literacy and inclusion. Chapter three is the background description of the Hlegu Township and financial institution. Chapter four consists of the analysis of the financial literacy and

inclusion of households in Hlegu Township and the analysis of the relationship between financial literacy and financial inclusion. It focuses on data analysis, discussion and interpretation of the results. Chapter five contains key findings, recommendations, suggestion for further research and conclusion.

CHAPTER II

THEORETICAL BACKGROUND

This study aims to identify the financial literacy and financial inclusion as well as the relationship between the financial literacy and financial inclusion of households in Hlegu Township. This chapter describes the important of financial literacy and inclusion, the concept of financial literacy and inclusion, the measurement of financial literacy and inclusion, usage of financial literacy and inclusion, previous study and conceptual framework.

2.1 Importance of Financial Literacy and Financial Inclusion

Financial literacy is very crucial for a healthy economic life, at individual and macro level. Also financial literacy plays an important role in financial inclusion to stable every economy of nations. Thus, each government always adjust the twin pillars called financial inclusion and financial literacy. Oxford Development Studies journal showed that most people in developing country lack access to formal financial service. And this make to human being's poverty. Increasing access to formal financial service is as proportion of the solution to poverty reduction in developing countries. The processing effort to improve access to finance is termed as financial inclusion. Financial inclusion is the process of providing affordable and suitable financial service to the poor and under-services in order to ensure an inclusive economic growth and development (Gaurav & Singh, 2012).

Additionally, strong and healthy economy has been created to promote the nation, each and every one need to use and contribute in financial services. To get enormous of consumer who are using the financial services, government need to form and create the best of financial express ways liked financial inclusion. It is an important instrument which is to reduce the individual poverty and livelihood diversification, also which is to become strong and healthy of entire nations and financially secure lives. To use the wide range of financial services, each and every one have to understand the knowledge concerned finance. If people know how to make sound decision about their personal finances, their strong financial behaviour will lead to financially secure lives. Then their strong financial behaviour will shape the strength and health of financial stability. When government act the ways how to reduce the financial illiteracy, they are

able to promote their nations which become more advanced economically and socially (National Financial Educators Council, n.d.).

Mostly, the consumers are struggling when they make the decision related with finance. Financial decision-making is getting worse for consumers who are in poor financial literacy. In today's world, consumers choose among the various investment funds, a wide range of saving products, electronic banking system, insurance system, reform of pension fund and so on. These products are more and more complicated than in the past. They have to choose among different offerings that are various interest rate, and maturities. If the consumers are not adequate educated ability, they can't make complex financial decisions. Making the decision without knowledge of finance can turn to themselves as an unconfident person because of consequences of those result. After people have just made wrong decision once, it shall make them worry upon their choices. If they have the proper knowledge of finance, they will be lived not only safe their rest time but also high living standard.

At least, all the people they want to live their life as long as possible and also be comfortably their long life. This means they need more money for retirement than prior generations did. The quickly changing environment created by advanced technology which is developing IT innovation. All of the country are going to change their financial environment to the cashless system. Changing the cashless society go to build electronic system such as electronic trading makes the financial markets that are even more volatile and swifter. These things can cause confusing views and difficulty to make the right decision related financial services. They also persuade their products for their assets creating confusion for the consumer. That's why, the financial literacy is also crucial to help consumer so that they spend their money effectively and they don't make bad decision related finance (Zucchi, 2019).

2.2 Concept of Financial Literacy and Financial Inclusion

Defining a concept is almost always different, there are so many concept of financial literacy and financial inclusion. The most significant definitions for the financial literacy include: "ability to read, analyze, manage and communicate about the personal financial conditions that affect material wellbeing" (Chen & Volpe 1998; Vitt et al., 2000; Cude et al., 2006; Huston, 2010; Cude, 2010); "basic knowledge necessary for people to survive in the modern society" (Kim et al., 2001); "abilities to manage the situation of cash and payment, knowledge about opening a saving and obtaining the

credit, basic understanding of health and life insurance, abilities to compare offers and plan for future financial needs”(Emmons, 2005); " measure of the degree to which person understand the key points of financial concepts and has the require ability to manage own finance with short term, long term decision and planning that taking into consideration the economic events and changing conditions.” (Remund, 2010).

The Organization for Economic Cooperation and Development (OECD) described financial literacy as “combining financial knowledge with attitudes, skills, and behaviors, which are important in order to make a financial decision based on personal things. It helps improve your financial well-being. Indeed, being financially literate will assist in having an effect on financial decisions”. (OECD, 2011).

The concept of financial literacy can be applied its wider and thinner sense. It can be linked to other terms such as financial capability, financial literacy, financial knowledge, financial education, financial competence, economic capability, and economic literacy. However, this study uses as financial literacy. The concept of financial literacy has been known since the before twentieth century. In 2003, The Organization for Economic Co-operation and Development (OECD), started the inter-government project, aiming to analyze the situation concerning people’s financial knowledge and abilities as first stage. Then OECD established the international portal in order to promote financial education in member countries as second stage. According to the study’s first stage results, the conclusion was that people lack financial education and they are not aware of this which is a dangerous situation (OCED, 2003).

According to the researches, specialists had realized the importance of a country’s financial education even though they did not make a lot which is education activities or precaution of the financial crisis before it’s happened. After the crisis, the need to increase people’s financial knowledge and capabilities became obviously for a healthy economic life. There are several aspects in concept of financial literacy. Thus people notice that the concept of financial literacy includes: ability to analyze about the personal financial conditions that affect material wellbeing throughout the whole life, primary knowledge necessary for people to survive in the modern society, ability to manage the situation of banking products, basic understanding of health and life insurance and ability to compare offers and plan for future financial needs. (Zait & Berteau, 2014).

For financial inclusion, among the others of definitions the most significant definitions for the financial inclusion include: “a process that ensures ease of access, availability, and usage of formal financial systems for all members of an economy (Sarma, 2008). The World Bank defined financial inclusion means that “easy to access with affordable financial products and services that meet the needs of individual and business who can make transactions, payments, savings, credit and insurance with great responsible and sustainable way” (World Bank, 2014).

Sarma, M & Pais, J (2008) said that the concept of the financial inclusion started in 1904 and it gained speedy when major commercial banks were nationalized. Financial inclusion is a component of financial development, efficiency, and stability. Financial development is the main part for economic growth, and financial inclusion is also an importance roll on well-being as well. It serves as a gateway to financial services like credit, insurance, card usage, making transaction for daily economic activities, planning for long-term needs and constructing an intermediary for emergencies. Other potential usefulness include: promoting skillful person and targeting of government protection programs; reducing fraud and complication more broadly. The possible of financial services that meet the right needs of users without bias is a key part of financial inclusion.

There are great advantages of Financial Inclusion, including the improvement of rural unbanked people and belongings the secured life. Those can be listed as; acquiring a habit of saving money in people, generating employment opportunities and empowering the banking system. Now it’s become recognized as an important part of the mainstream thinking on economic development (Sesame Inspire Innovate A Sheridan Company, 2018).

2.3 Measurement of Financial Literacy and Financial Inclusion

The measurement of financial literacy preformed based on the basic financial fields such as personal finance budgeting, personal savings, credits and money borrowing and personal investing (Remund, 2010). In money basic: the value of money, purchasing power and personal accounting, investing- resources transfers through loan, saving accounts, stocks and bonds, mutual funds, and resources’ protection contain techniques of financial risk management and different types of insurance (Huston, 2010). Other measurement of financial literacy are budgeting, saving, debt management, financial negotiations, banking (microfinance opportunities, 2005).

Additionally, Kershaw & Webber, (2008) measured the financial literacy with estate management liked daily financial judgments and decisions, property and debt management, resource support. Those are the facts that used in financial literacy measurement in previous studies. Most of the studies shows that there are different financial decisions in different categories or fields. And also consider about the particular financial issues such as health and life insurance, pension and retirement funds etc., focused on social categories specifically liked students, unemployed persons, elder people, and poor people and so on. All these different focus on different sectors of population raise a big difficulty of obtaining comparable results at national level or when consider at financial education system from different countries. But the significant segments for particular financial issues or fields can create the comparable results and the adequate educational decisions taken. Even in 2013, OECD level admit it is quite difficult to perform surveys which are comparable (Zait & Berteau, 2014).

On the other hand, there is no single conceptual definition of financial inclusion and also no universal standard of measurement concept. However, measuring about the financial inclusion often vary across studies. Sarma (2008) concept of definition are based on several dimensions including access, availability, and usage. Among them, Honohan (2007, 2008) created indicator that captures access of adult population in each financial sectors with one dimension of financial inclusion. That indicator was created using households survey data for economies with available data on financial access.

On the other hand, Amidzic, Massara, and Mialou (2014) measure the financial inclusion with multiple dimensions. They are outreach (geographic and demographic penetration); usage (deposit and lending); and quality (declaration requirement, dispute resolution, and cost of usage). Each measure is normalized and statistically point out for each dimension. One disadvantage of this approach is a factor analysis method to reduce a set of variables down to a smaller number of factors that's why all available data for each country are not fully utilizing.

Additionally, Camara and Tuesta (2014) use two-stage principal component analysis, in the first stage, they estimate three sectors such as usage, access, and barriers which define their financial inclusion measure. In the second stage, they estimate the dimension weights and the overall financial inclusion index by using the dimension each sector in the first stage as explanatory variables. And the impact of the measurement is a weighted average of three dimensions, where the weights are derived from principal component analysis.

2.4 Relation between the Financial Literacy and Financial Inclusion

Financial literacy still remains an interesting part in both developed and developing economies. It's obtained much interest in the recent past with the speedy change in the finance landscape. It helps in empowering and educating people so that they are knowledgeable about finance in a way that is related to their lives and enables them to use this knowledge to evaluate products/services and make right decisions. It is widely hope that a huge of financial knowledge would help overcome recent problems in advanced credit markets. Financial literacy prepares users for hard financial times. But it's let them through with strategies that reduce risk such as accumulating savings, diversifying assets, and purchasing insurance. Indeed, the financial literacy is the first step to achieving financial inclusions and it can be seen as a demand part of the financial inclusion. And also it can be assumed as an important pillar for promoting financial inclusion, development and stability (Rdfera, Dhaliwal, & Kaur, 2016).

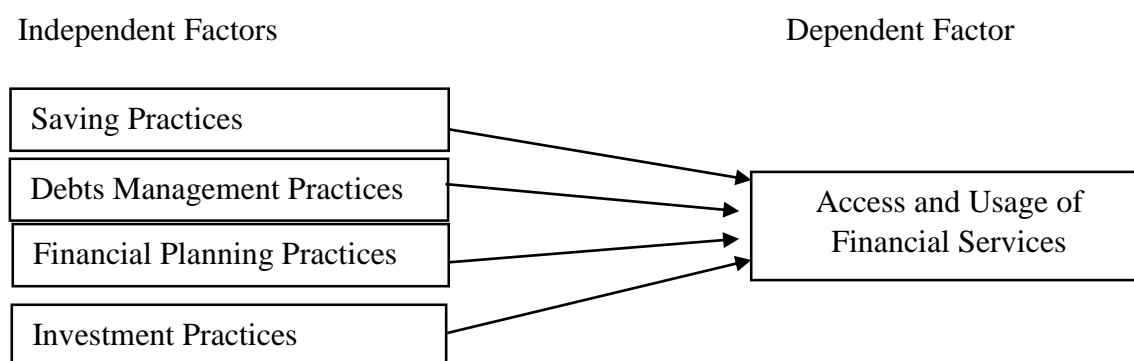
From 2002, financial markets become increasingly complex and common people knows it very difficult to make informed decisions. Moreover, financial inclusion comes with potential dangers. In recent experiences, the microfinance sector facing with not enough capacity to serve the loan for people who are in poor life stage. The poor people also are not able repay back that loan and driven them to committing suicide because of the debt management problem. Unless financial literacy goes along with financial inclusion, instead of helping poor people and put them into more danger. Therefore, financial literacy refers to ability to make informed judgments and to take effective decisions on money management. Those are the facts that the financial literacy is connected with financial inclusion liked vice versa. Financial literacy also can make a difference not only in the quality of life that individuals can afford, but also the integrity and quality of markets. Financially well educated people can turn into making benefit the economy by encouraging true competition. It also improving and enhancing the financial inclusion and their service level of efficiency (Ramakrishnan, 2012).

2.5 Previous Study

There are several studies regarding the relation between financial literacy and financial inclusion. However, research on levels of financial literacy in developing countries are not widespread and the available research has demonstrated lower levels of financial literacy than the other reported countries. This sections presents a review of some related previous studies.

Wafalu (2017) analyzed the effect of financial literacy on financial inclusion among small-scale farmers in Trans Nzoia County. The research mainly focused to study whether these variables are related to each other through analyzing them based on this conceptual framework.

Figure (2.1) Conceptual Framework of the Previous Study



Source: Wafalu (2017)

As show in Figure (2.1), financial literacy were measured by saving practices, debts management practices, financial planning practices and investment practices which are as independent variables and financial inclusion as dependent variable to investigate their impact of financial inclusion. This study found that saving practices, debt management, investment practices and financial planning practices by small-scale farmers influenced the access and use of financial practices to a great extent. Then there was also a positive and significant relationship between saving practices, debt management, investment practices, financial planning practices and financial inclusion.

Similarly, Morgan, P. J & Trinh, L.Q (2019) analyzed the determinants of financial literacy and the effects of financial literacy on savings and financial inclusion. The study found out that educational level, income, age, and occupational status were the determinants of financial literacy. In addition, both financial literacy and general education levels were found to be positively and significantly related to savings behavior and financial inclusion.

Additionally, Herispon (2019) also analyzed the influence of bank behavior, financial literacy on financial inclusion, and debt behavior in household's consumption. The study found that banking behavior and financial literacy had significant influenced to financial inclusion. On the other hands, debt behavior had also significantly effected on households consumption. Also found simultaneous influence that one-fifth of bank

behavior and financial literacy can explain the issue of financial inclusion, while debt behavior can be explained to the great extent by banking behavior, financial literacy and financial inclusion. Moreover, household's consumption can be explained to one-tenth extent by banking behavior, financial literacy, financial inclusion and debt behavior.

On the other hand, Noor (2017) explored about the factors that influence financial inclusion of SMEs in Zimbabwe. This study analysed demand-side, supply-side and infrastructural restriction that restrict in financial inclusion. The results indicated that all these factors were obviously related to the financial inclusion. One of them, financial illiteracy including in demand-side were highly important in influencing constraint to financial inclusion. Additionally, the factors of highly bank charges, low incomes and the unavailability of savings were some of the key determinants negatively impacting financial inclusion.

2.6 Conceptual Framework of the Study

The conceptual framework for the study is constructed by considering the framework from previous studies which is Wafalu (2017). Therefore, financial literacy in this study are also measured by saving practices, debts management, financial planning, investment practices and card payment practices of the respondents. Financial inclusion are measured by usage of financial services.

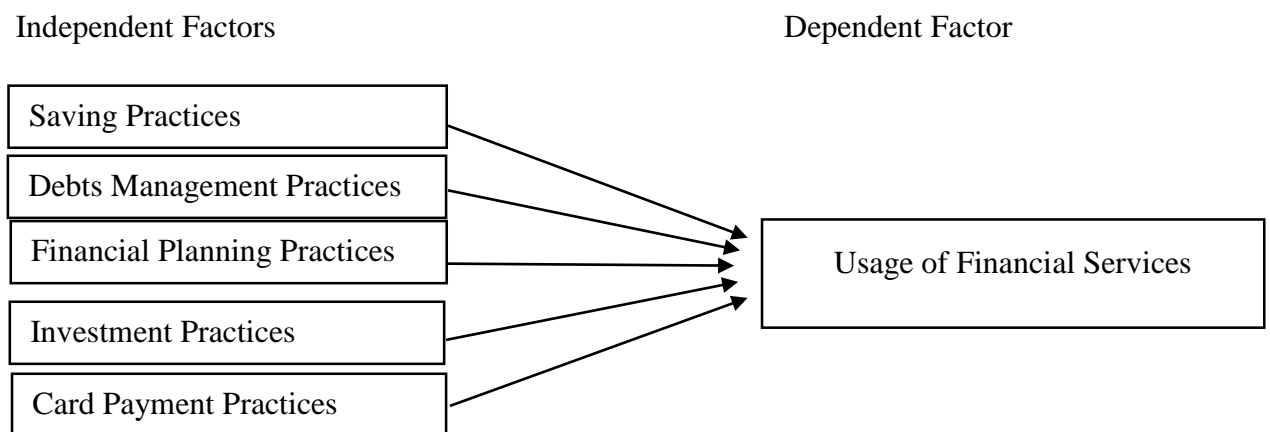
Moreover, Morgan, P. J & Trinh, L.Q (2019) analysed the determinants of financial literacy and the effects of financial literacy on savings and financial inclusion. The study assumed the determinants of financial literacy as independent variables and financial inclusion as dependent variable. The study also found that there had positively and significantly related to savings behavior and financial inclusion.

On the other hand, Noor (2017) analysed demand-side, supply-side and infrastructural constraints that restrict financial inclusion. The study assumed demand-side, supply-side and infrastructural restrictions as independent variables and financial inclusion as dependent variable. Demand-side factors were considered highly transaction costs, financial illiteracy, and lack of confidence in the financial system and low levels of education. On the supply side and infrastructural restricted factors were considered lack of widely available branches, information asymmetry, irrelevant financial products and service within the financial sector. The results indicated that all

demand-side, supply side and infrastructural factors were highly related to the financial inclusion.

The conceptual framework for this proposed study is constructed as shown in figure (2.2). According to the figure, financial literacy is assumed as the influencing factors on financial inclusion. It is important that to have influence financial services over the people living in rural and urban area. The study evaluates how the independent variables influence on financial inclusion. Therefore, in this analysis, to identify the financial literacy and inclusion and to evaluate relationship between them.

Figure (2.2) Conceptual Framework of the Study



Source: Adopted from Wafalu (2017)

This study used both dependent and independent factors as presented in Figure (2.2). There are five factors which are saving practices, debts management, financial planning, investment practices and card management practices are operationalized as independent factors and financial inclusion is used as dependent variable. All the factor's questions are presented in Appendix 1. Saving practice questions like "save the money before spend the expense" are used to know the saving behaviour of respondents. Similarly, debts management practices, financial planning practices, investment practices and card payment practices are used to evaluate how much literate on the financial services and how much use of financial services. Because of those five factors are in the most accordance factors with this country.

CHAPTER III

BACKGROUND STUDY OF FINANCIAL LITERACY AND INCLUSION IN HLEGU TOWNSHIP

This chapter gives details on background information of financial literacy and inclusion in Hlegu Township. This chapter includes five parts, they are financial institutions in Myanmar, financial literacy and inclusion in Myanmar, usage of financial services in Myanmar, background information of Hlegu Township and financial institutions in Hlegu Township.

3.1 Financial Institutions in Myanmar

A number of studies have found that countries with formal financial system could help to reduce their inequality of income and poverty rate. In Myanmar, financial services sector is made up of the Central Bank of Myanmar and the Ministry of Planning and Finance including state owned banks, domestic private banks, finance companies, foreign bank branches, representative offices of foreign banks, Microfinance companies, the Yangon Stock Exchange (YSX), the Securities Exchange Commission of Myanmar (SECM), as well as securities and insurance companies.

Since 2011, Myanmar's Banking sector has been growing and expanding quickly with the economic growth. Waldschmidt, (2013) illustrated that the total assets of Myanmar banking sector have been growing year by year annually since 2011. In addition, a research from Frontier Myanmar Research & Advisory (FMR), (2018) also found that the total assets of three largest banks in Myanmar during the 2016-17 fiscal year was 34% higher than in 2015-16. Loan portfolios also increased by more than 30% and deposits by almost 40% respectively.

However, the sector is not growing very fast compare with the GDP of that country because of the requirements of its vast infrastructure financing requirements, the needs of the numerous Small and Medium Enterprises (SME) and the user. The GDP amount of domestic credit to the private sector percentage also very low in Southeast Asia. This is facts that cause the financial sector grow slow due to decades of political turmoil and economic isolation, and partly a result of tirelessly collateral requirements and prudential regulations imposed by CBM which severely limit lenders' ability to extend credit (GIZ, 2016).

In recent years, 13 international banks have re-entered Myanmar under a new licensing system, a few have also made partnerships with local banks (e.g. CB Bank with The Bank of Tokyo Mitsubishi UFJ, KBZ with Sumitomo Mitsui Banking Corporation, and AYA with Mizuho) and they can compete for business independently. The authorities have shut down the state-owned bank monopolies on certain activities, such as providing trade financing and dealing in foreign currency, and other. Most of the domestic private banks have upgraded to digital and technological transformations, installing and changing core banking systems, paperless operations, expand the mobile services and agent banking services. Also the card system have reappeared after a 15 year sink, and the bigger banks are beginning to deliver a huge range of consumer and SME lending products. Domestic banks are moving towards with specific strategic, less capital intense, digital and agent banking routes. This results in the previous observation showed about the significant growth in all major banks (World Bank, 2018).

In 2012, government stated the law for foreign exchange management and founded the Central Bank of Myanmar law in 2013. Then in 2016, The Financial Institutions Law issued the primary legislative document that controls the Financial Services sector, particularly in banking industry. The regulatory framework started to create a shape as four new prudential regulations under the FIL are issued in July 2017. Moreover, CBM started to issue a mobile financial services license to mobile money company from Sep 2016: Wave Money, M-Pitesan, OK Dollar, My Money, and MPT Money. In Dec 2017, five specialist banks were approved for targeted lending to sector-specific businesses. This allows certain businesses to have a better chance of receiving loans and expanding operations. In Feb 2018, seven foreign banks were allowed to provide export financing services (CBM, n.d).

In May 2018, Myanmar Credit Bureau Limited got a license officially. It is the first credit agency in the country. It is 60% owned by 23 local banks, and 40% owned by Singapore's Asian Credit Bureau Holdings. The purpose is to collect accurate loan payment histories on individual and corporate borrowers for assigning creditworthiness ratings. It also distributes the profiles to lenders such as banks and other non-bank financial institutions.

3.2 Financial Literacy and Inclusion in Myanmar

The organization which is responsible for development of financial institutions have made the activities to boost the financial literacy in Myanmar. Financial services are a part of a critical role in helping poor people to maintain livelihoods and support the standard of living by supporting to irregular and unsure incomes to pay for expenses and make investment opportunities. A better access to finance is defined as growth-enhancing and also help to reduce income inequality and poverty. Thus, there is a huge needs to expand the financial services in Myanmar (World Bank, 2018).

In 2015, Myanmar government approved the financial inclusion road map and let it update base on MAP's result. According to the MAP 2013 report, over 70% of adults didn't have formal access to credit, deposit and other financial services. Moreover, one third percent of adults used the formal finance services and 6% of adults used more than one service, and the other available regulated products were not fully met the needs of clients liked loan size, loan term, cost/interest rate or quality.

According to the previous studies and results, Myanmar is very low in financial literacy and most of the citizens are not much familiar with financial services in formal ways. They only make a deal with informal ways to solve their financial problems. So government and others parties (internal or external) are trying to educating and providing financial related knowledge liked Livelihoods and Food Security Trust (LIFT) booklet with native language and its aim to spread out deeply (Myanmar Times, 2018).

And also Visa Myanmar Company launched a website to provide a study that can guide and show a ways of need for financial education among Myanmar people liked a practical money skills website with featuring cost calculators, budget templates, games and quizzes to help better understand and better manage upon their personal financing and more (Myanmar Business Today, 2018a).

In 2018, KBZ Bank, the largest portion of assets in Myanmar, has made a partnership with Huawei Company to create an inclusive digital financial ecosystem. They aim to give Myanmar citizens across the country greater access to finance and improve their quality of life through banking. They believe that they keen on digital transformation, leading the provision of better financial services to Myanmar people. Therefore, Myanmar people can access the formal financial services in bank or other financial institutions like microfinances and etc. And also those institutions are helping

people to meet their rightful financial management knowledge and improve in living standard (Myanmar Business Today, 2018b).

3.3 Usage of Financial Services in Myanmar

The actions and behaviors of consumers can create the shape of their financial situations and well-being in both the short and longer-term. Some kinds of behaviour, such as putting off bill payments, choosing and investing financial products without knowledge or using credit to spend daily expense may impact negatively on the financial situation of individuals and their financial well-being. Some studies from the previous survey showed about the nature of people and usage of financial services in Myanmar. Generally, most of the people are the level of education is very low especially in rural area because one third of the people are not having the education beyond primary level. So, they can't think deeply for their long term plan and hardly ever to use the financial services (Myanmar Business Guide, 2017).

Additionally, Making Access to Financial Services Possible (MAP, 2013) analysed the usage of formal financial services and found that more than half of the respondents said that they would need formal employment to be able to open an account, and 63 percent of respondents said that they do not have enough money to save anyway. By the lack of formal supply, many people turned to informal financial sources.

Moreover, Pannell, (2017) highlighted the significant role of the informal sector. The most common sources of loan in Myanmar were family, relatives, friends, and money lenders. Actually, there were almost five times more people who borrow from informal sector than from a formal one. Nearly 6 million people took the money from unregulated money provider each year, and there was a total outstanding debt of \$3.9 billion. Seventy percent of people think that it's of importance to save, even though income is low. Some borrower claimed that they could not pay back their debts, because of it was very high interest rates from unregulated money sources.

This Pannell's study showed off the financial knowledge that most Myanmar people described themselves as only slightly or quite knowledgeable how to manage finances. Only seven percent described themselves as "very knowledgeable" or an "expert" on financial management. Only a few percent relied on formal sources such as literature or bank staff. Mostly the sources of financial information and advice were get from family, friends and colleagues. Over half of the survey respondents did not track

their spending at all, while a bit percent said they maintained a log to track their expenditure.

Additionally, the study also found that financial behavior in Myanmar which mostly knew that they saved the money in their house instead of Bank as the way of traditions or not enough knowledge about financial institutions. But the almost half of the people said that they have a kind of knowledge concern with saving, remittance services, and transfer money between bank accounts. They often do that kind of activities in Bank or Non-Bank financial institutions. Some people borrow the money in both formal and informal ways to resolve their personal issue. And some people have both bank account and ATM card as a trend although they do the transactions once a month or once in two month but beyond those activities, they don't have enough knowledge of financial products and services.

Then, (GIZ, 2016) research also showed that the use of financial products and services are in low condition, but they have a great plan to use the formal financial services. Almost half of the respondents they are more familiar with the remittance services via bank to receive and send money. But one-third of urban adults have a bank account and ATM card and the rest of the adults wish to open an account. The half of urban consumers are not yet aware of credit cards and insurance and barely use the other services. But a few people make the process that savings account with non-bank entity, Fixed/Time deposits and Mutual funds. However the bonds and certifications of deposit are in rarely use.

3.4 Background Information of Hlegu Township

This section presents the background description of Hlegu Township such as geographic and demographic conditions of Hlegu Township. Geographic background of Hlegu Township is presented with landscape and climate situation of the region. Demographic factor of Hlegu Township are defined by the number of population, occupation and education status according to annual report of Myanmar Population and Housing Census.

(a) Geographic Condition of Hlegu Township

Hlegu Township is located 45 km northeast of Yangon in Myanmar. It is a rural township within North district of Yangon Region. It is located between north latitude 16 degrees 59 minutes and 17 degrees 19 minutes, and east longitudes 96 degrees 13

minutes and 96 degree 25 minutes. The total area of Hlegu Township is 576.918 square miles. It is 35 miles long from the South and the North and 13.5 miles wide from the East to the West. It is located 45.5 feet above from sea level. There are 5 quarters in town and 57 village tracts, 22,060 villages in the Hlegu Township. (MIMU, 2017).

Hlegu Township is within the region of monsoon climate. There are three seasons: the rainy season, winter and summer. The rainy season starts from June to September, winter starts from October to February and summer starts from March to May. In 2007, it had suffered natural disasters called Nargis storms. It is the temperature between 20°C and 38°C. In 2017, annual highest temperature is 34°C and lowest is 20°C, and annual rainfall is 102.98 inches, the annual rainy day is 100 days in Hlegu Township. In 2018, annual highest temperature is 40°C and lowest is 20°C, and annual rainfall is 103.80 inches, the annual rainy day is 101 days in Hlegu Township (General Administration Department, 2017).

(b) Demographic Background of Hlegu Township

Population of Hlegu Township is increased by 1.11% from 2016 to 2017. In 2017, its population was 270,741 people consisting of 134,087 males and 136,654 females. In Urban area, total population is 40,611 people (15%). The other (85%) of populations live in rural area. There are 198 schools in total consisting of 9 high schools, 12 high (A) schools, 6 middle schools, 17 middle (A) schools, 30 primary (A) schools, 100 primary schools, 4 preschools and 20 monetary education schools. There are 58,023 households in total. In the Urban area, total population is 8,749 households and 49,274 households located in rural areas. Hlegu currently has originally agricultural economy, with a large proportion of the population involved in rice farming and gardening. Agricultural, manufacturing and commerce are the core economy within the township. Main occupations are mostly private employees, public employees, workers and hawkers. The following Table (3.1) shows that the general educational level of Hlegu Township.

Table (3.1) Population Aged 25 and Over by Highest Level of Education Completed, Urban/Rural in Hlegu

	Total	Never Attended	Primary School		Middle School	High School	Diploma	University/ College	Post-graduate and above
			Grade1-4	Grade-5					
Urban	23,030	1,393	2,893	3,380	6,113	4,433	89	4,581	143
Rural	118,071	15,681	26,015	29,577	25,851	12,434	326	7,697	490
Total	141,101	17,074	28,908	32,957	31,964	16,867	415	12,278	638

Source: General Administrative Department, (2017)

3.5 Financial Institutions in Hlegu Township

There are one state owned bank (Myanmar Economic Bank), four private banks in Hlegu Township. Four private banks are Co-operative Bank, Kanbawza Bank, Ayeyarwaddy Bank, Inn-Wa Bank. Other non-bank financial institution are a cooperative association, eight private microfinance companies and private money lenders. Eight microfinance companies are BNK capital Myanmar Co.ltd, World Vision Myanmar Co.Ltd, Hay man Microfinance Co.Ltd, Sahapana Microfinance Co.Ltd, Shinhan Microfinance Co.Ltd, DAWN Microfinance Co.Ltd, ASA Microfinance Myanmar Co.Ltd, BRAC Myanmar Microfinance Co.Ltd. Private money lenders are making the transaction secretly.

Myanmar Economic Bank

According to the MEB bank's staff, there can make these services that Saving Deposit, Cash Transfer to other branches, Cash Withdraw, Pension fund, Automated Teller Machine (ATM) and Online phone billing system in Hlegu branch of MEB Bank. It has several types of saving deposit A/c - Single Account, Minor Account, Joint (A) or Joint (B) Account, Security Deposit Account and Public Account. It gives the interest Rates 8% per annum since 1st January 2012. For pension fund, although they transformed to the e-pension system since 2012, but they still do the transactions manually.

Private Banks

There are 4 private banks in Hlegu. They are CB Bank, KBZ Bank, AYA Bank and Inn-Wa Bank. The total branches are 5 branches. The first three banks are using the core banking system. There can make these services that saving deposit, current deposit, fixed deposit, drawing to other branches and bank, encashment withdraw, bill payment, gift cheque, certified cheque, payment order, Automated Teller Machine (ATM), online banking system, foreign account deposit, foreign currency exchange and loans. It gives the interest rates 8% per annum it depend on the types of deposit account. It takes loan interest rates 13% per annum. The private banks do the transactions at once and give the customer services with different ways.

Cooperative Associations

According to the cooperative association's supervisor in Hlegu Township, the Cooperatives lend loan with the government grant which means controlled the Central Bank. There are 120 cooperatives in Hlegu Township. Loan amount differs depending on saving amount and time of membership. Their objectives are to expend the small-medium enterprise, to let run own business with small amount, to reduce the poverty, to make the business systematically, to work with the group member together and to manage the money effectively. Interest rate is 0.015. They create five people in each group to process the lending system. They collect the repayment schedule daily and the loan duration is 6 months and 12 months (Supervisor, 2019).

Microfinance Institutions

There are eight microfinance companies in Hlegu Township. They are BNK capital Myanmar Co. Ltd, World Vision Myanmar Co. Ltd, Hay man Microfinance Co. Ltd, Sahapana Microfinance Co. Ltd, Shinhan Microfinance Co. Ltd, DAWN Microfinance Co. Ltd, ASA Microfinance Myanmar Co. Ltd, BRAC Myanmar Microfinance Co. Ltd. These institutions provide loan services to the people in Hlegu. Loan duration is 12 month and interest rate is 30% respectively. Some institutions are not opened as a branch but they make the people as their agent to collect the repayment amount. They collect the repayment amount once a week from their agent.

CHAPTER IV

ANALYSIS OF FINANCIAL LITERACY AND INCLUSION

This chapter presents financial literacy and financial inclusion of households in Hlegu Township. This analysis is based on observed data collected from selected households in Hlegu Township. Majoring four parts includes in this chapter: research design, background characteristics of respondents, reliability test of the variables, financial literacy and their impact on financial inclusion and regression analysis. The data collected from the survey are summarized by tables and charts and analyzed by using descriptive statistics method and multi-linear regression.

4.1 Research Design

This study was conducted with the objectives of identifying financial literacy and inclusion of households from Hlegu Township and to analyse the relationship between these two factors of households in Hlegu Township. In order to fulfil the objective of the study, descriptive research method is used to collect both primary and secondary data. Not only Hlegu is suburban area of Yangon and also there are a lot of people living in this town. Stratified random sampling technique are used to select the respondents in the study area. There are five wards and 52 village tracts in Hlegu Township. In the first stage, 1,039 households living in two wards of Zay Gyi ward and Myo Ma ward were selected to collect the data. In the second stage, the sample of 114 households randomly took out of from 1,039 households. The simple size represents 11% of households in these two wards.

4.2 Background Characteristics of Respondents

The segment presents the background information of those respondents who participated on the questionnaire of study. The characteristics of respondents includes demographic characteristics and economic characteristics.

(a) Demographic Characteristics of Respondents

Demographic characteristics of respondents are firstly analysed. They are gender, age, educational level, Occupation and number of family. In table (4.1), shows the situations.

Table (4.1) Demographic Characteristics of Respondents

	Number of Respondents	Percent
Gender		
Male	88	77.2
Female	26	22.8
Age (Year)		
Under 30 years	5	4.4
31- 40	21	18.4
41-50	23	20.2
51-60	30	26.3
Above 60 years	35	30.7
Educational Level		
High School	51	44.7
Undergraduate	6	5.3
Graduate	57	50
Households Size		
Under 2	14	12.3
3 – 4	79	69.3
5-6	19	16.7
Above 7	2	1.8
Total	114	100

Source: Survey data (2019)

Table (4.1) shows the summary of demographic profiles of respondents. Gender ratio of respondents is 77:23. It can be seen that most of the head of households are Male. The majority of respondents 31% are from the age group of above 60 years, 27% of the respondents are the age level of 51-60 years which are one- fourth of total respondents. Most of the household's age are over 50 years. Regarding the education of respondents, it can be found that (50%) of the respondents have got the degree and follow by (45%) of the respondents are with High School level. Thus, all of the respondents are literate.

For Occupation, the majority of respondents 56% are running their own business and follow by 35% are private company staff. For household size, it can be

observed that 69% of the household size of the respondents have 3-4 family members and 17% of respondent have 5-6 family members.

(b) Economic Characteristics of Respondents

The respondents were asked to indicate the annual income of the respondents. Regarding the economic condition are the characteristics such as annual household income and their sources of earning. The results are shown in the following.

Annual Households Income

The respondent's annual household income is between from 2,400,000 to 12,000,000 Lakhs Kyat. Table (4.2) shows the annual household income of the respondents.

Table (4.2) Annual Household Income of Respondents

Annual Household Income (Kyat in Lakhs)	Number of Respondents	Percent
Under 2	12	10.5
2.1 – 4	38	33.3
4.1 – 6	51	44.7
6.1 - 10	13	11.4
Total	114	100

Source: Survey data (2019)

According to table (4.2), it can be found that annual household income of respondents is between from 4,800,000 to 7,200,000 lakhs kyat as 45% of total respondents. Then follow by 33% of respondents are between from 2,400,000 to 4,800,000 lakhs kyats. On reviewing this data, around 11% of the respondents are under 2,400,000 lakhs and between 7,200,000 and 12,000,000 lakhs kyats. It means the highest and the lowest income respondents are not much, their income level are not quite different.

Main Source of Earning

Main source of earning of respondents are divided into government staff, private staff, business owner, hawker, manual worker and other. Table (4.3) shows the main sources of earning of respondents.

Table (4.3) Main Source of Earning

	Number of Respondents	Percent
Government Staff	6	5.3
Private Staff	40	35.1
Own Business	64	56.1
Hawker	2	1.8
Manual Worker	1	0.9
Other	1	0.9
Total	114	100

Source: Survey data (2019)

Table (4.3) shows that over twice-third of the respondents are small and medium business owner as the highest 64% of the respondents. The second most are private company staff which represents 40%. The smallest one are manual worker and other which stands only nearly 1%. Thus, the main source of income are their small own business and private company staff.

4.3 Reliability Test of the Variables

The reliability test is carried out before analysis the financial factors and its effect. Reliability refers the scale produces the consistent of results, even the measurements are repeated a number of times. Reliability is the proportion of systematic variation in a scale, which was obtained from different administrations of the scale. That is why, if the group in reliability analysis is high, the scale yields consistent results and is therefore reliable. Cronbach's alpha is one way of measuring the strength of the scale yields consistent results. This method has been identified as an effective and widely-used approach to determine the internal consistency of study instruments (Cortina, 1993). According to the Zikmund and Bahin (2010), they consider it is the best reliability when the Cronbach's alpha value is between 0.80 and 0.95, the alpha value between 0.70 and 0.80 shows as good reliability, it is tended to

think of the alpha value between 0.60 and 0.70 as fair reliability and an alpha value less than 0.6 is consider to be poor reliability.

In this study, the Cronbach's alpha for each of the variables – Saving Practices factors, Debt Management Practices factors, Financial Planning Practices factors, Investment Practices factors, Card Payment Practices factors and Usage of Financial Inclusion Factors are described in Table (4.4).

Table (4.4) Reliability of the Variables

Sr. No.	Variables	No of Items	Alpha
1	Saving Practices	5	0.863
2	Debt Management Practices	5	0.852
3	Financial Planning Practices	5	0.882
4	Investment Practices	6	0.899
5	Card Payment Practices	5	0.705
6	Usage of Financial Inclusion	8	0.915
	Overall	6	0.853

Source: Survey data (2019)

In above Table (4.4) was presented that the alpha values for all of variable - each of the independent variables (Saving Practices factors, Debt Management Practices factors, Financial Planning Practices factors, Investment Practices factors, Card Payment Practices factors) and dependent variable (Usage of Financial Inclusion Factors) are demonstrated a high level of reliability. According to the results, the alpha value of saving practices factors is 0. 863 that it's consider as strong positive reliability for this independent variable. And the result show that the alpha values of debt management practices factors have 0.852 which is also consider as very good reliability, according to the Zikmundand Bahin. In addition, the alpha values of financial planning practices and investment practices have reliability coefficient of 0.882 and 0.899 respectively that can be also assume very good reliability. Then, the alpha values of card payment practices factors has 0.705 that can be assume good reliability. Furthermore, the dependent variable of financial inclusion are 0.915 that it can be assumed as good reliable and also highest value among these six variables. The overall variables (depended and independent) of alpha values are 0.7 above that are demonstrated as an acceptable reliability.

4.4 Financial Literacy

This section investigates the financial literacy including saving, debt, investment, financial planning and card practices and their impact on financial inclusion of households in Hlegu Township. The results of the study are measured and described by the Mean and Standard Deviation. Then the results are presented as follows.

(a) Saving Practices and Financial Inclusion

In order to find out the respondent's saving behaviour on the financial inclusion. This section presents the saving practices and their impact on financial inclusion of households in research area. The respondents were requested to investigate their behaviour of saving practices with five point Likert scale. According to Best (1977), the mean score from 1 to 1.8 is "very poor", from 1.81 to 2.61 is "poor", from 2.62 to 3.41 is "fair", from 3.42 to 4.21 is "good", and from 4.22 to 5 is "excellent". On the other hand, standard deviation less than 1 indicates a relatively low variation, while the standard deviation greater than 1 can be considered high variation. The results are shown in Table (4.5).

Table (4.5) Saving Practices

Statement on Saving Practices	Mean	Std. Deviation
I save the money before spend the expense	3.68	0.824
I save the money after spend the expense	3.81	0.881
I buy durable items like cell phone, furniture, refrigerator	3.97	0.867
I buy my crazy items for collection and putting in cabinet	3.88	0.800
I save a specific percent of my income	4.04	0.866
Overall Mean	3.88	

Source: Survey Data, 2019

It can be observed Table (4.5) that the majority of respondents are aware about their saving behaviour that they would save a specific percent of their income, as shown by the mean scores of 4.04, follow by those whose would save to buy durable items like cell phone, furniture, refrigerator and other accessories. According to the

mean value 3.88, they also save aside their money to collect their crazy items. Although people who save the money before spend their expense is excellent, people who save the money after spending is also good. Among them, highest scores of 4.04 show that they save a specific percent of their income. Therefore this result point out that people have well in saving behaviour.

The respondents were asked to investigate the range which saving practices promoted the usage of financial services. The results are presented in Table (4.6).

Table (4.6) Saving Practices on Usage of Financial Services

	Number	Percent
Not at all	7	06.1
Small extent	14	12.3
Moderate extent	30	26.3
Great extent	42	36.8
Very great extent	21	18.4
Total	114	100

Source: Survey Data 2019

It can be seen Table (4.6) that the majority of respondents 36.8% indicated that the saving practices influenced the access and usage of financial services to a great extent, followed by moderate extent 26.3%. On the other hand, 18.4% of the respondents reported that the saving practices influenced the access and usage of financial services to a very great extent. At least, only 6% of respondents influence not at all. Therefore, the result show that the respondents are in good state on usage of saving practices.

(b) Debts Management Practices and Financial Inclusion

To find out the debts management practices and their impact on financial inclusion of households in Hlegu Township. The respondents were requested to investigate their behaviour of debts management practices. The results are shown in Table (4.7).

Table (4.7) Debt Management Practices

Statement on Debt Management Practices	Mean	Std. Deviation
I borrow the money to invest the business	3.46	0.766
I borrow the money to settle other debts	3.40	1.011
I pay the bills on time	3.82	0.918
I pay back the money on time	3.17	0.892
I borrow the money to survive our daily life	3.32	1.009
Overall Mean	3.43	

Source: Survey Data, 2019

Table (4.7) shows that the respondents have paid the bills on time, as shown by the mean scores of 3.82. They also owned the money neither to invest their business nor to settle their debts and to survive their daily life with the mean score of 3.46, 3.40 and 3.32 respectively. In addition, they also pay back the money on time, as shown by the mean scores of 3.17. According to those data, respondents are in well manage of debt and use it wisely.

The respondents were asked to investigate the rage which debts management practices promoted the usage of financial services. The results are presented in Table (4.8).

Table (4.8) Debt Management Practices on Usage of Financial Services

	Number	Percent
Not at all	3	02.6
Small extent	10	08.8
Moderate extent	30	26.3
Great extent	46	40.4
Very great extent	25	21.9
Total	114	100

Source: Survey Data 2019

It can be observed Table (4.8) that the majority of respondents 40.4% indicated that the debt management practices influenced the access and usage of financial services to a great extent, followed by moderate extent 26.3%. On the other hand, 22% of the respondents reported that the debt management practices influenced the access

and usage of financial services to a very great extent. At last, the respondents were affected with the few percent both small extent and not at all. According to those data, it can be assumed that respondents are very keep in touch and interest in debt management for their own good.

(c) Financial Planning Practices and Financial Inclusion

In order to find out that financial planning practices and their impact on financial inclusion of households in selected region. The respondents were requested to indicate their behaviour of financial planning practices. It was also used mean score with the Likert scale. The results are shown in Table (4.9).

Table (4.9) Financial Planning Practices

Statement on Financial Planning Practices	Mean	Std. Deviation
I generally achieve my money management goals	3.04	0.846
Before I buy something I carefully consider whether I can afford it	3.32	0.793
I keep a close personal wallet on my financial affairs	3.25	0.804
I budget for my money received from my income	3.70	0.819
I plan for my retirement	3.22	0.807
Overall Mean	3.306	

Source: Survey Data, 2019

Table (4.9) describes the respondents agreed that they were budgeting for their money received from their income, as shown by the mean scores of 3.70. The rests which were achieving their money management goal, considering before they buy the things what they want, keeping a close personal wallet on their financial affairs and planning for their retirement also agreed that they were in the moderate level, mean scores of 3.04, 3.32, 3.25 and 3.22 respectively. It can be assumed that respondents are not very interested in money management goals.

The respondents were asked to find the rank which financial planning practices promoted the usage of financial services. The results are presented in Table (4.10).

Table (4.10) Financial Planning Practices on Usage of Financial Services

	Number	Percent
Not at all	28	24.6
Small extent	43	37.7
Moderate extent	30	26.3
Great extent	10	8.8
Very great extent	3	2.6
Total	114	100

Source: Survey Data 2019

In above table (4.10) the number of respondents 37.7% indicated that financial planning practices affected the access and usage of financial services to a small extent, while 26.3% of the respondents represented that financial planning practices affected the access and usage of financial services to a moderate extent. 24% of respondents reported that they were affected this access and usage to not at all. At least 3% and 10% of the respondents presented that it affected to great extent and very great extent. According to those data, respondents are not too much interest in financial planning and their related experiences.

(d) Investment Practices and Financial Inclusion

This section presents investment practices and their impact on financial inclusion of households in selected region. The respondents were requested to observe their behaviour of financial planning practices. It was also used mean score with the Likert scale. The results are shown in Table (4.11).

Table (4.11) Investment Planning Practices

Statement on Investment Planning Practices	Mean	Std. Deviation
I used to invest gold. If the price is higher than before, I will sell it.	3.39	0.816
I invest in land and building	3.52	0.823
I used to invest Foreign exchange market.	3.15	0.844
I invest commodities like rice, pea, bean, so on	3.11	0.916
I invest my own business	3.35	0.959
I put the money in the bank to get the interest	3.34	0.871
Overall Mean	3.31	

Source: Survey Data, 2019

Table (4.11) shows that the respondents agreed to invest in land and building, as shown by the mean scores of 3.52. It can be seen that the respondents invest their investments which are saving gold, running own business and putting the money in the bank at the moderate level, mean score is 3.39, 3.35 and 3.34 respectively. In addition, the respondents are neither foreign exchange market nor investing commodities like rice, pea, and bean by the mean score of 3.15 and 3.11. In this results, it can be assumed that respondents are more likely to do the investment in gold market for their exact potential benefits.

The respondents were asked to investigate the rage which investment practices promoted the usage of financial services. The results are presented in Table (4.12).

Table (4.12) Investment Practices on Access and Usage of Financial Services

	Number	Percent
Not at all	12	10.5
Small extent	19	16.7
Moderate extent	49	43.0
Great extent	25	21.9
Very great extent	9	7.9
Total	114	100

Source: Survey Data 2019

It can be observed Table (4.12) that the majority of respondents 43% indicated that the investment practices influenced the access and usage of financial services to a moderate extent, followed by great extent 21.9%. Moreover, 16.7% of the respondents reported that the investment practices influenced the access and usage of financial services to a small extent. At least, only 7.9% the respondents were affected on usage of financial services to very great extent.

(e) Card Practices and Financial Inclusion

This part find out that card practices and their impact on financial inclusion of households in selected region. The respondents were requested to indicate their behaviour of card practices. It was also used mean score with the Likert scale. The results are shown in Table (4.13).

Table (4.13) Card Practices

Statement on Card Practices	Mean	Std. Deviation
I always use ATM machine	3.32	0.917
I pay the bills with debit card	3.41	0.910
I always deposit into the debit card	3.40	0.849
I pay the bills with credit card	3.20	0.904
I pay the money back into the credit card in time.	3.39	0.771
Overall Mean	3.34	

Source: Survey Data, 2019

Table (4.13) shows that the respondents often paid the bills with the debit card, as shown by the mean scores of 3.41. According to the mean value 3.40, the respondents often deposit into their debit card. Mean value 3.39 shows that the respondents put the money in the credit card in time. Additionally, the respondents sometime use ATM machine, as shown by the mean scores of 3.32. According to the mean score 3.21, they fairly paid the bills with credit card. In this data, it can be assumed that respondents are willing to pay the bill with their debit cards because it's very convenience and reduce time consuming.

The respondents were asked to investigate the rage which card practices promoted the usage of financial services. The results are presented in Table (4.14).

Table (4.14) Card Practices on Access and Usage of Financial Services

	Number	Percent
Not at all	40	35.1
Small extent	30	26.3
Moderate extent	25	21.9
Great extent	10	8.8
Very great extent	9	7.9
Total	114	100

Source: Survey Data 2019

It can be observed Table (4.14) that the majority of respondents 35.1% indicated that not at all extent in card practices influenced the access and usage of financial services, followed by small extent 26.3%. On the other hand, 21.9% of the respondents

reported that the card practices influenced the access and usage of financial services to a moderate extent. At last, 8.8% and 7.9% of the respondents were affected with the few percent both great extent and very great extent.

4.5 Financial Inclusion

This section establish the extent to which the households used the broad range of financial product and services. The results of the study are measured and described by Mean and Standard Deviation. Then the results are presented as follows.

Table (4.15) Financial Services Used by the Households

Statement on Financial Services	Mean	Std. Deviation
I make the (deposit/withdraw) transactions at the financial institutions, which is Bank, Finance, Micro-finance, Insurance, Cooperative associations and Mobile Payment providers (CB Pay, KBZ Pay, Wave money, True money, OK\$ and M Pitesan).	3.47	0.854
I take loan services at the financial institutions.	3.75	0.891
I save Fixed/Term deposit at the financial institutions.	3.33	0.838
I transfer the money (A/c to A/c, Bank to Bank) at the financial institutions?	3.13	0.982
I use the Mobile Payment system.	3.69	0.942
I use Debit Card Payment system.	3.31	0.942
I use Credit Card Payment system.	3.46	0.961
I use ecommerce system, which is the buying and selling for goods and services.	3.32	0.945
Overall Mean	3.43	

Source: Survey Data, 2019

In Table (4.15), results indicate that the respondents used very frequently in loan services and mobile platform payment, as by the mean scores of 3.75 and 3.69 respectively. Then transfer with bank is least score with 3.13 and that means respondents are likely to use in convenience way but the loan is exceptional case and

that kind of product is not available in mobile platform because of further documentation process.

(a) Relationship Between Financial Literacy and Financial Inclusion

This section shows the relationship between independent variables such as saving practices, debt management practices, financial planning, investment practices, card management practices and dependent variable: usage of financial services. Table (4.16) shows that the correlation between Independent variables and usage of financial services of respondent's households in Hlegu Township.

Table (4.16) Correlation Between Independent Variables and Financial Inclusion

Variables	Pearson Correlation	Sig. (2 tailed)
Saving Practices	0.664***	0.000
Debt Management Practices	0.766***	0.000
Financial Planning	0.703***	0.000
Investment Practices	0.826***	0.000
Card Management Practices	0.610***	0.000

Dependent Variable: Financial Inclusion

Level of significance: *=10%, **=5%, ***=1%

Source: SPSS Output (2019)

According to Table (4.16) the investment practices factor has strong positive correlation with the independent variable and financial inclusion factor at 0.01 levels (2-tailed). The significant positive correlation coefficient between investments practices Factors and financial inclusion is (0.826). This result shows that investments practices have many factors to influence on independent variables and financial inclusion.

(b) Multiple-Linear Regression Model

Regression analysis was used to measured relationship between the financial literacy and financial inclusion of households in Hlegu Township. The table (4.19) is a tabulated representation of the summary results of the regression analysis for independent and dependent variables. The independent variables are saving practice, debt management, financial planning, investment practices and card management practices while the dependent variable are financial inclusion. According to the study

used five point likert scale, (Yes = 1, No = 2) and number, where 1 = strongly agree, 2 = agree, 3 = natural, 4 = disagree and 5 = strongly disagree.

Table (4.19) Regression Results for Usage of Financial Services

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std.Error	Beta		
1	(Constant)	0.175	0.203		0.860	0.392
	Saving Practice	0.144**	0.068	0.151	2.100	0.038
	Debt Management	0.170**	0.085	0.192	1.992	0.049
	Financial Planning	0.020	0.088	0.020	0.222	0.825
	Investment Practices	0.442** *	0.102	0.486	4.332	0.000
	Card Practices	0.061	0.039	0.103	1.545	0.125
n=114, R=0.852 ^a , R ² =0.726, Adjusted R ² =0.714, F=57.372 (p value=0.0001)						

a. Dependent Variable: Usage of Financial Services

Level of significance: *=10%, **=5%, ***=1%

Source: SPSS Output (2019)

Table (4.19) shows that the value of standardized coefficient for investment practices (0.486) is the highest among variables. Which means that the investment practices is the greatest among on usage of financial services. The results suggest that the three variables have significantly explained 71% of the variance in usage of financial services. The regression coefficient of saving practice is 0.038 at 5% significant level. The regression coefficient of debt management is 0.049 at 5% significant level. The regression coefficient of investment practice is 0.000 at 1% significant level. The model summary and ANOVA^a of independent variable and financial inclusion tables were presented in Appendix 2.

CHAPTER V

CONCLUSION

This chapter describes conclusion of identifying the financial literacy and inclusion of households in Hlegu Township and relationship between these two factors of households in Hlegu Township. This chapter contains findings, recommendations and needs for further study.

5.1 Findings

The objective of the study only focuses on financial literacy and financial inclusion of households in Hlegu Township in Yangon, Myanmar. Target group is households who live in Hlegu Township. Stratified random sampling technique are used to select the respondents in the study area.

Basically, the results and discussion from above, it can be concluded that households in Hlegu Township are usually prefer to investment practice, saving practice and using the formal financial services. But they still unfamiliar with financial planning and a little bit on card practice. In the part of saving practices, they save the specific amount of their income and spend the money after the saving. But as a human being they collecting some collection of crazy staffs for their self-satisfactions. On that case, it can be seen people from households are in well behavior of saving money before spending. According to the results from above, the saving practices is influence in usage of financial services to a very great extent.

In debt management practices, they usually pay the bills on time but they can't pay back the money on time because of their daily survival according to the facts from above. They borrow the money for daily life or investment in other business or settle the other debts. Therefore, most the people from that households are trying to survive in daily life and earning the income for their debts. On the other hand, they pay the bill on time but not every people and it just a few people can do it on right time and shows and conclude that most of the people are drowning in debt cycle. This mean is not good for the financial sectors and their life.

The study found that households in Hlegu are not much familiar with financial planning practices. They merely achieve the money management goals. And then they don't have a plan for retirement because of the traditional of the country called

Myanmar. Most of the people are guarding and supporting by their son or daughter when they're getting old. But it didn't means that they are not saving and they make a saving for their generation and that is the only plan for the life not for their retirement specifically.

Next finding are the investment practices and it shows, people are used to invest in gold and resell it if the price is higher than before. And more interest to invest in tangible properties like lands and buildings. But least interest to invest in commodities. Those are the facts that the study are showing the investment practice is related with debt management practices which means people in Myanmar are only interest in gold or tangible properties like lands and buildings for their own good. They can invest or make as a collateral for their future business or survival.

After developing the banking and financial sectors, people trying to find the convenience ways to make a transition or transferring or doing things. That is the reason people choose to use the card system. But they are not much familiar with the credit cards and barley to use it. They only use the debit cards to pay bills or buy or transfer the money on mobile platform. People are mostly use the mobile platform than other services because it is reducing the time consuming and very convenience to use it. But they only make a business in financial institutions for taking the loan for their own business or investing in others.

And the regression analysis shows that the coefficient of saving practice, debt management and investment practice have the significant level. This means those only three facts are influencing upon financial inclusions in households in Hlegu Township. The study also found out that saving practice, debt management practices, financial planning practices, investment practices and card payment practices have the positive and significant relationship with the financial inclusion.

The survey result indicated that all these factors have the positive and significant relationship with the financial inclusion. Among them, three factors which are saving practice, debt management and investment practice were significantly influencing upon financial inclusions of the respondent households in Hlegu Township. As conclusion, the study suggest that all responsible persons who are government agencies, microfinance institutions, finance institutions and banking sector should emphasize to have the public financial awareness in their respective area. In order to promote financial literacy and inclusion in Myanmar, the study suggest that the

financial education should be provided not only to the urban community but also to the nationwide to be involved and participated in the financial sector.

5.2 Suggestions

The study suggests that the various microfinance institutions, finance institutions, banking sector and government agencies should organize financial awareness program to households not only in Hlegu but also in the whole country Myanmar to making the awareness of balancing of using the financial services. In order to enhance financial literacy and inclusion, the study points out the financial education should be included into the curriculum of the learning institutions starting from primary schools to get the culture the financial knowledge in their early life. That curriculum should teach the concepts of financial products and services. That would help to enhance a complete understanding of the benefits of financial services. And also make a persuasion as well as providing additional advice to households to verify possible shock on the financial growth.

5.3 Needs for Further Study

There have a limitation of time and cost, the sample size of the study based on 114 households and the survey was done five categories (saving practices, debt management practices, financial planning practices, investment practices and card payment practices) of financial services. This study was emphasis on small amount of households and not every households in Hlegu Township. As conclusion, further study should be done with larger sample size, other different categories of financial services and expended survey on all Townships in Myanmar and recommend to study among the households from other township to compare the results to provide better advice and recommendations.

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APPENDIX 1

Questionnaires for Financial Literacy and Inclusion of Households in Hlegu Township

Please read the questions and tick (✓) which appropriate. Use a scale of 1 to 5 where 1 is strong disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree

Section I: Demographic Information

1. What is your gender?

☐ Male ☐ Female ☐ Other

2. What is your age group?

☐ Under 30 yrs ☐ 31 to 40 yrs ☐ 41 to 50 yrs ☐ 51 to 60 yrs
☐ above 60yrs

3. What is your marital status?

☐ Single ☐ Married ☐ Divorced ☐ Widow
☐ Widower

4. What is your highest level of academic qualification?

☐ Primary school ☐ High School
☐ Undergraduate ☐ Graduate
☐ Master ☐ Doctor Degree

5. What is your occupation?

☐ Government Staff
☐ Private Company Staff
☐ Own Business
☐ Hawker
☐ Manual Worker
☐ Other

6. How much is total income per month from all your sources?

☐ Under 2 Lakh ☐ Between 2 to 4 Lakh ☐ Between 4 to 6 Lakh
☐ Between 6 to 10 Lakh ☐ Above 10

7. How many family members do you have?

☐ Under 2 ☐ Between 3 to 4 ☐ Between 5 to 6
☐ Above 7

Section II: Saving Practices

8. Do you save the money?

☐ Yes

☐ No

9. If yes, where do you save the money?

☐ Bank ☐ Cooperation ☐ At home

☐ Friend and relative ☐ other.....

To what extent do you agree with the following statements on saving practices and financial inclusion?

No	Statements on Saving Practices	1	2	3	4	5
10	I save the money before spend the expense					
11	I save the money after spend the expense					
12	I buy durable items like cell phone, furniture, refrigerator					
13	I buy my crazy items for collection and putting in cabinet					
14	I save a specific percent of my income					

15. To what extent has the saving practices improved your access to use financial services?

☐ Not at all ☐ Small extent ☐ Moderate extent

☐ Great extent ☐ Very great extent

Section III: Debts Management Practices

16. Do you borrow loan other?

☐ Yes

☐ No

17. If yes, where do you borrow the money?

☐ Bank ☐ Cooperation ☐ Microfinance

☐ Friend and relative ☐ Informal lender

To what extent do you agree with the following statements on debts management practices and financial inclusion?

No	Statements on Debts Management Practices	1	2	3	4	5
18.	I borrow the money to invest the business					
19.	I borrow the money to settle other debts					
20.	I pay the bills on time					
21.	I pay back the money on time					
22.	I borrow the money to survive our daily life					

23. To what extent has the debts management practices improved your access to use financial services?

- ☐ Not at all ☐ Small extent ☐ Moderate extent
☐ Great extent ☐ Very great extent

Section IV: Financial Planning Practices

24. Do you make the financial planning for your future?

- ☐ Yes
☐ No

25. If yes, how many percent from your income do you make the financial planning for your future?

- ☐ Under 3%
☐ Between 4-6
☐ Between 7-9
☐ Between 10-12
☐ Above 13%

To what extent do you agree with the following statements on financial planning practices and financial inclusion?

No	Statements on Financial planning Practices	1	2	3	4	5
26.	I generally achieve my money management goals					
27.	Before I buy something I carefully consider whether I can afford it					
28.	I keep a close personal wallet on my financial affairs					
29.	I budget for my money received from my income					
30.	I plan for my retirement					

31. To what extent has the financial planning practices improved your access to use financial services?

- ☐ Not at all ☐ Small extent ☐ Moderate extent
☐ Great extent ☐ Very great extent

Section V: Investment Practices

To what extent do you agree with the following statements on investment practices and financial inclusion?

No	Statements on Investment Practices	1	2	3	4	5
32.	I used to invest gold. If the price is higher than before, I will sell it.					
33.	I invest in land and building					
34.	I used to invest Foreign exchange market.					
35.	I invest commodities like rice, pea, bean, so on					
36.	I invest my own business					
37.	I put the money in the bank to get the interest					

38. To what extent has the investment practices improved your access to use financial services?

- ☐ Not at all ☐ Small extent ☐ Moderate extent
☐ Great extent ☐ Very great extent

Section VI: Card Payment Practices

39. Do you use the card system?

☐ Yes

☐ No

40. If yes, which type of card do you use?

☐ Debit Card

☐ Credit Card

☐ Both

41. If Yes, Which bank's card do you use?

☐ MEB Bank ☐ CB Bank ☐ KBZ Bank
☐ AYA Bank ☐ Other.....

42. Why do you choose that bank?

☐ Service quality ☐ Card quality
☐ Comfortable Technology ☐ Number of branches
☐ Security ☐ Other

To what extent do you agree with the following statements on Card Payment Practices and financial inclusion?

No	Statements on Investment Practices	1	2	3	4	5
43.	I always use ATM machine					
44.	I pay the bills with debit card					
45.	I always deposit into the debit card					
46.	I pay the bills with credit card					
47.	I pay the money back into the credit card in time.					

48. To what extent has the Card Payment practices improved your access to use financial services?

☐ Not at all ☐ Small extent ☐ Moderate extent
☐ Great extent ☐ Very great extent

Section VII: Financial Inclusion

49. Do you have a current/saving/loan account in any financial institution?

☐ Yes

☐ No

50. How many times do you use financial products/services in a month?

☐ Once

☐ Twice or Thrice

☐ Four or Five

☐ More than Six times

To what extent do you access and use the following statements on formal financial services?

No	Accessibility and Usage of Financial Services	1	2	3	4	5
51.	To what extent do you make the (deposit/withdraw) transactions at the financial institutions, which is Bank, Finance, Micro-finance, Insurance, Cooperative associations and Mobile Payment providers (CB Pay, KBZ Pay, Wave money, True money, OK\$ and M Pitesan).					
52.	To what extent do you borrow the money at the financial institutions?					
53.	To what extent do you save Fixed/Term deposit at the financial institutions?					
54.	To what extent do you transfer the money (A/c to A/c, Bank to Bank) at the financial institutions?					
55.	To what extent do you use the Mobile Payment system at the financial institutions?					
56.	To what extent do you use Debit Card Payment system at the financial institutions?					
57.	To what extent do you use Credit Card Payment system at the financial institutions?					
58.	To what extent do you use ecommerce system, which is the buying and selling of goods and services at the financial institutions?					

Thank you for your participation.

If you would like to receive a copy of final report, please leave your address and contact details here:

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.....

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APPENDIX 2

Result of Model Summary

Table (4.17) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.852 ^a	0.726	0.714	0.34642

a. Predictors: (Constant), Card Practice, Saving Practice, Financial Planning, Debt Management, Investment Practices

b. Dependent Variable: Financial Inclusion

Source: SPSS Output (2019)

Table (4.18) ANOVA^a of Independent Variable and Financial Inclusion

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.426	5	6.885	57.372	0.000 ^b
	Residual	12.961	108	0.120		
	Total	47.387	113			

a. Dependent Variable: Usage of Financial Services

b. Predictors: (Constant), Card Practices, Saving Practice, Financial Planning, Debt Management, Investment Practices

Source: SPSS Output (2019)