

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

**EFFECT OF ADOPTION OF BANKING INNOVATIVE
PRODUCTS ON THE CUSTOMER ATTRACTION,
SATISFACTION AND RETENTION**

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(EMBF - 6th BATCH)**

DECEMBER, 2019

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SATISFACTION AND RETENTION**

This Thesis is submitted to the board of examiners in partial fulfilment of the requirements for the degree of Master of Banking and Finance (MBF)

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DECEMBER 2019

ABSTRACT

The objectives of the study are to identify the adoption of innovative products of banking industry in Myanmar and to explore the effect of adoption of banking innovative products on the customer attraction, satisfaction, and retention. Descriptive and quantitative research methods are deployed. The analysis methods used in this study are descriptive analysis, correlation and multiple regression analysis. This study collects the primary data, by distributing the questionnaires to randomly selected 150 respondents among banking services users. This study contributes the factors which can determine customer retention such as innovative banking products, customer satisfaction and customer attraction. The study found out that the adoption of innovative banking products effect on customer satisfaction, attraction and customer retention. The research contributes significantly as an idea of investment in innovative banking products for the commercial banks in Myanmar. Thus, the current banking sector needs to be developed by innovative banking products more than traditional banking services.

ACKNOWLEDGEMENTS

I would like to express profound and sincere thanks to the following individuals who extended their support for completion of this study. First of all, I would like to express my deepest gratitude to Prof: Dr. Tin Win, Rector of Yangon University of Economics, for allowing me to undertake this study as a partial fulfilment towards the Master of Banking and Finance.

I would like to offer my appreciation and sincere thanks to Prof: Dr. Nilar Myint Htoo, Pro-Rector of Yangon University of Economics.

I would wish to extend my deepest thanks to Prof: Dr. Soe Thu, Head of Commerce Department, Yangon University of Economics and my supervisor, Daw Khin Nwe Ohn, Associate Professor of Commerce Department for her extensive and constructive suggestions, her supporting excellence lectures and comments to complete this thesis paper.

I would like to express my sincere gratitude to all examiners, the professors and lecturers who have made their great efforts in rendering for sharing knowledge during these two years.

Finally, I would like to thank all my teachers who teach me until today, my family members who support me everything physically and mentally.

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CHAPTER I

INTRODUCTION

Today, banking is the blood of the economy which vitally signifies the health and prosperity and Information Communication Technology has also become the heart of banking sector of any nation. To catch up global development, improve the quality of customer service delivery, and reduce the transaction cost, bank has invested heavily in ICT around the world. Technology and other innovation have emerged as a strategic resource for achieving higher efficiency, control of operations, productivity and profitability for banks as well as it is the realization of their anywhere, anytime, anyway banking dream for customer.

Nowadays, commercial banking innovation has transformed into the way customers do their banking. The dimensions of banking innovation are: use of such technologies, transaction costs, ease of transfer of fund from one end to other, security of technologies, improved quality of service such technology. Innovative banking products come in many ways such as Mobile banking, internet banking, E-Wallet, and are regarded as product innovation, enabling a multi-channel banking strategy by providing new methods for customer engagement (Mbama and Ezepeue, 2018).

Myanmar has total of 14 economic sectors. Among these sectors, banking industry is not only the most important but also the most essential sector for both developed and developing countries. Since it is an important role, Union of Myanmar has made an economic reform as well as financial sector development. Traditional payment system of Myanmar banking depends on cash basic and now, being replaced by e-banking service through the emerging electronic payment alternatives with the aids of advanced information and communication technology (ICT), including automated teller machine (ATM), electronic fund transfer (EFT), electronic cheque, credit cards, debit cards and smart cards. Now, the internet or web has become an essential part of banking and commerce for most consumers in developed economies because it is seen primarily as a cost saving mechanism to most retail institutions. Beliefs of many banking executives are that while the internet is playing an important role for the development of innovative banking products, initial cost of capital of installing internet facility, monthly recurring charges and maintenance cost in Myanmar are relatively higher than that of the neighbouring countries due to lower population of internet users. To this fact, commercial banks were reluctant to invest in

adoption of banking innovative products in the early days. As the population of smart phone users keeps growing because the availability of mobile service networks provided by the operators are covering nationwide, potential of e-commerce for retail and whole sale sectors can be expected to get a rapid growth in Myanmar in the near future.

1.1 Rationale of the study

In this modern time, money and its necessary is very important. A modern bank plays a vital role in the socio-economic matters of the country. Banks try to increase the customer base for greater use of many innovative services. It is imperative to understand the customer adoption and usage level of customers towards many innovative services. Banks motivate more and more customers to use innovative services.

Under the market economy system, the banking industry is highly competitive. Banks and non-bank institutions are competing each other. This type of competition leads to improvement in services offered by commercial banks to their customer and then introduction of new innovative services. Similarly, innovation is perceived as a mechanism for commercial banking modernisation because it increases competitiveness in all organization (Vigoda-Gadot et al: 2005). However, customer retention cannot be easily and cheaply achieved in the competitive environment, particularly with the innovation landscape in banking industry. Nowadays, banking business is offering challenges and opportunities to commercial banks to offer innovative products and services that would appeal to customers. According to this reason, the analysis of the effect of adoption of innovative banking products on the customer attraction, satisfaction and retention can provide information to the commercial banks and their management to consider investing in innovative banking products that can induce customer attraction, satisfaction and retention.

1.2 Objectives of the Study

The main objectives are

1. To identify the effect of adoption of innovative banking products in Myanmar
2. To analyse the effect of adoption of innovative banking products on the customer attraction, satisfaction and retention.

1.3 Scope and Method of the Study

The study only focuses on the effect of adoption of innovative banking products on the customer attraction, satisfaction and retention. Selected respondents were innovative banking service consumers from commercial banks. A sample of 150 consumers is collected from innovative banking services users of commercial banks.

In this study, a descriptive research was conducted. For the descriptive research, the primary data is collected by using structured questionnaires and face to face interview. Respondents have been chosen by using simple random sampling method. The questionnaires are composed of seven parts. The entire questions in the survey are designed based on demographic, innovative banking products, customer attraction, customer satisfaction and customer retention.

The questionnaires are valuable to the commercial banks to know more about the consumer behaviours in order to expand market. To analyse the collected data, the statistical package for social science (SPSS) has been applied. Data analysis methods are mean value, correlation and linear regression.

1.4 Organization of the Study

The thesis is divided into five chapters. Chapter (1) presents introduction, rationale the study, objectives of the study, method and scope of the study. Chapter (2) presents theoretical background of the study. Chapter (3) consists of traditional banking products towards modern banking products in Myanmar and adoption and development of innovative banking products in Myanmar. Chapter (4) consists of analysis of the effect of adoption of innovative banking products on the customer attraction, satisfaction and retention. Finally, Chapter (5) consists of findings, suggestions and needs of further study.

CHAPTER II

THEORETICAL BACKGROUND

This chapter includes the theoretical background of the study presenting Concept of innovation, Definition of Product Innovation, Adoption of Innovation Theory, Concept of Customer Attraction, Concept of Customer Satisfaction, Concept of Customer Retention, Previous study and Conceptual Framework of the Study.

2.1 Concept of Innovation

Today, people are using the concept of innovation to refer randomly to many different things. Fortunately, it seems that researchers have agreed that innovation can be both a process and outcome (Crossan & Apaydin, 2010; Maital & Seshadri, 2012; Tidd & Bessant, 2014). Based on this agreement, defining innovation can be more straightforward. A good example is the definition provided by Tidd and Bessant (2014) who mentioned that 'innovation is the process of turning ideas into reality and capturing value from them through four key phases namely search, select, implementation, and capturing value'. Even though this definition narrows the concept to only four key phases, the important message is that innovation is a process that involves a set of other activities that can be practiced by different types of actors.

Reflecting on these ideas, innovation is considered mainly as a process rather than an outcome in this research project. Therefore, innovation is any change based on knowledge that generates and captures value through a series of systematic stages. Conversely, defining value could be more complex. In any case, the importance lies on reflecting not only on the definition of value but also in its general purpose of being a desired outcome when involved in an innovation process. In addition, if talking about value as an outcome, it would be fair to mention the idea of innovation as an outcome. Thus, because any process should have a related output, when talking about innovation, it is possible to talk about the kinds of opportunities to create changes, commonly known as types of innovations (Tidd & Bessant, 2014).

Moreover, if innovation is a process involving different activities and practices during a determined number of phases, it could be assumed that each phase should have its own related activities. Consequently, it is possible to talk about a larger number of activities, also labelled and categorised as techniques, tools, methods,

resources, and mechanisms to manage innovation that if implemented in a regular manner can become practices within an organisation (Hidalgo & Albors, 2008).

Because each phase of the innovation process has different aims, these activities are also used with different objectives. For instance, there could be a large amount of techniques used solely for the purpose of generating ideas. Idea generation techniques can also be subdivided into the ones using stimuli related to the problem such as assumption reversals and attribute association chains, but also in techniques using stimuli unrelated to the problem such as modifier noun associations and product improvement checklists (VanGundy, 1992). In fact, Smith (1998) identified more than 170 methods and techniques solely for the idea-generation phase. These results describing the methods to start the creative and innovation processes revealed that these activities can also be recognised with several different labels. Similarly, but on a different literature stream, it is possible to talk about creativity techniques. These could range from popular ones such as brainstorming (Osborn, 1942), the theory of inventive problem solving TRIZ (Altshuller, 1984), and the six hats of critical thinking (De Bono, 1989), to less common ones like morphological forced connections (Koberg & Bagnall, 1981), the Scamper method (Eberle, 1982), and even the Quality Function Deployment - QFD (Akao, 1990) used in quality management but also convenient for solving problems through creative thinking.

Innovation, it is reasonable to encompass many of these activities and techniques under the label of Innovation Management techniques. However, it should be recognised so that even under this label, further categorisations could be found. For example, IM techniques oriented to the conception and design phases including TRIZ virtual reality. QFD, value analysis, and the Functional Analysis System Technique – FAST IM techniques oriented to the engineering and development phases could comprise concurrent engineering, Failure Modes and Effects Analysis - FMEA, and rapid prototyping (Maital & Seshadri, 2012). Overall, this situation signals two important aspects. First, activities related to innovation could take several forms and involve different means to practice them. Second, to manage the innovation process, there is a whole 'arsenal' of techniques and tools (for a comprehensive review, see Hidalgo & Albors, 2008) and to seize them properly, they need to be organised and managed under a perspective, framework or a model.

Also, it is common when talking about innovation inside businesses to relate it immediately to Internal Research and Development (IRD) activities and thus, to the

management of an R&D unit and its processes. However, many activities that lead to innovation are not R&D-based (Santamaria, Nieto, & Barge-Gil, 2009). Thus, it is equally common that businesses engage in a series of activities that enables the creation of innovations and the ability to adopt innovations created by others (OECD, 2005). It seems that in current dynamic and collaborative organisational environments having a process solely for managing IRD is a limited approach. In addition, it is necessary to visualise the context in the last decades where businesses have had constant pressure to innovate frantically. But even if by probability the number of innovations might provide innovations of quality, the costs associated with failure would highly damage a firm's overall performance (Freeman, 1974).

2.2. Definition of Product Innovation

“Product innovation may be defined as a new product introduced to the new market or new customers in which process innovation is a new item penetrated into the organization”. Process innovations have an internal focus, seek to develop new capabilities, competencies or routines and are primary efficiency driven Bank of Botswana (2010).

Today, banking institution’s competition is tough, margins are being squeezed, new entrants and new business models are threatening established providers and regulatory requirements continue to grow. Many banks that develop and potential maybe these that can enhance profitably and grow innovative products, services, and channels to the market. Innovative products and services are designed to improve efficiency, reduce processing time and to be easy to access for customers. Nowadays, many banks are striving to gain operational greatness and improved effective and efficiency. Thus, sustainable competitive positioning can be attained by those securing long-term customer loyalty by providing attractive products and services, tailored to the customer’s needs. Financial innovation products are stimulating country economic development, but they also bring in towards challenges such as emergent new risk to the financial institutions as the banking industry. Financial innovation can reduce cost or increase revenue for financial institutions.

Competitive new product innovation requires the right balance among three principal business assets which form the basis of the fundamental principles of the innovative engine. These are an efficient product innovation process, an effective

leadership from high management and supportive work environment. The innovative engine is made up of four main processes namely:

1. The strategic and planning portfolio management process which accumulates knowledge about trends in markets, customer's needs and technologies and then develops the wisdom to excel in the business particular to the enterprises. Product strategies guide the flow and direction of new product investment and then applies due diligence to assure that those investments are well managed and yield expected results.
2. Opportunities that arise from the strategic and planning process are identified and developed to further evaluate the expected result of the product.
3. After the identification of the opportunities, the idea is executed into a product form and introduced to the market through the various marketing channels available.
4. The 4th stage is where the opportunities not utilized are discarded.

Product innovation includes both background work and processes that are executed in conjunction with a specific new product.

2.3 Adoption of Innovation Theory

The theory has been put forward that map out factors associated with the adoption of innovations and may offer a potentially useful lens through which to understand consumer response to novel food. Ideally, according to this decision-making process, a consumer passes from first knowledge of an innovation to forming a positive attitude toward the innovation to an intention to adopt the innovation, buying and consuming the innovation products. However, in practice, knowledge of an innovation not always leads to a positive attitude, let alone to positive behavioural responses.

2.4 Concept of Customer Attraction

High competition in the banking sector has transformed and made banks to place great importance on customer attraction as a key factor in determining the success of the bank. This is because a customer acquisition cost is estimated to be high, due to advertising marketing and promotions (Alsaggal and Althonayan, 2018; Anani, 2010. Lam et al. 2004). The customer attraction strategies that have been used to include opening of new branch networks and ATM facilities countrywide, as well as the extension of Mobile and internet banking services to remote areas. The spread

of these banking services is meant to attract and offer convenience to customers. This has made banking transactions easier and even cheaper than ever before. Other attraction strategies, such as credit card, mortgages and flexible loan rates, have been identified in the literature (Lam et al., 2004).

2.5 Concept of Customer Satisfaction

Customer satisfaction is a business terminology to evaluate as how much a product or service supplied by business has been able to satisfy or please the customer. As the market has become very competitive these days so the major aspect of this competition is to achieve customer satisfaction which has gained the importance of key element in functioning of a business. For the better customer satisfaction, businesses have assured the safety of customers because customer would definitely go for safety. “Companies have to assure customers that they will not be affected whatever happens to company or market, Customer satisfaction was found to have a positive effect on repurchase intentions Carole, P.” and Ye, L. (2003). The customer would become more loyal and satisfied with your product if the business will also keen on their priority and satisfaction. Some good businesses sustain losses to build their customer base and loyalty. Customers who have longer relationship with the business have higher expected satisfaction ratings and lower subsequent perceived losses associated with subsequent service experiences. Customer Satisfaction plays a key moderating role for the relationship between price increases and Repurchase intentions Jack, W. and Suri, T. (2010). New product innovation in each sector, especially in smart phone sector brings customer satisfaction because businesses bring new things in their cell phones and these make customers to be more satisfied and fulfil their needs. Customers are keen on the behaviour of the businesses towards their complaints. Either they take it seriously or not. If businesses take action in time, it can increase customer satisfaction because customer can think that company cares about them. Amin, M. (2015), found that the customer's satisfaction affects the customer in building their will to repurchase any item. Just in time complaint handling and effective customer service help the business to prevent building of any negative impressions by the customers. Even though businesses have very good quality of products, those businesses may still suffer because features of these products may not be matched with customers' needs. That is why the businesses need to interact and collect the exact information about customers' needs. Business may fail to achieve

better customer satisfaction although high quality services are provided, because the improved properties are not in line with the customers' requirements. In many cases, businesses are getting market feedback that how much customers are satisfied with the products through distributors and market intelligence even these businesses are not directly interacting with customers. Retailers and distributions indirectly represent the company. According to Cohen, D., Gan, C., Yong, H.H.A. and Choong, E. (2006), in some situations, if manufacturers have limited direct contact with the customers, then efforts made by retailers for customer satisfaction can play very important role. In these situations, the customers perceive retailers as representatives of the businesses. Businesses bring many changes, new product and service innovations to attract customers and give them more satisfaction because it is the need of the new milestone. Introducing any changes in product is a challenge for the businesses as well as an opportunity. Analysis of customer needs and wants helps the businesses to target the right customer segments. Businesses must have strategies and development to give better satisfaction to their customers. These strategies are a tool for customer satisfaction and increasing market share which is a critical requirement for a business because if anyone of these strategies works well, it can ensure a positive change in customer's satisfaction, loyalty of the customer towards the products and market share. Hamadi, C. (2010) explained that the Business strategies can always be developed, altered or reshaped to achieve more customer satisfaction. This change may be effective to achieve greater customer satisfaction and higher market share. Businesses need to spend a lot of finance in product innovation because innovation about any product or betterment in product requires further capital contribution. This finance can only be recovered when the customers are satisfying with innovative products and willing to consume it. That's why bringing new product innovation needs to be able to attract and satisfy customers. The degree of customer satisfaction will varies based on the various types of customers, products and services. Therefore, concept of customers' satisfaction has to be based on both psychological behaviour of customers and physical parameters of products and services correlation satisfaction behaviours such as return and recommended rate.

2.6 Concept of Customer Retention

Customer retention has been defined in many ways; definitions often explain the length and breadth of the subject area, thereby adding value in understanding the

nature of the field in totality. Peelen`s (2005), customer retention as: “Customer retention in a marketing sense means holding on to customers. If a company becomes aware in time of those customers who demonstrate an increased likelihood of ending the relationship, then it can take action to prevent this.”

Customer retention can be defined as the system of developing the operation process depending on the positive perception of the customer and the next readiness for successive purchasing. Retention strategies are good because it can increase profit from loyal consumers and reduce costs of making long-time customers. The two possibilities can be differentiated from the customer point of view with concern to customer satisfaction, loyalty and constrained (Bliemel 1998).

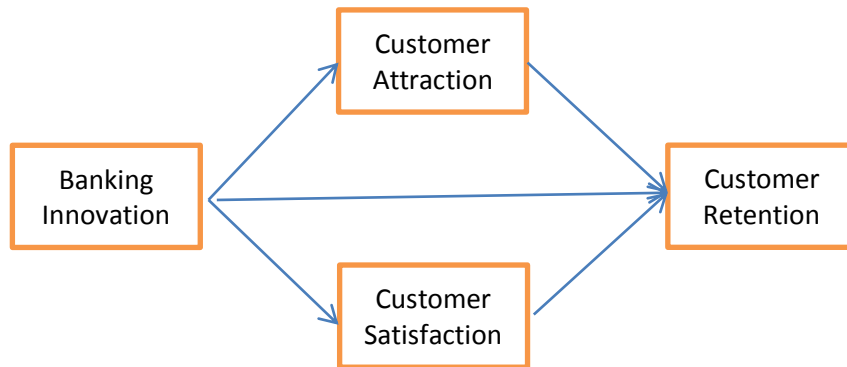
Loyal customers are voluntary commitment, that is, customers have the opportunities to change the company anytime. Customer`s economic and emotional reasons should be taken into consideration. Customer satisfaction is more important and has to give the highest priority for emotional reasons because customers will only remain loyal under a company`s existing conditions only if they are so satisfied with the company. A constraint is the situation where customers have no actual or legal opportunity to change their provider, or if this can only be done with the great difficulty or a great expense. For example, in oligarchical political situations or in monopolies, it can also come through contracts or via compatibility standards. Citizens of many countries in the world can relate to the concept of having many choices in the way of political representation or in industries monopolized by one major player. The ability to change is thus required due to lack of available alternatives (Bliemel 1998)

2.7 Previous Study

This previous study is developed by Joseph, Gladness & Tshepiso (2018). This examined the relationships between banking innovation and customer attraction, satisfaction and retention. The results indicate that banking innovation predicts customer attraction and satisfaction. This research paper contributes that banks should try to introduce more innovative services as this is deemed critical in determining whether customers will be attracted to bank with them or not. The strong association of banking innovation and customer attraction possibly emanates from the fact that such innovative services have profound effects in enhancing convenience, efficiency and timely services to customers.

During this information rich era, when customers are bond to every business, most of the businesses are forced to adopt the state of the art technology in order to satisfy the customers. This study can predict the direct, significant effect of adoption of innovative banking products on customer attraction, satisfaction and retention. Additionally, the findings imply that there is no significant relationship between customer satisfaction and customer retention. This study demonstrates some contradictions with previous studies. It is possible that the participants in this study pay less attention or emphasis on loyalty or long-term relationship when transacting business.

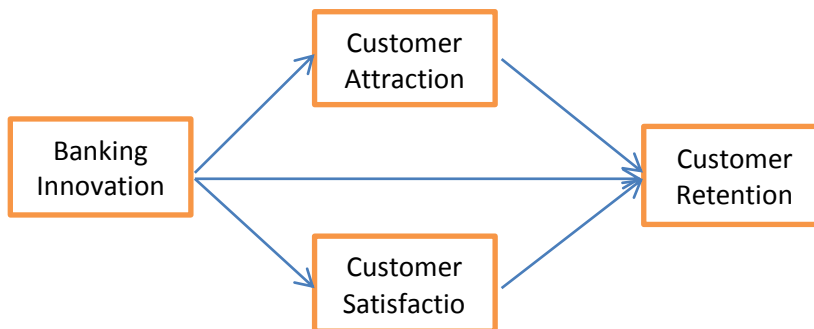
Figure (2.1) Conceptual Framework of the Previous Study



2.8 Conceptual Framework of the Study

In order to get better understanding to the effect of adoption of innovative banking products on customer attraction, satisfaction and retention, conceptual framework developed by Joseph, Gladness and Tshepiso (2018) has been used in this study. The focus of the current study is to examine the degree of customer attraction, satisfaction and retention on the innovative banking services in Myanmar. The main theoretical framework is established as following:

Figure (2.2) Conceptual Framework of the Study



Sources: Adopted from (Joseph, Gladness & Tshepiso2018)

CHAPTER III

ADOPTION OF INNOVATIVE BANKING PRODUCTS IN MYANMAR BANKING INDUSTRY

This chapter consists of traditional banking products towards modern banking products in Myanmar, infrastructure and adoption of innovative banking products in Myanmar, Development of innovative banking products in Myanmar.

3.1 Traditional Banking Products towards Modern Banking Products in Myanmar

Traditional banking industry has performed basic functions such as depository institutions, control the checkable deposit money and make loans. Traditional bank is the original banks which was the original financial intermediaries in offering checking accounts. It also plays an important role in the financial markets to manage the circular flow of the fund. However, there are some limitations on the traditional banking and thus lead to the innovation in modern banking. Traditional banking has a limited accessibility in which people only can conduct business at their brick-and-mortar locations. It makes customers inconvenience in doing their business. It also provides less efficient services to customers because customers can only do their transactions in the bank. Therefore, customers would need to spend more time to complete the transaction by heading to the banks. Traditional bank services are renew fixed deposits, receive product or services information, transfer moneys between two accounts, orders cashier and other services. In the modern Banking sector, innovation is more important today because differentiation is more important in today's environment, and for two main reasons. One is that banks are returning to their focus on growth. Banks did a good job of reducing costs and increasing efficiency in the last few years. But now, flattening returns in the areas of operating profit margins and return on assets have forced banks to rethink their growth strategies, in addition, the price earnings ratio has been declining, showing that the market doesn't have very high confidence in banks' ability to grow.

The second reason for the innovation is so important, and maybe the more important reason is that the competition from new players both inside and outside the traditional banking industry, along with consolidation among the largest banks, as well as commoditization of most of the basic retail banking products and services are forcing banks to really try to stand out in the crowd. And innovation is a way for them

to do that. Competition and high market demand have stimulated financial institutions to offer more sophisticated financial products such as trade finance services, electronic payment services, foreign exchange service, e-banking, and mobile banking. Banks can reduce their operational cost through the installation of ATMs which reduce the volume of tellers' work. The technology revolution has encouraged banks to launch new services through the Internet as well as payments via plastic cards, like credit and debit cards. All the above services could reduce cost and provide more efficient banking services. Three types of innovation being pursued in the market are products and services innovation, operations innovation and business and enterprise model innovation.

Myanmar Banking Industry introduced the innovative products in order to be more effective and efficient, and also to catch up with the international trends. In 2014, many private banks introduced the new service of money transfer via mobile phone. This service enables the public to transfer local currency from one place to other within the country. So far, approximately 100,000 people have been using this service and the number is expected to increase since the number of people using mobile smart phone is envisaged to increase to approximately 80 % of population by 2018. The new service provider offers multi-currency money transfers from one account to another within the bank's nationwide network. In addition, it allows customers to check their bank's balance, A/C to A/C transfer, bill payment, prepaid top up, online shopping, and others services through the mobile phone. This new service makes it more convenient for customers to transfer money to their family wherever they are working and to facilitate payment of utilities bills. Plastic cards were introduced by a number of banks. There are two types of plastic cards are being offered to customers, namely, debit card and credit card. Automatic Teller Machine (ATM) services are another new service offering to banks customers. Saving account customers can use ATM card to make withdrawals twenty-four hours a day, seven days a week. (Virtual cards are now offering in other countries)

3.2 Infrastructure and Adoption of Innovative Products in Myanmar Banking Industry

Along with journey to adopt the innovative product in Myanmar Banking Industry, the Ministry of Finance has to plan for the infrastructure Myanmar Payment Union (MPU) formed in September 2011 to reform the Myanmar payment system. Local credit cards (offline transaction) were already introduced in Myanmar by Asia

Wealth Bank in 1966, and ten offline ATMs had been installed by Myanmar Mayflower Bank by 2002, but their use was stopped during crisis which took place during the first half of 2003. A Payment System Development Committee was founded under Myanmar Banking Association in July 2007 aiming at reducing the cash-based payment, improving the existing payment systems, and connecting them with international payment systems. On September 15, 2011, the committee was transformed into MPU, consisting of 17 members: three state-owned and 14 private banks. Later, two more private banks joined MPU, resulting in 19 total members. Now total MPU members are 23 members. And eight out of 27 banks is not part of the MPU: Yoma Bank (Yoma), First Private Bank (FPB), Yadanabon Bank (YDNB), Asia Yangon Bank (AYB), Myanmar Microfinance Bank (MMB), Myanmar Agricultural Development Bank (MADB), Naypyidaw Sabin Bank (NPTS) and Shwe Rural and Urban Development Bank (SRUDB). The intentions of the MPU establishment are (1) to reduce cash transactions, (2) to upgrade for the payment transactions, (3) to be more coordinate within MPU's member banks and (4) to use plastic money cards (MasterCard, Visa Card, UnionPay Card and JCB Cards) in Myanmar which were issued by foreign banks and (5) to use Co-brand MPU cards in international issued from local banks. All MPU cardholders can have access to any ATM of all member banks and also make payment at any point of Sales (POS) of all member banks for goods and services they purchase. In September 2012, MPU debit cards were introduced by CB Bank.

As of September 2014, the number of MPU card holders has raised to around 662,000 nationwide and now up to MPU has risen to around 1570000. By September 2014, the 19 MPU member banks have installed 913 ATMs and 1558 ATMs are installed by November 2015. The use of POS rose incredibly in Yangon, Mandalay and other areas of the country. ATMs have also extensively grown over the last four years. Since February 2013, Union Pay Card (formally known as China Union Pay) has access to MPU terminal in which 13 local banks are involved. In December 2013, these banks also started accepting JCB (Japan Credit Bureau) cards at their MPU, POS terminals.

Since August 2012, MasterCard has been cooperating with nine local banks such as CB Bank (issued a prepaid travel for locals travelling internationally called the CB Bank EASI Travel Prepaid MasterCard in 8, October 2013, first in Myanmar Banking Industry that is minestrone of Myanmar Banking Industry), KBZ (issued

Explore Master Prepaid Card in 2014), UAB, MAB, MCB, MOB, AYA, AGD and Yoma were also issued respectively and operating via 564 ATMs and 1558 ATMs is up to November 2015.

Similarly, Visa entered the Myanmar market in August 2012 by working closely with its 8 clients' banks. CB Banks issued (Travel Prepaid Visa Card in 1st January 2014, with Multi currency), KBZ (issued Explore Visa Prepaid Card in 2014), UAB, MAB (issued MAB Visa Prepaid in 2014), MOB, MCB, and AYA (issued AYA World Travel VISA prepaid Card: Multi-currency in 2014) and AGD, operating via 858 ATMs by October 2014 and now 1500 ATMs is up to November 2015.

MPU planned to launch E-commerce in November 2015 and issued credit cards and co-brand cards in two years' time. KBZ launched Credit Card in 28th August 2015 for the first time in Myanmar Banking Industry. MPU has invited Visa and MasterCard to join the MPU network and implement an international MPU credit scheme. However, the American financial service providers remain reluctant as some of MPU's shareholders appear U.S Sanctions lists.

Moreover, MPU has launched co-brand cards with UPI and JCB in two months' time which cards will be used internationally. Five local banks (CB Bank, FPB, MWD, Innwa and AYA) introduced mobile banking services in 2014. Moreover, four local banks (CB Bank, AYA Bank, KBZ Bank and UAB Bank) launched Internet Banking in 2015.

3.3 Development of Banking Innovative Products in Myanmar

The development of technology encourages banks to introduce new electronic banking products. Electronic banking can be defined as a form of banking services in which money is exchanged through a transfer of electronic channel than by exchanging of cash or checks and paper documents. The trend of those products has been increasing. The few big banks which introduced such products have attracted a number of users. Innovative Banking Products are emerging products in the Myanmar Banking market. Although this service provides several benefits and convenience to customers, limited knowledge and limited access to the Internet has limited customers from using the service in the early days of this product.

Banking services through online has appeared as a main resource for getting higher level and control of activities and reducing cost by recovering paper based and

labour-intensive approaches with automation activities thus going to the profitability. Today, business environments are more challenging in the banking system that creates more innovation in the areas of banking products and process.

The introduction of ATMs in banks has encouraged customers to get used to self-service and reduced the risk of carrying hard cash or travellers' cheque while travelling and given the 24/7 service. It has also given cost savings to banks. Entry of ATMs has changed the profile of the front offices in the bank branches. Customers no longer need to visit branches for their day to day banking transactions like cash deposits and withdrawals.

Credit card can be defined as a financial instrument, that can be used many times than only one to borrow funds or buy many products and services on credit. On the foundation of credit limit, it has many different varieties like classic, gold and silver. A bank is a financial intermediary whose core activities are to provide loans to borrowers and to collect deposits from savers. This function is the primary function of any banks while other functions include but are not limited to pooling of savings, payment services, foreign trade finance, safe custody of valuables and trust services. Therefore, it is important to note that banks play an important role in the process of growth and development of an economy through the performance of functions such as acceptance of deposits, pooling of funds from surplus units to deficit units and E-banking facilities.

In order to do so, a bank requires to be ensured that it remains in business by being solvent and maximizing returns amidst competition from other banks that are in the same business, performing the same functions and offering such products/services to the same targeted market in the economy. Banks must therefore distinguish itself from other competitors by the various products it offers and ensure that it is able to meet the needs of the intended market and customers because banking is a service-oriented enterprise.

This is why private banks observed that the most typical innovation in modern day banking are in the payments systems which include the use of wide range of automated channels for supplying and delivering various banking services and activities. Common popular examples of adoption innovative products are

1. Automated Teller Machines (ATM)
2. Mobile Banking
3. Mobile Wallet and etc.

3.3.1 Automated Teller Machines

ATM cards were launched in Myanmar for the first time in 1995. It was introduced by May Flower Bank. However, the service was suspended in 2003 when a handful of financial lending houses collapsed throughout the country leading to general panic temporary suspension of banking activities. In November 2011, the Co-operative Bank of Myanmar and KBZ were the first to reintroduce ATM cards. Later, another three banks offered this service: Myawaddy bank, Asia Green Development bank and Ayeyarwady bank. ATM machines can be found in Yangon, Mandalay, Taungoo, Naypyidaw, Pynmanar and some other cities. ATM machines are available at banks' branches and also shopping centres.

3.3.2 Mobile Banking

The market of mobile banking service is growing fast and reaching many users in Yangon, Mandalay and big cities. Most of the bank users are using mobile banking for going shopping, watching movies, taking public transportation and paying electronic bills. Mobile banking services are comfortable and this has totally changed the methods of payment. Adoption on innovation in mobile banking services which facilitate economic transactions, can contribute to the wider economy in the long run. Mobile banking system offers ease of access, secure transactions and 24/7 banking options. Business owners rely on mobile banking to eliminate runs to the bank and to make financial decisions with updated information. Customers can search transactions and sole payment systems on their own, without interacting with bank employees. Mobile banking minimizes business overhead and banking expenses. It can eliminate errors due to poor handwriting or mistake information.

3.3.3 Mobile Wallet

Mobile wallet service is a new thing for everyone and it is the first experience for the consumers who are very used to traditional banking sector. Mobile wallet service was launched in Myanmar in 2016 and most of the users are trying to use it like a physical wallet. The use of ATM card, Debit card, Credit card will be transformed from physical card system to virtual card system (mobile wallet) in the near future in Myanmar by adoption of innovative banking products. Most of the mobile financial service licensed businesses are

Bank Organizations, Mobile Network Organizations in Myanmar. These organizations help the customers to use the money anywhere and anytime by providing the wallet application in the mobile phones. Like buying things from websites and social media platform, transferring payments, booking tickets, reservation hotels and others can also be done with the wallet from mobile payment. So, mobile payment is the interaction between customers and business. In the near future, mobile wallet will be popular among the consumers. As an advantage of this mobile wallet, the e-commerce field will be booming.

CHAPTER IV

ANALYSIS OF ADOPTION OF INNOVATIVE BANKING PRODUCTS ON CUSTOMER ATTRACTION, SAISFACTION AND RETENTION

In this chapter, analysis of survey data is presented. Analysis includes demographic factors of respondents, Mean and Standard Deviation of independent variables and Correlation and Regression analysis.

4.1 Research Design

In this study, descriptive research was conducted. For this descriptive research, the primary data was collected by using the structured questionnaire and face to face interview. Respondents were chosen by using simple random sampling methods.

The quantitative methodology is used to discover the effect of banking innovation on customer attraction, satisfaction and retention in order to understand the effect of factors influencing customer attraction, satisfaction and retention.

The questionnaire was developed from previous literature in Section 2 to include the concepts to measure. The study involves main independent variables including banking innovation. The dependent variables are customer attraction, satisfaction and retention.

The questionnaire survey consists of three sections which contains 26 questions. Part 1 has four questions of demographic information. Part 2 consists of 22 questions to measure independent variables and dependent variables those are consumers' behaviours. There are four types of scales- nominal, ordinal, interval, ratio that can be used for quantitative research. In this study, nominal scale has been used in part 1. Interval scale has been used in part 2 of the questionnaires.

The research survey used a 5-point Likert scale: 5(Strongly agree), 4(Agree), 3(neutral), 2(disagree), 1(Strongly disagree). After conducting the survey, the obtained data was processed and analysed using Statistical Package for Social Science to conduct descriptive statistics such as frequency distribution, mean, standard deviation and inferential analysis such as correlation analysis and regression analysis.

4.2 Demographic Factors of the Respondents

Demographic characteristics of the respondents were analysed by gender, age group, income level and educational status. Table (4.1) describes the demographic profile of the 150 respondents by gender, age and income.

4.2.1 Gender

In this study, gender can be classified into two groups, male and female.

Table (4.1) Gender of Respondents

Gender	Number of respondents	Percentage
Male	67	44.7
Female	83	55.3
Total	150	100.0

Source: Survey Data (2019)

From data analysis, table (4.1) found that among 150 respondents, male 44.7% and female 55.3%. According to table (4.1), female respondents took larger domain than male.

4.2.2 Age of Respondents

In this study, age range was divided into four groups that consist of 15-20 years old, 21-30 years old, 31-40 years old and 41-50 years old.

Table (4.2) Age of the Respondents

Age	Number of respondents	Percentage
15-20 years old	41	27.3
21-30 years old	71	47.3
31-40 years old	30	20.0
41-50years old	8	5.3
Total	150	100.0

Source: Survey Data (2019)

According to the following table (4.2), respondents between 21-30 years old are largely involved and followed by the respondents between 15-20 years old but the respondents between 41-50 years old have smallest portion.

The respondents who have age between 21-30 years old have the largest portion with (47.3%) in the study and followed by the respondents who has age between 15-20

years old with (27.3%), the respondents who has age between 31-40 years old with (20%) and the respondents who has age between 41-50 with 5.3% respectively.

4.2.3 Income

In this study, income was divided into four groups which consist of between Kyats 100000-300000, Kyats 300001-500000, Kyats 500001-700000 and above Kyats 700000.

Table (4.3) Monthly Income Level of Respondents

Income	Number of respondents	Percentage
100000-300000 kyat	79	52.7
300001-500000 kyat	31	20.7
500001-700000 kyat	28	18.7
More than Kyats 700001	12	8
Total	150	100.0

Source: Survey Data (2019)

In this study, the largest portion of the respondents with 52.7%, who has income between Kyats 100000-300000 followed by the respondents with 20.7%, who has in income between Kyats 300001-500000 and the respondent group who has income between Kyats 500001-700000 with 18.7 % but the respondents whose income is above 700000 Kyats has the smallest potion of 8% as shown in table (4.3).

4.2.4 Education

In this study, education status was divided into five groups which consist of Diploma, Bachelor, Master and Ph.D. and other.

Table (4.4) Education Level of Respondents

Education	Frequency	Percentage
Diploma	5	3.3
Degree	134	89.3
Master	7	4.7
Ph.D.	1	0.7
Other	3	2.0
Total	150	100

Source: Survey Data (2019)

This study shows that the respondents who are Bachelor Degree holders have the largest portion with 89.3%, Master Degree with 4.7%, Diploma with 3.3 %, other with 2% and Ph.D. with 0.7% as shown in table (4.4).

4.3 Adoption of Innovative Banking Products on Customer Attraction, Satisfaction and Retention

4.3.1 Innovative Banking Products

According to the prepared questionnaire in this paper, innovative banking products are classified into the following factors, “My bank offers good services using different technologies”, “Mobile top-up services make it easy and convenient for me”, “ATM card-less withdrawal services made me easy”, “Mobile top-up services make it easy and convenient for me”, “Electronic banking service is cost effective for customers”, “Electronic banking has improved quality of banking services offered to customers”, “I am using bill payment services for my housing utility cost”, “I am happy with the security support of mobile banking services”, “Electronic banking has eliminated waiting time in the bank”, “One-time OTP security services are secured for customers”

Table (4.5) Innovative Banking Products

Particulars	Mean	Standard Deviation
My bank offers good services using different technologies.	3.85	.91032
Mobile top-up services make it easy and convenient for me.	3.95	.82199
ATM card-less withdrawal service made me easy.	3.94	.92852
Electronic banking service is more convenient for me in cash remittance.	4.08	.86327
Electronic banking service is cost effective for customers.	3.87	.93620
Electronic banking has improved quality of banking services offered to customers.	3.83	.90796
I am using bill payment services for my housing utility cost.	3.32	.99879
I am happy with the security support of mobile banking services.	3.49	.93935
Electronic banking has eliminated waiting time in the bank.	4.04	.98907
One-time OTP security services are secured for customers.	3.25	.93361
Overall mean score	3.76	

Source: Survey Data (2019)

According to the table (4.5), by comparing the score of innovating banking products, the study found that the highest mean score is 4.08 in which “Electronic banking service is more convenient for me in cash remittance”, while the lowest mean score is 3.25 in which “One-time OTP security services are secured for customers”. The average mean score is 3.76. This average means score can be assumed that all respondents are agree to the survey that can be approved innovating banking products can attract the customers, can be achieved customer satisfaction and finally bank can maintain its customers.

4.3.2 Customer Satisfaction

Structured questionnaires related to customer satisfaction are classified into the following factors, “I am very satisfied doing business with my bank”, “I am satisfied with the services/products provided from my bank”, “The banks always respond in time for my request for product information”, Bank staffs warmly welcome customers for their complaint”, “I am happy to use new products provided from my bank”.

Table (4.6) Customer Satisfaction

Particulars	Mean	Standard Deviation
I am very satisfied doing business with my bank.	3.46	.70120
I am satisfied with the services/products provided from my bank.	3.58	.69774
The banks always respond in time for my request for product information	3.40	.88991
Bank staffs warmly welcome customers for their complaint.	3.37	.90053
Overall, I am satisfied with the services I receive from my bank	3.52	.79191
I am happy to use new products provided from my bank.	3.59	.77880
Overall mean score	3.49	

Source: Survey Data (2019)

By comparing the mean score of customer satisfaction, this study found that the highest mean score is 3.59 in which “I am happy to use new products provided from my bank” while the lowest mean value is 3.37 in which “Bank staffs warmly welcome customers for their complaint”. The average mean score is 3.49, which can be approved that customer satisfaction is a key factor to cause customer retention.

4.3.3 Customer Attraction

These questionnaires are prepared to determine customer attraction on the innovative banking products. Questionnaires are composed of the following factors. “I can get ATM services at any time”, “I can get mobile banking service from my bank 24/7”, “I like advertisements from my bank for its services/products”, “New products provided from my bank are easy to use and affordable”, “my bank engages promotions by advertising”, “my bank always delivers on its promises”.

Table (4.7) Customer Attraction

Particulars	Mean	Standard Deviation
I can get ATM services at any time.	3.65	.88981
I can get mobile banking service from my bank 24/7.	3.91	.90892
I like advertisements from my bank for its services/products	3.37	.99897
New products provided from my bank are easy to use and affordable.	3.29	.86184
My bank engages promotions by advertising	2.89	.94504
My bank always delivers on its promises	3.49	.85724
Overall mean score	3.43	

Source: Survey Data (2019)

By comparing the mean score of customer attraction factors, this study found that the highest score of mean is 3.91 in which “I can get mobile bank services from my deposit bank 24hr ”, while the lowest mean is 2.89”in which “My deposit bank engages promotions by advertising”. The average mean score is 3.43 and that can indicates innovative banking product can be attracted to use banking service again and again. That is why customer attraction is a key factor to cause customer retention.

4.4 Relationship between Innovative Banking Products and Customer Satisfaction, Attraction, Retention

There are three independent variables; Innovative banking products, customer satisfaction, customer attraction and a dependent variable i.e. Customer retention which is involved in this study. Measurement scales for all variables except demographics were adapted from previous study.

A correlation analysis was run to investigate the relationship between variables. Finally, a multiple regression analysis was run to test the relationships between the independent variables and the dependent variable.

Pearson correlation coefficient indicates the significance, direction, strength and significance of the bivariate relationship among all the variables that were measured at an interval or ratio level (Sekaran, 2003).

The correlation coefficient (r) range from -1.0 to + 1.0. When the value of r is -1.0, it indicates a perfect negative linear relationship while r value of + 1.0 indicates a perfect positive linear relationship. When the r value equal to 0, it means that there is no correlation indicated among the variables.

Table (4.8) Correlation of the Independent Variables and Dependent Variable

	Innovative Banking Products	Customer Satisfaction	Customer Retention	Customer Attraction
Innovative Banking Products	1			
Customer Satisfaction	.534**	1		
Customer Retention	.294**	.273**	1	
Customer Attraction	.493**	.616**	.493**	1

Source: Survey Data (2019)

** Correlation coefficient is the level of significant at 0.01 level (2-tailed)

*Correlation is significant at the 0.05 level (2-tailed)

Table (4.8) demonstrates the correlation coefficient for dependent variable-customer retention and independent variables i.e. the three variables; innovative banking products, customer satisfaction and customer attraction. The correlation coefficient between innovative banking products and customer satisfaction is 0.534 at

1% level of significance, innovative banking products and customer retention are 0.294 at 1% level of significance, innovative banking products and customer attraction is 0.493 at 1% level of significance. Moreover, Table (4.8) also describe that the value of their correlations was less than 0.90. The estimated correlations between the factors were not excessively high.

4.5 Analysis of the Effect of Adoption of Innovative Banking Products on the Customer Attraction, Satisfaction and Retention

It is important to consider which factors can significantly affect independent variables. For this purpose, the multiple regression analysis is conducted and the results are reported in Tables.

Table (4.9) Regression Results of Customer Satisfaction on Customer Retention

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
1 (Constant)	2.215	.236		9.368	.000
Customer satisfaction	.231	.067	.273	3.450	.001

Source: Survey Data (2019)

Dependent Variable= Customer retention

Independent Variable= Customer satisfaction

Significance level ** 0.01 (1%) and * 0.05 (5%) respectively

According to the table (4.9), customer satisfaction is significant. The magnitude of each coefficient indicates that the score of the dependent variable will change if the score of an independent variable increase by 1 unit while other things remain unchanged. That is, if the score of customer satisfaction increase by 1 unit, while other things remain unchanged, the level of customer retention will increase by .231units.

In term of the magnitude of standardized coefficient, customer satisfaction (beta=.273) is relatively the most important in customer satisfaction factor to insure. Therefore, customer satisfaction is key determinant of customer retention.

Table (4.10) Regression Results of Customer Attraction on Customer Retention

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
1 (Constant)	1.585	.211		7.511	.000
Customer attraction	.418	.061	.493	6.896	.000

Source: Survey Data (2019)

Dependent Variable= Customer retention

Independent Variable= Customer attraction

Significance level ** 0.01 (1%) and * 0.05 (5%) respectively

According to the table (4.10), customer attraction is significant. The magnitude of each coefficient indicates that the score of the dependent variable will change if the score of an independent variable increase by 1 unit while other things remain unchanged. That is, if the score of customer attraction increase by 1 unit, while other things remain unchanged, the level of customer retention will increase by .418 units.

In term of the magnitude of standardized coefficient, customer attraction (beta=.493) is relatively the most important in customer attraction factor to insure. Therefore, customer attraction is key determinant of customer retention.

Table (4.11) Regression Results of Innovative Banking Products on Customer Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std.Error	Beta		
1 (Constant)	1.537	.257		.5982	.000
Innovative banking products	.518	.067	.534	7.677	.000

Source: Survey Data (2019)

Dependent Variable= Customer satisfaction

Independent Variable= Innovative banking products

Significance level ** 0.01 (1%) and * 0.05 (5%) respectively

According to the table (4.11), innovative banking products are significant. The magnitude of each coefficient indicates that the score of the dependent variable will change if the score of an independent variable increase by 1 unit while other things remain unchanged. That is, if the score of innovative banking products increase by 1 unit, while other things remain unchanged, the level of customer satisfaction will increase by .518 units.

In term of the magnitude of standardized coefficient, innovative banking products (beta=.534) is relatively the most important in customer satisfaction factor to insure. Therefore, innovative banking products are key determinant of customer satisfaction.

Table (4.12) Regression Results of Innovative Banking Products on Customer Attraction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std.Error	Beta		
1 (Constant)	1.637	.264		6.201	.000
Innovative banking products	.477	.069	.493	6.890	.000

Source: Survey Data (2019)

Dependent Variable= Customer attraction

Independent Variable= Innovative banking products

Significance level ** 0.01 (1%) and * 0.05 (5%) respectively

According to the table (4.12), innovative banking products are significant. The magnitude of each coefficient indicates that the score of the dependent variable will change if the score of an independent variable increase by 1 unit while other things remain unchanged. That is, if the score of innovative banking products increase by 1 unit, while other things remain unchanged, the level of customer attraction will increase by .477 units.

In term of the magnitude of standardized coefficient, innovative banking products (beta=.493) is relatively the most important in customer attraction factor to insure. Therefore, innovative banking products are key determinant of customer attraction.

Table (4.13) Regression Results of Innovative Banking Products on Customer Retention

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std.Error	Beta		
1 (Constant)	2.112	.246		8.597	.000
Innovative Banking Products	.241	.064	.294	3.737	.000

Source: Survey Data (2019)

Dependent Variable= Customer retention

Independent Variable= Innovative Banking Products

Significance level ** 0.01 (1%) and * 0.05 (5%) respectively

According to the table (4.13), innovative banking products are significant. The magnitude of each coefficient indicates that the score of the dependent variable will change if the score of an independent variable increase by 1 unit while other things remain unchanged. That is, if the score of banking product innovation increase by 1 unit, while other things remain unchanged, the level of customer retention will increase by .241 units.

In term of the magnitude of standardized coefficient, banking product innovation (beta=.294) is relatively the most important in customer retention factor to insure. Therefore, innovative banking products is key determinant of customer retention.

CHAPTER V

CONCLUSION

This chapter presents the findings of the study. It also discusses the major theoretical implications and suggestions. The implications of findings, limitations and future directions for further research are put forward.

5.1 Findings and Discussions

The main purpose of this study was to investigate the effect of adoption of innovative banking products on customer attraction, satisfaction and retention. Finally, to provide the meaningful implications to decision making to banking industry, the study tried to achieve the understanding on the effect of adoption of innovative banking products towards customer attraction, satisfaction and retention.

Data for the study was collected through questionnaires which include both open and close-ended. The survey's questionnaires are distributed to (150) bank service users in Yangon Region and fully received a total of 150 survey questionnaires. The focused respondents for the study consist of bank service users in Yangon, Myanmar.

Frequencies, mean, percentages, and standard deviation were deployed to present the responses obtained from the respondents. According to the demographic factors, female respondents have larger domain than male respondents. Age interval of the respondents is classified between 15-20 years old, 21-30 years old, 31-40 years old and 41-50 years old. Among them, the range of age between 21-30 years old respondents are largely dominated among them. According to the survey data, respondents who have income range from 100000 to 300000 kyats have the highest domain.

Innovative banking products' relation with customer attraction, satisfaction and retention model was applied in this study. This study consists of four main factors such as innovative banking products factor, customer satisfaction factor, customer attraction factor and customer retention factor.

In innovative banking products factor, there are 10 relevant statements. In innovative banking products factor, more banking service users have agreed that innovative banking products like Electronic banking, Mobile wallet, Card-less ATM,

etc. have made them comfortable to transfer money and easier to use the product. In customer attraction factor, there are six relevant statements. Among these statements, more banking services users are attracted by mobile banking service which can be applied anywhere, any time. In customer satisfaction factor, there are six relevant statements. In customer satisfaction factor, more banking services users are satisfied on applying new services/ products from their bank.

According to the survey results, innovative banking products, customer satisfaction, customer attraction and customer retention, have significant and positive relationship.

Based on the results of multiple regression analysis, it can be concluded that innovative banking products have a significant positive influence on customer attraction, satisfaction and retention. Also, customer satisfaction and customer attraction have a significant positive influence on customer retention.

5.2 Suggestions and Recommendations

This research contributes to the field of banking sector to encourage adopting innovative banking products related to customer attraction, satisfaction and retention. However, it should be noted that this model could only be partially fitting. The study relied on the literature on innovative banking products, a field that is fairly growing with literature. Regarding innovative banking products factor, commercial banks need to educate customers to have more awareness on OTP usage and its benefit. According to customer satisfaction factor, commercial banks should provide customer service training to their employees to get better customer experiences. Regarding with customer attraction, banks need to create promotional programs and share these information to their target customers by using multiple advertising channels. Statistical regression analysis contributes to understand the factors such as adoption of innovative banking products that can attract customers, and make customers be satisfied by using these innovative banking services and products, so that banks can maintain their customer's retention. That is why banks should continually introduce more innovation-driven products and services, which are aligned to customer attraction, satisfaction and retention. Commercial banks in Myanmar could benefit a lot from this study, as the results report positive relationships between adoption of innovative banking products and customer attraction as well as the adoption of innovative banking products and customer satisfaction and customer retention.

Furthermore, it could be confirmed that there are positive relationships between customer attraction, satisfaction and retention. This suggests that bank practitioners need to make more adoption on innovative products in banking sector, so that the banking sector will get more and more customer attraction, satisfaction and retention.

This study can provide a valuable contribution as an idea of investment in adoption of innovative banking products for the commercial banks in Myanmar. Additionally, it can be contributed to grow Myanmar banking sector.

5.3 Need for Further Study

Due to time limitation and financial constraints, this study only covers the effect of adoption of innovative banking products on customer attraction, satisfaction and retention in Yangon banking services users. As Myanmar has major portion of un-bank population, in the event of the further study, some interesting research areas can find out the effect of innovative products and services on customer attraction, satisfaction and retention for the financial sector. Next, a replication of this study using different methodologies for data collection and analysis methods can be conducted in Mandalay region because Mandalay is the second biggest city and has a great number of banking service users.

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APPENDICES

ANALYSIS OF ADOPTION OF MINNOVATIVE BANKING PRODUCTS ON CUSTOMER ATTRACTION, SATISFACTION AND RETENTION

1. Gender Analysis

Male

Female

2. Age Analysis

15-20 years old

21-30 years old

31-40 years old

41-50 years old

3. Income Level

100000-300000 Kyat

300001-500000 Kyat

500001-700000 Kyat

Above 700000 Kyat

4. Education

Diploma

Degree

Master

Ph.D.

Other

The respondents need to select the relevant item only.

Innovative Banking Products

No.	Questionnaires	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
1	My bank offers good services using different technologies					
2	Mobile top-up services make it easy and convenient for me.					
3	ATM card less withdrawal service made me easy					
4	Electronic banking service is more convenient for me in cash remittance.					
5	Electronic banking service is cost effective for customers					
6	Electronic banking has improved quality of banking services offered to customers					
7	I am using bill payment services for my housing utility cost					
8	I am happy with the security support of mobile banking services					
9	Electronic banking has eliminated waiting time in the bank					
10	One-time OTP security services are secured for customers					

Customer Satisfaction

No.	Questionnaires	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
1	I am very satisfied doing business with my bank.					
2	I am satisfied with the services/products provided from my bank.					
3	The banks always respond in time for my request for product information					
4	Bank staffs warmly welcome customers for their complaint.					
5	Overall, I am satisfied with the services I receive from my bank					
6	I am happy to use new products provided from my bank.					

Customer Attraction

No.	Questionnaires	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
1	I can get ATM services at any time.					
2	I can get mobile banking service from my bank 24/7.					
3	I like advertisements from my bank for its services/products					
4	New products provided from my bank are easy to use and affordable.					
5	My bank engages promotions by advertising					
6	My bank always delivers on its promises					