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CUSTOMER ATTITUDE TOWARDS ADOPTION OF KBZ PAY

THET HNYNN SU

MBF – 67 (DAY 1<sup>ST</sup> BATCH)

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# CUSTOMER ATTITUDE TOWARDS ADOPTION OF KBZ PAY

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Master of Banking and Finance

**Supervised by**

Daw Yee Yee Thein

Associate Professor

Department of Commerce

Yangon University of Economics

**Submitted by**

Thet Hnyinn Su

Roll No – 67

(MBF- Day 1<sup>st</sup> Batch)

## **ABSTRACT**

Now a day, the use of technology has been grown incredibly. Mobile plays in an important role in our daily life. This research examines the customer attitude towards adoption of KBZPay. The purposes of this research are to identify the digital mobile wallet practices in KBZ Bank and to analyze the customer attitude towards the adoption of KBZ Pay. A conceptual framework based of technology acceptance model was developed and tested using data from a sample of 200 KBZPay customers. The sample is collected randomly in Yangon area and survey was conducted with well-structured questionnaires. The collected data are identified through the use of 5-point likert scale rating method. The secondary data is mainly obtained from the KBZ and KBZPay website and also from the articles, and previous studies on related topic. The finding of this research show useful decision makers to implement and develop in digital payment mode and help as to know how it affect user attitude on the adoption. This study does not cover the digital wallet of all private banks in Myanmar and it is also suggested to make further research for more detailed information on it.

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## LIST OF ABBREVIATIONS

ABF	–	Asian Banking and Finance
AGD	–	Asia Green Development Bank Limited
BI	–	Behavioral Intention
CB	–	Co-operative Bank Limited
CGM	–	Consumer Goods Myanmar
COD	–	Cash on Delivery
DICA	–	The Directorate of Investment and Company Administration
IFC	–	International Finance Corporation
KBZ	–	Kanbawza Bank Limited
KYC	–	Know Your Clients
MAB	–	Myanmar Apex Bank Limited
OTC	–	Over-the counter
P2P	–	Person-to-Person Payments
PEOU	–	Perceived Ease of Use
PU	–	Perceived Usefulness



## Chapter (1)

### Introduction

Myanmar's banking sector is still largely cash-based which presents multiple issues and a huge barrier to growth. The adoption of cashless platforms and digital payments in Myanmar has been slow. Experts say it could take a minimum of five more years for society to go cashless. Cash is still seen as being more convenient for everyday purchases and paying for services. However, it costs the government money to print cash and this amount is quite a lot. There are also other costs involving transporting the money to various banks across the country. Hence, digital payments have yet to prove it can be more convenient and trusted than cash. (Aung, At least five more years needed for Myanmar to go cashless, 2018)

The country also has limited digital infrastructure with few acceptance points for digital payments and cash-in channels. Myanmar's banks are busy adapting to the country's economic transformation. Myanmar has unbanked population around 90% which is a huge potential for banking sector. The geographical area of the country is too large and coupled with rapid growth in mobile phones and internet penetration, have created a fertile ground for mobile money opportunities. Myanmar's smartphone penetration standing at over 90%, the opportunities for financial inclusion is huge. With rapidly improving mobile penetration, the potential for digital financial inclusion is remarkable.

The great majority of banking customers still prefer to visit at branch and have an over-the-counter (OTC) service. This is relatively because Myanmar's economy remains very much cash driven, and a related point is a distrust or lack of familiarity with keeping funds in digital format. While the majority of the market will continue to be OTC transactions, there is a main group of young, digitally literate urban professionals and students that will increasingly have a preference for digital wallets. Getting more of the population to move from cash to digital currency will help enable to a range of additional digital wallets services, and digital wallets could become a source of credit data for unsecured consumer lending.

Before digital banking, labors sending money to their families in rural villages had to travel with cash or pay someone else to do so, which often led to theft or loss.

Now, money can be transferred to just about anyone across the country in an instant. Money is also stored digitally with proper authentication methods to restrict access. (Charles, 2019)

The ubiquity of Facebook and smartphones has created a group of entrepreneurs using the social network to advertise and sell products. Mobile money now presents an online payment solution that many vendors are making use of. Mobile money providers could opt to create an escrow account option for customers purchasing goods online order to help prevent fraud issues and create greater security for people purchase items in advance. Mobile money providers offer a potential payment platform, and as online services there are likely to be partnerships.

## **1.1 Rationale of the Study**

Myanmar can succeed in the transition towards a cashless society. In 2015, the Central Bank began drafting regulations on mobile financial services to open up the market to non-bank financial institutions. The regulations were approved in early 2016. Ooredoo and Telenor Myanmar, have both committed to providing mobile financial services. Telenor Myanmar will initially focus on domestic money transfer services. Wave Money, a partnership between Telenor Myanmar and Yoma Bank, began commercial testing with approval from the Central Bank later that year. It was 2017 that saw the beginnings of real growth in Myanmar's mobile money sector. Wave Money expanded its agent network from 5000 at the start of 2017 to 16,000 by January 2018 to cover 85% of the townships in the country. (Frontier Myanmar Research, 2018)

Banks in Myanmar have started either venturing into fin-tech business or collaborating with these companies to keep up with the latest in technology. KBZ Bank, Myanmar's largest privately-owned bank, has launched a digital wallet called KBZ Pay. In less than a year from the introduction of KBZPay in August 2018, 18,000 KBZ Bank employees across the country have digitally on-boarded more than 3.5 million fully KYC-ed customers and more than 100,000 merchants and agents.

Even though the penetration of digital mobile wallet is high, customers often experience unfamiliar feelings towards the product and they still concern for the security and privacy to use the digital wallet. Currently, only about 16% of adults in

Myanmar have bank accounts. Financial exclusion is still a big challenge and especially in the remote areas, customers are facing difficulties to adopt new technologies. Customers in Myanmar had very limited experience in registration for digital services and encounter confusion in navigating through application.

Currently, consumer adoption of mobile wallets is in the early stages but marketers are eager to see widespread adoption of this new technology. Thus, there is a real practical need for a better understanding of the factors that could influence mobile wallet adoption.

## **1.2 Objectives of the Study**

The goal of this study is to add to the emerging research on mobile wallet by investigating consumer adoption of this technology. The objectives of the study are as follows;

- To identify the digital mobile money practices in KBZ Bank
- To analyze the customer attitude towards KBZ Pay

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

Current local digital wallets available are Wave Money from Yoma Bank, KBZ Pay from KBZ Bank, AGD Pay from AGD Bank, CB Pay from CB Bank and OK Dollar. This study focused on the customer attitude towards the adoption of KBZ Pay. Some of the data are based on the secondary data from the website or magazine articles. Therefore, there is a risk for the accuracy and reliability of data. A descriptive statistics method was used to identify factors affecting customer attitude and the data was collected from both primary and secondary sources. Primary data is collected by using structured questionnaire and secondary data is collected from the KBZ Bank Website, and other reliable sources such as journal, articles and previous research paper. The sample size is 200 respondents. Convenient random sampling method was used. This research study is conducted only in Yangon Region Area and customer attitude is measured only using the Technological Acceptance Model (TAM).

## 1.4 Organization of the Study

This research is inclusive of five sections to achieve of the objectives. The first chapter explores the overview of the research which includes the introduction, rationale of the study, objectives of the study, research questions and organizations of the study. Chapter two first elaborates on the digital wallet and digital wallet practices in Myanmar by the literature. This chapter conceptualizes Technology acceptance Model (TAM). Based on the literature review, conceptual framework for the research was built. The third chapter exhibits the profile of KBZ bank and KBZ Pay. Also the services provided from the KBZpay were explained in that chapter. Digital mobile practices of KBZ Bank also explored in this chapter.

Chapter four is devoted to the research methodology. The research design, sample selection, data collection methods and data collection tools have been explained in this chapter. The analysis of the data and interpretation from the study has been included in chapter four as well. Chapter Five gives a summary of this research as well as discusses on directions for future work.

## **CHAPTER (2)**

### **THEORETICAL BACKGROUND**

This chapter intends to describe the theory which was used as a framework for this study. It includes Digital Wallet, Digital Wallet in Myanmar and Technological Acceptance Model.

#### **2.1 Digital Wallet**

The combination of widespread internet access, increased bandwidth, and devices that can capitalize on that bandwidth to deliver a new customer experience is driving the explosion in wallet development and customer usage.

The digital wallet is the engine of mobile commerce. It is a software application with the following base functionality. It offers secure registration of the user and secure provisioning of identifications. It offers the ability for the user to securely facility and store customer-identity information, payment information. The user can preselect a payment method within the wallet application to execute commerce transactions. The funding of the wallet payment may come from a debit or credit card, prepaid card, bank account, e-money account, virtual currency or any other store of value. Digital wallets often have many more functions, including person-to-person (P2P) payments and other payment methods, balance inquiry and reporting functions, support of loyalty programs and other functions. (MAHINDRA COMVIVA, 2016)

There are three kinds of digital wallets. These are:

**Open wallet:** Open digital wallet is used to purchase goods and services, including financial products like insurance and mutual funds. It can also be used to withdraw cash at ATMs or transfer funds at merchant locations and point-of-sale terminals where such cards are accepted.

**Semi-closed:** Through semi-closed wallets, an individual can shop online, recharge phone and pay bills. However, through these wallets, one cannot withdraw cash from an ATM. Through semi-closed wallets, one can purchase goods and services with listed merchants partnered with the wallets' company.

Closed wallets: Wallets issued to consumers for exclusive use are known as closed wallets. These can be used when transacting with these respective companies. A certain amount is locked with the company, in case you cancel or return the order. When a customer return or cancel an order, the merchant company credits your wallet account with the refund amount directly. (Akhila, 2018)

Because of technology, mobile user can use their mobile to make money transaction or payments by using different applications installed in their mobile. Besides payment, we can also store receipts, coupons and cards, bills in the mobile .As mobile can perform as leather wallets, and it is called “Mobile wallet or digital wallets. Digital payments refer to digital transactions, which include payments for goods and services at point-of-sale (POS) via smartphone application and peer-to-peer transfers between private users via application.

In some countries, digital wallets are now part of the daily life. China has approximately 1.2 Billion digital wallets. India counts around 450 million digital wallets. Singapore has 25% of its 5 million people using digital wallets. South Korea has 40 million digital wallet users. Thailand has 40 million digital wallet users and Malaysia has over 20 million mobile wallets. Vietnam has over 10 million digital wallet users. (Brayan, 2019)

Prof Trilok Nath Shukla has discussed about mobile wallet, working, types and its advantages and disadvantages. His analysis included perception of consumers about digital wallets. He concluded that digital wallets were used to engage with the customer by the dealers and digital businesses. Irrespective of the market status of these mobile wallets, marketers should take advantage of the emerging opportunities. (Shukla, 2016)

Normally digital wallet is used for the several functions such as Payment for mobile airtime top-ups, electricity and internet bills, microfinance payment collection, money transfer, business to business payment, and cash in cash out services (Kiat, 2016)

## 2.2 Digital Wallet in Myanmar

Even digital wallet in Myanmar is still in starting stage, it has a lot of potential to growth aligned with the Myanmar's growing economy. Myanmar people are still not familiar with digital banking system since Myanmar has always been a cash economy. In addition, banks do not get trust from the people due to the weakness in legal framework, insufficient infrastructure such as electricity and telecommunication. According to World Bank estimation only 26% of adults have a bank account and access to financial services in Myanmar. (Acharya, 2019)

The rapid growth of smartphones – mobile phone penetration is estimated to have hit 75 percent, with around 40 million subscribers – also offers the potential for banking services to be offered outside the branch. (Kyaw, 2018) Mobile devices enable payment is easy to use and efficient in making transactions. It provides an ideal platform for the vast majority of the unbanked population. In Myanmar around 2013, mobile penetration rate was 12 percent, but the sector went through exponential growth and in 2018 reached a staggering 105% mobile phone penetration according to realizing digital Myanmar economy report. Mobile devices are becoming integral parts of the communication methods for most of the rural and urban population, and because of that, mobile wallet or digital payment processing methods are there to fill in the gaps for the vast majority of the unbanked. (Acharya, 2019)

The Central Bank of Myanmar allowed non-bank institution to provide mobile banking services. With this new guideline, non-bank companies can have the digital wallets products, which can cash money in and out their mobile wallets through agents, and use this electronic channel to pay their bills, mobile top ups and as well as to transfer money. (Blandine, 16)

Although progress has not been fast enough, Myanmar has been on the digital front. Starting from 2012, the banks have also launched digital banking services such as CB Pay, KBZ Pay, AGD Pay and MAB Mobile bank to make the payments process more convenient and efficient. Meanwhile, a slew of mobile money operators such as Wave Money, M-PiteSan, TrueMoney and OK Dollar have also emerged.

### 2.2.1 Telecom owned mobile money

This is the mobile wallets such as MyTel's MyTel Pay, Telenor's Wave Money. These companies leverage large telco subscriber networks to distribute the product quickly. Limitations include high level of regulatory burden and process, as well as difficulty expanding beyond Telco specific customers.

**Wave Money** is a joint venture between Yoma banks and Telenor Myanmar mobile operator. Starting in 2016, it enables users to send and receive money from the nearest authorized Wave shop. A 2018 FMI yearly report stated that Wave money handles over 1.5 million transaction monthly through 25,000 authorized Wave shops, and they are estimated to handle around 60 transactions per shop each month. (Acharya, 2019)

**M-Pitesan** is Ooredoo's mobile money service partnering with CB banks. They offer users the ability to transfer and receive money using a mobile application as well as from authorized agents. M-Pitesan's user base has reached 400,000, with over 10,000 agents in 2018 across the country. (Acharya, 2019)

### 2.2.2 Bank owned mobile money

This type of mobile wallet includes KBZ Pay by KPZ bank, OnePay by AGD bank, CB Pay by CB Bank, Ongo by MOB. These companies leverage their large customer base to push better mobile payment capabilities. They are limited; however, by their geographical footprint given users still need to access ATMs to cash in and out of the app.

**True Money** is part of Ascend Money Group and local bank partner is AGD bank, its mobile application allows users to transfer and receive money through application and True agents. True Money targets four million Myanmar worker based in Thailand who don't have local bank accounts in Myanmar. Official True Money webpage states that they have been running with 15,000 agents across the country. (Acharya, 2019)

### 2.2.3 Independent mobile money

This type of companies such as OK\$ are not restricted by a specific network but have more legwork to do to scale. They also face more scrutiny by consumers due to the lack of an official trustworthy partner. (Charles, 2019)

**OK\$** is a subsidiary of Consumer Good Myanmar (CGM) company. It enables users to make payments through an application as well as from authorized agents. Currently, OK\$ application's total installs have reached 500,000 based on Google Play store data. (Acharya, 2019). It leverages 8,000 distributors as the agents and have 640,000 registered customers with an average of 40,000 transaction daily. (Minischetti, Biallas, & Vizcarra, 2017)

Yet, adoption rates have been low outside Yangon. More recently, governmental departments have also come onboard. The Directorate of Investment and Company Administration (DICA), on August 1 launched its new MyCo online system under which companies are now expected to register and pay fees. (Aung, At least five more years needed for Myanmar to go cashless, 2018)

The government is also pro-actively encouraging to use of cashless payment methods and to introduce such solutions into the daily lives. Inspiring financial literacy will play a vital role in getting more people to adopt digital payment, and equipping consumers for modern payment methods work will lay the foundation of the country's digital economy development. However, digital payment solutions rely on infrastructures, and the lack of reliable electricity supply in rural areas is probably the biggest obstacle in converting people from cash to digital. (Thomas, 2019)

There are still challenges to overcome in order to ensure the sector achieves its potential. The lack of a centralized identity service in Myanmar makes it difficult to adequately assess a person's identity.

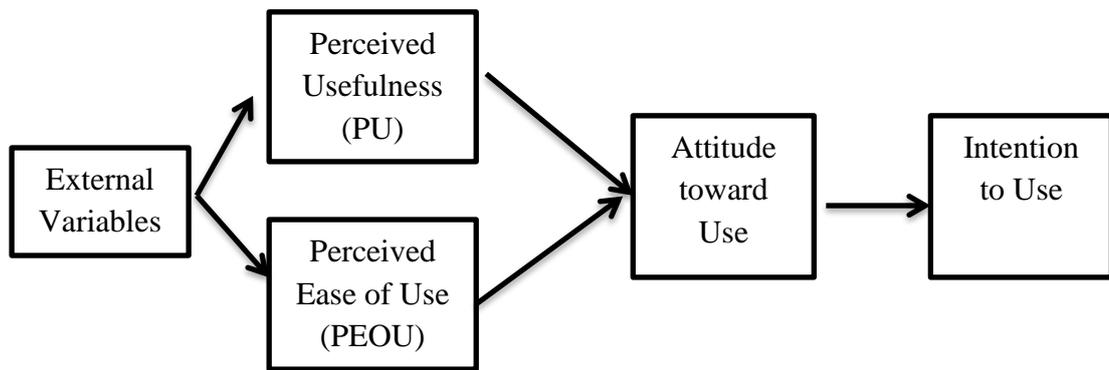
### 2.3 Technological Acceptance Model (TAM)

In Technological Acceptance Model (TAM), there are two factors perceived usefulness and perceived ease of use is relevant in computer use behaviors. Davis defines perceived usefulness as the prospective user's subjective probability that using

a specific application system will enhance his or her job or life performance. Perceived ease of use (EOU) can be defined as the degree to which the prospective user expects the target system to be free of effort. According to TAM, ease of use and perceived usefulness are the most important determinants of actual system use. (Priyanka, 2012)

In this TAM model, the attitude towards using, which is influenced by perceived usefulness (PU) and perceived ease of use (PEOU), is the major determinant for a user to accept or reject a certain system as shown in figures (2.1)

Figures (2.1) Framework of the Technological Acceptance Model (TAM)



Source: Technology Acceptance Model by Davis 1989

**Perceived Usefulness** refers to “the extent to which a person believes that using a particular technology will enhance her/his job performance”. In TAM framework, PU is hypothesized to be the direct predictor of behavioral intention to use (BI) of the technology of interest. **Perceived Ease of Use** as “the degree to which a person believes that using a technology will be free from effort”. If a system is relatively easy to use, individuals will be more willing to learn about its features and finally intend to continue using it. Studies indicate that PEOU is positively associated with continuance intention in the context of Web-based learning. (Hamid, 2016)

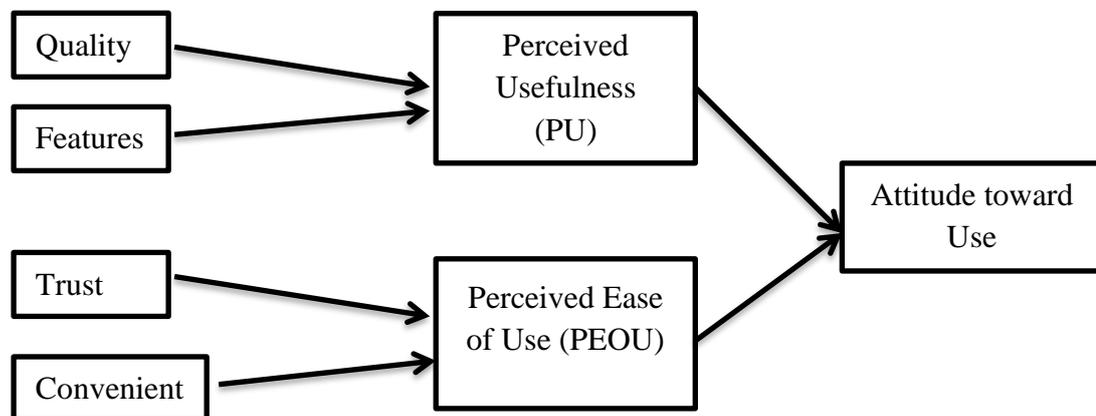
Theoretically, **attitudes towards use** are initially constructed from Theory of Reasoned Action (TRA) which is generally used to study about belief, attitude, norms and intention of individual that will lead to specific outcomes. Attitude is manner, disposition, feeling and position with regard to a person or thing, tendency or orientation especially in the mind. Attitude refers to feelings, beliefs and behavior predispositions directed towards the objects.

## 2.4 Conceptual Framework of the Study

A theoretical model was designed based on Technology Acceptance Model (TAM) to achieve the objective of the study. TAM is used in the study to describe the behavior of customer acceptance of digital wallet. TAM has shown that behavioral intention to use a new information system is based on the recognition of the two factors which are perceived usefulness (PU) and perceived ease of use (PEOU). Perceived usefulness means the level of belief of a person in using new information systems that makes better performance. Perceived ease of use means that the users have expectations that the newly developed systems must be easy to learn and to use. Both perceived ease of use and perceived usefulness are influenced by some critical variables.

Perceived usefulness is the service that can provide the users to work faster, more efficient, easier, more effective, and give the overall benefit. Perceived ease of use is the service which is easy to learn, easy to administer, easy to interact with, easy to become proficient, and easy to understand.

Figures (2.2) Conceptual Framework



Source: Technology Acceptance Model by Davis 1989

Therefore, four external variables identified on the research were quality, features, trust and convenience. Perceived Usefulness (PU) is measured by quality and features on the KBZPay products. Perceived Ease of Use (PEOU) is measured by the trust and convenient on the KBZPay products.

## CHAPTER (3)

### BACKGROUND STUDY OF KBZPAY

The objective of this chapter presents about profile of KBZ Bank and overview of the KBZPay products. Features of KBZPay are explained. In addition, digital practices of KBZ Bank are explored in this chapter.

#### 3.1 Profile of KBZ Bank

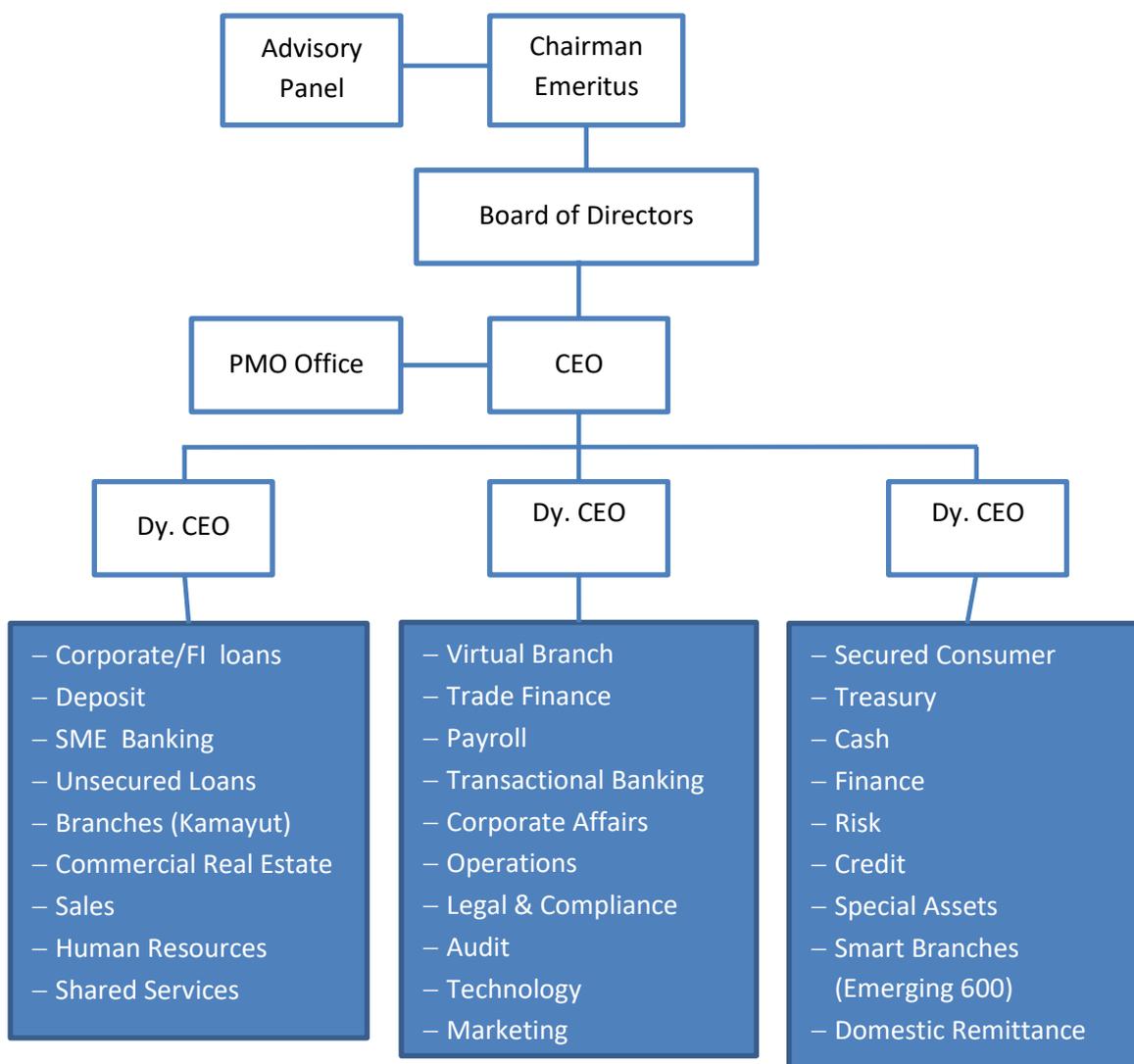
Kanbawza Bank (KBZ Bank) was established in July 1994 in Taunggyi, located in the southern part of Shan State. In 1999, it started its expansion to the rest of the country. KBZ Bank is now including in Myanmar's one of the largest and top privately-owned bank, with over 400 main branches and over 100 min branches. KBZ Bank is headquartered in Yangon, Myanmar. (KBZ Bank, 2019)

KBZ Bank is controlling approximately 40 percent of assets and market share of both retail and commercial banking in Myanmar. The bank is leading the way, particularly in digital and technology, With 18,000 staff, nationwide and KBZ is leading the way for Myanmar's rapidly developing financial services industry through an approach that understands the unique context of the country's economy as it transitions towards a digital future.

As Myanmar's economy expands and opens up, KBZ Bank sees exciting opportunities to work with international investors, providing an important and critical bridge to Myanmar's fast-growing cities, entrepreneurs and local communities. (KBZ Bank, 2019) KBZ Bank maintains a continuous growth in financial industry along with the development of Myanmar.

The vision of KBZ Bank is to become the best-managed bank in the world . The mission of KBZ Bank is to improve the quality of life through banking. KBZ Bank is guided by a belief and a culture that runs throughout the entire organization: being good to people and doing the right thing. That is why KBZ Bank is driven by three core values – Metta, Thet Ti, Virya – loving kindness, perseverance and courage. (KBZ Bank, 2019)

Figure (3.1) Organization Structure of KBZ Bank



Source: KBZ Bank

The founder of KBZ Bank is taking the role of Chairman Emeritus and the operation is administrated by CEO. Under the CEO, there are three Deputy CEOs, which are responsible for the different departments as shown in figure (3.1).

### 3.2 Products and Services of KBZ Bank

KBZ Bank provides commercial banking services in Myanmar. KBZ Bank offers **deposit** products such as saving, fixed and call deposit. For **credit** products, there is loan, overdraft, hire-purchase and home-loan. KBZ bank is also connected to all the other local banks for **remittance** service using real time online network. Also,

KBZ bank has a Quick pay service which is a cash collection services as medium between corporate merchants and clients.

It also offers gift cheques, currency exchange, safe deposit lockers and e-commerce services. In addition, KBZ Bank has **cash management** services including payroll, payment and collection services, bank certificates and payment orders.

KBZ Bank started international card acquiring business accepting VISA, MASTER Card, Union Pay International and JCB cards. International banking services are available for trade, international remittance that to facilitate fast and secure transfer of funds. Having established a dedicated team for trade services, KBZ is committed to delivering quick and efficient services that are tailored to meet international trade transactions needs of customers. Also KBZ offers you foreign exchange services at competitive rates for a wide range of foreign currencies to meet international trading needs and funding requirements. (KBZ Bank, 2019)

In online banking services, financial transactions are available as own account transfer, internal account transfer and cashless withdrawal. Additionally, loan repayment and remit2U are available. Other functions such as viewing account activities, viewing foreign exchange rate and payment of meter bills are also available in online banking.

### **3.3 Digital Mobile Practices of KBZ Bank**

For the purpose of 100% financial inclusion, and to ensure everyone has equal opportunities and access to financial services, KBZ Bank strongly encourages digital banking. The first step of digital banking is mobile banking accounts is the opportunity to improve the quality of life. KBZ Bank believes that mobile banking can reach population areas that previously did not have access to financial services. Being innovative and transformative can connect with the people from rural areas. (Tun, 2018)

KBZ bank has started developing a new mobile banking application in 2013. (Myers, 2013) Same like the mobile banking from the other local banks, KBZ mobile banking can be used to check accounts balance, transfer to the same bank accounts,

and check the exchange rate. Besides those normal features, the new features reflect KBZ Bank's commitment to adopt and rollout the latest technology.

KBZ Bank became the first bank to move from software token verification to biometric authentication via fingerprint or Facial recognition (Iphone X) and Auto OTP (data delivered second factor authentication instead of SMS). This significantly enhanced user security and created a more seamless mobile experience for KBZPay and mobile banking apps. Customers no longer need to enter their user ID and PIN as all required authentication occurs in the backend. This also reduced dependency on SMS and its cost to the bank.

In 2018, KBZ Bank enabled our mobile banking app to support both English and Myanmar. This helps the less English-fluent Myanmar citizens to better use our mobile banking applications.

KBZ bank was awarded the financial inclusion initiative of the year in Myanmar and mobile banking initiative of the year at the 14<sup>th</sup> ABF (Asian Banking and Finance) Retail Banking Awards ceremony. (Myanmar Insider, 2019)

KBZ Online Banking offers a great way for viewing bank account balances & transactions, transferring money, and paying bills from the comfort of the customers. It's simple, secure, and convenient to use anytime anywhere. (KBZ Bank, 2019)

**Remit2U** - To simplify mobile banking and enable greater financial inclusion by allowing KBZ customers to transfer money to family and friends, KBZ Bank launched Remit2U product. This product allows users to send money to a beneficiary even to those without a KBZ Bank account through our mobile banking application. Beneficiary can be able to receive the money by visiting the nearest KBZ branch and presenting their NRIC and SMS code.

**Cardless withdrawal** - With Cardless ATM Withdrawal, recipients can withdraw cash at any KBZ ATM without their ATM card with the code sent via text from KBZ Bank and the code provided by a friend or family.

**Gift Cards (Mobile Banking)** - For mobile banking retail customers to purchase credits for iTunes (US), Google Play Store (US), Viber Out, Easypoints and Mobile

Legends, KBZ Bank launched gift cards features. This gives customers more options in accessing digital services, beyond Myanmar's telco providers.

**Other Services** - The bank has also launched a new capability that allows prospects to remotely register for mobile banking using their ATM Card Number and PIN. Therefore customer can acquire mobile banking customers significantly out banking hours. This same service is also deployed for Mobile Banking PIN reset adding convenience and security to customers.

For Corporate customers, KBZ Bank enhanced bulk payments by separating salary payments and supplier payments into two functions. This reduced the number of form fields and administrative processes involved in managing payroll and invoice payment.

With KBZ Bank mobile banking, customers can carry out their regular banking transactions with more convenience, and in a safe and secure environment. KBZ Bank was the first bank in Myanmar to introduce Software Tokens as an alternative to Hardware Tokens. Software Token has allowed the bank to improve both customer experience with faster turnarounds, and lower logistic costs.

KBZ Bank grew its digital customer base by over 120% throughout 2017. Over the same period, digital penetration of KBZ Bank's customer base doubled — from 5 percent to 10 percent, and digital domestic remittances saw transaction volume increase by six times. (Tun, 2018)

Furthermore, KBZ Bank is now piloting the next generation account-opening capabilities at branches (digital on-boarding) with biometric facial recognition capabilities at six of its branches and will be progressively extending this capability to all of its other branches.

### **3.4 Profile of KBZ Pay**

KBZPay is a mobile wallet that connects people to a digital economy that was once out of reach for many. It can help the customers to make banking simpler and safer, all with a few taps on the phone. With Myanmar fast digitizing and leapfrogging into a mobile-first economy, KBZPay is at the heart of this

transformation, streamlining everyday tasks that involve money in a way that is fast and secure for people and businesses across the country.

Introduced in 2018 in line with KBZ Bank's ambition toward 100% financial inclusion to support Myanmar's development ambitions and needs, KBZPay brings financial services beyond the physical branches of the bank and into the palms of customers' hands. KBZPay aims to reduce existing challenges posed by a predominantly cash-based society. The app will also resolve the issue of small notes by enabling exact-value transactions of any amount. It also aims to protect risk of theft and fraud, and secure money transfers so that no third-party can take out cash without permission.

KBZ Bank hopes the wallet will help businesses and customers save time by reducing counting and managing cash. Millions of customers now enjoy a new banking experience, using KBZPay to manage their money, pay for goods and services, store cash, remit to loved ones and conduct daily financial tasks that were once labor-intensive and time consuming. KBZPay utilizes the best and safest technology and with the support of KBZ Bank's 18,000 staff, it is now the leading mobile wallet in Myanmar, connecting customers with thousands of merchants and agents across the country every day. (KBZ Bank, 2019). KBZPay has more than 3.5 million users, and the mobile wallet allows users to save money in the mobile app, and to withdraw it when necessary. (TUN, 2019)

The vision of KBZPay is to help Myanmar become leading Digital Nation with 100% Financial inclusive in next 10 years. The mission is to provide safe, convenient, reliable and enabling financial access to all Myanmar people in a 5G world. Driven by a population increasingly drawn to technology devices, Myanmar's fastest- growing mobile wallet KBZPay has set an ambitious target of reaching 30 million customers in the next 10 years.

The mobile phone application will allow users to make cashless transactions, store, send or receive money, and withdraw cash through authorized agents. KBZPay, the bank hopes to bring millions of people in Myanmar into the digital economy, which will make 100% financial inclusion a reality and ultimately help improve lives.

KBZ Pay aims to reduce existing challenges posed by a predominantly cash-based society. Users will be able to top up their mobile wallets, withdraw cash through authorized agents and at KBZ Bank branches, make cashless remittances, and pay bills. They will be able to check their wallet balance any time. The app will also resolve the issue of small notes by enabling exact-value transactions of any amount. It also aims to protect risk of theft and fraud, and secure money transfers so that no third-party can take out cash without permission.

Users do not need a bank account to sign up for the app. The app can be downloaded and install from the Google Play Store, the Apple App Store, and [www.kbzpay.com](http://www.kbzpay.com).

To access the full suite of KBZPay services, such as “cash in” and “cash out”, customers need to visit the nearest KBZ Bank branch or agent to verify their NRC and complete the digital onboarding process. Members of the KBZ Bank employee teams can upgrade users from Level 1 to Level 2, anywhere, any time. KBZ Bank customers also have the option of linking their account with the KBZPay app to top up their mobile wallets. (The Global New Light of Myanmar, 2018) As security features such as fingerprint access and passcodes are built in to the customer’s smartphone and KBZPay mobile wallet.

Table (3.1) Milestones of KBZPay

Aug 2018	<ul style="list-style-type: none"> <li>• Pilot launch</li> </ul>
Nov 2018	<ul style="list-style-type: none"> <li>• Public events were held in Yangon and Mandalay</li> <li>• 500,000 registered customers, 10,000 agents and 17,000 merchants</li> </ul>
Dec 2018	<ul style="list-style-type: none"> <li>• More than 123,000 new customers signed up over the weekend of 15th and 16th December 2018</li> <li>• Involved more than 10,000 KBZ Bank staff reaching out to communities and registering customers on ground</li> <li>• 4,000 registrations per hour over the weekend, 200 transactions per second</li> </ul>
Jan 2019	<ul style="list-style-type: none"> <li>• Signups of more than 18,000 new customers daily</li> </ul>

	<ul style="list-style-type: none"> <li>• Crossed the one millionth verified customer mark on 25 January 2019</li> </ul>
Mar 2019	<ul style="list-style-type: none"> <li>• A record of one million transactions was set in just four days from 28 to 31 March.</li> </ul>
May 2019	<ul style="list-style-type: none"> <li>• Crossed the two millionth verified customer mark</li> </ul>
Jul 2019	<ul style="list-style-type: none"> <li>• More than 100,000 agents and merchants registered with KBZPay</li> </ul>

Source: (KBZ Bank, 2019) & (Dave, 2019)

Milestones of KBZPay are shown in table 3.1. KBZPay has started pilot launching in August 2018. In November 2018 public events were held in Yangon and Mandalay region and successfully registered 500,000 customers, 10,000 agents and 17,000 merchants. After one month later, additional 123,000 new customers signed up over the weekend of 15<sup>th</sup> and 16<sup>th</sup> December 2018. According to statistical, there are 4,000 registrations per hour over that weekend and 200 transactions per second.

In January 2019, there are more than 18,000 new customers acquired daily and total of one million level 2 customers as of 25 January 2019. And in May 2019, there are total of two million level 2 customers are acquired. In July 2019, More than 100,000 agents and merchants registered with KBZPay.

### 3.5 Features of KBZ Pay

To access basic KBZPay services, customers will need to create an account which takes two minutes. General information such as birth date, NRC and mobile number is required, followed by creation of an account password. Anyone with a smartphone using mobile numbers from MPT, Telenor Myanmar, Ooredoo, and MyTel can register for KBZPay free-of-charge, regardless if the person has a bank account. First, the KBZPay app should be downloaded on Google Play Store, Apple App Store or from the KBZPay website. (Dave, 2019)

The app facilitated a total of US\$1.8 million in cashless transactions during its first year. It can currently be used for deposits and withdrawals, mobile top-ups, internet data purchase, QR code payments and money transfers from KBZ savings accounts to KBZPay. (Aung, KBZPay to expand cashless service offering, 2019)

KBZPay, the mobile phone application allows users to make cashless transactions, store, send or receive money, and withdraw cash through authorized agents. Users will be able to top up their mobile wallets, withdraw cash through authorized agents and at KBZ Bank branches, make cashless remittances, and pay bills. Users will be able to check their wallet balance any time. KBZPay allows users to see the details of all transactions, including dates, times, and names, to ensure greater transparency and address disputes involving transactions. Customers can book tickets for tourism-related activities now.

The KBZPay application allows customers to:

- Merchant Pay - Make purchases at your favorite shops and restaurants through QR Code stickers and a basic smartphone, instead of using expensive POS terminals or physical plastic cards. This allows for greater transparency with both merchant and consumer being able to see the full details of every single transaction — including date, time, and names.
- Bill Payment - Pay for bills like utility services through Quickpay.
- Airtime Top-up - Purchase Airtime top-ups from the various telco providers in Myanmar
- Send and receive money to friends and family with the swipe of a finger. This is revolutionary for a country like Myanmar where millions would previously need to spend thousands of Kyat and travel for hours and to visit the nearest bank branch and transact.
- Cash In and Cash Out - Withdraw physical cash through our network of agents across the country, who enable customers to conveniently cash-in and cash-out whenever they require more liquidity.
- Domestic Remittance - Send and Receive money instantly - Repay your buddies in seconds with free KBZPay to KBZPay money transfers.

In July 2019, KBZPay allows users to withdraw money at any KBZ ATM machine across the country, without needing a card to do so. KBZPay mobile wallet allows customers to tap their way towards instant cash withdrawals from any of the bank's 1,500 ATMs across the country. KBZ Bank is the first in Myanmar to link its mobile wallet to instant physical cash access, expelling the notion that only those with bank accounts can withdraw money from ATMs. (KBZ Bank, 2019)

For retail customers, there is a feature called Gift Cards for mobile banking customers to purchase credits for iTunes (US), Google Play Store (US), Viber Out, Steam (US), Easypoints and Mobile Legends Bang Bang. This gives customers more options in accessing digital services, beyond Myanmar’s telco providers. Customers are able to reserve tickets for tourism-related activities, buy and sell goods and services online, and support business payment platforms with KBZPay. (Aung, KBZPay to expand cashless service offering, 2019)

For corporate customers, KBZPay enhanced bulk payments by separating salary payments and supplier payments into two functions. This reduced the number of form fields and administrative processes involved in managing payroll and invoice payment.

Customers can be level 1 once he/she downloaded the application and register the accounts. To register a Level 1 account which takes two minutes, customers need to fill up general information such as birth date, national registration card and mobile number is required, followed by creation of an account password.

In order to access the full suite of KBZPay services such as higher transaction limits and linkage to a KBZ bank account, customers are advised to visit their nearest KBZ Bank branch or agent to verify their NRC and complete the onboarding process to become a Level 2 customer.

Table 3.2 KBZPay Financial Transaction Limit

	<b>Level 1</b>	<b>Level 2</b>
Link with Bank Account	No	Yes
Cash out at Payroll Agent	No	Yes
Maximum Wallet Limit	200,000	-
Each Transaction Maximum	50,000	-
Total Daily	50,000	5,000,000
Total Monthly	200,000	
Transfer to/from Bank A/c Each Transaction Max	N/A	300,000
Transfer to/from Bank A/c Total Daily	N/A	1,000,000
Top-up Total Daily	50,000 per	50,000 per SIM

	SIM	
Quick Pay Each Transaction Max	50,000	5,000,000
Quick Pay Total Daily Transaction Max	50,000	5,000,000
Buy Goods Each Transaction Max	200,000	5,000,000
Buy Goods Total Daily Transaction Max	200,000	5,000,000
Cash In Each Transaction Max	50,000	300,000
Cash In Total Daily Transaction Max	200,000	1,000,000
Cash Out Each Transaction Max	50,000	1,000,000
Cash Out Total Daily Transaction Max	200,000	1,000,000
Transfer to Customer Each Transaction Max	50,000	1,000,000
Transfer to Customer Total Daily Transaction Max	200,000	5,000,000

Source: KBZPay Application

Level 2 customers are already verified with a proper identity, transaction limit is higher than level 1 customers. Members of the KBZ Bank employee teams can upgrade users from Level 1 to Level 2, anywhere, any time. Level 1 customer can be upgraded to level 2 at KBZ Branch or at the KBZPay agents. Hence, Level 2 customers are fully KYCed by KBZ staff or authorized agent. Level 1 and Level 2 customers has different transaction limit which was shown in table 3.2.

## CHAPTER (4)

### CUSTOMER ATTITUDE TOWARD ADOPTION OF KBZPAY

In this chapter, the responses from 200 respondents are about the respondents demographic, behavior and their attitude towards adoption of KBZPay.

#### 4.1 Research Design

This research is tested based on the existing customers of KBZPay. The research used descriptive method output data by examining samples survey responses, multiple-choice and likert scale questions in frequency count, percentages and charts was used to illustrate each survey questionnaire item such as gender, age, education level, and occupation etc. 5 likert Scale questionnaires were used in average (mean), percentages and excel. There were closed-ended questions utilized a five-point rating scale: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree.

The main research instrument used for this study was the questionnaire. It is divided into three sections; demographic, customer behavior and customer attitude. A self- structured questionnaire (Appendix 1) was used to gather dater from respondents to the study. This survey is taken randomly in August 2019. The data gathered from the field which through the questionnaires administered were recorded and coded into Statistical Package for Social Science (SPSS) software.

The convenient sample size of 200 respondents was to be selected. The survey has been shared with the 250 KBZPay customers in the Yangon region from the private message for the quick approach. The response rate is 80% and 200 respondents have been tested for this research. . They all have various kinds of attitude, behavior, intention and subjective norms.

In this research, the findings are based on the data collected from the 200 respondents and there is no use of fake data. The research finding and analysis are based on the actual data collected from the respondents and there is no subjective opinion for the analysis. The questionnaires are not spread to only easy access groups of people. The source of data and theories which are used in this research are credited accordingly.

## 4.2 Demographic Characteristics of Respondents

Demographic characteristics consist of gender, age, education, occupation and income level of the respondents.

The sample of 200 customers is categorized by their gender and it is shown in the following table. Table 4.1 shows the gender of the respondents.

Table (4.1) Gender of Respondents

<b>Gender</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Male	84	42%
Female	116	58%
Total	200	100%

Source: Survey data, 2019

Out of the sample 200, it is found that 42% of the customers are male and the rest 58% are female. Therefore, the distribution of questionnaires which female respondents are more concerned about survey than male respondents.

As shown in table 4.2, Age group of respondents is classified into six group: starting from between 18 years and 24 years, 25 years and 34 years, 35 years and 44 years, 45 years and 54 years, 55 years and 64 years and above 65 years.

Table (4.2) Age of Respondents

<b>Age</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
18 years to 24 years	31	15.5%
25 years to 34 years	123	61.5%
35 years to 44 years	33	16.5%
45 years to 54 years	8	4%
55 years to 64 years	5	2.5%
Above 65 years	0	0%
Total	200	100%

Source: Survey data, 2019

Age group between groups of between 25 years to 34 years is the largest respondents with 61.5%, second is age group between 35 years to 44 years with

16.5% and third is age group between 18 years to 24 years with 15.5%. Age group of between 55 years to 64 years and above 65 years is the lowest respondents at 2.5% and 0% respectively.

There are three categories of samples for education, under-graduate, graduated and master and above as shown in table (4.3).

Table (4.3) Education of Respondents

<b>Education</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Under-graduate	4	2%
Graduated	144	72%
Master and above	52	26%
Total	200	100%

Source: Survey data, 2019

According to survey the highest user is graduated which is 72%, followed by master and above which is 26% and the least is undergraduate level 2%.

The customers included in the sample are classified by their occupation status as shown in following table.

Table (4.4) Occupation of Respondents

<b>Occupation</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Government Employee	4	2%
Company Employee	157	78.5%
Self-Employee	12	6%
Student	27	13.5%
Total	200	100%

Source: Survey data, 2019

The largest portion of customers using KBZPay is from Company Employee, which is 78.5%. Government staff is the smallest group with 2% of the sample size. Students are also using KBZPay and they represent 13.5% of the total respondents. The respondents by income level are classified by five categories, which are 0 to 500,000 MMK, 500,000 to 1,000,000 MMK, 1,000,000 to 1,500,000 MMK, 1,500,000 to 2,500,000 MMK and Above 2,500,000 MMK.

Table (4.5) Income Level of Respondents

Income Level	No. of Respondents	Percentage (%)
0 to 500,000 MMK	99	49.5%
500,000 to 1,000,000 MMK	51	25.5%
1,000,000 to 1,500,000 MMK	25	12.5%
1,500,000 to 2,500,000 MMK	12	6%
Above 2,500,000 MMK	13	6.5%
Total	200	100%

Source: Survey data, 2019

According to survey, the most people use KBZPay is below 500,000 MMK which is 49.5% and followed by 500,000 to 1,000,000 MMK which is 25.5%. The least is 1,500,000 to 2,500,000 MMK which is 6%.

### 4.3 Customers Behaviors of Using KBZPay

The behavioral refer to the previous habits of using the KBZpay. Respondent's frequencies of using KBZPay are categorized into four; daily, very often, often and rarely.

Table (4.6) Frequency of Using KBZPay

Frequency	No. of Respondents	Percentage (%)
Daily	148	74%
Very Often	19	9.5%
Often	27	13.5%
Rarely	6	3%
Total	200	100%

Source: Survey data, 2019

As shown in table (4.6) the 74% of respondents are using KBZPay daily and 13.5% of respondents are using KBZPay often. Only 3% of respondents are rarely using KBZPay.

There are a lot of features in KBZPay Application and the following table represents the types of KBZPay features used by respondents. The popular features

used by customers are merchant payment by QR code and airtime bill top-up for mobile.

Table (4.7) Types of KBZPay Features Used by Respondents

	<b>No. of Respondents</b>	<b>Percentage (%) of Sample Size</b>
Merchant Pay	139	69.5%
Bulk Payment	5	2.5%
Airtime Top-up	123	61.5%
Bill Payment	42	21%
Quick Pay	78	39%
Remittance	81	40.5%
Donation	30	15%

Source: Survey data, 2019

Table (4.7) shows the types of KBZPay Features used by Respondents. There are 69.5% of respondents who are using KBZPay for Merchant Pay and 61.5% of respondents who are using KBZPay for Airtime top-up.

#### 4.4 Customer Attitude towards adoption of KBZPay

In this section, the study is investigated user's attitudes towards the adoption of KBZPay. Perceived Ease of Use is measured by the trust and convenience on the KBZPay products. Perceived Usefulness is measured by quality and features on the KBZPay products.

Respondents are requested to answer total of ten questions to test the perceived ease of use in KBZPay. The questions and there level of mean and standard deviation are as shown in table 4.8.

Table (4.8) Perceived Ease of Use

<b>Factors</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>Trust</b>		
KBZPay is reliable.	3.84	0.73
Using KBZ Pay is as safe as other channel of banking.	3.74	0.76
I trust using KBZpay is secure and reliable.	3.65	0.73
KBZPay is useful for my daily routines.	3.79	0.71

I use KBZpay because it is implemented by KBZ Bank.	4.00	0.70
<b>Overall Mean on Trust</b>	<b>3.80</b>	
<b>Convenience</b>	Mean	Std. Dev.
KBZPay Agents are near-by anywhere.	3.38	1.01
KBZPay is more convenience than other internet/mobile banking.	4.00	0.89
KBZ Pay transactions can be operating for 24/7.	3.14	1.46
KBZPay transaction procedures are simple and straightforward.	3.97	0.89
It is easy to make transaction.	4.18	0.91
<b>Overall Mean on Convenience</b>	<b>3.73</b>	

Source: Survey data, 2019

According to the table (4.8), the respondents are using KBZPay because the product is from the KBZ Bank. The average level of mean on the trust is 3.80. The mean values of all variable ranges are 3.74 to 4.00. The average level of mean on the convenience is 3.73. The mean values of all variable ranges are 3.714 to 4.18 by means of convenience. The standard deviation of the overall means on trust factor is 0.67 and that on convenience factor is 0.75.

Table (4.9) reflects the survey result of the perceived usefulness on KBZpay Product. Respondents are requested to answer total of ten questions to test the perceived usefulness.

Table (4.9) Perceived Usefulness

<b>Quality</b>	Mean	Std. Dev.
KBZPay has quick response to any enquiry.	3.70	0.98
KBZPay can save time and cost.	4.22	0.93
Transfer by using KBZPay is faster than over-the counter (at Branch).	4.29	0.82
Transfer by using KBZPay is faster than internet/mobile banking.	4.14	0.91
KBZ pay charges are acceptable	2.53	0.69
<b>Overall Mean on Quality</b>	<b>3.77</b>	

<b>Features</b>	<b>Mean</b>	<b>Std. Dev.</b>
The Features in the KBZPay are easy to learn and understand.	3.55	0.82
KBZPay has all the features I want to use	4.16	0.70
It is easy to open an KBZPay accounts	3.69	0.89
KBZPay transfer can make through all the mobile operators number	3.63	0.99
Using KBZPay would improve my banking performance.	4.11	0.62
<b>Overall Mean on Features</b>	<b>3.83</b>	

Source: Survey data, 2019

According to table 4.9, the average level of mean on the quality is 3.78 and the mean value of all variable ranges between 2.53 to 4.29. The average level of mean on the features is 3.78 and the mean value of all variable ranges between 3.55 to 4.16. Customers believe that using KBZPay is more convenience than over the counter transaction. It can be presented that customers were positive attitude in terms of their decision to continue using KBZPay. It was noted that most of the respondents strongly agreed that the KBZPay has variety features that they want to use and strongly agreed on using KBZPay would improve their banking performance.

The overall mean on the perceived ease of use and perceived usefulness are shown in the table 4.10.

Table (4.10) Perceived Ease of Use and Perceived Usefulness

	<b>Mean</b>	<b>Std. Dev.</b>
Perceived Ease of Use	3.77	0.61
Perceived Usefulness	3.80	0.56

According to table (4.11), the overall mean on the perceived ease of use is 3.76 with the standard deviation of 0.61. Also, the overall mean on the perceived usefulness is 3.80 with the standard deviation of 0.56.

Table (4.11) presented the customer attitude towards the adoption of KBZPay. Respondents are requested to answer total of six questions to test the attitude towards the adoption of KBZPay.

Table (4.11) Attitude towards the adoption of KBZPay

Attitude	Mean	Std. Dev.
I have positive attitude about KBZPay.	3.81	0.85
Using KBZPay is a good idea.	4.05	0.77
I would use KBZPay in the future.	4.13	0.80
I would use KBZPay because it has variety of features	4.13	0.80
I would use KBZPay because of their availability in remote areas.	3.84	1.01
<b>Overall Mean on Attitude</b>	<b>3.99</b>	<b>0.86</b>

Source: Survey data, 2019

According to the result in the above table, most of the respondents shown that they are using KBZpay because of the features variety in the application and they would use KBZPay in the future.

Table (4.12) shows the Pearson correlation coefficient for all the independent variables. Correlation is significant at the 0.01 level.

Table (4.12) Correlation Analysis

	Trust	Convenience	Quality	Features	Attitude
Trust	1.00				
Convenience	0.49	1.00			
Quality	0.60	0.79	1.00		
Features	0.46	0.62	0.66	1.00	
Attitude	0.63	0.71	0.82	0.68	1.00

Source: Survey data, 2019

The correlation coefficient between trust and attitude towards adoption of KBZPay is positive 0.63 and it indicates that there is a very strong relationship. The correlation coefficient between convenience and attitude towards adoption of KBZPay is negative 0.71 and it indicates that there is a very strong relationship. The correlation coefficient between quality and attitude towards adoption of KBZPay is

positive 0.82 and there is a positive very strong relationship. The correlation coefficient between features and attitude towards adoption of KBZPay is positive 0.68 and there is a positive very strong relationship.

Table (4.12) revealed that the impact of quality on the customer attitudes is stronger than the other variables. The result confirmed that trust variable has a little impact on the customer attitudes towards adoption of KBZPay.

Respondents are also requested to feedback for their most inconvenience matter of using KBZPay. The main problem is that there is a poor liquidity at agent shops. The second problem is that the agents' shops are charging additional fees for cash in or merchant pay services. In addition, most of the respondents agreed that the accounts registration process is easy and simple.

## **CHAPTER (5)**

### **CONCLUSION**

This chapter has three parts. First the finding and discussion is presented according to the results of the study. Secondly, recommendation is presented and the last part is the suggestion for the further study.

#### **5.1 Findings**

This study mainly focuses on the customer attitudes towards adoption of KBZPay. The totals of 200 customers which are already being customers of KBZPay were surveyed to analyze the customer attitudes on the products to accomplish the main objectives of the research.

According to this study, demographic factors like gender, age group and qualification and which are highly influenced the customers for using KBZPay. The gender of female was more than male KBZPay user. The highest percentage of respondent age was 25 years to 34 years. The highest percentage of education level was graduated. According to the survey result, the KBZPay are more used by educated people. In occupation status, most of the respondents are working in private sector. The highest income level per month of respondents was below 500,000 MMK. According to the observation, most of the KBZPay users are found using regularly.

Most of the KBZPay users are using merchant pay features. The study indicated that the respondents prefer to use KBZPay and will continue using it because of its easiness to make payment at the merchant shop, easiness to top-up airtime and its convenience. The overall mean value was above the standard and it shown that the respondents have the positive attitude on using KBZPay. Technology acceptance factor regarding the perceived benefits affects the decision to use digital wallets. The findings of this study, indicating that perceived usefulness and perceived ease of use does predict the continuance intention of using digital wallets. The statistical results show that the perceived usefulness and perceived ease of use are the main important factors on the customer's attitude towards KBZPay.

There is a positive very strong relationship between trust and attitude towards KBZPay. There is a positive very strong relationship between convenience and attitude towards KBZPay. There is a positive very strong relationship between quality

and attitude towards KBZPay. There is a positive very strong relationship between features and attitude towards KBZPay. Extracting from the findings of this study, quality is the most important factors which have a strong impact on customer attitude towards adoption of KBZPay.

## 5.2 Suggestions

The digital wallet has to be convenient, reliable and trustworthy. If the customer receives satisfaction, trusting belief occurs that will reinforce the strong relationship and can lead to customer loyalty.

Myanmar's rapidly growing financial industry will have to contend with many challenges. People would not like to take risks by using digital wallets. The cash-based economic system creates unnecessary losses in terms of time and transaction fees. Reducing the use of cash is beneficial for both the government and citizens and also helps in the development of businesses. But citizens' trust, support from the government as well as better access to electricity and internet is required to sustain Myanmar's push to go cashless.

According to McKinsey report, Myanmar has the potential to grow by 8% until 2030 and mobile wallet applications are relevant to Myanmar. It is a tool to achieve 100 percent financial inclusion. (Otto, 2018) Myanmar certainly has a bigger potential use case for an e-wallet app as despite its 53.4 million populations. The customers expect more convenience for using KBZPay services anytime and anywhere to remain functional, provide error-free services.

According to the financial inclusion insides survey by IFC (International Finance Corporation), there are three main barriers faced for the customers to adopt digital banking. The first one is poor digital and financial literacy, second on is low level of trust in financial institutions and the third one is the lack of awareness and understanding of mobile money. It is suggested that KBZZ should provide digital and financial literacy training to the customers mainly from the rural areas. Also, it is required to make customers aware of the available services and features. KBZ Bank should promote the products by sharing the customers how the KBZPay is working and what are the benefits of using the products. (Minischetti, Biallas, & Vizcarra, 2017).

In addition, KBZPay has to focus on the monitoring of the agents shop that the main dissatisfaction upon using KBZpay is upon the agents shops. The most important aspects for digital wallets are Payment data confidentiality, integrity and security. KBZ Bank should also focus on new ways to create a user-friendly and more engaging digital ecosystem.

### **5.3 Need for Further Study**

The study only focused on the individual and retail customers, hence, can be extended to corporate customers, merchant and agents of the KBZPay. Also, this research covers to only 200 customers of KBZPay and it is considerably small in comparison of total population of Myanmar and total KBZPay customers. The number of respondents interviewed could be increased in order to extrapolate the conclusions to incorporate the general population. Further study may be conducted to examine the customer attitude including some other variables such as cost and compatibility, technological support and etc.

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## APPENDIX (A)

### Survey on the Customer Attitude towards KBZPay

#### Questionnaires for Customer

The information obtained from the questionnaires will be used only for the MBF (Master of Banking and Finance) “CUSTOMER ATTITUDE TOWARDS KBZPAY”, thesis for the Yangon University of Economics. It is guaranteed that information about respondents will be kept as confidential. Thank you for your corporation.

##### 1. Gender

- Male  Female

##### 2. Age

- 18 years to 24 years  25 years to 34 years  
 35 years to 44 years  45 years to 54 years  
 55 years to 64 years  Above 65 years

##### 3. Education Status

- Under-graduate  Graduated  
 Master and above

##### 4. Occupational status

- Government Employee  Company Employee  
 Self-Employee  Student

##### 5. Monthly Income (Ks.)

- 0 to 500,000 MMK  500,000 to 1,000,000 MMK  
 1,000,000 to 1,500,000 MMK  1,500,000 to 2,500,000 MMK  
 Above 2,500,000 MMK

##### 6. How do you know to use KBZPay?

- Facebook
- Family
- Others (Please Specify) \_\_\_\_\_
- Friend
- KBZ Staff

7. How frequently do you use KBZPay?

- Daily
- Often
- Very Often
- Rarely

8. What kinds of services did you use with KBZPay?

- Merchant Pay
- Airtime Top-up
- Quick Pay
- Donation
- Bulk Payment
- Bill Payment
- Domestic Remittance
- Others (Please Specify) \_\_\_\_\_

Based on your experience with the bank, please state the level of your agreement as to the following factors.

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
KBZPay is reliable.	( )	( )	( )	( )	( )
Using KBZ Pay is as safe as other channel of banking.	( )	( )	( )	( )	( )
I trust using KBZpay is secure and reliable.	( )	( )	( )	( )	( )
KBZPay is useful for my daily routines.	( )	( )	( )	( )	( )
I use KBZpay because it is implemented by KBZ Bank.	( )	( )	( )	( )	( )
KBZPay Agents are near-by anywhere.	( )	( )	( )	( )	( )
KBZPay is more convenience than other internet/mobile banking.	( )	( )	( )	( )	( )
KBZ Pay transactions can be operate for 24/7	( )	( )	( )	( )	( )

KBZPay transaction procedures are simple and straightforward.	( )	( )	( )	( )	( )
It is easy to make transaction.	( )	( )	( )	( )	( )
KBZPay has quick response to any enquiry.	( )	( )	( )	( )	( )
KBZPay can save time and cost.	( )	( )	( )	( )	( )
Transfer by using KBZPay is faster than over-the counter (at Branch).	( )	( )	( )	( )	( )
Transfer by using KBZPay is faster than internet/mobile banking.	( )	( )	( )	( )	( )
KBZ pay charges are acceptable	( )	( )	( )	( )	( )
The Features in the KBZPay are easy to learn and understand.	( )	( )	( )	( )	( )
KBZPay has all the features I want to use	( )	( )	( )	( )	( )
It is easy to open an KBZPay accounts	( )	( )	( )	( )	( )
KBZPay transfer can make through all the mobile operators number	( )	( )	( )	( )	( )
Using KBZPay would improve my banking performance.	( )	( )	( )	( )	( )
I have positive attitude about KBZPay.	( )	( )	( )	( )	( )
Using KBZPay is a good idea.	( )	( )	( )	( )	( )
I would use KBZPay in the future.	( )	( )	( )	( )	( )
I would use KBZPay because it has variety of features	( )	( )	( )	( )	( )
I would use KBZPay because of their availability in remote areas.	( )	( )	( )	( )	( )

## APPENDIX (B)

### Branches of KBZ Bank by Region

Region	No. of Branches
YANGON	142
MANDALAY	78
SHAN	43
BAGO	27
IRAWADDY	23
SAGAING	20
MAGWE	17
MON	15
RAKHINE	13
NAYPYITAW	10
KACHIN	8
KAYIN	6
TANINTHAYI	6
CHIN	3
KAYAH	3
Total	<b>414</b>