

**YANGON UNIVERSITY OF ECONOMICS**  
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**DETERMINANTS OF CUSTOMER SAVING BEHAVIOR**  
**OF GOVERNMENT STAFF**  
**( A CASE STUDY OF MEB )**

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**Determinants of Customer Saving Behavior of  
Government Staff ( A Case Study of MEB )**

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## **ABSTRACT**

This study aims to identify determinants of customer saving behavior of Myanmar Economic Bank (MEB). This study includes two main objectives which are to identify the saving behavior of MEB Customers in Thanlyin Township and to explore the influencing factors on saving behavior of MEB Customers in Thanlyin Township. In order to get primary data, 120 bank users were collected by interviewing with 10 % of total clients of the MEB out of 1163 from MEB in Thanlyin are chosen as sample population approximately 10 percent of total population. The study shows that most of the respondents are females and middle aged people. They are government officers and live in government accommodations. The regression proves that financial literacy and parental influence affect on saving behavior. It is found that financial literacy mostly affect on the saving behaviour of the people in Thanlyin Township. Therefore, Myanmar Economic Bank (MEB) should educate people to improve financial literacy.

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## **LIST OF ABBREVIATIONS**

CBM	Central Bank of Myanmar
FIM	Financial Institute of Myanmar
MAB	Myanma Agricultural Bank
MEB	Myanma Economic Bank
MFTB	Myanma Foreign Trade Bank
MITI	Ministry of International Trade and Industry
MICB	Myanma Investment and Commercial Bank
MSLE	Myanma Small Loans Enterprise
SCB	State Commercial Bank
SFA	State Fund Account
SOEs	State Owned Enterprises
SQ	Service Quality
TSB	Taiwan Savings Bank
UBB	Union of Burma Bank

# CHAPTER 1

## INTRODUCTION

A bank is a financial institution which deals with deposits and advances and other related services. It receives money from deposits and lends money to those who need it. The economic development of most countries can be traced back to the use of money as a medium, transforming from barter system. Development of any country mainly depends upon the banking system.

New more and more SMEs and foreign companies are interesting in Myanmar. Banks and financial sectors become essential for today business including corporations, SME and family businesses appear. This could significantly effect on the macro and micro economics of Myanmar. Unemployment rates are significantly reduced, exports and imports become popular and government gets more tax from these businesses. Nowadays, banking sector not only effects on individuals (microeconomics) but also aggregates (macroeconomics) levels. For addition, banking sector will affect more on macroeconomics.

Saving is normally considered in economics as disposable income minus personal consumption expenditure. In other words, it is regarded as income that is not consumed by immediately buying goods and services. Saving is the normal nature of human because everyone is conscious about his future. To be safe in future they can make savings. They can spend these savings in the rainy day. There are some variables which influence to saving. Saving is one of the important variables for economic growth of any country. Saving is about income that is not consumed by immediately buying goods and services. (Manyama, 2007)

Saving money is so important for many reasons. Some of the reasons that saving money is so important have to do with security and safety. Inadequate savings negatively affects financial management. Individuals are increasingly in charge of their own financial security after retirement. Today, worker-debt is increasing faster than inflation. The ability to save is depend on the speed of economic growth because high savings rate will

drive up the rate of investment and consequently stimulates economic growth. Workers have to decide not only how much to save for retirement but also how to allocate their pension wealth. Saving is extensively regarded as a key factor for promoting long-run economic success.

## **1.1 Rationale of the Study**

Saving is an important factor of economy and economic development of any country no matter developed or developing ones, which is widely studied to understand the economic growth and development of the country. Saving is an important macroeconomic variable to be studied under the purview of the economic arena on an individual as well as household basis. Despite rising volume of savings at local banks, more is needed to support continued economic growth and for Myanmar to reach parity with its regional neighbors. Myanmar currently registers the second lowest levels of gross savings per capita in ASEAN. Now, Myanmar is drafting a National Savings Mobilization Strategy to encourage citizens to save more. In the five years since 2013, the number of formal and informal savers in Myanmar has risen from 38 percent to half of all adults, according to the UNCDF. In Myanmar, informal saving, which includes non-cash assets, jewelry or cash on hand, are the main channels for savings, according to UNCDF. However, the number of adults who save via formal means, that is, in banks and financial institutions, is now just 11 percent compared to 6 percent in 2013, which is still low.

In Myanmar, many people with the absent of self-control and lack of financial knowledge, they are more likely to spend according to their preference and eventually lead to overspending and inability to save for a "rainyday". There is a need to improve saving in Myanmar because the competitiveness of a nation relies upon its capacity, in addition to other things to spare and thus improve the degree of speculation. The individual individuals may know that they have to save. It gives the method of reasoning to what make individuals need for saving, and simultaneously, look all the more profoundly at the potential reasons that make individuals delay the choice to spare.

There are many banks in Myanmar and bank customers choose the banks by considering many factors. For the bank, it is essential to know why customers choose the specific bank in order to attract more customers and give better service. By learning the influencing factors on saving behaviors of the customers, the banks could get more customers and it could greatly improve the financial services of the banks and even country's economy.

Myanmar Economic Bank is a state-owned and it also faces high competition in the industry. In order to compete in the industry, Myanmar Economic Bank has to find out the influencing factors of saving customers who are currently using Myanmar Economic Bank. Based on the findings, MEB could make attractive new products and promotions in order to raise the saving levels of the people then bank could provide more loans to the SMEs and individuals. This will greatly improve the bank performance and economy of the country as the state owned bank.

## **1.2 Objectives of the Study**

The objectives of the study are as follows:

- 1) To identify the saving behavior of MEB Customers in Thanlyin Township
- 2) To explore the influencing factors on saving behavior of MEB Customers in Thanlyin Township

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

This study only focuses the influencing factors on saving behaviors of the Myanmar Economic Bank customers. In this study, descriptive research method is used. Both primary and secondary data are used in this study. Simple random sampling method is applied to collect primary data. To collect the primary data, structured questionnaire with 5- point Likert scale is used. 120 bank users out of 1163 bank user from MEB in Thanlyin are selected as sample population approximately 10 percent of total population. Then, collected data are analyzed by using SPSS software. Secondary data are obtained from the MEB bank's annual reports, previous research papers, and text books and online sources.

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

This study is divided into five chapters. The first one is the introductory chapter that includes rationale of the study, objectives of the study, and scope and method of the study and organization of the study. Chapter Two is the theoretical background. In Chapter Three, the profile of Myanmar Economic Bank is briefly stated. It also states the Organizational background and Products and Services of the MEB. Chapter Four consists of Analysis of Influencing Factors on Saving Behavior of MEB users in Thanlyin. Chapter Five is the conclusion chapter. It discusses the overview findings of the study, discussion on implications of the finding of the study and suggestions. And then, it recommends about further research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

This chapter presents related literature review for this study. Firstly it presents the definition of saving and saving behavior of the people. Secondly, it describes the influencing factors of the saving behavior and those influencing factors include financial literacy, trust in financial institutional, parental factor, peer control, social control and conceptual framework of the study. Finally, conceptual framework of the study is drawn based on the literature review.

#### **2.1 Definition of Saving**

Saving refers to the process of setting aside extra cash for future use. In another words savings is the share of income not spent on current expenditures. And also savings are the dynamic condition for the financial stability and economic growth of a country. According to Keynesian economics, savings consist of the amount left over when the cost of a person's consumer expenditure is detracted from the amount of disposable income earns in a given period of time. The levels of development and differences among countries are mainly linked to their capacity for investment, capital formation, and production. The supply of resource for this investment and capital formation is largely depends on a country's savings.

Savings in an economy is an important source of investment which directly influences economic growth consists of foreign savings and domestic savings. Foreign savings includes net factor income from abroad sent by migrant workers from abroad. Domestic savings include government savings and privet savings. The government savings simply mean the excess of the government revenue to government expenditure which reflects a current account surplus of the government budget. Private savings is consist of personal savings and corporate savings.

In an economic system, personal savings can be existing in two own forms. Such as financial savings and real savings. In the developed economies, the financial aspect is wider than the real aspect. In connection with it, personal financial.

Economists gave more attention about personal savings because it is a major component of determining a domestic savings of a country. According to that economists introduced many theories to define personal savings. Concerning about these theories, the more priority was given to discuss about the personal savings. With the purpose of that, this chapter apprehension how useful of these theories for a survey of identifying a determinants or behavior of personal savings and identifying the main characteristics of these theories. Finally among these theories analyse and conclusion can be given as below.

Achieving sustainable economic growth and development are the main objectives of developing countries. There are many various policy measures and strategies have been introduced to achieve these development goals. The levels of development and differences among countries are mainly linked to their capacity for investment, capital formation, and production. The supply of resource for this investment and capital formation is largely depends on a country's savings.

According to Lunt and Livingstone economists and social scientists often consider saving to be what is left of disposable income after consumption is decrease by (Lunt and Livingstone, 1991), but according to Katona (1975), thinking of the average person, saving refers to money put in bank accounts or other assets to protect one from future insecurities or to purchase goods and services (Katona, 1975; Lunt and Livingstone, 1991).

National savings in an economy is an important source of investment which directly influences economic growth consists of foreign savings and domestic savings. Foreign savings includes net factor income from abroad and remittances sent by migrant workers from abroad. Nevertheless these complications, it is a common practice in economics to categorize savings at a domestic level into two sub-categories, Public savings and private savings (Kudaisi, 2013; Gedela, 2012; Rehman et al., 2011). According to Mankiw (2001), public savings are mainly associated with government sector, while private savings are linked to the private sector of the economy. Implicitly, the private sector of the economy can either be category as individual household's savings and the corporate sector savings (Issahaku, 2011; Du Plessis, 2008). Of course,

the government and the corporate sector are major role players in national savings, at least in terms of amount, but individual remain not only the largest contributors of savings at a national level, but are also the significant beneficiaries of these savings (Mark and William, 1999; Issahaku, 2011).

## **2.2 Benefits of Saving**

Savings can be defined as disposal income less consumption (Issahaku, 2011). Disposable income is the total income of households less taxes paid or sometimes plus government transfers. Transfer payments on the other hand can be explained as payments the government makes to the public for which it receives no current goods or services in return. A theory suggests that there is a direct relationship between disposable income and savings but the savings is smaller proportion of disposable income (Mankiw, 2001 pg 500). This implies that when households consume a smaller proportion of disposable income, as disposable income increases then they must be saving a larger proportion.

Savings can also be defined as income not spent or deferred consumption (Frank and Bernanke, 2001 pg 707). Savings can be done in numerous ways such as putting money aside in a bank or pension plan or reducing expenditure such as recurrent cost in terms of personal finance. Savings specifies low risks reservation of money in deposit accounts, versus investment where risks are higher. There are some disagreements about what counts as savings. For example, the part of personal income that is spent on mortgage loan repayment is not spent on present consumption and is therefore savings by the above definition.

Savings can also be defined to go beyond disposable income less consumption to include acquisition of durable goods (Issahaku, 2011). Examples of durable goods are; furniture, decoration, textile and home accessories, appliances, computer, equipment and accessories, musical instruments, motor bikes, boats and outboard motors, fishing equipments among others. Savings can be defined beyond disposable income less consumption and durable goods to incorporate investment in human capital (Andrea and Francisco (1997 and 1998). Investment in human capital include; medical products,



apparatus and equipments, professional health services, hospital care, health insurance, encyclopedia and dictionaries, school enrollment and so forth.

Savings in other dimension can be defined as deposits in savings accounts which are done with banks, microfinance institutions, Susu groups and saving avenues. With regards to this definition, savings is considered as increase in one's assets, an increase in the net worth which is usually deposited in savings account. Within personal finance, the act of saving corresponds to nominal preservation of money for future use. A deposit account that pay interest is typically used to hold money for future need, which is an emergency fund to make capital purchase or to give someone else.

In primitive agricultural economy, saving can be viewed as holding back the best of the crop harvest as seed crops for the next planting season. If the whole crops are consumed, the economy will deteriorate to hunting and gathering in the next season.

However, it must be emphasized that the study focus on deposit in savings account specifically financial savings held by banks, micro finance institutions and other saving avenues.

Haruna (2011), researched into determinants of household saving and investment in Nadowli in the Upper West region of Ghana. He found out that households save due to the following reasons; to cope with unexpected emergencies, to buy some assets, pay for unpredictable expenses, allow for future consumption, accumulate enough funds for 23 investment, to make provisions for retirement, employ teaming unemployed youth, to reap higher returns and for luxury.

Mark, et al (1999), researched into determinants of household savings in Australia. They found the main benefits derived from savings by households to be; provision for retirement, holiday, to buy, improve and upgrade homes, pay- off debt, education, buy durables, and bequest motives.

Annmaria (2000), in gaining insights into household savings behaviour and in explaining the differences in patterns of accumulation in United States of America found the following benefits of household savings; pension and social security, accumulate wealth, past economic circumstances, expectations about the future and preferences.

### **2.3 Saving Behavior**

Browning and Lusardi (1996) implied that saving took place when money was left over and explained savings as excess of income over consumption over certain period of time. Saving behavior implied the perception of future needs, a saving decision and a saving action. Warneryd (1999) referred saving in psychological context as the process of not spending money for current period in order to be used in future. In other words, saving behavior is the combination of perceptions of future needs, a saving decision and a saving action. On the other hand, people are likely to define saving as investing, putting money in a bank account, speculating and paying off mortgages.

According to Katona (1975), someone's willingness to save/ consume would depend on financial expectations and attitudes. Those who want to save should have some willpower for making that decision and they still need to choose to do so. Willingness is determined by the economic environment and people's perceptions of it. Consumer expectations and consumer sentiment influence saving decisions. People save for many different reasons but economic condition influences contractual as well as discretionary saving decisions. Income, perceived need for money, bank accounts, self-control and future orientation are the factors that drive ability to save in childhood and adolescence (Webley and Nyhus, 2006). Receiving money irregularly for certain activities more frequently, having bank accounts, having certain goals in future increases the propensity to save. As receiving money in childhood is the first chance to spend or save real money. Perceived need for money for activities to engage in with the friends, pay off the living expenses in adolescence impacts on consumption and saving patterns.

### **2.4 Influencing Factors on Saving Behavior**

Annmaria (2000), in gaining insights into household saving behaviour and in explaining the differences in patterns of accumulation in United States of America. In his further analysis, regression analysis was used and the results indicate that households whose head has a higher education have higher savings. Again they found out that household who experience negative shocks in the past end up having lower wealth. On the other hand, households who receive inheritances or other transfers have higher savings. Another finding was that households who have large pension save more and

households who do not plan for retirement have low savings. Finally, he concluded that lack of planning for retirement is an important determinant of low savings among many American households.

John and Grant (1998), in their series of cross sectional surveys rather than a true panel data used a regression model to separate out the effects of age, birth year, cohort and year on savings rate in order to have insight into household savings behaviour in New Zealand. They found out that, age of a household head has a positive significant effect on household savings. Specifically, they stated that savings rate peaks in decade after household heads reaches age 50 and then declines somewhere in the age 60's but still remain well above zero. The further results indicate that, income and education have positive significant impact on household savings. However, household size was seen to have negative effect on savings.

Mark and William (2005), in their attempt to research into household saving in Russia during transition, made use of panel data to investigate into households characteristics that explain savings during the period of extreme dislocation. In using panel analysis, they found out that savings rate fall with household age but then rise with the trough occurring at approximately 43 years. They also established negative significant relationship between asset of household and household savings, thus conditional on income, asset-poor households may be more disposed to accumulate wealth so as to buffer themselves against future income shocks. They also found out that, composition of household income has an important impact on saving behaviour. They concluded, relative to regular income, a higher percentage of income from private -transfers' raises savings rate. They also saw occupation to be important determinant of household savings, the empirical result was that those with more adults experiencing arrears in both pension and wage payment are shown to save significantly less. On the other hand, those that have more unemployed individual have lower savings.

## **2.5 Previous Studies**

The following factors are extracted from the previous studies to identify the influencing factor for this research paper.

## **Financial Literacy**

Lusardi and Mitchell (2007b, p.36) used the definition of OECD (2005). Accordingly, financial education is defined as “the process by which financial consumers/investors improve their understanding of financial products and concepts, and through information, instruction, and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being”. Servon and Kaestner (2008, p.273) defines financial literacy as “a person’s ability to understand and make use of financial concepts”.

According to Huston (2010, p.306), financial literacy such as health or general literacy might be conceptualized with two main dimension: understanding personal finance knowledge and using it. Hence, it could be described as “measuring how well an individual can understand and use personal finance-related information”. It is also added that this description is coherent not only with other literacy concepts but also with definitions in the extant financial literature. On the other hand, it would be better to remunerate some prior research. Albeit the absence of an exact or explicit definition, few authors have identified this concept with its important aspects. To exemplify, Wachira and Kihiu (2012, p.42) states that financial literacy helps consumers in being prepared for difficult times by determining risk mitigate strategies, and in using financial products effectively, most importantly in making plausible decisions. Also, in other study, becoming financially literate refers to possessing knowledge and craft in order to handle money well (Howlett, Kees and Kemp, 2008, p.231).

Meanwhile, in financial literacy studies, it can be largely seen that financial literacy is interchangeably termed with financial education, financial knowledge or financial sophistication in the literature (e.g., Howlett, Kees and Kemp, 2008, pp.223-242; Al-Tamimi and Bin Kalli, 2009, pp.500-516; Smith, Finke and Huston, 2011, pp.3-15; Yoong, See and Baronowich, 2012, pp. 75-86). Here, it necessitates to clarify one issue. Researchers should behave cautiously to the term “financial education”. Some studies, indeed, does not mean financial literacy with the term “financial education”. More specifically, Bayer, Bernheim and Scholz (1996, pp. 1-29) examine a retirement seminar’s possible impact on financial decision makings with the title of “The Effects of

Financial Education” Similarly, profounding that uncertain effect of financial education on succeeding financial behavior in the extant literature, Mandell and Klein (2009, pp. 15-24) explores the influence of a particular financial course on subsequent financial behavior. Although it must be careful to make inference from results due to the very small sample size in this study, the aim of this exemplification here is to warn researchers not to cause any misunderstandings. In other words, however substituting for financial literacy at times, financial education in some authors’ studies may really refer to “financial education”

### **Parental Socialization**

Awareness and closeness define parental factor method. A study conducted by Kim and Jang(2014) found that parental support and influence lead to better self-esteem and lower tendency to be obsessed by materialism amongst the young generations. Clarke et al. (2005) and Brown et al. (1993) mentioned that financial literacy can be influenced by parents teaching and showing good examples to their children from the young age. This would make the influence to be more than peer influence on understanding the financial issues. According to Jorgensen(2007), parenting style has significant influence on their children’s awareness, attitudes, and financial behaviour. Moreover, as Mandell (2008, as cited in Ani, Kelmara, &Guilherma, 2015) noted parents’ education level is also one of the factors that determine the financial literacy of individuals. In addition to that, other studies also proved that if children learn consumer act from their parents, it can strongly influence their spending behaviour.

According to Cohen and Nelson (2011) and Ramsey (2004), children learn the basic of financial literacy and adapt themselves how to spend money wisely from the examples shown in their homes. In their study, Bucciol and Veronesi (2014) found that if children are suggested to save money from their parents, it will increase the willingness to save about 16%. The encouragement from the parents will nurture good habit in the children’s behaviour. Besides that, according to Firmansyah (2014), children inherit the attitude and behaviour from their family and this can predict the kind of financial decisions and management that they will decide in the future. On the contrary, Padilla-

Walker, Nelson, and Carroll (2012) found that parental factors may lead to financial stability and independence in the children's monetary aspects.

### **Peer Influence**

According to the research of Bristol and Mangleburg (2004, as cited in Noor Zaihan, 2016), peer influence is defined by the degree to which peers affect person's state of mind, thinking and behaviour. Interestingly, a study by Jamal, Ramlan, Karim, and Osman (2015) proved that peers' influence has a critical part in deciding the student's savings ability. Noor Zaihan (2016) found that despite the fact that the parents or guardians have formed positive financial behaviour in their children, peer socialization angle still exist in children's saving's behaviors since saving behaviour of students could be influenced by association in spending exercises during social time and exchanging ideas about financial management matters among their peers.

According to Jamal, Ramlan, Karim, and Osman (2015), it is stated that peer influence could also affect persons' financial behaviour. Alwi, Amir Hashim, and Ali (2015) stated that Generation Y is always influenced by peer force when making any decisions. Moreover, Laible Carlo, and Roesch (2004) stated that youngster's behaviour is acquired from direct and indirect interaction with their friends. Besides that, Ogonowski, Montandon, Botha, and Reyneke (2014) also mentioned that social influence with closer peers has the most important influence in the forming the bad or good attitude of Gen Y in terms of physical and social distance. Ontop of that, Amer Azan and Abdul Jamal (2015) also agreed that besides parenting factors, peer pressure could also affect individuals' financial behaviour.

### **Self Control**

Self-control is typically manifested as our ability to break bad habits, resist temptations and overcome first impulses (Fujita et al., 2006). One way to define self-control is that it constitutes the ability of our future self to control our current self. When self control failure occurs, people act in a non-optimal way and they might, for example, procrastinate work even though they know that they would be better off spreading the work-load over time.

Studies that have explored the link between self-control and financial behavior have focused on specific financial decisions, such as retirement planning or credit use. Achtziger et al. (2015) found that people with low self-reported self-control are more likely to engage in compulsive shopping while Gathergood (2012) found that people with self-control problems in the financial domain are more likely to suffer from credit withdrawals and unforeseen expenses on durables leading to over indebtedness. It is also been shown that people's savings behavior is affected by their self control. According to Biljanovska and Palligkinis (2015), households with self-control problems due to lack of planning, monitoring or commitment, have lower wealth accumulation. Choi et al. (2011) found that people with low self-control are less likely to save enough money for retirement. Rhae et al. (2006) used data from a survey of a representative American sample in order to test how self-control mechanisms, such as saving goals for foreseeable expenses and saving rules, affect households' savings behavior.

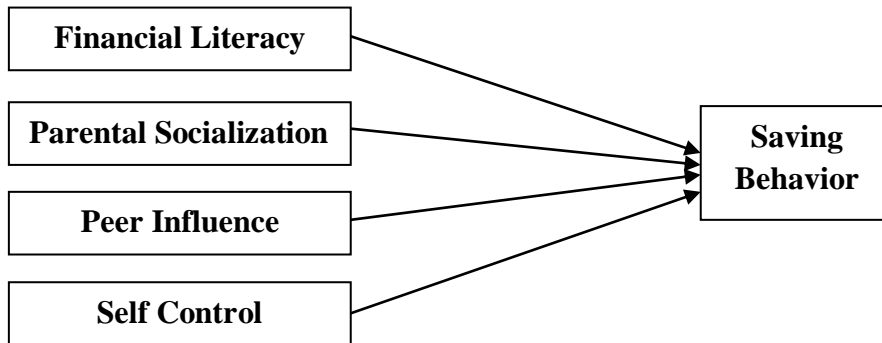
They found that households with saving rules are more likely to save than households without such rules and also that specific saving goals generally increase the probability of saving. On the contrary, Ballinger et al. (2011) found in experiments that neither self control nor found different kinds of measured impulsive behavior affect savings behavior when taking cognitive abilities, such as working memory, into account. Thus, the relationship between self-control and financial behavior is still inconclusive. Few studies have explored the link between self-control and broader, more general, measures of financial behavior. One of few studies that have investigated a more general set of financial behaviors is Miotto and Parente (2015). They used qualitative as well as quantitative methods to investigate how personal characteristics, including self control and propensity to plan for the future, affect low middle class households' financial management.

According to their study, individuals with higher self-control and tendencies to plan for the future also manage their finances better. However, their sample contained only 165 lower-middle class female consumers from the Tail Company in São Paulo. Thus, there is a need for large scale surveys covering more general samples.

## 2.6 Conceptual Framework of the Study

According to the literature review described above, the conceptual framework for this study has been developed as shown in Figure (2.1).

**Figure (2.1) Conceptual Framework of the Study**



Source: Adopted from Asmawi, 2018)

According to Figure (2.1), based on Asmawi (2018), there are four independent variables namely financial literacy, parental socialization, peer influence, and self control while dependent variable is saving behavior. This study finds out which independent factors affect on saving behavior of customers who are currently saving at the Myanmar Economic Bank (MEB) in Thanlyintownship. In order to achieve the objectives of the study, this study analyzes which factor affects on the saving behavior of the government staff in Thanlyin Township by using structured questionnaire. Regression is used in order to analyzed the data and find the relationship between dependent variables and independent variables.



## **CHAPTER 3**

### **BACKGROUND OF MYANMA ECONOMIC BANK**

This chapter presents the background of Myanmar Economic Bank and its saving products there are four sections which are

#### **3.1 Background of the Myanmar Economic Bank (MEB)**

In Myanmar, Myanmar Economic Bank (MEB) is a public entity that provides a wide range of commercial banking services across the country. Myanmar Economic Bank (MEB) was established in April 1976. The MEB has descended from the State Commercial Bank (SCB) established in 1954. The aim of SCB was to raise the standard of living of the citizens and to achieve economic development through a nation-wide banking system. Since its establishment, the SCB expanded its service areas as well as number of branches throughout the country. In 1962, there were 40 SCB branches throughout the country. In 1962, there were nationalized under throughout the country. In 1963, all existing banks in Myanmar were nationalized under Revolutionary Council Government.

By the People's Bank of the Union of Burma Act of 1967, all the nationalized banks were merged into a mono-bank called People's Bank of the Union of Burma. The SCB became a unit of that bank, undertaking the commercial banking operations. Yet, due to inefficiency of the monolithic banking system to the economy, the Bank Act 1975 was promulgated and the Peoples Banks was re-established into four state-owned banks- Union of Burma Bank (UBB), Myanmar Economic Bank (MEB) Myama Foreign Trade Bank (MFTB) and Myanmar Agricultural Bank (MAB) with effect from 2 April 1976. Since that time, the MEB operated domestic commercial banking businesses. Though MEB was the successor of the former SCB, it provided only domestic banking services while the MFTB and MAB rendered foreign exchange transaction and seasonal loans for agricultural development, respectively.

In 1988, Myanmar has pursued market oriented economy and accordingly, the Central Bank of Myanmar (CBM) Law and Financial Institutions of Myanmar (FIM) Law

were promulgated in 1990 in order to restructure the financial sector to be in line with the market economy. The FIM Law recognized MEB as an existing state-owned commercial bank. The MEB has 330 branch offices, 200 township branch offices, 22 treasury branch offices, and 10 saving agencies throughout the country. It is best known for lending to other state owned enterprise (SOEs) and other state-run financial institutions such as the Myanmar Agricultural Bank (MAB) and the Myanmar Small Loans enterprise (MSLE), and is widely considered the major 'state' bank with little independence from the government.

MEB is the State-owned Commercial Bank not only rendering commercial banking but also treasury banking services, it provides essentially a full range of traditional banking services including foreign exchange transactions in specially designated branches in most of which are in 'border trade areas'. Much of these are made to trader of various kinds, particularly of agricultural commodities, around 47% of the Bank's loan portfolio. MEB also provides finance to state-owned are 'cooperative' enterprises, and has a number of 'social responsibility' roles, including the provision of interest-free housing loans to government employee (via division of the MEB that goes under the name of the 'Government Employees Banks'.

MEB has the largest commercial banking network in Myanmar maintains that deposit base of over Kyats 70 billion of nay financial institution and is heavily weight towards domestic saving . The bank's loan portfolio is directed to 70% private sectors, 10% cooperative and 20% government employee borrowers, it paid up capital amounts to K 220 million. MEB is organized with 6 main departments with States and Regional Branches, District and Township branches, treasury, branches and Saving Agency. The Organizational Structure of Myanma Economic Bank (MEB) are shown in figure below.

At present, functions of MEB include maintaining State Fund Account (SFA) system and banking service for all the government agencies, including Ministries, Departments, State Economic Enterprises, etc. and provide Monthly Pension Payment for all retired government servants, both civil and military. Furthermore, all MEB branches except those in Yangon, Mandalay and Naypyitaw handle and manage 'Currency Chest' transactions on behalf of the Central Bank of Myanmar.

In addition, MEB offers Commercial Banking Services such as saving deposit accounts, saving certificates, current accounts, credit facilities, payment orders FORWX services and border trade services.

MEB accepts saving deposits in all of its bank branches and any individuals can open saving bank accounts at any of MEB branches. To nurture saving habit of the people, depositors are allowed to withdraw from their saving deposit accounts only once a week however, there is no limit on the amount for withdrawal. Major types of Saving Deposit are Single Account, Minor Account, Joint (A) or Joint (B) Account, Security Deposit Account, and Public Account. Interest Rates on Saving Deposits Interest on Saving Deposits is 8% per annum since January 1, 2012.

MEB is selling Saving Certificates with 12 year maturity to the people bearing the interest rate of 9% per annum. However, interest can be allowed on yearly basis and if you encash your Saving Certificate. There are 5 kinds of Saving Certificates with different face values, ranging from Kyats 10,000, 50,000, 100,000, 500,000 and 1000,000. MEB offers 5 types of Fixed Deposits to its customers with difference maturities, 1 month, 3 month, 6 month, 9 month and 1 year with the interest rates of 8%, 8.25%, 8.75% and 9.25% per annum respectively.

At MEB, individuals, business persons, companies, Social and Community Group can be opened Current Accounts (Checking Account) at all its ranches MEB provide the following types of loans and advances to business engaged in production, trade, transportation, construction and service industries, Short-term loan (up to one year), Mid-term loans (3 to 5 years) and Long-terms loans (above 5 years up to 10 years). Loans and advances are renewable on the basis of liquidity and credit worthiness. Interest Rates on Loans and Advances are 13% per annum for Short-term overdrafts and Short-term loans and 12.5% per annum on Mid-term Loans (3 to 5 years) and long-terms loans (above 5 up to 10 years). Other Services Charges on Loans and Advance Service Charges of 1% on the total limit of loans and overdraft and commitment fees of 1% on unwithdrawn amount of loans and overdraft are charged since January 1, 2006.

Payment Order is a guaranteed-cheque issued by MEB to save customer's time and efforts MEB starts rendering FOREX services since April, 2006 with the approval of

the Ministry of Finance and Revenue. MEB has established 72 Correspondent Banks in many countries and maintained 48 Nostro accounts in USD, Euro, THB, SGD, CNY and Japanese Yen with correspondent Banks in Singapore, Japan, Thailand, India, Bangladesh and China. MEB make settlements of its international payment through these Nostro accounts. Myanma Economic Bank became a member of SWIFT BIC is MYEBMMMY. Services offered by the FOREX Department of the MEB are

- Opening foreign currency demand deposit accounts both in MEB Head Office and its authorized branches in some townships and in border trade areas.
- Foreign currency Account transfers with foreign Correspondent Banks and Domestic Banks such as MFTB, MICB.
- Buying and Selling of Foreign Currency from Ministries and Departments.
- Issuing, advising and confirming Letter of Credit.
- Drawing accepting and collecting Bill of exchange.
- Sales and purchases of traveler cheques and notes.
- Six month Fixed Deposits account.
- Border Trade Services

MEB also provides banking services in border areas to facilitate border trade transactions. The following Branches render border trade services in Muse Branch, Ban Maw Branch, Tachilake Branch, Kyaing Ton Branch, Mywaddy Branch, Kaw Thaug Branch, Sittwe Branch, Maungdaw Branch, Tiddim Branch, Tamu Branch, Myatke Branch, Dawei Branch, Htantalan Branch and Pharsaung Branch.

### **3.2 Saving Banks in Myanmar**

The banking sector in Myanmar has become competitive in recent year. The government has pushed the industry from state ownership towards privatization in recent decades. Following a transformations of government in 1998 and the adoption of a market-oriented policy, the financial system and the banking sector had to be transformed, once again into one that was more suited to market-based new surroundings. Accordingly, the structure of the financial institutions was transformed by new bank laws passed in 1990, namely, Central Bank of Myanmar Law. Related to these reforms are the

liberalization policies followed by the government, which has encouraged some banking business players to intensify their activities in the market.

Saving Banks had a long history with her own activities in Myanmar. After the British Colonization of Myanmar, Postal Savings bank service was introduced by 399 post offices throughout the country to utilize banking service for rural people at low cost and to make habit of savings for public and school children in 1913. Postal Banking started to conduct together with saving banks. At the time, people in Burma (Myanmar) were used to buy gold and jewelry and landed properties as savings. It is very interesting to learn that interest rate of the postal savings bank was 2.50 percent in 1936. Commercial banks in cities accepted savings deposits as well. But in the other townships, postal savings dominated the business. At the post of office government saving bank service and selling of 5year savings certificate were provided with two kinds of savings systems. These were conducted under the following law and rules.

- (1) The Government Savings Bank's Act, 1873
- (2) The Post Office Cash Certificate Act, 1917
- (3) Post Office 5-Year Cash Certificate Rules
- (4) Rules for the Guidance of Depositors in Government Saving Banks (1947)  
pre-independent period in the Soranto Villa plan, drawn at Soranto Villa on Pyay Road, Yangon, the savings system invented by the government must be encouraged with must effort, the propaganda must transmitted not to waste the money necessary for the country by investing in land and jewelry such as gold and diamond.

Therefore, following laws were promulgated on May 20, 1947. Moreover the following rules were enacted after independent.

- (1) The Saving Stamp Act, 1947
- (2) The Saving Certificate Act, 1947

Then, the saving branch was expanded in the ministry of revenue and the propaganda was made to the public, and from 1955, the government savings bank, savings certificate and postal money certificate were conducted by the control of money requirement was conducted through post office master. The account was supervised by

the post and telecom department. After nationalization of private banks in 1963 the savings branch was incorporated in the privatization committee of bank the savings bank was on October 1, 1965 and saving certificate was on October 1, 1972 under taken by the bank. In 1967, according to the Union of Myanmar people bank law, November 11, 1969 it was reformed as Union of Myanmar People banks all branches, saving bank office and saving bank activities were supervised as Savings and Securities Department. According to 1975 banking law, Myanma Economic Bank was renamed and Myanma Economic Bank (Head Office) Savings Department supervised for the smooth running of savings bank activities.

Saving Banks and their agencies carry out certain financial activities for customer in Myanmar. These Objectives are

- (a) To cultivate the practice of thrift among the people.
- (b) To cause savings to be made by a secure method of saving
- (c) To promote the mobilization of financial resources
- (d) To raise the standard of living of the people.

It is necessary for developing Myanmar to maintain the existing development and to catch up with the developed nation. So it is necessary to improve the economic sector sector it is necessary to upgrade the state economy and private economic. It is necessary to utilize the productive power of man, money and material. The state is developing the market economy. Among the financial institute, the important bank for supporting the economic should be studied on crucial role of banking sector especially "Savings Banks".

### **3.3 Services Provided by MEB's Savings Banks**

Similar to the other types of banks, MEB's Savings Banks provide accepting deposits and cash withdrawal services for their customers. For the service of Accepting Deposits, account holder representative can deposit amount in their accounts frequently during bank opening hours. And also deposit into accounts with cheques, payment order, and send bank draft by using the methods of fund transfer, clearing and collection.

Withdrawals process includes that account holders can withdraw from saving account personally once a week. It can be made at designated branches of MEB with the

latter of authority but the account holder(s). Representatives can withdraw on behalf at account holding branch just by a simple presentation of their ID, the passbook and withdraw form signed by the account holder(s). The signature must be same as the signature specimen when the account opening was made. There is no ceiling on the maximum amount that can be drawn through a saving account. It couldn't be withdrawing the cash without pass book.

Other services of the savings banks are transferring, duplicating Pass book when customers' lost them, nomination, Deceased Claim, Dormant Account and Closure of Account.

**Transfers**-Deposit money can be easily transferred from any MEB branch and other private banks directly to anyone with an account. And Savings Bank accounts can be transferred from one branch to another branch at the request of the account holder(s).

**Duplicate Pass book**- Account holders are required to keep their pass books in palace of safety as the Bank will not be responsible for any loss or fraudulent withdrawal arising out of the loss of a pass book due to depositor's negligence. However, the Pass Book is lost / destroyed/ spoilt the depositor should present an application in the form prescribed for the purpose. Duplicate Pass Books are issued only after confirming the genuineness of the application and verification of the depositor's identity, signature and the account balance. In case the original Pass Book is submitted after issue of Duplicate pass Book, transactions are not entered in the original Pass Book. A depositor has the right to in the case of loss or damage of a saving record or saving certificate claim a new record or certificate in the manner prescribed and on payment of the fees prescribed.

**Nomination**-The nomination facility is available on Savings Bank Accounts and the account holders are advised to avail of this facility for smooth settlement of claim by legal heirs in unforeseen circumstance. A depositor may, in opening a saving bank account or in purchasing a savings certificates, nominate his beneficiaries for the deposits and interests to one or more persons as self-desire.

**Deceased Claim**- If the depositor has registered nomination with the Bank; the balance outstanding in the account of the deceased depositor will be transferred to the

account paid to the nominee after the Bank is satisfied about the identity of the nominee and other necessary details.

In a joint deposit account, when one of the joint account holders dies, the Bank is required to make payment jointly to the legal heirs of the deceased person and the surviving depositor(s). A depositor has the right to in the case of opening of a joint savings bank account or purchase of joint savings certificates under section 6, make withdrawals of the money by any survivor or survivors on the death of account holder.

**Dormant Accounts-** A saving deposit account which are not use from a long time or the accounts in which no transactions are made inactive after a period of 4 years and made dormant account. However, depositors have re-activated their dormant account with their request application letter. After a period of 5 years, dormant accounts become reserve for contingency.

**Closure of Accounts-** The account holder wants to close the account, the customer must give the saving pass book to the bank and the bank will claim the interest and balance. Joint accounts can be closed only at the request of all such joint signatories. The Savings bank may closed an existing savings bank account or refund the value of savings certificate which has been sold.

### **Saving Certificate Account**

MEB is selling Saving Certificate with 12 years maturity to the people bearing the interest rate of 9% per annum. However, interest can be allowed on yearly basis and if you encash your Saving Certificate. There are 5 kinds of Saving Certificates with different face values: 10,000 K, 50,000 K, 100,000 K, 500,000 K, and 1000,000 K.

Most of the rural people preferred to purchase saving certificates although most of the urban people did not like it. As a result, purchasing of saving certificate amount and the number was decreased but MEB branches was increased its amount because of rural people get more income their farms in 2013-2014.

### **Fixed Deposit Account**

MEB was introduced fixed deposit accounts in Yangon area in 1.6.1992. In 1.10.1994 all district branches of MEB and in 2.1.2014 all township branches of MEB



provided fixed deposit accounts. Fixed Deposit accounts are for eligible individuals and organization looking for a higher yield on their cash return. Depositors may open the following types of fixed deposit account on MEB: - Personal/ individual through

- Joint account by two person/ more than two persons

- Company Limited account

- Organization account

MEB offers its customers 4 types of Fixed Deposit with different maturities, 3 months deposit, 6 months deposit, 9 months deposit and one year deposit with the interest rate of 8.25%, 8.35%, 8.75% and 9.25% per annum respectively.

Certificate of fixed deposit will be issued to the depositor by name. Certificate of fixed depositor is not transferable. It cannot be taken out by anyone on behalf of the depositor. When withdrawing cash, the certificate must be signed on the back and presented to the bank. If the certificate is lost or damaged, the depositor must inform the bank with request letter, and duplicate certificate are issued by making "Indemnity bond".

Whenever it comes up to the fixed of deposit interest is calculated. For the deposits that still remain yet to be drawn even after the end of time, no interest will be paid for the particular period of time. No depositors are entitled to get interest for the deposits withdrawn before the end of a fixed length of time. The bank has authority to change the interest rate from time to time.

If the account holder died, the payment of the balance in the deposit account will be paid to the survivor/ nominee of a deceased deposit account holder represents a valid discharge of the bank' liability provided. If one of a joint accounts more than one died, the payment of the balance in the deposit account will be paid to the next one remaining. If the balance in the deposit account will be wanted to deposit in the bank, the name will be updated and a new fixed deposit certificate will be issued. If the financial authorized person of an organization, or an association or a company died the successor must the new specimen signature to the bank with meeting resolution and order mentioning that the successor to the deceased will continued to do the financial power.

### **Saving Interest Rate Ceilings**

Amongst the most controversial of all the controls upon banks in Myanmar were those regulating maximum and minimum interest rates that could be charged and paid. Under Article 61 of the CBM law, minimum interest rates that could pay on deposits could not be less than 3 percent below the Central Bank rate, whilst the maximum and minimum deposit and lending rates of 18 and 9 percent respectively.

Effective 1 September 2011, as a measure for deregulating interest rate, the central bank has allowed local banks to reduce their interest rate on both savings and loans by two percentage points meaning a bank can offer not less than 10% on savings and it cannot charge more than 15% on loans, enjoying a spread of 5% as before.

Previously, there were limits on interest rate: the same deposit was 12% par annum and the lending rate was 17%. Now with deregulation of interest rates, competition is no longer limited. Banks can compete with each other by offering attractive interest rates. Banks with a strong deposit base may offer the lowest rate to attract most deposit. Previously, the same interest rate applied to both saving deposit, saving certificate and fixed deposit. At present, banks are offering higher than saving interest rates on saving certificate and fixed deposits with maturity of 3 to 12 months. In table show the saving interest rate of Myanmar.

Currently, Myanma Economic Bank offers an interest rate of 8% on saving deposits, 9% on saving certificates, and 8.25% on (3) month, 8.50% on (6) months and 8.75% on (9) months and 9.25% on (12) months fixed deposits.

### **3.4 Types of Accounts Offered by Savings Banks of Myanmar**

The New banking laws broaden the scope of the banking activities, enabling both state owned and private banks to cater to the needs of the proper functioning of the market economic activities in the economy after banking system reforms in the 1990s. The MEB, the successor of the State Commercial Bank of 1954, has over 300 branches, forming the largest banking network in the country. The MEB provides to Commercial Banking services.

Commercial banks provide the following services such as accepting deposits making business loans and offering basic investment products. Borrowing is done through taking all kinds of deposit. One way of receiving deposit is current account. The second type is saving deposit account, selling saving certificates, fixed deposit accounts. And then, the bank is obliged to repay money together with the interest in return for the right demand from the client. The present and potential effect deposits accounts have on the financial condition of the bank. My study consists of only second type of deposit.

### **Acceptance of Saving Deposits**

Saving Deposits mean money deposited in a bank account or money saved by purchasing saving certificate. MEB can do above these two cases because MEB accepts deposits in there forms. They are:

- (a) Saving Deposits
- (b) Saving Certificates
- (c) Fixed Deposits

#### **(a) Saving Deposit account**

Saving deposits are accepted at all branches of MEB to promote domestic savings under the Savings Banks Law which was enacted on June 11, 1992. (Only in 6 Banking Branches located in Yangon downtown areas does not accepts saving deposits and there are 4 specialized Saving Bank existed in the area). Eligible Individual and organization can open Saving Deposit Account. They will also have to bring their national identity card. A passbook is issued to account holder(s) upon successful opening of an account. It is issued free of charges. The bank will take the specimen signature of account holder(s). Initial deposit and minimum balance require keeping 10000 kyats. Currently, Myanmar Economic Bank offers an interest rate of 8% on saving deposits per annually.

The followings are Types of Saving Deposits Account:

- (i) **Single Account-** The depositor must be come to the bank with the National identity card and with any amount and the least amount are 10,000. The depositor must be entitled according to the Savings Law (11<sup>th</sup> June 1992):

Exhibition 4 Any person who has attained majority May open a savings bank account or purchase savings certificates for himself.

- (ii) **Minor Account-** The depositor must be applying the minor account with parents or a guardian is required to sign on behalf the minor account holder. Withdrawals can be made at the account holding branch by the parents or guardian.

The depositor must be entitled according to the Savings Law (11th June 1992): Minor means a person who has not attained the age of 18 years. A person who has attained majority may on behalf of a minor: - (a) open a savings bank account; (b) Purchase savings certificates. Provided that in purchasing a savings certificate, it shall be for not more than two minors.

- (iii) **Joint (A) or Joint (B) Account-** The depositor can open by more than two persons. According to the savings law, two or more persons who have savings certificates. There are two types of joint accounts: They are:

**Joint A-** withdraw the cash can do all persons will sign.

**Joint B-** withdraw the cash can do any one will sign.

- (iv) **Security Deposit Account -** A Person who is responsible for furnishing a security deposit may open a savings bank account or purchase savings certificates for the amount of money to be furnished as security. No one shall have the right to open a savings bank account or to purchase savings organization in which the State ha subscribed funds.

- (v) **Public Account-** The organization must be entitled to open saving bank accounts and purchase savings certificates with their own funds.

- a. Organization formed for savings and welfare;
- b. Libraries;
- c. Religious organization;
- d. Co-operative credit societies;
- e. Associations, social associations;
- f. Regiment and forces;
- g. Organization which are permitted from time to time by the Ministry.

## **CHAPTER 4**

### **ANALYSIS OF DETERMINANTS OF CUSTOMER SAVING BEHAVIOR AT MYANMA ECONOMIC BANK**

This chapter analysed the profile of the respondents and saving behaviour of the people who save at the Myanmar Economic Bank (MEB).

#### **4.1 Research Design**

This study is thoroughly done in order to analyze the saving behaviour of the government staff in Thanlyin Township. It is based on the literature review and previous researches. Based on those data, conceptual framework has been developed. In order to collect primary data, structured questionnaire is developed with 5 point likert scale. Structured questionnaire has two sections. First part includes the demographics of respondents while second part covers the influencing factors on respondents to motivate saving behaviour. 120 Myanmar Economic Bank (MEB) users are selected from 1163 customers from Thanlyin MEB branch as sample population which represents approximately 10 percent of total population. Simple random sampling is used in the study.

After collecting primary data, the data are put into SPSS and analyzed the data. The saving behaviors of the respondents are presented by mean score. In additions, regression is used in order to analyze the independent variables and dependent variables.

#### **4.2 Profile of the Respondents**

This section presents the profile of respondents by frequencies and percentage. Table (4.1) presents the profile of the respondents.

**Table (4.1) Profile of the Respondents**

<b>Sr. No</b>	<b>Particular</b>	<b>No. of Respondents</b>	<b>Percent</b>
1.	Gender : Male	34	28.33
	Female	86	71.67
	<b>Total</b>	<b>120</b>	<b>100</b>
2	Marital Status : Single	42	35.00
	Married	78	65.00
	<b>Total</b>	<b>120</b>	<b>100</b>
3.	Age : Below 20 years old	3	2.50
	20 - 30 years old	26	21.67
	31- 40 years old	32	26.67
	41 - 50 years old	40	33.33
	Above 50 years old	19	15.83
	<b>Total</b>	<b>120</b>	<b>100</b>
4.	Education level : Bachelor / Degree	115	95.83
	Master	3	2.500
	Other	2	1.67
	<b>Total</b>	<b>120</b>	<b>100</b>
5.	Occupation : Deputy Director	2	1.67
	Assistant Director	3	2.50
	Officer	97	80.83
	Others	18	15.00
	<b>Total</b>	<b>120</b>	<b>100</b>
6.	Housing : Own	36	30.00
	Tenants	8	6.67
	Government Accommodations	76	63.33
	<b>Total</b>	<b>120</b>	<b>100</b>
7.	Experience : Below 1year	8	6.67
	1- 3 years	95	79.16
	4 – 5 years	17	14.17
	<b>Total</b>	<b>120</b>	<b>100</b>
8.	Monthly Salary : Less than 200,000 MMK	8	2.50
	200,001 – 300,000 MMK	95	89.17
	300,001 – 5000,000 MMK	17	8.33
	<b>Total</b>	<b>120</b>	<b>100</b>

Source: Survey Data (2019)

According to Table (4.1), the study points that majority of the respondents are females and most are married. Most of the people are 40 and 50 years old and have bachelor degree. They are government officers and live in government accommodations while many other live in own house. Most people are using MEB saving account between 1 to 3 years. Majority of people earn 200,001 – 300,000 Kyats and 8.33 percent of total respondents get 300,001 – 5000,000Kyats. These contact with MEB is about from 1 year to 3 years.

### 4.3 Analysis on Determinant Factors

Many factors could influence on the saving behaviour of government staff in MEB banks such as financial literacy, Parental Socialization, Peer Influence, Self-Control and income levels. In this study, the factors considered are

#### (1) Financial Literacy

The ability to consider the financial benefits and choosing the right financial institutions are essential for every person. Table (4.2) presents the financial literacy levels among government staff in MEB bank.

**Table (4.2) Financial Literacy**

<b>Sr.No</b>	<b>Statement</b>	<b>Mean Score</b>
1.	I know the bank products and services.	4.24
2.	I know how much amount I need to save regularly for my dream.	3.04
3.	I always think about retirement plan.	3.18
4.	I usually do income and expense record.	4.40
5.	I make the monthly budget to save extra money	4.53
	<b>Overall Mean</b>	<b>3.88</b>

Source: Survey Data, 2019

Table (4.2) indicates Financial Literacy of the respondents. The highest percentage shown in figure is 4.53 which represent that majority of the respondents make

the monthly budget to save extra money because the respondents are familiar with saving culture since young. Moreover, the respondents know the bank products and service because they learn it from online, fliers, and friends, etc. Besides that, the respondents know how much amount they need to save regularly for their dream. According to the overall average score, many respondents have moderate level of Financial Literacy.

## (2) Parental Socialization

Children usually see their parents as the role model. Thus, saving behaviour of the parents could affect on the saving behaviour of the children when they become adults. Table (4.3) presents the parental socialization levels among the respondents.

**Table (4.3) Parental Socialization**

<b>Sr.No</b>	<b>Statement</b>	<b>Mean Score</b>
1.	My parents used to save money since I was the child.	4.38
2.	I always discuss about financial management with parents	3.68
3.	My parents are my role model regarding saving money.	4.07
4.	My parents encourage me to save money regularly.	4.20
5.	My parents open the bank account for me since I was a child.	3.75
	<b>Overall Mean</b>	<b>4.01</b>

Source: Survey Data, 2019

According to Table (4.3), the result shows that the highest mean score 4.38 represents that the parents used to save money since they were young. Besides, the parents motivate them to save money regularly because parents trained them to have a good saving behaviour. Besides, the respondents stated that their parents are their role model related to saving behaviour that they have been familiar with the saving culture done by their parents. In addition, the parents opened the bank account for their children



since they were a child, thus, they learn well about saving in the bank. As a result, the respondents always discuss with their parents about financial matter because they have learned the saving money from the parents and have been familiar with financial things since they were young. According to overall mean score, parental socialization factor influence on the respondents' saving behaviour.

### (3) Peer Influence

People usually take the suggestions and recommendations from their friends or peers. People used to do according to their close friends since they go out and spend together. Table (4.4).

**Table (4.4) Peer Influence**

<b>Sr.No</b>	<b>Statement</b>	<b>Mean Score</b>
1.	My friends have bank account.	4.28
2.	I usually talk about savings with peers.	3.76
3.	My friends give me suggestions about saving.	3.77
4.	My friends and I usually about the amount of money saved from income.	4.20
5.	I usually go out with my friends for shopping and relax.	3.43
	<b>Overall Mean</b>	<b>3.89</b>

Source: Survey Data, 2019

According to Peer influence, the result shows that most of the respondents stated that their friends have bank account. Moreover, their friend and themselves discuss about the amount of money saved from income that they already have saving knowledge done by the parents. Sometimes, the friends give the advice about saving and the respondent talk about savings with peer. According to overall average mean scores, the respondents are influenced by peer.

#### (4) Self-Control

Self control is the ability of people not to spend money whenever they are interested the new products or services. Table (4.5) presents the self control levels of the respondents.

**Table (4.5) Self-Control**

<b>Sr.No</b>	<b>Statement</b>	<b>Mean Score</b>
1.	I think twice before I spend money.	3.83
2.	I do not buy the latest products.	3.69
3.	I do not put much money in wallet.	4.48
4.	I do not buy the products that are not useful for me practically.	3.94
5.	Before I spend, I usually consider for my future goal.	3.30
	<b>Overall Mean</b>	<b>3.85</b>

Source: Survey Data, 2019

According to Table (4.5), the respondents state that they do not put money in the wallet because they are able to spend money easily. Besides that, the respondents do not buy the product that is not useful practically because they like to spend more money and do not waste money for unnecessary things. Also, they do not buy the latest product which is not necessary for them practically. More importantly, they firstly consider for their future goal before they spend money. According to the overall mean score, the respondents have moderate levels of self control.

#### **4.4 Saving Behaviour**

This section explores the saving behaviour practices of the respondents. Table (4.6) presents the saving practices of government staff in Thanlyin Township.

**Table (4.6) Saving Behaviour**

<b>Sr.No</b>	<b>Statement</b>	<b>Mean Score</b>
1.	When I get salary, I usually set aside some money to save.	4.15
2.	I always try to spend according to my budget limit.	3.69
3.	I save money to achieve my goals.	3.95
4.	I save money based on my financial literacy.	4.00
5.	I save regularly since my parents always encourage and remind me.	3.75
	<b>Overall Mean</b>	<b>3.91</b>

Source: Survey Data, 2019

According to saving behaviour in Table (4.6), the respondents usually set aside some money to save for the future use when they earn the salary. Moreover, people save money based on financial literacy. In addition, they save the money to achieve goal and their parents always encourage them and remind them to save money. It is a good culture that the parents brought up to the children and practice them to save money, as a result, the respondents have discipline to spend money within a limit and not to waste money on unnecessary things. According to overall average mean score, the respondents have the moderate levels of saving for their future.

#### **4.5 Effect of Determinant Factors on Saving Behaviour**

It is important to consider which factors of saving behaviour out of the four factors can significantly explain respondents saving behaviour. For this purpose, the multiple regression analysis is conducted, and the results are reported in Table (4.7).

**Table (4.7)Effect of Determinant Factors on Saving Behaviour**

Variable	Unstandardized		$\beta$	t	Sig
	B	Std Error			
(Constant)	.389	.165		2.365	.020
Financial Literacy	.418***	.139	.426	3.003	.003
Parental Socialization	.259*	.144	.268	1.799	.075
Peer Influence	.138	.121	.170	1.142	.256
Self Control	.083	.120	.096	.687	.493
R Square	.894				
Adjusted R Square	.891				
F value	243.551***				

Source: Survey Data (2019)

\*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

According to Table (4.7), the value of  $R^2$  is almost 89 percent thus this specified model could explain about the variation of determinant factors on saving behaviour. The overall significance of the model, F value, is highly significant at 1 percent level. This model can be said valid. The model can explain almost 89 percent about the variance of the independent variable and dependent variable because Adjusted R square is 0.891.

Among four independent variables, financial literacy has the expected positive sign and is strongly significant at 1 percent level. According to the regression result, positive relationship means that the increase in financial literacy leads to more saving behaviour. If there is an increase in financial literacy of the customers by 1 unit, this will also raise saving behaviour by .418 unit.

Parental socialization has the expected positive sign and is strongly significant at 10 percent level. According to the regression result, positive relationship means that the increase in parental socialization leads to more saving behaviour. If there is an increase in parental socialization by 1 unit, this will also raise saving behaviour by .259 unit.

The standardized coefficient (Beta) of risk has the largest value (.426) among four explanatory variables indicating that financial literacy has the greatest contribution to increase the saving behaviour when the variance explained by other variables is controlled for. The overall evaluation reveals that models explain the variation in saving behaviour because the estimation produced expected signs and significant coefficients for most variables. The increases in financial literacy and parental socialization have the positive effects on saving behaviour.

## **CHAPTER (5)**

### **CONCLUSION**

This chapter has been composed by three sections. Firstly, it describes the findings and discussions. Secondly, it presents the suggestions and recommendations. Finally, the further study is mentioned.

#### **5.1 Findings**

According to the financial literacy result, most of the people usually do monthly budget in order to get extra money to save. They used to record income and expense and they know very well about the financial products and services offered by MEB. Many people always consider retirement plans and save the money to achieve their retirement goals. It can be said that most of the respondents have enough financial knowledge about their retirement plan and saving products.

According to parental socialization result, most of the bank users describe that they used to see the saving behaviours of their parents since young. Their parents encourage them to make the regular saving by opening banking account for their children. Thus, most respondents take their parents as the role model regarding saving habits. It is found that parents have the influence on the saving behaviour of most people.

According to peer influence, the survey result shows that friends of the respondents have the bank account and they used to talk about the portion they regularly save from their income. Many respondents express that friends give suggestions for saving and they used to discuss about saving. Moreover, respondents used to go out with friends at their extra time. It can be concluded that most respondents are much closed with their friends and take suggestions from friends.

For self control, respondents describe that they do not put much money into the wallet as they are afraid of spending. Respondents used to think about twice before they spend and they consider the usefulness of the item. Moreover, they do not buy the latest items that are not practical for them. It is found that most of the respondents have the self control habits.

Relating to saving behaviour, most respondents used to put aside money once they get the salary. They usually save the money based on their financial knowledge. They always target to meet their monthly budgets as parents always remind to save and they keep on track for their dreams like retirement plans.

Regression result points that financial literacy and parental factors have the positive relationship with the saving behaviour. In additions, financial literacy mostly affect on the saving behaviour of the people in Thanlyin Township.

## **5.2 Suggestions**

Myanma Economic Bank (MEB) is the state own bank and it faces the high competition since the private banks and foreign representative banks open in Myanmar. In order to improve the savings, MEB should focus the personal data of the respondents. MEB should offers new products and services especially for government staff as majority of the MEB customers are government staff.

Financial literacy improves the saving behaviour of the respondents. Thus, MEB should offers financial literacy programs for the customers. The bank should make the flyers about its products and services. In additions, the bank should demonstrate about the regular savings and the sum amount for the specific period. This will improve the financial literacy knowledge of the customers and improve their saving level.

It is found that parents could affect on the saving behaviour of the respondents. Thus, MEB should create new products and services that are targeting to the parents. Moreover, MEB should offer free children joint account with parents. This will improve the saving habits at the children.

Peers also affect on the saving behaviour of the respondents. MEB should target government ministries and provide attractive products and services especially for government staff. By targeting the major segment, MEB does not need to target individuals as the information will be spread among the peers.

In order to improve self control ability, MEB bank should make the flyers and advertisements how much the sum of buying unnecessary things could be at the long term. In additions, MEB bank should offer attractive fixed account and hire purchase

especially for the government staff so that people will not spend for the unnecessary things. This will significantly improve the saving behaviour of the government staff.

According to the analytical result, MEB bank should pay more attention to financial literacy and parental factor as these factors are significant on saving behaviour. Moreover, MEB should pay the highest attention to financial literacy. As the result, the saving behaviour of the people will be improved.

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

This study only emphasizes on the saving behaviour of the MEB customers in Thanlyin Township. As the influencing factors, only four factors are examined. Thus, this study has some limitations. In order to extend the study, the further research should conduct to explore the additional factors that could affect on saving behaviour. Moreover, the further study should be done by analyzing all the customers of MEB across the country.

It is better if the further study focuses on all private banks and state owned banks in order to cover the saving behaviour of all people in Myanmar. Saving behaviour is beneficial for individuals and country economy. Thus, if the further study gives the saving behaviour of people in Myanmar by broader perspective, those studies will be valuable in order to improve the saving levels in Myanmar.



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# APPENDIX I

## Questionnaire for Employees

Dear Sir/Madam,

This survey questionnaire is to use only for the Master research paper “**Saving Behavior of Government Staff at Myanma Economic Bank Limited (Thanlyin Branch)**” to submit as a partial fulfillment towards the degree of MBF. The data would not be used in other purposes. Thank you very much for your information.

*Please choose only one answer by marking.*

### I. Customer’s Demographic Information

Please place a tick “ ✓ ” or fill in the blank for each of the following:

1. Gender  Male  Female

#### 2. Marital Status

Single  Married

#### 3. Age

Below 20 years old  20 - 30 years old  
 31- 40 years old  41 - 50 years old  
 Above 50 years old

#### 4. Education level

Bachelor / Degree  Master  
 Other, please specify: .....

#### 5. Occupation

Director  Deputy Director  
 Assistant Director  Officer  
 Others.....

**6. Housing**

- Own  Tenants  
 Government Accommodations

**7. How long have you been saving at Myanmar Economic Bank (MEB)?**

- Below 1 year  1- 32 years  
 4 – 5 years  6 - 10 years  
 Above 10 years

**8. Monthly Salary**

- Less than 200,000 MMK  200,001 – 300,000 MMK  
 300,001 – 500,000 MMK  500,001 – 700,000 MMK  
 Above 700,000 MMK

## II. Employee's Perception towards the HRM Practices of Japanese Banks

*Please choose only one answer by marking according a level of agreement or disagreement towards the HRM practices of Japanese Banks.*

5=Strongly Agree      4= Agree      3= Neither Agree nor Disagree      2= Disagree

1=Strongly Disagree

<b>Financial Literacy</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	I know the bank products and services.					
2	I know how much amount I need to save regularly for my dream.					
3	I always think about retirement plan.					
4	I usually do income and expense record.					
5	I make the monthly budget to save extra money					

<b>Parental Socialization</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	My parents used to save money since I was the child.					
2	I always discuss about financial management with parents					
3	My parents are my role model regarding saving money.					
4	My parents encourage me to save money regularly.					
5	My parents open the bank account for me since I was a child.					

<b>Peer Influence</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	My friends have bank account.					
2	I usually talk about savings with peers.					
3	My friends give me suggestions about saving.					
4	My friends and I usually about the amount					

	of money saved from income.					
5	I usually go out with my friends for shopping and relax.					

<b>Self Control</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	I think twice before I spend money.					
2	I do not buy the latest products.					
3	I do not put much money in wallet.					
4	I do not buy the products that are not useful for me practically.					
5	Before I spend, I usually consider for my future goal.					

<b>Saving Behavior</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	When I get salary, I usually set aside some money to save.					
2	I always try to spend according to my budget limit.					
3	I save money to achieve my goals.					
4	I save money based on my financial literacy.					
5.	I save regularly since my parents always encourage and remind me.					