

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
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**PERCEPTION OF UNBANKED PEOPLE ON BANKING
SERVICES
(CASE STUDY IN NORTHOKKALAPA TOWNSHIP, YANGON)**

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**EFFECT OF HUMAN RESOURCE MANAGEMENT
PRACTICES ON EMPLOYEE JOB SATISFACTION
IN AYA BANK**

A thesis submitted as a partial fulfilment of the requirements for the degree of Master of Banking
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ABSTRACT

This study analysis the perception of unbanked people in North Okkalapa in Yangon. The study was conducted with 100 respondents who are being unbanked from selected area cognitive, services. As unbanked people's perception towards banking services is high, it is urgent to improve the situation by raising public awareness, community based information management system and trustworthy about banks. The study is based on secondary data, quantitative approach and knowledge-in-depth interview to fulfill this study. This study found that unbanked people perception cost, accessibility, lack financial knowledge and trustworthy are subjective in using banking services in selected area. Overall perception of being unbanked are in the high level of perception not using banking services . It shows that private bank needs to try extra consciousness of banking carrier overall performance to be convivences and trustworthy on baking services..

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CHAPTER I

INTRODUCTION

According to GIZ(2016) Report, the current financial sector in Myanmar can fulfil its role as a financial intermediately only to a limited extend. Financial institutions always remain an important and critical factor in poverty reduction and for prosperous economic growth. Research shows that when people use financial institutions, it is evident that they are in better position to start and grow their businesses, spend in education, better in handling risks, job creation and are in better position to absorb financial shocks (Babar Ansari, 2017)

By having bank accounts, it helps individuals in increasing savings, boost industrious investment and consumption which ultimately benefit the economy as a whole. How many people use bank accounts is a question that hits globally. From developed to developing and underdeveloped countries, research shows majority of the population do not have bank accounts. Worldwide, approximately 2 billion people do not have a formal account at financial institutions (The World Bank, 2016). Access to affordable financial services is linked to overcoming poverty, reducing income disparities, and increasing economic growth (Babar Ansari, 2017).

Developing countries are also victim of unbanking. Facts show that low income people are the one who mostly are unbanked. According to FDIC data (2012) among households with low income level less than \$15000 per year, 28% of them have no bank accounts, and 22% of them have less access to banking services. The research also states that most unbanked people are who are unemployed (Osaki & Burhouse, 2011). More than 40% of the population of developing countries are without bank account (Leora , 2014).

After decades of oppression, the economy of Myanmar opened to foreign investment, and many companies are jumping at the chance to help establish tech advancement and FinTech services for the unbanked. According to Forbes, nearly 95 percent of the country's population does not have a bank account. Even so, Myanmar was ranked as the fourth fastest-growing mobile market in the world last year as well as the fastest-growing economy in 2016 (PYMNTs, 2016)

1.1 Rationale of the Study

Although less than 5 percent of the population currently has bank accounts, a roadmap developed under the auspices of the Ministry of Finance is calling for banked rates of over 30pc by 2020. Deputy Minister of Finance U Maung Maung Thein said that while the goal is to provide access to financial services and insurance to everyone in Myanmar, there are logical supply and demand barriers. A FinScope survey in May 2013 shows that less than 5 percent of Myanmar's adults have a bank account, though the income of people with bank accounts is on average 2.1 times that of the unbanked. "We can call the people of Myanmar cash lovers, as only about 4.8 percent have bank accounts, while 91.5pc of the US and 75pc of Thailand are using bank accounts," said Hennie Bester, director of non-profit Centre for Financial Regulation and Inclusion (Cenfri). Some 62pc of surveyed adults had no savings, with 17pc saying they saved through storing gold and other valuables in secret places. Many Myanmar people are reluctant to save in banks and instead purchase jewelers and gold to store value. Mr Bester said this limits the opportunity for banks in turn to lend money and fuel economic development. Savings are particularly limited for those with low income. Low income individuals consistently run down their income balance near zero at the end of pay period(Caskey,John p,2002).People become to be unbanked for many reasons, poor individuals may also have no need for banking services since they try to survive day-to-day lives.People living in rural area ,they still have no concern about banks and some they have never heard about bank.

This study explores the determinants affecting the unbanked people. This study was carried out at North Oakalapa Township, Yangon, Myanmar in order to investigate what kinds of factors influence unbanked people. The information and data used for this research were obtained from both primary and secondary sources, through quantitative approaches. The sample set included 100 respondents of lower- income-level unbanked people from North Oakalapa Township who were selected for survey via random sampling methods.

1.2 Objectives of the Study

The objectives of study are:

- (1) To identify the conditions of bank services of the people in Myanmar and

- (2) To analyze the perception of unbanked people on banking services in North Okkalapa Township.

1.3 Scope and Method of the Study

This study was carried out in the lower and middle income-level unbanked people from North Okkalapa Township. To investigate their perception on banking services and their perception. Descriptive method was used in this study.

The data used for this research was obtained basically from the both primary and secondary sources. The primary data for this research is collected from May 2019 to June 2019. The data collection is based on the households in North Okkalapa Township. Secondary data includes questionnaire, library search and internet website. One hundred (100) respondents were selected by simple random sampling method with five point Likert scale.

1.4 Organization of the Study

This study is organized onto five chapters: Chapter one is the introduction, rationale of the study, objective of the study, scope and method of the study and organization of the study. Chapter two concerned with theoretical background of the study. Chapter three includes overview on challenges of banking sectors in Myanmar. Chapter four includes analysis of perception of unbanked people on banking services in North Okkalapa Township. Finally, chapter five summarizes the study's findings, presents recommendations, and offers conclusions which can reasonably be drawn from the study.

CHAPTER II

THEORETICAL BACKGROUND OF THE STUDY

This chapter includes literature review of unbanked people in the world, customer behaviour of banking products and services, definition of financial services, definitions of customer perception and perception on unbanked people in Myanmar.

2.1 Unbanked People

The unbanked are described by the Federal Deposit Insurance Corporation (FDIC) as those adults without an account at a bank or other financial institution and are considered to be outside the mainstream for one reason or another. The Federal Reserve estimated there are 55 million unbanked or underbanked adult Americans in 2018, which account for 22 percent of U.S. households.

One report found the nationwide rates to be 7.7% unbanked and 17.9% underbanked, with the most unbanked state Mississippi, at 16.4%. Places where over 20% of residents have no bank accounts include Florida; Hidalgo County and Texas;. Many counties with less than 100,000 residents had even higher rates, including Starr County, Texas, at 32.7%. Some census tracts in Nashville, Tennessee; and Atlanta, Georgia had over 40% unbanked residents.(The Most Unbanked Places in America)

Many people in growing countries, and mainly rural areas, stay a primary distance from the closest financial institution. Informal people also are normally self-hired and do not have consistent profits and obtained earnings on every day simple for the range of hours worked or tasked complete. Regarding to this uncertainty profits, the unbanked people have a greater undertaking to get admission to economic offerings and mainly end up with higher charges from informal offerings. There is usually differentiation on the control of economic offerings among the rich and the poor.

The World Bank Rural Finance Access Survey (RFAS) of 2003 indicated that 41 per cent of the rural households have bank accounts and 21 per cent have some access to formal credit avenues. Among formal credit sources available to rural households, the commercial banks occupy the dominant position. The RFAS further indicated that 66 per cent of the large farmers

had fixed deposit accounts and 44 per cent of them availed of bank credit facility. However, 70 per cent of the marginal/landless farmers did not have bank accounts and, 87 per cent did not have any access to credit from formal source. The lack of access to financial sources is acute for the poor households. (Dhanajay Bapa, 2010)

2.2 Customer Behaviour to Banking Products and Services

Customer behaviour guides in market segmentation, one of the important tools in bank marketing. The behavioural aspects of a bank customer are given less important in the financial analysis of bank products. It cannot be disregarded that it is the customer who create the demand for products and any change in these needs would affect the demand also. Customers have different preferences and a purchase decision is effected after considering the range of services offered by the banks. These variations may be related to the psychological differences among individuals on aspects such as attitude, motives, social class need, culture, etc. This can be study only with the help of market research studies on customer behaviour and their preference patterns. Customer behaviour is influenced by three set of factors, viz, external factor, internal factor, and the consumer process. Culture, Occupation, lack of financial knowledge and geographic location are factors which externally influence customers. Culture is a mix of beliefs, attitudes, and ways of doing things by reasonably homogenous set of people. Culture explain how and why people behave as they do and also transcends to their buying behaviour. Education upbringing, religious beliefs, and living conditions are the factors that would shape up the culture of a person (Assael H, 1981)

Each of the banks included in the study offered a range of products and services to meet the needs of unbanked and underbanked consumers, though it varied across institutions. Some offered a few products tailored to specific markets. While other offered a broader suite of products and services. Interestingly smaller banks did not offer a narrow range of products and services compared to larger banks. In the financial products advertising and marketing, the opinion of reference organizations has big influence on consumer's alternatives. A purchaser is much more likely to proportion the attitude of his or her reference institution. If records acquired by using a consumer contradicts with what the reference institution believes in, the patron may even broaden detrimental mindset towards the products. Marketing people can perceive appropriate reference corporations to accumulate favourable picture and opinion. This is mainly

real in advertising and marketing to retail segments which frequently search for reliable sources of records. The over dependence of clients on photo within the services enterprise can be fine defined service. In the case of banks, research have shown that patron desire is essentially decided by using their perception consistent with their behaviour.

2.3 Definitions of Customer Perception

Customer perception refers to the procedure with the aid of which a customer selects, organizes, and translates records / stimuli inputs to create a significant photograph of the logo or the product. It is a 3 stage method that translates uncooked stimuli into significant facts.(Marketing dictionary)

Kendall (2003) perception is the process of selecting, organizing and interpreting sensation into a meaning full. Customer satisfaction is determined by the customer's perception and expectation of the quality of the products and services . In many cases, customer perception is subjective, but it provides some useful insights for organizations to develop their marketing strategies. Providing high level of quality service has become the selling point to attract customer's attention and is the most important driver that leads to satisfaction.

Reichheld,(1996) purchaser perception and patron satisfaction are very carefully linked together due to the fact in the event that they perceived services is closed to purchaser's expectations it lead to pleasure. Satisfied customers offer tips; preserve loyalty in the direction of the organization and customers in flip are much more likely to pay charge rates.

2.4 Influencing Factors of Customer behavior

Customer behaviour is affected by many uncontrollable factors. Consumer behaviour refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behaviour. Initially the consumer tries to find what commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyses the prevailing prices of commodities and takes the decision about the commodities he should consume (Pinki Rani,2014)

Consumer buying behaviour is influenced by four major factors: 1) Culture, 2) Social, 3) Personal, 4)Psychological. These factors cause consumers to develop product and brand

preferences. Although many of these factors cannot be directly controlled by marketers, understanding of their impact is essential as marketing mix strategies can be developed to appeal to the preferences of the target market.

1. Cultural Factors

Culture is a very complex belief of human behaviour it includes the human society, the roles that the society plays, the behaviour of the society, its values customs and traditions. Culture needs to be examined as it is a very important factor that influences consumer behaviour. Sub-culture is the group of people who share the same values, customs and traditions. You can define them as the nation, the religion, racial groups and also groups of people sharing the same geographic location.

2. Social Factors

Under social factors reference groups have a great potential of influencing consumer behaviour. Of course its impact varies across products and brands. This group often includes an opinion leader. The behaviour of a consumer is not only influenced by their motivations and personalities but also their families and family members who can two or more people living together either because of blood relationship or marriage. People who belong to different organizations, groups or club members, families play roles and have a status to maintain. These roles and status that they have to maintain also influences consumer behaviour as they decide to spend accordingly.

3. Personal factors

A number of personal factors also influence the consumer behaviour. In fact this is one major factor that influences consumer behaviour. Age of a consumer and his life cycle are two most important sub factors under personal factors. With the age and the life cycle the consumers purchase options and the motive of purchase changes, with his decisions of buying products change. Hence this stage does affect consumer behaviour. Occupation of a consumer is affects the goods and services a consumer buys. The occupations group has above average interest in buying different products and services offered by organizations. In fact organizations produce separate products for different occupational groups. People originating from different cultures,

sub cultures, occupations and even social class have different styles of living. Life style can confirm the interest, opinions and activities of people. Different life styles affect the purchase pattern of consumers.

4. Psychological factors

Psychological factors affect consumer behaviour very strongly. Motivation is activating the internal needs and requirements of the consumer. It can also be described as goals and needs of the consumers. Motivation arouses and directs the consumers towards certain goals. These needs can be psychological needs, needs of security, social needs, esteem needs and also self actualizing needs. Perception is sensing the world and the situations around and then taking a decision accordingly. Every individual look as the world and the situations differently. The judging ability and capacity of every individual is different and hence the look at the world differently. This is what separates the decision taking abilities. Learning is the research of products and services before the consumer takes the decision of buying a product. Learning and self educating these days is done online and also in groups. Experience is taking a lesson from the past experiences of a product and service. Learning and experience both again play an important role in influencing the consumer's behaviour as it influences their purchase decision. Attitude is a consumer's favourable and unfavourable emotional condition or emotional feeling, also its tendency of reaction to certain actions and behaviours. Beliefs of people that are the belief that people assume the products to be as make the specifications of the products. Hence attitude and beliefs are also important and need to be taken into consideration while studying human behaviour.

2.5 Influencing Factors on Unbanked People

There may be many factors on customer behaviour of unbanked people: lack of financial knowledge, Trust (on bank or banker), Security (volatile situation of the city/country), Accessibility, infrastructure, interest rate(religious exclusion), low interest rate(financial benefits), lack of money, unemployment, government regulations, branch banking, etc. However,

most researcher emphasized on lack of education, trust on bank, accessibility of banking services, lack of financial knowledge.

The largest effects for being unbaked were found lack of knowledge in financial literacy. In the United States it was studies that people having primary education has less likely to have bank accounts in any financial institution, whereas people having secondary education has 40% more accounts(Klapper & Demirguc-Kunt,2013)

Lack of accessibility of a bank can create numerous inconveniences in lives of people. Unbanked people are likely to save money for future emergencies in consequences that is have to take risky and costlier actions like giving away high-yielding animals or selling inventory to survive out of situation.

Another factor which promotes un-banking is trust and security factors in banks and other institutions. People have very little money to save and they prefer to keep it under mattress. People almost 10 to 15 Percentages prefer to keep their saving in form of cash rather than depositing into bank accounts(Coupe,2009).`

CHAPTER III

OVERVIEW OF BANKING SECTOR IN MYANMAR

This chapter consists of overview of banking sector in Myanmar, current banking services in Myanmar, unbanked population in Myanmar, and the way forward banking sector in Myanmar.

3.1 Overview of Banking Sector in Myanmar

The Union Bank of Burma was established on 3rd April 1948 by the Act of Union Bank of Burma 1947 and took over the functions of the Yangon branches of the Reserve Bank of India. It did not have the full power of a central bank. In 1st July 1952, the Union Bank of Burma Act was enacted. It was transferred from the Burma Currency Board to the newly created Currency Department of the Union Bank of Burma with effect from 1st July, 1952. CBM works to ensure price stability in the financial system. The central bank also supervises financial institutions and state-owned and private banks in Myanmar. In 2017, Myanmar initiated the first extensive audit of state-owned banks as part of modernization efforts of its financial system and initiatives to address risks to the country's rapid economic growth.

In Myanmar, the financial sector can fulfill its role as a financial intermediary only to a limited extent. For almost five decades, Myanmar's population and economy faced harsh restrictions under the rule of a military junta which set up a strict socialist regime (ADB 2012). The international sanctions under the military rule led to international isolation of the nation. In Southeast Asia, the former Asian granary Myanmar has become the poorest country with the lowest level of financial intermediation (credit-to-GDP of 7.2% in 2011).

3.2 Current Banking Services in Myanmar

According to the CBM, Foreign bank will be allowed enter Myanmar in three phases. In the first phase joint ventures with local banks will be permitted. In the second foreign bank will be permitted to establish locally incorporated 100% foreign owned subsidiaries. In the third and final stage they will be permitted to open branches. According to the above figured, Myanmar

has 4 state owned banks, 9 semi-governmental banks, 14 private enterprises, 13 foreign bank branches, and 49 representative office of foreign banks. Due to the great untapped ability of the financial area, banks are becoming greater aggressive in developing their revolutionary offerings, including on-line price gadget, mobile banking and different associated applications.

Myanmar remains a predominantly cash-based totally economy. The Myanmar humans have much less believed at the banking gadget in comparison to different nations in the area due to the fact that they'd formerly skilled a banking and currency disaster. For this cause, the general public prefer to keep cash in hand, or buy belongings to comfortable their economic position. However, in the past couple of years, the financial sector took important steps to reduce cash transactions: 21 out of 28 banks joined the SWIFT system, whereby local banks can make financial transactions to foreign correspondent banks. In 2011, the Myanmar Payment Union (MPU) was established by Myanmar banks to serve as a national payment switch for Myanmar. MPU provides electronic channels such as the Automated Teller Machines (ATM), Point of Sale (POS) terminal, and mobile banking to support non-cash payments. MPU membership consists of three state-owned banks and 14 non state-owned banks. In 2015, MPU became a public company, and 23 out of 28 Myanmar Banks joined as members. MPU cardholders can access almost 1,700 ATMs nationwide and use almost 3,500 POS terminals in Myanmar. In addition, the cardholder can also purchase products on 32 e-commerce websites.

It is the first time in 50 years that foreign banks are allowed to support the country's economy with their extensive international experience and worldwide networks. In 2016, the Central Bank of Myanmar granted licenses to 13 foreign banks to open a branch in Yangon. Foreign bank branches are limited to wholesale banking and are not permitted to engage in retail banking, even though they are expected to contribute to the development of the domestic banking sector by participating in the interbank market, lending to domestic banks, and engaging in foreign exchange business. Foreign banks are allowed to grant loans, to take deposits from foreign corporations and domestic banks in both international currency and Myanmar Kyat. According to the regulation from CBM, each foreign bank needs to provide 75 million USD as minimum investment capital. Therefore, the arrival of foreign banks has brought substantial

benefits to both foreign investors and local businesses, such as faster transactions in foreign trade and the opportunity for local investors to expand their export market.

3.3 Unbanked Population in Myanmar

Financial inclusion is still very low in Myanmar with only 6% of adults using more than one financial product. Products and services are not fully meeting the needs of the population, and limited infrastructure is constraining business model and product offerings, in particular for rural areas. How Myanmar is pushing for financial inclusion to support financial inclusion, the Myanmar Ministry of Planning and Finance, in partnership with UK-funded DaNa Facility, and the United Nations Capital Development Fund (UNCDF) Myanmar, has set out ambitious goals through its Financial Inclusion Roadmap, a strategy referred to as Making Access Possible (MAP).

Among other goals, Myanmar aims to increase financial inclusion from 30% in 2014 to 40% by 2020, and adults with more than one product from 6% to 15%, by supporting the development of a full range of affordable, quality and effective financial services.

Since the plan was launched in 2013, Myanmar has seen a significant increase in financial access. A report released in 2018 as part of the MAP program found that adults with access to at least one formal financial product increased from 30% in 2013 to 48% in 2018, an almost two thirds increase in financial inclusion, surpassing the initial 2020 target of 40%.

Additionally, initiatives such as Fintech Challenge Myanmar, an innovation program by DaNa Facility, UNCDF and the Asian Development Bank's ADB Ventures, have emerged in recent months to spur innovation in financial services to promote greater financial inclusion.

3.4 The Condition of Unbanked People in Myanmar

In any country, financial services sector occupies a unique place among all business sectors. It plays a vital role as a catalyst for overall economic development, seeding growth in other sectors by providing the necessary funds to various economic agents, namely private individuals and corporations. It is also in itself a key business sector contributing a large number of well qualified and high earning jobs and is arguably the largest sector in the world in terms of revenues. No developed nation has reached an advanced stage of development without a relatively large, sufficiently successful and reasonably sound financial sector. No developing

economy has enjoyed sustainable economic growth without a sound expansion of its banking sector. Ultimately, the banking crisis experienced around the world and its effects rippling through the economy is testimony to the significance of banks in modern economies. Myanmar will be no exception. The creation of a sound, inclusive and successful banking sector cannot be taken out of the country development equation, no matter what the other priorities may be.

Myanmar's banking sector has atrophied over the years and suffered many ailments. Despite a recent resurgence, it remains small and unable to provide the required financing to support fast paced economic growth. Fixing these shortcomings is a daunting task considering the current inefficiencies. That said, the underdeveloped state of the banking sector presents an opportunity to put in place the right framework and initiate the necessary adjustments before sheer size makes this kind of rectification more complicated. Based on market needs and current shortcomings, far-reaching reforms under the stewardship of the Central Bank of Myanmar (CBM) coupled with significant and steady efforts from all stakeholders to implement change (Ministry of Finance, CBM, commercial banks) are a must. We believe that Myanmar's banking sector has a bright future and we foresee exponential growth for the industry, slated to multiply its current asset base by a factor of eight and create over 120,000 jobs by 2025. This study discusses and substantiates: 1. The current situation and challenges for the banking sector 2. The short- and medium-term actions necessary to enable banking sector transformation 3. The positive outlook for the banking sector through 2025.

CHAPTER IV

ANALYSIS OF UNBANKED PEOPLE PERCEPTION ON BANKING SERVICES IN MYANMAR

This chapter describes a detailed presentation of methodology and procedures which have been followed in conducting the study about analyze unbanked people perception on the banks in Myanmar. Then, the demographic characteristics of the 100 households out of North Okkalapa Township and analyses the unbanked people perception on the banks in Myanmar are describes based on the survey data collected by November 2019. Results of data analysis are calculated on the study sample have been explained, then the results were analyze, discussed, and compared in order to assess the unbanked people perception on the banks in Myanmar and why they are not using banks till to date even they have chance to use bank for their saving or deposit.

4.1 Research Method

This section describes a detailed presentation of methodology and procedures which have been followed in conducting the study about analyze the unbanked people perception on the banks in Myanmar. Analytical descriptive method has been used to sustain quantitative measurement and analysis. Data has been collected through structured questionnaire as a main tool for the study. The structured questionnaire has been designed especially for this study and contains two parts. First part of the questionnaires is the primary information about the demographic specifications of the sampled individuals. Second part is descried a set of 19 statements regarding the unbanked people perception on the banking services in Myanmar. This part has four dimensions which are cost of banking services, conveniences, lack of knowledge in financial literacy, trustworthy on banking services. Every question has five alternative answers according to Likert Scale which consists of five degrees (Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree).

Any of respondents was chosen to explore structured questions in this study with random sampling. Based on the sample calculation the number of conventional households in Ward(1) is 320 household and 30% of the households, approximately 100 households, considered as the simple. The answer were analyzed by using SPSS software(Version 25). Finding from data

results were shown in respective tabular form and interpreted accordingly. This study used descriptive method.

In order that allows you to pick the correct approach of evaluation, the level of size need to be understood. For each type of measurement, there is an appropriate method that can be applied. In this study, ordinal scales have been used. Ordinal scale is a ranking or a rating data that normally uses integers in ascending or descending order. The numbers assigned to the important (1, 2, 3, 4,5) do not indicate that the interval between scales are equal, nor do they indicate absolute quantities. They are merely numerical labels.

4.2 Demographic Characteristic of Respondents

This section presents the profiles of selected 100 households who are being unbanked in Ward(1) North Okkalapa Township. The profiles cover the gender, age, marital status, education, occupation (level) and income.

4.2.1 Respondents by Gender

Gender of respondents are shown in Table(4.1).

Table (4.1) Number of Respondents by Gender

Category	No. of Respondents	Percentage(%)
Male	31	31.00
Female	69	69.00
Total	100	100.00

Source : Survey data, 2019.

The result showed that unbanked people's perception is mostly related to female who may guide font use banking services. As shown in Table 4.1, the sample consists of 31 males and 69 females. In terms of the percentage, male respondents are 31 percent of the sample while female respondents are 69 percent of the sample. Therefore, female respondents are more than male.

4.2.2 Respondents by Marital Status

In this study, marital Status is divided into two categories; single and married. Marital status of target candidate has been surveyed for this study. This is showed in the following Table (4.3)

Table (4.2) Number of Respondents by Marital Status

Category	No. of Respondents	Percentage(%)
Single	52	52.00
Married	48	48.00
Total	100	100.00

Source: Survey data, 2019.

As shown in Table (4.2), the largest sample of respondents is single, holding 52%, which are more than married ones, as a percentage of 48% from this result.

4.2.3 Respondents by Ages

Ages groups of the respondent is classified into three group: under 20 years, between 21 to 30 years, 30 to 40 years and over 40 years. This is showed in the following Table (4.3)

Table (4.3) Number of Respondents by Ages

Category	No. of Respondents	Percentage(%)
Under 20	13	13.00
21-30	47	47.00
31-40	36	36.00
Over 40	4	4.00
Total	100	100.00

Source: Survey data, 2019.

Ages of respondents are classified into four groups. 47 respondents fall in the age group between 21 and 30 years, followed by 13 respondents fall in the age between under 20 years, 36 respondents fall 31 and 40 years, and 4 respondents fall in 40 years. In term of percentage share,

the age group between 21 and 30 years accounted for the highest share of 47% whereas the age group over 40 years accounted for the lowest share of 4%. This result shows that most of unbanked people are age between 20 and 30 years old.

4.2.4 Respondents by Education

Table (4.4), presents the distribution of education levels of respondents. There are three education levels among the respondents in the sample: under graduate, graduate, and post graduate.

Table (4.4) Number of Respondents by Education

Education level	No. of Respondents	Percentage(%)
Undergraduate	16	16.00
Graduate	55	55.00
Post Graduate	29	29.00
Total	100	100.00

Source: Survey data, 2019.

The education levels of respondents can influence on the perception of the banking product and services. According to the Table 4.4, 29% of the total respondents are under graduate, 55% of the total respondents are graduates. Other 16% of respondents are post graduate. Therefore; majority of unbanked people are under graduate because of they have not better knowledge of banking service and saving account.

4.2.5 Respondents by Occupation

When the selected candidate is asked about their rank of position, results are shown in the following Table (4.5). In this survey, the rank of position is divided into three groups: Own business, Employee, Government Employee.

Table (4.5) Number of Respondents by Occupation

Position in Work	No. of Respondents	Percentage(%)
Own Business	3	3.00
Employee	67	67.00
Government Employee	8	8.00
Others	22	22.00
Total	100	100.00

Source: Survey data, 2019.

Table 4.5 show that the rank of position of the respondents of the current research. It is illustrated that 67% are employee, 8% are government employee , 3% are own business and 22% are other business.

4.2.6 Respondents by Monthly Income

In this study, approximate monthly average income is broadly divided into three levels. Table (4.6) shows the distribution of income level of respondents.

Table (4.6) Respondents by Monthly Income

Category	No. of Respondents	Percentage(%)
Less than 100,000	6	6.00
100,001-200,000	10	10.00
200,001-300,000	22	22.00
300,001-400,000	24	24.00
400,001-500,000	38	38.00
Total	100	100.00

Source: Survey data, 2019.

Tabel (4.6) shows the distribution of income level of respondents. There have divided into five level as of under kyats 100,000, and kyats 100,001 to kyats 200,000, 200,001 to 300,000, 300,001 to 400,000 and 400,001 to 500,000 MMK.

Income distribution analysis showed that the lowest 6% received between just above poverty line and minimum wage salary and the highest income group was 38 % was received between 400,00 to 500,000 MMK, the second lowest group was 10% received 10000 to 200,000 MMK.

Source: Surveyed Data, 2019

Comparison for unbanked people showed some of the component's Mean values are closer to higher and than the cut-off value 4, indicating that the data in this study is reliable.

4.3 Perception of Unbanked People in Banking Services

Perception of unbanked on banking services are examined in four components in this study. They are perception on cost of banking services, perception on accessibility, perception on lack of knowledge in financial literacy and perception on trustworthy on banking services. Every question have five alternative answers according to Likert Scale which consists of five degrees (Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree). The translation of level ranking was analyzed follow exterior of candidate's perception designed by Best (1997: 174).

4.3.1 Perception on Cost of Banking Services

There are four questions that are designed to obtain the perception level of respondents on the extent to which the cost of banking services. The higher level of mean score indicates unbanked people's perception greater cost factor and vice versa.

In order to see the extent to which unbanked people's perception in banking product and services, the descriptive statistics like mean and standard deviation for perception scores on cost of banking services are calculated and presented in Table (4.7)

Table (4.7) Perception on Cost of Banking Services

No	Statement	Mean	Std. Dev
1	Even though I have enough money to hold in an account or meet a minim balances, I have now not open banks account yet.	4.27	.709
2	I assume the baking offerings cost is not costly to use for my small money.	4.36	.732
3	I assume the transportation cost is not luxurious to apply the bank.	4.08	.825
4	I suppose the bank interest rate is attractive for lending money small amount.	4.11	.803
Total Average Scores		4.21	

Source: Survey Results, 2019

Table 4.7 shows that statement 2 has the highest mean score of 4.36 which means that the perception level is average for the bank interest rate is not attractive for small amount of their deposit money. In statement 3, assume the transportation cost is not luxurious to apply the bank, has the lowest mean score 4.08. It shows that the perception is low level even comparing in average overall mean scores of cost of banking services are 4.21. Regarding perception on cost of bank services as an average overall score 4.21, most of people perception is low that highlight their other cost of bank and they deem to be some earning for their small amount of deposit if they can use bank service.

4.3.2 Perception on Accessibility

There are five questions that is designed to obtain the perception level of respondents on the extent to which the accessibility. The higher level of mean score indicates unbanked people perception greater conveniences factor scores and vice versa.

In order to see the extent to which unbanked people perception in banking product and services, the descriptive statistics like mean and standard deviation for perception scores on conveniences are calculated and presented in Table (4.8)

Table (4.8) Perception on Accessibility

No	Statement	Mean	Std. Deviation
1	It could take me lots of time to go banks for deposits or using banking offerings.	4.25	.609
2	I think the bank present day operation hours is convenience for me.	3.97	.771
3	The bank turned into now not too far from my home or work, it is still convenient for me.	4.03	.703
4	The use of banking services could cause a convenience for me while I have enough time to repair for bank transaction mistakes.	4.21	.782
5	I assume that banks will make small quantity of loans for household use.	4.04	.665
Overall Mean Scores		4.10	

Source: Survey Results, 2019

Table 4.8 shows that statement 1 has the highest mean score of 4.25; while statement 2 has the lowest mean score of 3.97. The overall mean scores of the conveniences dimension is 4.10. Even in highest mean score in 5 statements, the perception level is low, that is meant that the unbanked people are not conveniences it take lots of time to go banks for deposits or using banking . And the lowest mean score of the statement means that banking operation hours would lead to a loss of convenience for them because of operation time. Regarding the overall average mean score 4.10 can mention with low perception level that is no totally conveniences to use banking services in Myanmar. Actually, in Myanmar banking services is hedged with several kind of risk management by service provider which is barred not easy to use available service of banking business. It will be inconveniences for all customers.

4.3.3 Perception on Lack of Knowledge in Financial Literacy

There are five questions that is designed to obtain the perception level of respondents on the extent to which the lack of knowledge in financial literacy. The higher level of mean score

indicates unbanked people's perception greater lack of knowledge in financial literacy factor scores and vice versa.

In order to see the extent to which unbanked people's perception in banking product and services, the descriptive statistics like mean and standard deviation for perception scores on lack or knowledge in financial literacy are calculated and presented in Table (4.9).

Table (4.9) Perception on Lack of Knowledge in Financial Literacy

No	Statement	Mean	Std. Deviation
1	I suppose that learning to use banking offerings might be clean.	4.28	.514
2	While transaction errors occur, it's miles certain that i shall get complete compensation from banks.	4.36	.523
3	While my financial institution account incurs fraud or hacking, it will now not have an effect on a capability lack of reputation in my social organization.	4.44	.574
4	I suppose that the settlement via banks for any purchases isn't always risky.	4.51	.577
5	I suppose that the use of a financial institution affords more privacy for my non-public finances.	4.55	.575
Overall Mean Scores		4.43	

Source: Survey Results 2019

Table 4.9 shows that statement 5 has highest mean score of 4.55; while statement 1 has the lowest mean score of 4.28. The overall mean scores of lack of knowledge in financial literacy dimension are 4.43 which can be translated that many individuals lack sufficient financial knowledge to navigate through the often complicated mainstream financial system in Myanmar. The learning to use banking services would not be easy, but their perception level is average to learn about it. Some of them might be wishing to learn about banking services. And they think that difficult to understand for the reason of that fraud happen because illiterate in finance matter.

4.3.4 Lack of Trust and Security

There are five questions that is designed to obtain the perception level of respondents on the extent to which the trustworthy on banking services. The higher level of mean score indicates unbanked people's perception greater trustworthy on banking services dimension scores and vice versa.

In order to see the extent to which unbanked people's perception in banking product and services, the descriptive statistics like mean and standard deviation for perception scores on trustworthy on banking services are calculated and presented in Table (4.10)

Table (4.10) Lack of Trust and Security

No	Statement	Mean	Std. Deviation
1	I need to offer the information needed to take care of transactions as it should be while banking services providers have get entry to.	4.19	.662
2	I'd experience totally safe for my money in financial institution account and could difficult while i want to withdraw again on the time of rumor or horrific information.	4.32	.510
3	I am not worried approximately using bank if different human beings recognize my economic illiterate.	4.45	.500
4	I do not suppose that the recording device of banking may also have mistakes in someday.	4.40	.512
5	I consider that it is not associated with taxation upon my deposit(private profits).	4.57	.498
Overall Mean Scores		4.39	

Source: Survey Results 2019

Table 4.10 shows that statement 5 has the highest mean score of 4.57; while statement 1 has the lowest mean score of 4.19. The overall mean score of trustworthy on banking service is 4.39 which can be highlight that general perception on trustworthy on banking services is still

low in order to use banking services promptly even banks are trying to provide the best service what customer wants. The highest score statement 5 of the perception level is 4.57, but they believe that it is not totally related upon their personal income. The lowest perception level of statement 1 is stated that provider needed to handle transactions, means that most of people are not know banking information and updated policies and services.

4.4 Overall Perceptions of Unbanked Customer on Banking Services

In the comparative analysis of four dimensions that high perception on Lack of Knowledge and low perception on Accessibility. The overall mean average scores of each factor are illustrated in Table 4.11.

Table 4.11 Overall Perception of Unbanked Customer on Banking Services

Dimensions	Overall Perception (Average Mean Score)
Cost of Banking Services	4.21
Accessibility	4.10
Lack of Knowledge in Financial Literacy	4.43
Security and Trust	4.39

Source: Survey Results, 2019

Table 4.11, shows that overall average score of four dimensions, in which perception on accessibility is the lowest score among them. By using banking services, there need to give time to go banks, and it lead to a loss of convenience because of wasting time to fix errors. Sometime, wrongly input the data of given personal information, deposited amount and discrepancy of withdraw money notes. It will be inconveniences for all customers, it is very seldom story, but most of people are not believe that kind of error in banks services and they think that waste time to solve it. And it is also inconveniences factor that banks don't allow small amount of loans for household use for personally. Bank only allow loan for business if collateral can provide. Actually, in Myanmar banking services is hedged with several kind of risk management by service provider which is barred not easy to use available service of banking business.

Again, in Figure (4.11) demonstrates that corresponding average scores of " Trustworthy on Banking Services " is 4.43 which the highest scores as compare to other dimension. It is not the main reason not to use banking services. And perception on accessibility the lowest level is 4.10 which is expressed that most of people are not convenience for using banking service because of wasting time to fix errors when experience with financial literacy like wrongly stated personal information, Beneficiary and advisory and additionally terms of banking usages. With this principal cause the unbanked human beings aren't trying to open bank account even in high profits people who've excess cash to store at bank. For the poor, who have small extra money for month-to-month primary, in addition they want to get loan from their family once they need money urgently, but banks have that sort of policy to allow mortgage for small amount for any of personal used.

The unbanked people did not use private banks in Myanmar, the various 4 dimensions, they could no longer enjoy totally comfy and conveniences for his or her cash in the monetary organization account and maximum of them are worry approximately for the problems when they confronted with some error usage of banks offerings. They also don't agree with banks are truthful for the reason that a few exquisite facts is manifest in their saving financial institution, there'll restriction to withdraw for his or her money. Due to terrible infrastructure and weak regulation, no strong monetary policy examine with different growing us of a, most of unbanked humans are not dare to use banking provider completely. The main factor is the custom of Myanmar people is not believe to others and mostly is more rely on their own management in all aspects (especially cash management of their daily life with their own parameters). holding cash as physically is more conveniences and secure than to shop at banks and seeing and believing is their custom given that antique generation till thus far.

CHAPTER V

CONCLUSION

The chapter present findings and discussing, suggestion and recommendation, needs for further study based on study of unbanked people perception in Myanmar to be faster for the banking sector development.

5.1 Findings and Discussion

The main objective of the study was to examine the perception of unbanked people on banking services. The survey was conducted with 100 households were selected to carry out for the survey. Concerning of analysis on the perception of unbanked people, the examine explored the influencing factors regarding banking services and products. According to the look at of degree of position in member of the family of respondents, it is able to locate that biggest of them are not responsible as main supporters of their family, most are followers. It regard with the perception of using banks, the four dimensions are used. These are cost of banking services, accessibility, lack of knowledge in financial literacy, trust and security on banking services.

According to result of this studies, the education levels of respondents can have an impact on on the notion of the banking product and services. Majority of unbanked people have not better knowledge of banking service. Most of the unbanked people have lack of sufficient financial knowledge and they also have to negative views through the often complicated mainstream financial system in Myanmar. In perception on cost of banking services, the individuals' perception is low to believe that the using banking services transaction fee is expensive for their small money. Monthly service charges, transfer fees, cheque withdrawal fees are considered to banking usage cost factors. Regarding notion on value for using bank offerings, most of human beings assume financial institution interest rate to be greater than modern-day tariff and that they deem to be some earning for his or her small quantity of deposit if their money will save in bank account..

It is placed that the usage of banking services could result in a lack of comfort due to losing time to recuperation mistakes. Wrong records input for private records, deposited quantity, wrongly transfer no longer to nominated beneficiary, the ones elements due to bank carrier careless on consumer requests are exceptionally inconveniences to use banking offerings. Even though it isn't very regularly happens, but maximum of humans aren't believing that type of errors in banks

services and they don't need to spend their time to resolve it. And it is not convenient for the customers that don't permit any amount of loans for household use, even in small quantity.

Analyze the level of lack of knowledge in financial knowledge of unbanked people, the unbanked people perception is low because they think that incurs fraud or hacking, there will have a potential loss of status in their social group. And they are difficult to understand for the reason of that fraud happen because illiterate in finance matter. They are not willing to learn about financial planning for their life, maximum of humans in Myanmar survive in each day wages that are not having a hazard to shop their small money in bank.. They aren't willing to study monetary making plans for his or her existence, maximum of humans in Myanmar survive in each day wages that are not having a hazard to shop their small money in bank. So maximum of unbanked people may additionally believe they are no longer had to open an account in banks because in the main aren't dare to open their lack of financial literacy. Most unbanked people suppose that the use of the banking provider isn't beneficial for their daily transactions in Myanmar. Actually, many individuals lack sufficient monetary expertise to find the way thru the often complex mainstream financial system in Myanmar.

Concerning of sincere on banking services, lowest perception stage is observed that the recording system of banking may additionally have errors in someday, approach that most of people are not trustworthy on banking services for their present day using system., service structure and customer services. Most of people may believe they are not willing open an account because they do not want to disclose their personal information which banks required details information as well as they feel that keeping their money is not safe in the account.

The overall average score of four dimensions, the perception on accessibility is the lowest score among others. It is expressed that most of the people are not convenience to use banking services because not willing to accept to fix errors when experience with financial literacy like wrongly stated personal information, beneficiary and advisory and also terms of banking usages. With this essential motive the unbanked people aren't seeking to open financial institution account even in excessive earnings people who have excess money to save at bank. For the poor, who have small excess cash for month-to-month simple, they also need to get loan from their family after they want money urgently, but banks have that type of policy to permit loan for small quantity for any of private used.

5.2 Suggestion and Recommendation

After studied upon customer perception and requirements for the banking operations in Myanmar had to sell banking and financial sectors for country wide. Due to poor infrastructure of related banking service device (sophisticated banking machine for operation, management and customer services: like core banking system), there may be still going through limited service scope. For the payment in banking, settlement in card for the daily transition remains needed for the whole structure. Most of people who want to apply banking services are not nonetheless believe that to be conveniences. Therefore, the main major issue those banks have to consider if they want to increase their market share, particularly unbanked areas and they should use “Know Your Customer” (KYC) regulations.

When searching at accessing the unbanked as a ability new market, banks commonly should attain outdoor their traditional paradigms. Traditional branch based banking is not a viable option for a widely spread rural population who find it prohibitively expensive and time consuming to travel to the nearest bank branch. On the other hand, it is not practical or cost effective for the bank to set up full branches in rural areas with low population density.

As a end result of the study, although the unbanked people stay in urban regions they do now not want to apply bank offerings. Most of the Myanmar people use cash in every each day transaction in lives. Therefore, the banks should be attracted new clients by schooling to shop cash in banks and sell infrastructures clean to get admission to banking offerings, like as efficient ATM machines located in near customers. In branch banks, the staff are trained regularly and retrained when they have lack of good attitude in relation to customers. Besides, the private banks must consider new ways of accessing the unbanked. Mobile money services offered through the bank is one option although it has some drawbacks as it generally does not offer a full range of financial services. Mobile branches and/ or agency banking on the other hand can be effective ways of reaching the unbanked and offering them a full range of services without the complexity and cost of running physical bank branches.

Most of unbanked people don't think that using banking services is useful for our daily transition in our country that is because of our people custom that resist to change daily cash based system. It is also need to advise by the way of advertising the awareness on the advantages of using banks services.

Especially, most of unbanked people feel that totally unsafe providing personal privacy information over banking. And also most of people still not rely on current communication system even private sector provided for those IT services. While basic savings accounts do appear to be useful to a minority, more sophisticated products might be necessary for others. The bankers are should give the assurance to the customers for the safe transaction ever. There will need to try for the service structure to be conveniences by all means to all customers.

To be more conveniences and to get more rely on banking services from people, secrecy of banking regulation should be more tighten, not to feel totally unsafe if the customer provides personal privacy information over banking. Banks need to perform to be more trustworthy from all customers, not only unbanked people but also existing current customers. It can be suggested that this is a lower bound on potential demand for formal saving products. Serious attention should be paid to improving the delivery of financial services, doing so could improve the lives of millions of people. The banking industry needs to develop different fee and services structures designed to accommodate lower income depositors in much the same way banks currently provide VIP treatment to high-net-worth individuals.

For getting more market share and to be more used banking service from unbanked people, the private banks have to try more awareness of banking service performance and advertisement to be received trustworthy and conveniences, need to educate that there have no default or lost if there have any crisis or errors in banking industrials since it is centralized control system by CBM for all performance of banking services in Myanmar.

5.3 Needs for Further Research

This study only focuses on unbanked people perception, but on this banking industrial there may be find out the under-banked humans perception as properly. In which the unbanked are adult those who do no longer have their personal bank accounts. Along with the under-banked, they may depend on opportunity financial services for their financial needs, where these are available. It can be greater supportive to preserve the current banking services as well as any expending of services structure upon most of unbanked and under-banked necessities and demands in market.

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Appendix(A)
Questionnaire for customers
Perception of Unbanked People on Banking Services

Part (A)

Demographic Information

Please tick () in the box appropriate to the answer of your choice.

1. Sex
 - Male
 - Female

2. Marital status
 - Single
 - Married
 - Other

3. Age
 - Under 20
 - 21-30
 - 31-40
 - Over 40

4. Education
 - High School
 - Graduate
 - Post Graduate (Master, PhD)

5. Occupation
 - Own business
 - Employee
 - Government Employment
 - Other

6. Number of family members

7. Your position in family member

8. Monthly income
- Less than MMK 100,000
 - MMK 100,001 – 200,000
 - MMK 200,001 – 300,000
 - MMK 300,001 – 400,000
 - MMK 400,001 – 500,000
 - MMK 500,001 and above

8. Customer perception

(SDA- Strongly Disagree, DA-Disagree, N-Neutral, A-Agree, SA-Strongly Agree)

Cost

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	Even though i have enough money to hold in an account or meet a minim balances, I have now not open banks account yet.					
2	I assume the baking offerings cost is not costly to use for my small money.					
3	I assume the transportation cost is not luxurious to apply the bank.					
4	I suppose the bank interest rate is attractive for lending money small amount.					

Accessibility

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	It could take me lots of time to go banks for deposits or using banking offerings.					
2	I think the bank present day operation hours is convenience for me.					
3	The bank turned into now not too far from my home or work, it is still convenient for me.					
4	The use of banking services could cause a convenience for me while I have enough time to repair for bank transaction mistakes.					
5	I assume that banks will make small quantity of loans for household use.					

Lack of Knowledge in Financial Literacy

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	I suppose that learning to use banking offerings might be clean.					
2	While transaction errors occur, it's miles certain that i shall get complete compensation from banks.					
3	While my financial institution account incurs fraud or hacking, it'll now not have an effect on a capability lack of reputation in my social organization.					
4	I suppose that the settlement via banks for any purchases isn't always risky.					
5	I suppose that the use of a financial institution affords more privacy for my non-public finances.					

Security and Trust

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	I need to offer the information needed to take care of transactions as it should be while banking services providers have get entry to.					
2	I'd experience totally safe for my money in financial institution account and could difficult while i want to withdraw again on the time of rumor or horrific information.					
3	I am not worried approximately using bank if different human beings recognize my economic illiterate.					
4	I do not suppose that the recording device of banking may also have mistakes in someday.					
5	I consider that it is not associated with taxation upon my deposit (private profits).					

9. Give your suggestions (if any)

Thank you!

Appendix(A)
Questionnaire for customers
Perception of Unbanked People on Banking Services
Part (A)

Demographic Information

Please tick () in the box appropriate to the answer of your choice.

1. Sex
 - Male
 - Female

2. Marital status
 - Single
 - Married
 - Other

3. Age
 - Under 20
 - 21-30
 - 31-40
 - Over 40

4. Education
 - High School
 - Graduate
 - Post Graduate (Master, PhD)

5. Occupation
 - Own business
 - Employee
 - Government Employment
 - Other

6. Number of family members
7. Your position in family member
8. Monthly income
 - Less than MMK 100,000
 - MMK 100,001 – 200,000
 - MMK 200,001 – 300,000
 - MMK 300,001 – 400,000
 - MMK 400,001 – 500,000
 - MMK 500,001 and above

8. Customer perception
(SDA- Strongly Disagree, DA-Disagree, N-Neutral, A-Agree, SA-Strongly Agree)

Cost

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	Even though i have enough money to hold in an account or meet a minim balances, I have now not open banks account yet.					
2	I assume the baking offerings cost is not costly to use for my small money.					
3	I assume the transportation cost is not luxurious to apply the bank.					
4	I suppose the bank interest rate is attractive for lending money small amount.					

Accessibility

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	It could take me lots of time to go banks for deposits or using banking offerings.					
2	I think the bank present day operation hours is convenience for me.					
3	The bank turned into now not too far from my home or work, it is still convenient for me.					
4	The use of banking services could cause a convenience for me while I have enough time to repair for bank transaction mistakes.					
5	I assume that banks will make small quantity of loans for household use.					

Lack of Knowledge in Financial Literacy

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	I suppose that learning to use banking offerings might be clean.					
2	While transaction errors occur, it's miles certain that i shall get complete compensation from banks.					
3	While my financial institution account incurs fraud or hacking, it'll now not have					

	an effect on a capability lack of reputation in my social organization.					
4	I suppose that the settlement via banks for any purchases isn't always risky.					
5	I suppose that the use of a financial institution affords more privacy for my non-public finances.					

Security and Trust

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	I need to offer the information needed to take care of transactions as it should be while banking services providers have get entry to.					
2	I'd experience totally safe for my money in financial institution account and could difficult while i want to withdraw again on the time of rumor or horrific information.					
3	I am not worried approximately using bank if different human beings recognize my economic illiterate.					
4	I do not suppose that the recording device of banking may also have mistakes in someday.					
5	I consider that it is not associated with taxation upon my deposit (private profits).					

9. Give your suggestions (if any)

.....

.....

Thank you!