YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE PROGRAMME

INFLUENCING FACTORS ON CUSTOMER SAVING

BEHAVIOR IN UNITED AMARA BANK (UAB)

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MBF (DAY) 1ˢᵗ BATCH

DECEMBER, 2019

INFLUENCING FACTORS ON CUSTOMER SAVING BEHAVIOR IN UNITED AMARA BANK (UAB)

A thesis submitted as a partial fulfillment towards the requirements for the degree of

Master of Banking and Finance (MBF)

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ABSTRACT

This study emphasizes on customer saving behavior in United Amara Bank (UAB). This study is done to identify the saving behavior of customers at United Amara Bank and to examine the influencing factors on customer's saving behavior at United Amara Bank. To get the primary data, 150 customers are surveyed at the United Amara Bank in Twmae Township. All independent variables have positive relationship with saving behavior. Those variables include financial literacy, parental socialization, peer influence, self-control and bank reputation/image. According to the finding, UAB bank should educate people in order to evaluate their income and expense. The bank should promote children account by targeting parents. Besides, the bank should regularly give intensive training to have skills and polite at all time. However, the most important factor to saving behavior is self-control. A person who is determined to save whatever the situation is by means of self-control can also develop the saving behavior. UAB should make advertisements that motivate the self-control habits. UAB needs to pay more attention to self-control behavior since it mostly affects on saving behavior of the respondents.

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CHAPTER (1)

INTRODUCTION

The health of the economy is closely related to the soundness of its financial system. One of the most important participants in financial system is banking system. Commercial banks including private and nationalized banks are providing varied services to attract the customers' community since it is treated as assets of banks.

Personal saving also termed household saving is the portion of individual income not spent on current consumption. It is a key economic and financial issue and also represents aprimary force propelling growth and development in an economic at large (Mumin et al.,2013). According to Bozena (2011), savings play an important role in an economy's development. The household savings contribute a major part of the national savings. This implies that many factors affecting household savings also have an impact on economic growth.

Savings has been defined as the amount of earnings that does not go into consumption. It is very huge factor in the growth of a nation due to its ability to change resources into capital. It positively impacts the economy and the residents of a particular nation. According to Sekgobela (2004), putting some earnings away for savings is crucial to aid in capital formation by the fact that it positively affects the growth of a country economically. Hence it is important in order to get to macroeconomic stability. Savings play an important role in consumer financial well-being by alleviating the detrimental impact of income shocks, unexpected expenditures, and other financial uncertainties (Modigliani 1986).

Over the past decades, saving plays an important role in the process of economic growth and development. Logically, saving encourages investment that triggers the economic growth of one country. According to Harrod (1939) and Domar (1946), the speed of economic growth is determined by the ability to save because high savings rate will drive up the rate of investment and consequently stimulate economic growth.

Saving patterns vary widely across nations, Asian countries being famous for higher savings than the rest of the world. East Asia saves nearly 30% of its gross national disposable income, while Sub-Saharan Africa saves less than 15%.The provision of products and services of high quality enhances reputation, improves customer retention, at-tracts new customer through word of mouth, and in-crease financial performance, and profitability. Therefore, it has become important for banking sector to determine the factors which are pertinent to the customers for choosing a bank.

1.1 Rationale of the Study

The banking sector's reform and deregulations have created the opportunities for new entrants to enter the banking sector in Myanmar. Thus, some local banks have to try to survive and grow for a long term by developing innovate banking products. Currently, Myanmar local banks are facing the great challenges for retaining and attracting their new and existing customers.

Private savings is also important from the social perspective that individuals should have certain level of life standard and maintain it after retirement; therefore during the working life savings are made to maintain stable level of consumption. Thus private savings has both economic and social importance in the economy; therefore government and private sector encourages the savings behavior by offering old age benefits plans and other savings policies to the working class. As a result economic activities in the economy and social protection to the individuals are assured in long run. Savings is one of the major issues in consumer welfare as it can protect individuals from unexpected financial hardships (Modigliani 1986).

Saving is a very important component which is responsible for combating or meeting any emergency accrued by the individuals or the households or any corporate agencies. Saving is more of meant for meeting contingencies but sometimes it also acts as a form of investment. But sometimes people are not inclined towards saving and the very delicate reason is lack of awareness.

People were found to be more conscious on spending their money. Therefore, it is important toidentify the savings behavior as people are more to spend rather than to save.If banks attract many customers to save, it can increase bank's fund and bank can

use that money to invest to other business in order to expand bank's business and it also benefits savers. To advocate appeals for saving, there is a need to know about the saving motives of the individuals. An understanding of the saving preferences also helps in calculating the saving instruments which can efficiently arouse saving. Savings are even more important in Myanmar, given its stage of development and a need for domestic capital to fund basic infrastructure.

In Myanmar, there are 28 local banks and 13 foreign bank representatives according to the record of 2017.All banks are trying to develop their saving products in order to persuade customers. From regular savings accounts to premium accounts with personalized services, banks offer customers different types of savings accounts to cater to every customer's unique and diverse needs. (Central Bank of Myanmar, 2017)

UAB Bank offers the full range of retail and commercial banking products and services and is in tune with domestic customers and international standards in its governance and operations. In order to get competitive advantage, saving behavior of customers at UAB bank is essential to maintain its position and to extend other financial services.

1.2   Objectives of the Study

The objective of the study is as follows:

(1)   To examine the influencing factors on customer's saving behavior at United Amara Bank

1.3   Scope and Method of the Study

This study only focuses on the saving behaviors of UAB customers. In this study, descriptive research method is applied. Simple random sampling method is used in the study. This study is based on the primary data and secondary data. For primary data, 150 customers are surveyed at the UAB in Tamwe Township. To collect the primary data, structured questionnaire with 5 point Likert Scale is used. Secondary data are obtained from the UAB bank's annual reports, previous research papers, and text books and online sources.

1.4   Organization of the Study

This thesis is divided into five chapters. Chapter One is the introductory chapter that includes rationale of the study, objectives of the study, literature review of the study and scope and method of the study and limitation of the study. Chapter two presents the literature review of the influencing factors relating to the saving products. Chapter Three presents the profile and saving products of United Amara Bank. Chapter Four presents the influencing factors on customer's saving behavior at United Amara Bank. Chapter five presents the conclusion, suggestions, and needs for future research.

CHAPTER (2)

THEORETICAL BACKGROUND

This chapter focuses on the empirical studies associated with saving behavior, financial literacy, parental socialization, peer influence, self - control, bank reputation and conceptual framework of the study.

2.1   Definition of Saving

Saving can be defined as a part of income but not spent or deferred consumption. There are different methods of saving include putting money aside in. Saving is a common word use by individuals on daily basis. It simply means putting something aside for future use or what will be considered as deferred expenditure. Several definitions of savings exist as there are about people who write on the topic. According to Miller and VanHoose (2011) savings is a foregone consumption. They explained forgone consumption. They explained forgone consumption as when one does not spend all the income that is earned within a given period. To Miller and VanHoose (2001), once part of what is earned today is left for future use, there is savings.

On his part, Ahmed (2002) put it in a simple language as "putting money aside for future use ". He argues that savings is the result of careful management of income and expenditure, so that there is something left to be put aside for future use. Saving finance, saving generally specifies low-risk preservation of money, as in a deposit account, versus investment, wherein risk is higher; in economics more broadly, it refers to any income not used for immediate consumption.

2.2   Saving Behavior

The word "saving" contained broad-based meaning and numerous explanations. In economic contexts, saving is defined as the residual income after deducting current consumption over a certain period of time. Conversely, saving in psychological context is referred to the process of not spending money for current period in order to be used in future. In other word, 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 (Warneryd, 1999)

As mentioned at the next section, many retirees will rely solely on their accumulated savings after retirement. Thus, the direct relationship between saving and retirement confidence is clear. People with higher savings tend to have higher retirement confidence. Many people view savings as the major source of retirement funds (Russell &Stramoski, 2011). Those who do not save are generally expected to be in employment after retirement and depend on social security during their golden years, which may lead to poor retirement satisfaction (Russell &Stramoski, 2011). However, it is important to note that many people do not realize the importance of saving for retirement (Hayes & Parker, 1993). Many people, especially women and single heads of households, do not know that 70% of their income needs to be saved for their retirement use (Hayes & Parker, 1993). Similarly, Levin (1998) stated that most people never plan as to how much money they need to save for their retirement life. Many people will spend their money recklessly without thinking much (Levin, 1998)

Ahmed (2002) says saving is keeping money aside for future use. He explains that saving is the result of careful management of income and expenditure, so that there is something left to be kept aside for future use. According to Miller and VanHoose (2001), saving is a forgone consumption. To them, forgone consumption is when one does not spend all the income that is earned within a given period. They explain that, once part of what is earned today is left for future use, there is a saving. So savings can be defined as absence of spending.

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&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.

According to Shim, Barber, Card, Xiao, and Serido, (2009); Otto, Schots, Westerman and Webley, (2006), motives, self-efficacy, saving attitudes were important factors affecting the willingness to save in childhood and adolescence. An individual has simple goals in his/her mind for saving. Confidence will be important for the formation of saving goals. Lifestyle while growing up affects consumption pattern. It is necessary to know the reasons for saving and saving strategies.

2.3   Influencing Factors on Saving Behavior

One's saving behavior varies when he or she has different level of financial knowledge. Besides, parent plays an important role in affecting their children in the conduct of saving. Furthermore, peer influence can have a great impact on saving behavior of university students due to their close relationship other than parents. Lastly, no one can affect another easily. In other words, self-control plays an important role for university students to practice saving.

2.3.1   Financial Literacy

Financial literacy is define by Remund (2010) as a measure of the degree of which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-range financial planning, while mindful of life events and changing economic conditions.

According to Huston (2010), financial literacy is a skill that can help people to make financial decisions effectively. Individuals who are financially literate are expected to possess basic understanding of the financial concepts such as interest rate, inflation

rate, compound interest, and risk. Financial literacy is important at micro and macro level especially for households, financial system, national economy and monetary policy. Financial literacy directs the individuals and households to make the budgeting right and savings, conduct their assets and debts well, and use their savings in a reasonable way in the financial market. Increasing financial inclusion leads the increases in the liquidity, trading size, and financial product range in the financial markets and in turn makes a contribution to the development of the financial system. Further more, financial literacy contributes to the households and small and medium sized enterprises to make their financial planning better. As a consequence, this improvements causes the increases in the stability and efficiency of financial sector. However, informed customers make a contribution to the financial institutions' working in a more reliable, reasonable, and efficient through affecting the behaviors of the financial institutions. So financial literacy encourages the individuals and households to use their money more reasonable and make savings at micro level.(Huston, 2010). Although their savings and pension income are low, they still believe that they are able to afford their expenses during retirement. Despite the importance of financial literacy for retirement preparedness, much past research has indicated that most people are financially illiterate (Lusardi, Mitchell, &Curto, 2010). Furthermore, women tend to report lower financial literacy than men . This will make women more vulnerable to the negative consequences compared to men. In other words, poor financial literacy among women might put them at a higher risk of suffering from poor retirement confidence than men.

People who are financial literate tend to be more confident of their retirement preparation as compared to those who are financially illiterate. This is as those who are financially literate understand the importance of retirement planning and will hence accumulate wealth as preparation for retirement. In contrast, people who are financially illiterate tend to overestimate their savings and pension income (Alessie, Van Rooij, & Lusardi, 2008). As retirement planning is a complex process which requires a certain level of financial knowledge, there is no doubt that financial literacy and retirement confidence are highly correlated (Lusardi & Mitchell, 2011).

2.3.2 Parental Socialization

Shim *et. al.* (2010) discovered that the role played by parents is significantly greater than the role played by working experience and high school financial education of

young adults. A set of supportive social support from parents and family members are crucial in helping young adults and adolescence achieve their successful adult life. When parents displayed a positive financial behavior, they will become financial role models to their children and will trigger positive attitudes and behavior amongst the young adults.

Webley and Nyhus (2005) have investigated the concept in respect of parents' behavior in influencing the economic behavior of their children. The results show that parental behavior and parental orientation have a weak but clear impact on the economic behavior of their children and in adulthood. The research was conducted in Netherlands with 690 Dutch participants who are 191 husbands, 191 wives, and 308 children aged from 16 to 21. DNB Household Survey (DHS) was used in this research which includes detailed information on financial behavior and various psychological concepts of the parents and children.

According to Otto (2009), there is empirical evidence that parents can promote the development of skills to their children that are important for saving. The purpose of the research is to investigate the role of parents in developing their children's saving ability and competence in adolescence. A total number of 446 students aged 13 to 14 from Devon, England were included in this research. A questionnaire on money management was given to the students during their normal school lesson. A research was carried out by Furnham (1999) to investigate the saving and spending habits of young people. A total amount of 158 males and 122 females British children and adolescent from South East of England participated in the research. The participants were requested to answer a set of questionnaire and the results showed that most of the children and adolescents' saving behavior was caused by parental requests and requirements. Norvitilis and Maclean (2010) further added that childhood is the most important period that will influence individual's behavior and attitude during adulthood. Therefore, parents play an important role to influence children in managing their financial affairs

Homan (2016) argued that the parental education and socialization can help out in boosting the saving of individuals and decrease their borrowing. The saving habits of individuals can be developed when parents teach their kids during childhood. The parent's discussion of financial matters and guidance affect the saving and borrowing habits of their kids. The bad habits of children already formed if the parents start financial teaching too late. Parents can control the spending of their children by monitoring their expenditure regularly (Fatoki, 2014; Batty, Collins &Odders-White, 2015). Wong (2013)

stated that the individuals whose financial habits monitored by their parents during childhood had effectively managed their own money.

2.3.3   Peer Influence

Beshears, Choi, Laibson, Madrian and Milkman (2010) have conducted a field experiment involving 15000 employees from 500 manufacturing firms in USA about retirement saving behavior. The population is divided into two major groups which are employees who contributed to company retirement saving plan and employees who had no contribution to the plan. They found that there is a weak correlation between peer influence and retirement saving behavior as the peer influence only encourages a small amount of co-workers to participate in the retirement saving plan.

Younis and Haynie (1992) mentioned that the influence of peers, parents remain strong socializing agents throughout young adult phase. They become less dependent on their parents and more oriented towards their peers as well as to the adult world as they compare their status with peer, discuss money management issues, spend their leisure time and involve in spending activities.

A study was done by Erskine, Kier, Leung, and Sproule (2005) to examine further predictors for the saving behavior of young people. The study was conducted in Toronto, Canada and a total number of 1806 young Canadians aged 12 to 24 participated in this research. According to the economic theory of time preference and psychological theories about adolescent crowds, they predicted that the groups would be more patient and more likely to save money if they are placed high on the adult or academic -oriented dimension while the groups that are placed high on the peer-oriented dimension were expected to be less patient and less likely to save money. Thus, the result indicates that peer influence has an impact on individuals' saving behavior.

In the study of Duflo and Saez (2001), the researchers found that peer effects play an important role in retirement savings decisions. The survey was conducted in United Stated by using individual data from employees of a large university with 12,172 employees which divided into 358departments. The purpose of the study was to examine the relationship between role of information and social interaction in retirement plan decision. These findings suggested that members of the same group share a common environment, which may influence their behavior. The reason is people with similar preferences tend to belong to the same group. Both of these factors generate a correlation

between group behavior and individual behavior which consequently affect their saving behavior. Besides, Beshears, Choi, Laibson, Madrian and Milkman (2010) have conducted a field experiment involving 15000 employees from 500manufacturing firms in USA about retirement saving behavior. The population is divided into two major groups which are employees who contributed to company retirement saving plan and employees who had no contribution to the plan. They found that there is a weak correlation between peer influence and retirement saving behavior as the peer.

2.3.4　Self-control

Self-control is basically the conflict that exists among the desires of the people and the achievement of those desires. There are very much different styles of people exist in this world. Rarely, in this world, the thinking and perception styles of two individual are same. Some people want to enjoy the current life and they spend as much as they can for this, some people want to live a simple and happy life and for this they manage all of their time and resources very carefully, and some other people in the world who want to just save money today as much as they can for their bright future. (Cowen, 1991) finishes that people can't achieve their goals in a right way as they want until they manage all of their areas; education, sports, family, job and any other in a well-planned manner. Self-management is the necessity to reach their destination.

Self-control is the ability to identify and regulate one's emotions and desires. It is characterized by the exertion of will, self-discipline, and ability to delay gratification (Baumeister, 2002). In research of Esenvalde (2010) has provided empirical evidence that self-control was positively associated with saving behavior. The author claimed that self-control is a very solidly and uniformly factor used to explain saving behavior. In this research, snowball sampling method has been adopted and survey questionnaires were mailed to target respondents. Primary data were collected from 272 employees with regular incomes in the United States. According to Lim, Sia, and Gan (2011), there is a significant impact of self-control on saving behavior. This study was conducted in Malaysia whereby 500 survey questionnaires were distributed to participants who aged above 21. In this study, the researchers found that ability of individual to maintain self-control for saving depends on the strength of two opposing forces known as desire and willpower. The finding shows that people are more likely to save if they are able to

control themselves via implementing sound budgeting and economic cost assessment. In the study of Otto (2009) which is aimed to investigate the measures that enhance our understanding and predict saving during adolescence. Yet, the paper also studied on whether the adolescent likes spending a lot or finds it difficult to resist temptation. From the research, it was found that conscientiousness was associated with positive saving attitudes and financial self-control (Warneryd, 1996). In addition, it was found that psychological variables relevant to adult saving yet highlights that self-control and ability to delay gratification are important skills for saving when young.

2.3.5   Bank Reputation

The first historical phase in the study of corporate reputation was from the 1950's to the 1970's (Balmer, 1998) and there is growing evidence that many banks are concerned with their reputation and its effect on market behavior. In the banking industry, Rao (1994) suggested that bank reputation was a function of financial performance, production quality, service quality, management effectiveness or some combination of these various factors that appeal in one way or another to a bank's multiple customers. Gerrard and Cunningham (2004) also referred to bank reputation as the integrity of a bank and its senior executives and the bank's perceived financial stability.

Bank reputation plays an important role in the determining the purchasing and repurchasing behaviors of customers (Wang, Lo, and Hui, 2003). Customer loyalty is similarly enhanced, especially in the retail banking industry, where quality cannot be evaluated accurately before purchase (Nguyen and Leblanc, 2001). Researchers suggest that bank reputation is regarded as an important factor in customers' bank selection decisions. In addition, Gerrard and Cunningham (2004) investigated switching incidents for Asian banks and empirically demonstrated that bank reputation was one of the primary factors that contributed to customers switching banks. The authors argued that a good reputation may enhance customers' trust and confidence in banks, whereas an unfavorable reputation tended to strengthen a customer's decision to switch banks.

According to Clemes et al.,(2007) reputation depended on three elements, namely the reliability of banks, trust worthiness of the bank, and the financial stability of the bank. The coefficient value for reputation revealed that, a bank with bad reputation led to the tendency of bank switching by customers. Further the study indicated that reputation

was one of the factors that affected customer's switching behavior in banking sector. Thus, it is crucial for banks to boost their reputation by enhancing their public relation which includes two attributes such as reputation and image, and financial and economic reputation. Earlier studies (Almossawi 2001; Gerrard& Cunningham, 2004) found that reputation was the important variable in selection of banks by potential customers. Brand, contributions to charitable institutions, sponsorships of specific events may likely increase the reputation of a bank. In this survey, reputation is determined by the financial stability and integrity of a bank.

2.4 Previous Studies

Montalto, and Hanna (2006) studied the effect of self-control on saving behavior in their study titled "The effect of self-control mechanisms on household saving behavior". They surveyed from 4,305 households and the analysis focused on saving goals, foreseeable expenses, and saving rules as mechanisms of self-control. Household saving behavior was strongly affected by mechanisms that help households practice self-control. Households that had saving rules were much more likely to spend less than income than those that did not have saving rules.

Jamal (2015) did the research named "The Effects of Social Influence and Financial Literacy on Savings Behavior: A Study on Students of Higher Learning Institutions in Kota Kinabalu, Sabah". He chose the 1124 students studying at public and private universities and colleges in Kota Kinabalu, Sabah, Malaysia. The study examined the effect of social influence and financial literacy on savings behavior particularly among young Malaysian adults. The respondents comprise of college and university students in Kota Kinabalu Sabah, Malaysia. The results indicated that family (parental), involvement plays a major role in nurturing students' savings behavior, followed by financial literacy and peer influence.

Bayar (2017) studies whether financial literacy affect on saving behavior of the people. His research title was "Impact of Financial Literacy on Personal Saving: A Research on Usak University Staff". He made the research to Usak University personals. 350 of the questionnaires were able to receive from the subjects. He studied the effect of financial literacy and demographic variables on the personal savings in a sample of Usak University personnel with logistic regression analysis. He discovered that financial

literacy had positive impact on personal savings in consistent with theoretical expectations and empirical findings. In this regard, financial literacy has potential to contribute to the savings through affecting the economic growth by financial development.

Mensahklo (2017) did the researched in order to find out which factors affect on individual savings. In this research named "Determinants of Saving Behavior by Households in Ho, Ghana: A Case Study of Ho Municipality, An Individual Level Analysis", it was revealed that majority of individuals usually consider the reputation of the bank when they consider to save the money. The researcher got this finding by collecting 152 households in Ghana.

The Conceptual frameworks of previous studies are shown in Figure (2.1)
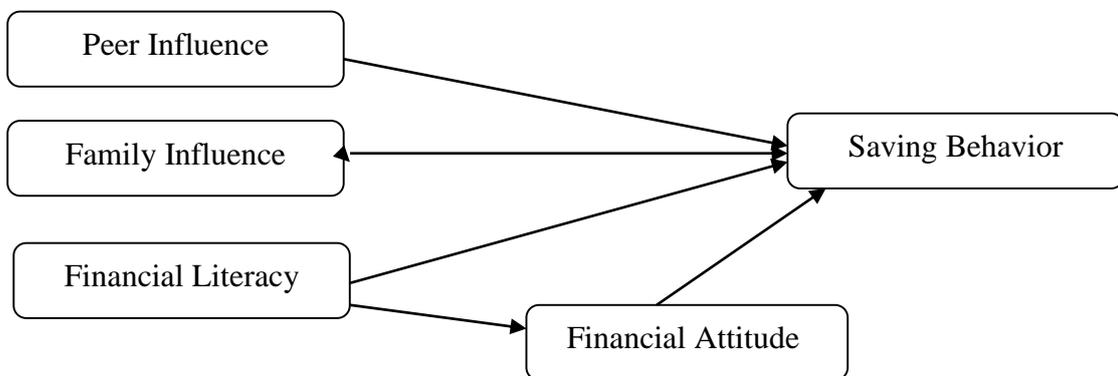
Source: Jamal (2015)

According to Figure 2.1, this research paper have been obtain, the study intends: (i) to investigate the determinants of savings behavior; and, (ii) to examine the mediating effect of attitude towards the relationship between savings behavior and financial literacy . Data was collected using structured questionnaire and analyzed using SMART-PLS, a second generation structural equation modeling software. The results was found that family involvement plays a major role in students' savings behavior, followed by financial literacy and peer influence.

This study examined the effect of social influence and financial literacy on savings behavior particularly among young Malaysian adults. The respondents comprise of college and university students in Kota Kinabalu Sabah, Malaysia. The study attempts to

identify the factors that affect savings behavior amidst various reports from private and government agencies of the large mismatch between household savings and debt in Malaysia as well as increasing debt problems. The study has made several important contributions. Academically, it has expanded the financial planning literatures especially on the study of relationships between social influence, financial literacy, and attitude and savings behavior of the young adults, particularly students of higher learning institutions.

2.5 Conceptual Framework

Based on the previous literature review, although there are many influencing factors that could affect on saving behavior of the individuals, five factors are selected as independent variables such as financial literacy, parental influence, peer influence, self-control and bank image while dependent variable is saving behavior.

Figure (2.2) Conceptual Framework of the Study

Influencing Factors
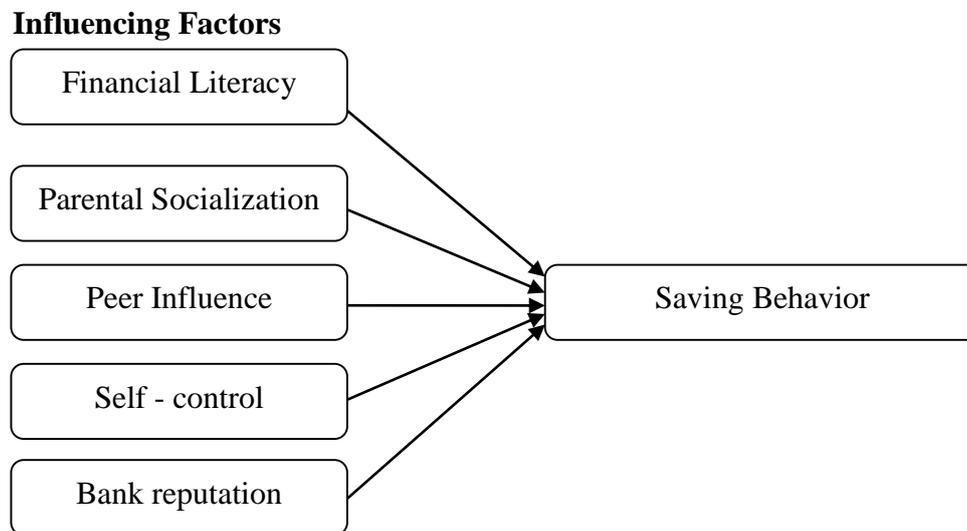
Source: Adopted by Jamal (2015)

The conceptual framework for this study was based on the above previous four studies. Conceptual framework is formed based on the research objectives and research questions. It displays both dependent variables and independent variables. These variables are connected and linked to form a test on this study. Bayar (2017) proved that literature review has a positive relationship on saving behavior while Jamal (2015) also found that financial literacy is the major influencing factor on saving behavior followed by parental and peer influence. While Montalto, and Hanna (2006) concluded that self-control

strongly affect on saving behavior. In additions, Mensahklo (2017) remarked that the reputation of the bank also has an impact on the saving behavior of the individuals. Figure (2.2) is the conceptual framework that focuses on five dimensions that determines the saving behavior of UAB. The five dimensions of independent variable include financial literacy, parental socialization, peer influence, self-control and bank reputation whereas the consumer saving behavior of UAB will be the dependent variable. To find out the relationship between independent variables and dependent variable, multiple regressions is used.

In the influencing factors, such as financial literacy, parental socialization, peer influence, self-control and bank reputation are main things to study. This study only focuses on the saving behavior in UAB customers but other factors exclude consideration in this study. Therefore, saving behavior in UAB is made by these five independent factors.

CHAPTER (3)

PROFILE OF UNITED AMARA BANK(UAB)

This chapter presents the profile of United Amara Bank (UAB). In additions, it includes the saving products and services of United Amara Bank currently providing for the customers.

3.1 Profile of the United Amara Bank

United Amara Bank was established in 2010 as a fully-fledged Domestic private bank. On 16th August 2010, we opened our first branch in Nay Pyi Taw and the branch network has since grown to 40 branches across Myanmar. It is envisaged that the network will further expand to 100 branches by end 2020.In 2011, an Authorized Dealer License was obtained allowing the Bank to do foreign exchange transactions through its Money Changer Counters and subsequently on 9th July 2012, a Foreign Banking License was obtained which enabled the Bank to perform foreign banking transactions. The Bank is now fully licensed to make International money transfers and issue Letters of Credit.

On 27th December 2012, the Bank began inbound money remittance through its partnership with Western Union Payment Inc and in 2013, a principal license was obtained from VISA and MasterCard for the acquiring business. Apart from the traditional branches which are presently linked on-line via a modern Core Banking system, the Bank currently deploys a number of ATMs across the country and provides an Internet Banking facility for 24/7 access for its Customers. United Amara Bank now operates a fully-fledged banking business both in domestic and foreign currencies serving its customers through its branches and electronic platform across Myanmar.

Risk Management and Corporate Governance is a key component of the Bank's culture and the Bank holds a strong commitment to its Motto of "Safe, Sound and Trustworthy". Commitment to training of its employees is also a critical component in ensuring that the Bank is able to deliver quality services to Customers. To reflect its growing maturity, the Bank received a number of awards over 2014 and 2015 and recognition both domestically and internationally continues to grow.

Notably the awards and accolades include:

1. From Euromoney :award " Myanmar's Best Bank ".
2. From Asian Banking & Finance : award "Mid-sized Retail Bank of the Year".
3. From Myanmar Centre for Responsible Business : "No. 1 in Corporate Governance Disclosure" in the Pwint Thit Sa Report.
4. From Myanmar Centre for Responsible Business: "No. 1 in Disclosure amongst banks in Myanmar" in the Pwint ThitSa Report.
5. From Myanmar Centre for Responsible Business :"No. 5 Overall in Myanmar for Transparency" in the Pwint Thit Sa Report.
6. From Property Guru Myanmar Property Awards: "Best Office Interior Design".
7. From Property Guru Myanmar Property Awards: "Special Recognition for Bank Facility".

At UAB bank, we believe in leading the way towards a better Myanmar, humanising banking, connecting people, creating opportunities and changing lives. In December 2017, UAB launched "Be The Change Myanmar" initiative that represents our commitment to driving change for a better Myanmar, specifically focusing on empowering women and children. We believe UAB must operate responsibly and be committed to the community we are in.

3.1.1 Vision and Mission

To perform effective and qualified banking service, UAB bank sets its new vision and mission as follows:

(a)   Vision

Our Purpose is to lead the way towards a better Myanmar, humanising banking, connecting people, creating opportunities and changing lifes.

(b)   Mission

1. We lead changes in financial services. We are an institution of strength built on sound principles and good governance
2. We deliver banking with a heart, we care for our people and communities we are in

3. We connect people and build relationships to foster a stronger community spirit.

4. We create opportunities and a better future for our staffs and our customers

5. We are the change that will empower the communities around us, and together enrich the lives of those we touch

3.1.2 Organization Structure of United Amara Bank

The Bank's Board of Directors is the highest authority led by the Chairman and Directors and CEO. All the directors including Chairman are Non-executive directors, except CEO. The board is responsible for overall governance, management and strategic direction of the bank. Functional Committees led by the CEO are to execute the operations of the bank.

Figure (3.1) Organizational Structure of United Amara Bank (Head Office)
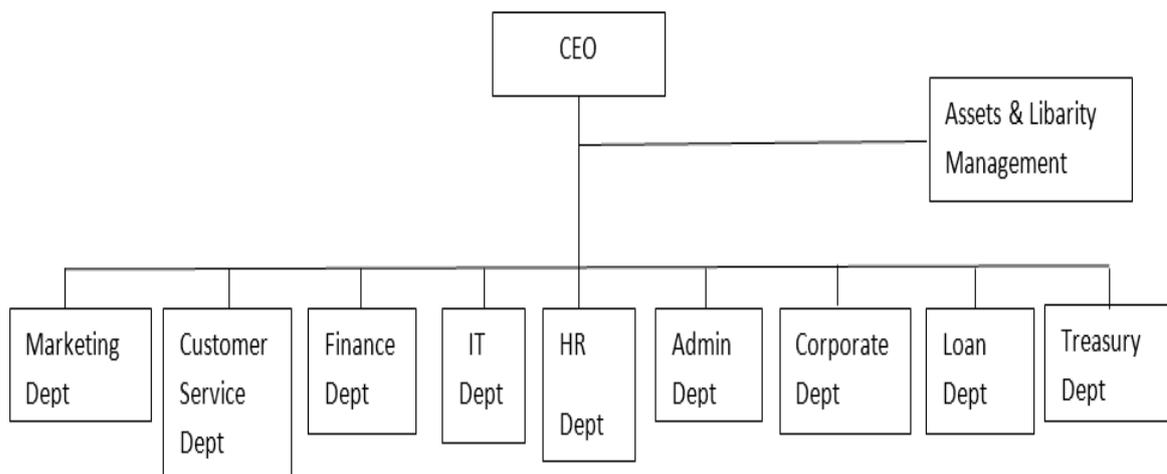
Source: UAB (2017)

There are total 9 departments at UAB Bank. Those departments are designed for delivering quality of service and for running the operations effectively and efficiently.

    (a)   Marketing Department

    (b)   Customer Service Department

    (c)   Finance Department

    (d)   IT Department

    (e)   HR Department

    (f)   Admin Department

    (g)   Corporate Department

    (h)   Loan Department

(i)   Treasury Department

3.1.3   Number of Branches and Services

UAB is serving its customers from a growing network of over 78 branches in 47 townships across Myanmar. The numbers of Bank's staff is 2500 over ,at the end of March 2018. The bank provides a wide range of financial services including consumer banking, premier banking, SME banking, corporate banking, trade finance and treasury services. Through its subsidiary UAB securities, the bank also provides brokerage services, corporate and financial advisory, investment banking and capital market activities.

3.2   Saving Product and Service

UAB has a number of products and services for different customers. Customers could choose specific product and service based on their needs and wants. In additions, bank staff could suggest which kind of product and service is suitable for customers.

3.2.1   Current Account

Current Account is the ideal day-to-day transactional account for individuals or companies; providing you with flexibility by making your transactions simple and efficient. Multicurrency accounts are available in the following currencies:

- MMK- Myanmar Kyat
- USD - United State Dollar
- EUR -Euro Money
- SGD -Singapore Dollar

Apart from over-the-counter facilities at our branches, access to current accounts is available through ATMs, internet and mobile banking.

3.2.2   Savings Account

Savings Account Savers can look forward to a number of variants available:

Basic Savings – a simple passbook account with initial deposit balanceK-10,000/- requirement. Account open need to national identity card. Basic Saving interest rate is 8.25% per annual.

Smart Saver– a simple passbook account with initial deposit balanceK-10,000/- requirement. Account open need to national identity card. With a Tiered interest rate structure which rewards you for the more you save. Interest rate can be obtain (under 5 lakhs) – 8.25% and (500,000 to 10,000,000) – 8.3 % , (10,000,000 to 50,000,000) – 8.5 % and above 500 lakh – 8.6% per annual.

Children's Savings – specially designed to encourage children's savings. Applying the Children's saving account with Certificate of Date of Birth to be opened. One of the parents or a guardian is required to sign on behalf the Children's account holder. Can be withdraw the parents or a guardian at bank. Interest rate also 8.25% per annual.

e-Savings– account with initial deposit K-10,000/- balance requirement & need to national identity card. Internet rate is 8.25% per annual and mobile savy savers.

For your convenience, UAB Debit Cards can be linked to your Savings Account in order to make cash withdrawals at any UAB of MPU ATMs or make purchases at any MPU merchant. Savings Accounts may also be linked to Mobile and internet facilities. For more information on interest rates, please refer to "Deposit Interest Rates".

3.2.3 Call Deposit Account

Call Deposit Account offers competitive interest rates on your daily deposit balance, a simple passbook account with initial deposit K-10,000/-balance requirement. This Account is particularly suitable for businesses and individuals that have frequent turnover in their bank accounts. Interest rate is up to MMK-10,000,000/- not calculate and about MMM-10,000,000/- over, calculate 6% per annual. Accounts can be accessed through the internet and mobile through our digital suite and this combination offers an excellent tool for business Cash Management.

3.2.4 Fixed Deposit Account

Enjoy higher returns with a UAB Fixed Deposit Account when you place your deposit for a fixed period of time. We offer Fixed Deposit Accounts both in MMK and USD and placements can be flexibly made for fixed terms ranging from 30 days up to 365 days for rates and their respective tenors, please refer to "Deposit Interest rates".

3.2.5 Saving Plans

A Savings Plan enables you to build your savings through a plan of fixed monthly contributions over period of time. UAB has Savings Plans available both for children and adults and monthly contributions can be automated through subscribing to a Standing Instruction which will automatically transfer funds on a targeted day of the month from your normal accounts into the Savings Plan Account.

Bonuses are paid to reward those who make their installment contributions on time. Normal interest is 8.25% and first year bonus + 1% , second year bonus + 1.5% , third year bonus + 1.5% .

All saving, monthly Interest is calculated on the lowest closing balance from 5th day of the month, to thelast day of the month. Accrued interest is credited to the Account at quarterly intervals in March,June, September and December.

Interest based on daily balance in the account and interest is credited into the account at quarterly intervals in March, June, September and December.

CHAPTER (4)

ANALYSIS ON THE SAVING BEHAVIOR OF CUSTOMERS

AT UNITIED AMARA BANK

This chapter presents the detailed analysis of influencing factors on saving behavior of United Amara Bank. In this study, structured questionnaire are collected from 150 respondents. The first section of this chapter contains the profile of the respondents, the second sections presents the mean score for each influencing factor, and the last section covers the relationship between independent variable and dependent variable by calculating multiple regression in SPSS version 22.

4.1   Research Design

This research work employed the descriptive research design to collect data in order to answer research questions concerning the current status of the subject of the study. The research was conducted in Tamwe township in Yangon, Myanmar. Survey questions are asked to150 UAB customers in Tamwe township were chosen for this study. Selection of customers was by chance depending on their willingness and availability to participate in the study. Thus, the simple random and purposive sampling was used. This research consists of two variables, influencing factors and saving behavior.

The independent variables are financial literacy, parental socialization, peer influence, self-control and bank image while the dependent variable is saving behavior. The collected raw data was put into a suitable form for further analysis. Editing was performed for errors on the questions with the purpose of completeness, consistency and reliability of the data collected. Data was also coded accordingly considering criteria like mutually exclusive and independent with no ambiguity between the categories. After the data were collected, the next step is to analyze them. In this research, the data was analyzed statistically with SPSS (Statistical Package for Social Sciences) version 22 program for windows. The data were analyzed with statistical tools such as frequency of the respondents, regression analysis, and multiple regressions in order to get to the desired result.

4.1.1 Profile of the Respondents

The profile of the respondents is important for the bank since bank could target its major market segment. This study identifies the profile data of the UAB customers in Tamwe township. Profile data include gender, age, education, experience, monthly salary and position. The findings are shown in frequency and percentage based on 150 customers.

4.1.2 Gender of Respondents

People decision could vary based on gender type. Table (4.1) presents the findings relating to the gender based on survey data.

Table (4.1) Number of Respondents by Gender

Gender	Frequency	Percentage
Male	52	34.7
Female	98	65.3
Total	150	100.0

Source: Survey Data (2019)

Table (4.1) represents the findings of respondent gender demographics. As shown in table, 65.3% of female respondents have a higher portion on our survey in compared to 34.7% in male respondents. Thus, the majority of the UAB customers in Tamwe township are females.

4.1.2 Number of Respondents by Age

All the respondents of age level classification are shown in Table (4.2). These respondents are divided into five groups: 25 years and below 25 years, 26 years to 35 years, 36 years to 45 years, 46 years to 55 years and 55 years above.

Table (4.2) Number of Respondents by Age

Age (in year)	Frequency	Percentage
25 years and below	32	21.3
26 - 35 years old	71	47.3
36 - 45 years old	30	20.0
46 - 55 years old	13	8.7
Above 55 years old	4	2.7
Total	150	100.0

Source: Survey Data (2019)

The question about the age of the respondents is to help determine whether or not most of the respondents were within the labor force. Table (4.2) represents the findings of respondent age demographics. As shown in table, 47.3% is the highest which is between 26 years and 35 years and the second highest is 21.3% which is between 25 years and below. The third highest is 20.0% which is between 36 years and 45 years. The fourth highest is 8.7% which is between 46 years and 55 years. And the rest respondents are above 55 years and they are the least percentage which is 2.7%.

4.1.3 Number of Respondents by Educational Level

Education levels of the respondents are important for the service providers when they plan marketing strategies or advertisements. The findings relating to the education are shown in Table (4.3).

Table (4.3) Number of Respondents by Educational Level

Educational Level	Frequency	Percentage
Bachelor Degree	111	74.0
Master	30	20.0
Others	9	6.0
Total	150	100.0

Source: Survey Data (2019)

Table (4.3) shows the findings of respondent education demographics. As shown in table, 74% is the highest which respondents are the bachelor degree graduated. Moreover, the second highest is 20% which respondents are the Master Degree holders. In addition, 6% of the respondents are other education levels. Thus, majority of the respondents are educated people

4.1.4 Number of Respondents by Experience

This section finds out how long the respondents have been using the UAB bank products and services. The findings are presented by frequency and percentage in Table (4.4).

Table (4.4) Number of Respondents by Experience

Experience	Frequency	Percentage
Below 1year	16	10.7
1- 2 years	80	53.3
3 – 4 years	35	23.3
5 - 7 years	15	10.0
Above 7 years	4	2.7
Total	150	100.0

Source: Survey Data (2019)

Table (4.4) indicates the findings of respondents' experiences of UAB. As shown in table, 53.3% is the highest which respondents have 1-2 years experiences. Moreover, the second highest is 23.3% which respondents have 3 to 4 years experiences. Additionally, another 10% have 5 to 7 years of experiences. Besides, 10.7% have below 1year experience. Likewise, 4% have 16 to 20 years of experiences. Furthermore, the last 2.7% have more than 26 years experiences. Thus, majority of the respondents are using UAB bank service from 1 to 2 years since the bank introduces new products and services.

4.1.5 Number of Respondents by Monthly Salary

This section finds out the monthly salary of the UAB bank customers in Tamwe Township. Income level could affect the saving behavior of the respondents. The findings are shown in Table (4.5)

Table (4.5) Number of Respondents by Monthly Salary

Salary (MMK)	Frequency	Percentage
Less than 300,000 MMK	48	32.0
300,001 ~ 500,000 MMK	47	31.3
500,001 ~ 1,000,000 MMK.	30	20.0
1, 000,001 ~ 1,500,000 MMK	15	10.0
Above 1,500,000 MMK	10	6.7
Total	150	100.0

Source: Survey Data (2019)

Table (4.5) shows the findings of respondents' monthly salaries demographics. As shown in table, 32% is the highest which respondents earn less than 300,000 MMK. Moreover, the second highest is 31.3% which respondents earns 300,001 to 500,000MMK.Additionally, 20% of respondents earn 500,001 to 1,000,000 MMK. Besides, 10% of respondents earn 1,000,001 to 1,500,000 MMK. Likewise, 6.7% of the respondents earn more than 1,500,000MMK.

4.1.6 Number of Respondents by Position

Position and working status of the respondents are important when considering the saving behavior. The findings relating to the customer positions are presented in Table (4.6).

Table (4.6) Number of Respondents by Position

Position (Level)	Frequency	Percentage
Government Staff	11	7.3
Company Employee	122	81.3
General Worker	2	1.3
Others	15	10.0
Total	150	100.0

Source: Survey Data (2019)

Table (4.6) represents the position of the respondents. According to the finding, the majority of the respondents are company employees representing 81.3 percentage of total respondents. In addition, 10 percent of the respondents are retired people while 7.3 percent of the respondents are government staff. Among 150 respondents, 1.3% of the respondents are general workers. Thus, company employees dominate in the respondents.

4.2 Descriptive Statistics

In this study, findings are calculated by the average mean score. The structured questionnaire with 5 point likert scale is used in order to get the in depth data of the respondents. If the mean score is greater than 3.0, the respondents agree to the questions while if the score is less than 3.0, the respondents do not agree to the specific questions.

4.2.1 Financial Literacy of the Respondents

Financial literacy is the awareness of people to financial benefits and terms when they invest in business or save the money at bank. The degree of financial literacy of the respondents is presented in Table (4.7).

Table (4.7) Financial Literacy of the Respondents

No	Statement	Mean
1	I have better understanding of how to invest my money.	3.73
2	I have better understanding of how to manage my credit use.	3.70
3	I have a very clear idea of my financial needs during retirement.	3.67
4	I have the ability to maintain financial records for my income and expenditure.	**3.23**
5	I have better understanding of financial instruments (eg. Bank services, shares, etc.)	3.63
	Overall Average Scores	3.60

Source: Survey Data (2019)

According to Table (4.7), the highest mean is 3.73 which mean the respondents can well manage their earning and spending because they have knowledge of financial management. In addition, according to the second highest mean score 3.70, many respondents know how to invest their earnings. Moreover respondents have the ability to learn well about managing the credit use. Similarly, many respondents are knowledgeable about the financial plan for retirement. Respondents have the moderate level of maintain income and expense records. Many people know how to manage with financial instruments such as banks, shares because the respondents can learn all those things easily online, advertisements, and etc… According to the overall mean score, many respondents are knowledgeable concerning with financial literacy such as managing their earning and spending, investing their money, retirement plan , etc.

4.2.2 Parental Socialization of the Respondents

People could consider the parents as their idol since they were children. Saving behavior of the parents could root in the mind of the children. The degree of parental involvement in the saving behavior of the respondents is presented in Table (4.8).

Table (4.8) Parental Socialization of the Respondents

No	Statement	Mean
1	My parents are good example for me when it comes to money management	3.58
2	I always talk about money management with my parents	3.32
3	It's a good thing to ask my parents to keep hold of my money sometimes to help me save	3.36
4	Saving is something I do regularly because my parents wanted me to save when I was little	3.35
5	My parents have opened bank account for me since I was young.	2.75
	Overall Average Scores	3.27

Source: Survey Data (2019)

According to Table (4.8), it indicates that many respondents agree that their parents are a good figure for them regarding to financial management. Most respondents said that they ask their parents to take care of their money for saving so that their parents are very wise in financial management. The respondents have saving habit which become regularly because their parents practiced saving knowledge since they were young. Many respondents discuss about financing with their parents because their parents educated them about financial management since they were young. Few people get owned bank accounts opened by their parents who introduced them with financial management. According to overall average mean, many respondents are moderately influenced by their parents concerning with financial management.

4.2.3 Peer Influence on Respondents

Peers or friends sometimes affect on the saving behavior of the bank customers. People used to take suggestions and recommendations from their closed friends or peers. The degree of peer influence on the respondents is shown in Table (4.9) in terms of mean score.

Table (4.9) Peer Influence on Respondents

No	Statement	Mean
1	As far as I know, some of my friends regularly do save with a saving account.	3.51
2	I always compare the amount of saving and spending with my friends.	3.18
3	I always involve in money spending activities with friends	3.24
4	I always discuss about money management issue (saving) with my friends	3.23
5	I always spend my leisure time with friends	3.29
Overall Average Scores		3.29

Source: Survey Data (2019)

According to Table (4.9), the highest mean is 3.51 which indicate that most people learn about saving habit of their friends. Many respondents said that they always spend time with their friends. In addition, many people are spending money with friends such as shopping, sports, learning, etc. Moreover, many respondents always talk to financial management with their friends who have money saving experience. Besides, the people always have a look of friends' financial management such as earning and spending for comparison. According to overall average mean, many respondents are moderately influenced by friends concerning with financial matters.

4.2.4 Self-Control of Respondents

Self-control about buying expensive things or unnecessary things could raise extra money to save. The degree of self-control among respondents is surveyed and findings are presented in Table (4.10).

Table (4.10) Self-Control of Respondents

No	Statement	Mean
1	I always control myself from spending money.	3.93
2	When I set saving goals for myself, I achieve them.	3.75
3	I am not easily attracted by lure.	3.29
4	I do not enjoy spending money on things that aren't practical.	3.51
5	I am more concerned with what happens to me in the long run.	3.50
Total Average Scores		3.60

Source: Survey Data (2019)

As the Table (4.10), when the most of the respondents try to keep themselves from spending money as they compare with their friends' saving and spending. Many people

make the goal for themselves and they can grab it. In addition, many respondents are not spending money easily that they are thinking carefully before they buy it if it is necessary or not. Furthermore, many respondents are wiser with their future plan for financial management. According to overall mean score, many respondents have self-control for financial management because they have future plan for financial saving and they are aware of not to spending money upon unnecessary things.

4.2.5 Bank Reputation

People find out the reputation and goodwill of the banks before they save the money. If the bank has bad image, people are worried and they won't save their money at that bank. The findings relating to the bank image are presented in Table (4.11).

Table (4.11) Bank Reputation

No	Statement	Mean
1	UAB's reputation is a factor in opening savings accounts	3.66
2	I always search the information about specific bank before I use.	3.64
3	Services of UAB bank are important for me.	3.67
4	I usually look for the bank that I could trust.	3.75
5	I always read the news and articles relating to customer reviews.	3.62
Total Average Scores		3.67

Source: Survey Data (2019)

According to Table (4.11), it is mentioned about Bank reputation. Most respondents are looking for the bank that they can trust because bank reputation is very important for customers. Moreover, the respondents focus on banking services which is very important. In addition, many people open account in UAB due to reputation. Similarly, many respondents learn all the information regarding to specific bank before they open account. Likewise, many people are thinking for a long run in the future. According to overall average scores, bank reputation influence upon many respondents who check all the information about bank, including bank reputation.

4.3 Saving Behavior of Respondents

Saving behavior of the people could be different according to their hobby, plan, peer or financial literacy. The saving behavior of the UAB customers in Tamwe is presented in Table (4.12).

Table (4.12) Saving Behavior of Respondents

No	Statement	Mean
1	I put money aside on a regular basis for the future.	3.69
2	In order to save, I often consider whether the real necessity before I make a purchase.	3.53
3	I save to achieve certain goals.	3.73
4	Because of having financial literacy, I save more.	3.54
5.	My peers suggest me to save at bank.	3.31
Total Average Scores		3.56

Source: Survey Data (2019)

As shown in Table (4.12), many respondents are saving money to reach their goals. In addition, many people save money regularly for future plan. Moreover, many respondents save more money due to their financial literacy such as managing their earning and spending, investing their money, retirement plan, etc. To save more money, many respondents are thinking twice before they make a purchase something which is needed or not. Similarly, many people are recommended by their friends to save money in the bank as their friends practiced saving money regularly in the bank. According to overall average score, most respondents are influenced by saving behavior because their parents educate them concerning with money saving, as well as their friends save money in the bank regularly, etc..

4.4   Relationship between Influencing Factors and Saving Behavior

In order to find out the relationship, regression model is used to analyze whether there is any relationship between five independent variables (financial literacy, parental, peer influence, self-control, bank image) and dependent variable (saving behavior). This study reveals which influencing factor strongly influence on saving behavior of UAB bank customers in Tamwe township. The output of regression model is shown in Table (4.12).

Table (4.13) Relationship between Influencing Factors and Saving Behavior

Variable	Unstandardized Coefficients		β	t	Sig
	B	**Std Error**			
(Constant)	.100	.163		.615	.539
Financial Literacy	.275***	.057	.291	4.853	.000
Parental Socialization	.146***	.040	.180	3.630	.000
Peer Influence	.084**	.043	.101	1.954	.053
Self Control	.361***	.065	.368	5.578	.000
Bank Image	.108**	.056	.118	1.911	.058
R Square	.766				
Adjusted R Square	.758				
F Value	94.425***				

Source: Survey Data, 2019

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

According to Table (4.13), the above regression model could explain about the variation of the saving behaviors of customers since the value of R^2 is 76.6 percent. The overall significance of the model, F value, is highly significant at 1 percent level which proves that the model is valid. According to the adjusted R square value 0.758, the model can explain 75.8 percent about the variance of the independent variable and dependent variable. Moreover, t-values in all factors are greater than 0 showing evidence against the null hypothesis that there is no significant difference.

Financial literacy of the respondents could raise the saving behavior of the respondents. If people have more awareness of financial services and products, they will save more the bank. The variable Financial Literacy has the expected positive sign and highly significant coefficient value at 1 percent level. According to the regression result, the finding suggests that Financial Literacy will lead to an increase of saving behavior practice of the customers. If there is an increase in financial literacy by 1 unit, this will also raise the saving behavior by 0.275 unit.

People used to take the parents as role model since they imitate the behavior of the parents. Parental Socialization could be important for the saving behavior of the customers. Parental Socialization variable has the expected positive sign and highly significant coefficient vale at 1 percent level. The positive relationship shows that the increase in Parental Socialization leads to more saving behavior of the respondents. The increase in Parental Socialization by 1 unit will also raise the saving behavior practice by 0.146unit.

People usually take the suggestions or recommendations from their friends or peers. In this study, the variable peer influence has an expected positive sign and significant at 5 percent level. The positive relationship means that the increase in peer influence leads to more saving behavior. The increase in peer influence by 1 unit will also raise saving behavior practice by .084unit.

Self-control of the people could vary the saving behavior of the customers. Self - control factor has the expected positive sign and the coefficient of the variable is highly significant at 1 percent level. The positive relationship means that the increase in Self - control leads to more saving practice. The increase in restrains of saving new things or self-control by 1 unit will also raise the saving behavior practice by 0.361unit.

Bank image is important for customers when they choose the bank to save their money. If the bank has negative image or rumors, people would not choose that bank. Bank image factor has the expected positive sign and the coefficient of the variable is significant at 5 percent level. The positive relationship means that the increase in Bank image leads to more saving practice. The increase in Bank image l by 1 unit will also raise the saving behavior practice by 0.361 unit.

The standardized coefficient (Beta) of Self Control has the largest value (5.578) among five explanatory variables indicating that Self Control has the greatest contribution to increase the saving behavior practice at the United Amara Bank (UAB) when the variance explained by other variables is controlled for. The overall evaluation reveals that models explain the variation in saving behavior practice of UAB customers well because the estimation produced expected signs and significant coefficients for most variables. The increases in financial literacy, parental influence, peer influence, self-control and bank image have the positive effects on the saving behavior practice at United Amara Bank (UAB).

In summary, the results show that all independent five factors have significant value and the main determination of saving behavior at UAB is proved because of the self-control of the bank customers. According to the survey findings, greater self-control could significantly raise saving behavior practices among the customers.

CHAPTER (5)

CONCLUSION

This chapter includes three sections. First section presents the findings and discussions based on the survey data. Second part describes the suggestions and recommendations based on the findings. Final part covers the further study as well.

5.1 Findings

This study mainly focuses to identify the saving behavior of customers at United Amara Bank and examine the influencing factors on customer's saving behavior at United Amara Bank. According to the findings, among 150 customers in Tamwe township, it is found that majority of the customers are females since women used to save more than men. According to Myanmar culture, women manage the family income. Relating to the age, major customers are between 26 and 35 years old. The study also reveals that most of the customers are bachelor degree holders and they are saving at the United Amara Bank (UAB) between one to two years. Majority people earn up to five lakh, MMKs. They are company employees.

According to the survey result, majority of the respondents know how to invest their money and use their credit amount. In additions, they could manage their money for their retirement plan since Myanmar people are usually worried after they retire. It is found that most respondents have the moderate level of maintaining their income and expense. Furthermore, those people have financial instrument knowledge since UAB bank always advertise its new products and services in order to get customer awareness. Regarding the financial literature, majority of UAB customers have the financial literature knowledge.

The study reveals that most respondents usually take their parents as the good examples regarding saving behavior. The respondents used to give their money to their parents in order to save on behalf of them since Myanmar young people usually give their money to the parents for saving purpose. In additions, the UAB customers usually do the saving practice because their parents want to do like that and they used to talk about their financial ideas or plans with their parents. On the other hand, most respondents state that

their parents do not open bank accounts for them when they were young. Regarding the parental influence factor, most respondents have moderate level of parental influence on their saving behavior.

Majority of the respondents state that their friends have saving practice behavior since they used to watch their peer or friends behaviors. People spend their extra time with their time and they always spend together. But the respondents sometimes have the habits of comparing their saving and spending behavior with those of their peers. Generally, UAB customers have moderate level of peer influence on their saving behavior.

Respondents always control of their spending amount since majority of the respondents are females and they save for their family. Thus, they always achieve their saving goals for their goals. In additions, respondents can control their mind not to buy extra things that are not essential. Furthermore, most respondents care what they will happen in the future regarding saving issues. Thus, it can be said that most UAB customers have self-control mindset to save money.

People usually save their money to the bank where they think safe thus they always look for the bank they trust by learning the reputations of the bank. They usually search the information of the bank via different sources. In additions, respondents states that they usually read the customer reviews about the products and services of the UAB bank. They mention that the services and products of UAB are important for them since UAB offers new products and services that match the needs and wants of customers. Regarding the bank image factor, most respondents usually consider the bank image when they choose the specific bank.

Regarding saving behavior, respondents state that they save money for their specific goal thus they usually set aside some portion of their income for the future use. The study reveals that people save money because they have financial literacy while other save money because of the influence of their peers or friends. It can be concluded that majority of the UAB customers save money regularly for their specific goals.

Regression result proves that all factors have positive relationship with saving behavior of the respondents. If these factors have increased, the saving behavior of the

customers will be raised. Among them, self-control independent variable has the most significant relationship with customer saving behavior at UAB. Thus, UAB bank should pay more attention to the self-control habits of the respondents.

5.2   Suggestions

United Amara Bank is the one of top bank in Myanmar and it tries to maintain or improve the market share. Thus, it needs to study the influencing factors on saving behavior of its customers. This study explores which factors have significant relationship on saving behavior of the customers. According to the findings, UAB should focus in order to attract more customers.

According the demographic data, UAB bank should target more female customers and plan for promotions for middle-aged females. The bank should offers promotions for company employees. It should focus this market segment based on the demographics data by offering relevant products and services for those people.

Regarding financial literacy, UAB should plan for retirement saving plan with more attractive terms since most respondents are aware of their retirement situations. In turn bank will get more fixed money deposits. It is recommended that UAB should educate respondents about their income and spending in order to achieve their specific goals. In additions, UAB bank should offer financial advising service for each and every customer. UAB should also continue providing the one year fixed account and monthly interest account. This would increase the financial literacy among the respondents then the saving levels will be increased.

Regarding parental influence, UAB bank should target parents in order to raise the saving levels. Furthermore, UAB bank should offer more attractive children accounts when the parents save money at their bank. This would increase the saving practice of the children. Moreover, UAB bank should create family package promotions in order to get more household savings as some children request parents to save their money. By targeting the parents to open the children accounts, this will create the saving habits for young children.

Regarding peer influence, most respondents go out with their friends and spend together. Thus, UAB bank should offer one stop ATM card or mobile banking free so that customers could use it more easily when they go out for leisure. The bank should also

make joint service with famous places to get the permission for UAB card services. Furthermore, respondents take suggestions or follow according to their friends. Therefore, UAB bank needs to provide incentives if one bank customer refers UAB bank to their friends in saving.

Self-control can increase saving behavior. UAB bank should offer more attractive saving plans or give financial advice according to their future intention. In additions, UAB bank should make advertisements by education people how to make self-control in order to achieve their intended goals without buying unnecessary items. The bank should convince accumulated sum of buying their unnecessary things based on time so that customers will notice about the total amount of buying nonessential items.

Regarding bank image, UAB bank should always build up good image in terms of solving negative rumors, by solving customer complaints and keeping the financial records right all the time. UAB bank should also demonstrate that they exactly follow the central bank rules and they do not lend more than specified ratio set by the central bank. In additions, UAB bank also need to give fast service by applying advanced technology and train its employees to be skillful and polite in order to raise bank image.

Finally, regression result shows that all factors in this study have a significant positive relationship with saving behavior. Among these factors, self-control most affect on saving behavior of the customers in Tamwe Township. Thus, UAB should pay more priority to self-control factor of the people. UAB bank should educate people to increase self-control behavior by doing advertisements showing the benefits of self-control. These above suggestions could increase market share of UAB bank which will also raise the country saving and support business development loans more.

5.3   Need for Further Research

This thesis focuses only on influencing factors of saving behavior at UAB bank. Therefore, this study only analyses based on feedback from 150 customers in Tamwe township. To get the bigger picture, the further study should do to cover across the country. In additions, it is better if the further study should cover all banks in Myanmar to cover the saving behavior in the banking industry.

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APPENDIX I

Questionnaire

Dear Sir/Madam,

This survey questionnaire is to use only for the research paper "**INFLUENCING FACTORS ON CUSTOMER SAVING BEHAVIOR IN UNITED AMARA BANK (UAB)**" 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

For aggregated tabulation of respondent demographics (We assure we'll not use any individual data point in isolation)

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

1. Gender ☐ Male   ☐ Female

2. Age

☐ 25 years old and below   ☐ 26 - 35 years old
☐ 36 - 45 years old   ☐ 46 - 55 years old
☐ Above 55 years old

3.Education level

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

4.How long have you been working experience with this organization?

☐ Below 1year   ☐ 1- 5 years
☐ 6 – 10 years   ☐ 11 - 15 years
☐ 16 – 20 years   ☐ 21 - 25 years
☐ Above 26 years

5.Monthly Salary

☐ Less than 300,000 MMK ☐ 300,001 – 500,000 MMK
☐ 500,001 – 1,000,000 MMK ☐ 1,000,001 – 1,500,000 MMK
☐ Above 1,500,000 MMK

6. Position

☐ Government Staff ☐ Company Employee
☐ General Worker ☐ Others **…………..**

II. Customer Saving Behavior

Please choose only one answer by marking according a level of agreement or disagreement .

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

	Financial Literacy	**1**	**2**	**3**	**4**	**5**
1	I have better understanding of how to invest my money.					
2	I have better understanding of how to manage my credit use.					
3	I have a very clear idea of my financial needs during retirement.					
4	I have the ability to maintain financial records for my income and expenditure.					
5	I have better understanding of financial instruments (eg. Bank services, shares, etc.)					

	Parental Socialization	**1**	**2**	**3**	**4**	**5**
1	My parents are good example for me when it comes to money management					
2	I always talk about money management with my parents					
3	It's a good thing to ask my parents to keep hold of my money sometimes to help me save					
4	Saving is something I do regularly because my parents wanted me to save when I was little					
5	My parents have opened bank account for me since I was young.					

	Peer Influence	**1**	**2**	**3**	**4**	**5**
1	As far as I know, some of my friends regularly do save with a saving account.					
2	I always compare the amount of saving and spending with my friends.					
3	I always involve in money spending activities with friends					
4	I always discuss about money management issue (saving) with my friends					
5	I always spend my leisure time with friends					

	Self Control	**1**	**2**	**3**	**4**	**5**
1	I always control myself from spending money.					

		1	2	3	4	5
2	When I set saving goals for myself, I achieve them.					
3	I am not easily attracted by lure.					
4	I do not enjoy spending money on things that aren't practical.					
5	I am more concerned with what happens to me in the long run.					

Bank Reputation		1	2	3	4	5
1	UAB's reputation is a factor in opening savings accounts					
2	I always search the information about specific bank before I use.					
3	Services of UAB bank are important for me.					
4	I usually look for the bank that I could trust.					
5	I always read the news and articles relating to customer reviews.					

Saving Behavior		1	2	3	4	5
1	I put money aside on a regular basis for the future.					
2	In order to save, I often consider whether the real necessity before I make a purchase.					
3	I save to achieve certain goals.					
4	Because of having financial literacy, I save more.					
5.	My peers suggest me to save at bank.					

APPENDIX II

Deposits Interest Rates in UAB

Deposit Product	Interest Rate	
Basic Savings	8.25% pa	
Children's Savings	8.25% pa	
e-Saving	8.25% pa	
Smart Saver	Up to MMK 500,000	8.25% pa
	MMK 500,000 to 10,000,000	8.30% pa
	MMK 10,000,000 to 50,000,000	8.50% pa
	Above MMK 50,000,000	8.60% pa
Call Account**	Up to MMK 10,000,000	Ni
	About MMK 10,000,000	6% pa
Saving Plan*	8.25% pa 1st year bonus +1% 2nd year bonus +1.5% 3rd year bonus +1.5% Bonus is subject to regular payment of installments within the prescribed period	
30 days (Fixed deposit)	8.50% pa	
60 days (Fixed deposit)	8.50% pa	
90 days (Fixed deposit)	8.75% pa	
120 days (Fixed deposit)	8.75% pa	
150 days (Fixed deposit)	8.75% pa	
180 days (Fixed deposit)	9.00% pa	
210 days (Fixed deposit)	9.00% pa	
240 days (Fixed deposit)	9.00% pa	
270 days (Fixed deposit)	9.00% pa	
300 days (Fixed deposit)	9.00% pa	
330 days (Fixed deposit)	9.00% pa	
360 days (Fixed deposit)	9.00% pa	