

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

**EFFECT OF KBZ PAY AGENT BANKING CHARACTERISTICS  
ON FINANCIAL INCLUSION**

**HSU MYAT WAI  
MBF (DAY) 1<sup>ST</sup> BATCH**

**DECEMBER, 2019**

**YANGON UNIVERSITY OF ECONOMICS**  
**DEPARTMENT OF COMMERCE**  
**MBF PROGRAMME**

**EFFECT OF KBZ PAY AGENT BANKING CHARACTERISTICS**  
**ON FINANCIAL INCLUSION**

**Supervised By;**

Daw Nang Sandar Aung

Lecture

Department of Commerce

Yangon University of Economics

**Submitted By;**

Ma Hsu Myat Wai

MBF II - 19

Day 1<sup>st</sup> Batch

**EFFECT OF KBZ PAY AGENT BANKING CHARACTERISTICS  
ON FINANCIAL INCLUSION**

This thesis is submitted to the Board of Examiners as partial fulfillment of the degree of "Master of Banking and Finance".

Submitted By;  
Ma Hsu Myat Wai  
MBF II - 19  
Day 1<sup>st</sup> Batch

## **ABSTRACT**

This study has focused the effect of KBZ Pay Agent on financial inclusion performance. The objectives of the study is to determine the effect of KBZ Pay Agent characteristics towards the financial inclusion performance and to analyze the relationship between the factors and effect of KBZ Pay agent network characteristics. The theoretical framework is designed the relationship between two types of variables: the independent variable (Agent attitude, Agent experience and Agent core business) and the dependent variable (Customer base and Transaction volume). The primary data are gathered by interviewing and meeting from 150 KBZ Pay Agents from Yangon West Region. Data gathering is conducted during the month of November 2019. The finding from the survey result is most of agent business types are retail shops. The agent attitude at the KBZ Pay Agent Banking have high positive perception upon KBZ Pay service providers' products and services. Agents opinion on KBZ Pay network is the best network among other agent banking providers. Agents can provide KBZ Pay service can 24/7. The good internet network is essential to provide service to the main agent banking operations. That is positive related to the financial inclusion performance. Also, there is a relationship between agent experience and performance of financial inclusion is fair and positively related. Moreover, the results of multiple regression analysis provide that agent experience and agent attitude were significant and positive relationship with financial inclusion performance.

## **ACKNOWLEDGMENTS**

This thesis becomes a reality with the kind support and help of many individuals. I would like to express my sincere gratitude to all of them.

Foremost, my deepest gratefulness goes to Prof. Dr. Tin Win, Rector of the Yangon University of Economics for his encouragement to the Master of Banking and Finance (MBF) Program's students.

It is a genuine pleasure to express my deep sense of thanks to Prof. Dr. Soe Thu, Program Director of the Master of Banking and Finance (MBF) Program, Department of Commerce, Yangon University of Economics, for her valuable advice throughout the 2-year course of the study.

I owe a deep sense of gratitude to Dr. Tin Tin Htwe Department of Commerce for her kind help and patient on my discussion during the preparation of this thesis.

I would like a special thanks to my supervisor Daw Nang Sandar Aung and respected mentors, Department of Commerce for their guidance through the academic year in Yangon University of Economics.

Then, I am highly indebted to my statistician, U Zaw Myo Lwin for sharing his knowledge and technical know-how.

Besides, I am extremely thankful to the group members and classmate of Day 1st batch (MBF) for their encouragement, support and co-operation throughout my study period.

My heartfelt thanks and appreciations also go to everyone who have willingly helped me out with their abilities to complete this paper.

# TABLE OF CONTENTS

	<b>Pages</b>
<b>ABSTRACT</b>	<b>i</b>
<b>ACKNOWLEDGEMENTS</b>	<b>ii</b>
<b>TABLE OF CONTENTS</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>v</b>
<b>LIST OF FIGURES</b>	<b>vi</b>
<b>CHAPTER 1 Introduction</b>	
1.1 Rationale of the Study	2
1.2 Objectives of the Study	2
1.3 Scope and Method of the study	3
1.4 Organizational of the study	3
<b>CHAPTER 2 THEORETICAL BACKGROUND</b>	
2.1 Financial Inclusion	4
2.2 Agent Attitude and Financial Inclusion Performance	5
2.3 Agent Experience and Financial Inclusion Performance	6
2.4 Agent Core Business	7
2.5 Customer Base and Transaction Volume	7
2.7 Previous Study	8
2.8 Conceptual Framework of the Study	8
<b>CHAPTER 3 HISTORICAL BACKGROUND OF KBZ BANK AND KBZ PAY</b>	
3.1 Profile of KBZ Bank	10
3.2 Organization Structure of KBZ Bank	12
3.3 Financial and banking services of KBZ Bank	13
<b>CHAPTER 4 ANALYSIS ON EFFECT OF KBZ PAY AGENT ON FINANCIAL INCLUSION PERFORMANCE</b>	
4.1 Research Design	21

4.2	Demographic Characteristics of Respondents	21
4.3	Agent Attitude	26
4.4	Agent Experience	27
4.5	Agent Core Business	28
4.6	Financial Inclusion Performance	29
4.7	Correlation of Financial Inclusion Performance and Agent Banking Characteristics	31
4.8	Estimated Value of Agent Banking Characteristics on Financial Inclusion Performance	32
<b>CHAPTER 5 CONCLUSION</b>		
5.1	Findings	34
5.2	Suggestions	35
5.3	Limitations and Needs for Future Research	36
<b>REFERENCES</b>		
<b>APPENDIX</b>		

## **LIST OF TABLES**

<b>Table No.</b>		<b>Page No.</b>
2.1	Account opening, balance and MFS transaction	6
3.1	Financial Services provided by KBZ Bank	13
3.2	KBZ Pay Customer Transaction Limit	18
3.3	KBZPay Agent Transaction Limit	19
3.4	Services fee for KBZ Pay Account	20
4.1	Number of Respondents by Gender	21
4.2	Number of Respondents by Marital Status	22
4.3	Number of Respondents by Age	22
4.4	Number of Respondents by Education	23
4.5	Number of Respondents by Type of Business	23
4.6	Number of Respondents by Income	24
4.7	Number of Respondents by Experience	24
4.8	Number of Respondents by Time to Agent Service	25
4.9	Number of Respondents by Source about Knowing KBZ Pay	25
4.10	Number of Respondents by Agent Attitude	26
4.11	Number of Respondents by Agent Experience	27
4.12	Number of Respondents by Agent Core Business	28
4.13	Number of Respondents by Type of Transaction	29
4.14	Number of Respondents by customer numbers served daily	29
4.15	Respondents usage of Agents are closer to customers than banks	30
4.16	Number of Respondents by Value per Transaction	30
4.17	Relationship between Financial Inclusion Performance and Agent Banking Character	31
4.18	Estimated Values of Agent Banking Character on the Performance of the Financial Inclusion	32



## **LIST OF FIGURES**

<b>Table No.</b>		<b>Page No.</b>
2.1	Conceptual Framework of the Study	8
3.1	Organization Structure of KBZ Bank	12

## **CHAPTER (1)**

### **INTRODUCTION**

Banks are essential for each country's economy, since no development can be accomplished unless reserve funds are proficiently directed into speculation. In this respect, the lack of a full-fledged banking system has often been identified as a major weakness of the centrally planned economies. Banking, considered as mirror of economic growth, can contribute to economic development in at least two ways: can add to monetary improvement in no less than two courses: straightforwardly, by expanding asset report things, and in a roundabout way, through financing. Banks likewise make occupations for their groups and produce returns for their investors, in this manner adding to the financial development of neighborhood groups and the country overall. Today, commercial banks in Myanmar are trying to improve their services and productivity. However, banks in Myanmar are now facing many challenges in a highly competitive financial market. The role of the market in the banking system continues to change.

Agent banking has become one of the most promising strategies for offering financial services in emerging markets. This approach can be particularly capable when serving the unbanked poor as a result of its capacity to decrease banks' cost-to-serve and achieve low-pay specialists. Agent banking is a branchless banking service offered by banking institutions whereby the bank appoints existing businesses to offer a variety of banking services, on its behalf to its clients who are not reached by traditional bank networks, especially those living in remote and rural areas (Keeler, 2011). Agents could have a dramatic impact on improving access to financial services, especially in rural areas (FinAcces, 2009). Financial inclusion is defined as the ability of an individual, household, or group to access a full range of responsibly delivered, affordably priced and reasonably convenient formal financial services (Christen, Lauer, Lyman & Rosenberg, 2011).

Myanmar is in the early stages of financial reform which has made the government an economic priority. Myanmar's current financial system is still one of the least developed in the world. Myanmar is a cash- oriented economy. In Myanmar, banking system consists of Central Myanmar (CBM), established in the Central Bank of Myanmar Act in 1990, (4) state-run banks, (10) semi-government banks and (14)

domestic commercial private banks and (13) foreign banks. Nowadays commercial banks of Myanmar are starting their agent banking system as a first step to reach out to all banked and unbanked population not only for financial inclusion but also for reducing crowded customers in banking hours at branches.

## **1.1 Rationale of the Study**

The utilization of agent banking network is now becoming the first priority in the financial institution in Myanmar on serving the customer who is far from the traditional bank or in a remote area. It is a challenge in recruiting the agents. Therefore, the characteristics of the agent are essential. Present literature on retailing industry and marketing have revealed that customers' contentment has been influenced directly by reliability and trust. Once the customers are fulfilled and satisfied with the services and content experience using the agents, no doubt willingness and perspective being long-term customers will be retention.

Competent co-operation from the agent, together with efficiency and effectiveness of the system, can build the trust level of the consumer and the stakeholders. A trust may be the degree of disposition and proficiency to support, escalate, and facilitate others. In the industrial network, collaboration level should be assigned by making confirmatory environments, policy style and practices monitoring. The customers' consideration concerning safety, genuineness, and trustworthiness of using the system are inferred.

Simplify customers by saving their time, quickly cash and withdraw money via agent delivered as a substitute of visiting any branch nearby customer place. Revealed that the transaction allows by making the transmitting, save and collecting the cash by electronically via agents as the mediators rather than visiting traditional banks.

## **1.2 Objectives of the Study**

The objectives of the study are as follows

- (1) To explore KBZ Pay agent banking characteristics and financial inclusion performance of agents.
- (2) To analyze the relationship between agent banking characteristics and financial inclusion performance.

### **1.3 Scope and Method of the study**

This study investigates the determinants of agent banking network characteristics that have a contract with KBZ Bank and their existing agents. Addressing on reflected customer fulfillment and confidence end route them doing the services on behalf of the bank. Descriptive method is used and the analysis of the study is constructed with the quantitative data collected. The effectiveness levels of the characteristics of KBZ bank agent banking were analyzed using the primary data gathered from the KBZ Pay agents. The secondary data were gathered from the relevant research works, the news, KBZ pay website and their application. The study population was sample from 150 KBZ Pay agents in Yangon west region townships which are Latha Township, Pabedan Township, Lanmadaw Twonship and Kyauktada Township.

### **1.4 Organization of the study**

This thesis is organized into five chapters. In chapter (1), begins with the introduction of this paper, rationale, objectives, scope and method of study and organization of the paper. In chapter (2), discusses the literature review of the study. And chapter (3), describes the KBZ Bank and KBZ Pay agent banking in Myanmar. And chapter (4) describes the effect of agent banking characteristics on financial inclusion performance and chapter (5) concludes with findings and discussions, suggestions and recommendations and the needs for the further research are presented.

## **CHAPTER (2)**

### **LITERATURE REVIEW**

Chapter (2) presents the effect of KBZ Pay agent banking financial performance in Myanmar. This chapter includes five parts. First part is financial inclusion. Second part presents agent attitude. Third part describes agent experience. Fourth part includes agent core business. And the last part presents customer base and transaction volume.

#### **2.1 Financial Inclusion**

Financial inclusion refers to efforts to make financial products and services accessible and affordable to all individuals and businesses, regardless of their personal net worth or company size (Mitchell Grant and Julia Kagan, Sep 11, 2019). Financial institutions in developing countries are difficult to access from remote areas due to the constrained by infrastructures. The large part of the population ends up being excluded from the formal banking system.

Financial inclusion has a multiplier impact on the lives of people drawn into the formal financial system. People with less-access to financial services see an improvement in their cash flow management and enhance their financial planning. Agent banking has brought many unbanked customers into the informal financial system. Finally, it is important to say that agent banking customer households are more likely to have a bank account than non-customer households.

#### **Enhanced Economic Activity**

The issue at stake is knowing exactly how a money transfer can happen in an emerging market where the infrastructure is poorly developed and where very few people have or even want to have a bank account. Mobile Money Transfer platform is key in substituting the banking infrastructure as in most of the emerging markets the mobile phone penetration is deeper than the bank account penetration. Mobile money has been instrumental in generating growth and development of developing countries, with higher remittances and increased economic activity, leading to faster growth.

## **Reduced Cash in the Economy**

In the absence of a formal banking system, most transactions are cash based and therefore less audit trail is available for regulators. Mobile money brought transparency in the money transactions by reducing the cash economy and digitizing financial operations. Mobile Money is equivalent to a credit or debit card, which allows regulators to monitor the trail. There is more visibility on the money flows as the remittances move from informal channels to formal channels.

## **Security**

Mobile Money provides mobile phone customers with a secure platform that uses simple, tailored menus in their devices and sends fully encrypted PIN locked messages to a thoroughly audited financial accounting system. Informal saving channels are much less secure than formal saving facilities. Being user friendly and accessible, Wave Money's agents are higher in number than bank agents, this allow customers not to travel long distances to withdraw money and enhance customer to store their cash. With that, there is no need to carry cash and hence there is no risk of the cash getting lost or stolen.

## **Convenience**

Many people in emerging economies have to travel far from home to find work and need to be able to send money back to their families. Since bank branches' reaching area is limited, more people depend on informal channels (through friends, family, and bus) which is risky unregulated services or long expensive trips carrying cash in an unpredictable environment. With mobile financial services, people need to make fewer trips back home to deliver money and it is also very convenience since services are accessible 24 hours a day seven days a week.

## **2.2 Agent Attitude and Financial Inclusion Performance**

Technology devours importantly radical by taking part in a significant role in cultivating the standards of service delivery within the financial institution sector. Before the implementation of using agent banking as the part of service providers, the banking halls involved with many customers waiting to pay their utility bills, deposit or withdraw cash. The introduction of auto-teller machine (ATM) cards and online banking enables 24-hour transaction from anywhere, even by smartphones. Customers from remote areas have the enormous accessibility and opportunity for using agent

banking network. System quality area one of the certain issues because it relates to the perspective performance of agents, and agent profitableness is extremely sensitive to service disruptions. Difficulty in using the system through the agent banking or facing the system failures, customers might reflect, and presume easily that the providers are not capable in endowed the system with quality and success. This occurrence will scale back the customer's trust and trust in using branchless banking.

The system quality is a major determinant of initial trust of the agent banking users. Perspective and performance of the agents recount with proximity or being concerning near to bank branches or automatic teller machine (ATM) that bring advantage to them by reducing their times and cost to probably keep the business. Also, any transactions, customer personal details and data are transmitted progressively through means like movable networks, handled mainly by third parties such as agents. Customers can access and perform banking remotely. Moreover, the technology trait, customers' deficiency with education and lack of familiarity or experience with formal financial services and with the technology might increase the knowledge of security risks. Thus, the agent attitude regarding the commitment is incredibly essential. Hence, the success in providing services and facilitating the financial inclusion relate to the agent's perception.

### **2.3 Agent Working Experience in Business and Financial Inclusion Performance**

Through substantial empirical and analytical analysis, it is inferred that different retails and agent characteristics have a direct effect on the image of the shop as to consumers' sentiments, perception, and behavior towards the stores and the experience of the business of the retailers. By introducing the agent banking from the retail groups, KBZ Bank experienced a massive conversion in the financial sector to transform from the phase of severer controls to liberating the expansion phase by introduced of reforms within the financial inclusion performance strengthened by vigorous economic growing.

The KBZ bank was experiencing a revived interest in using agent banking by recruiting retailers as their agent banking to be competitive with their engrossment. The vision set below the alteration exercise by using agent banking, was not exclusively, to generate the KBZ bank competitively stronger and positively generates the income and sustenance each other. Furthermore, anticipates opportunities for

growth within the banking sectors, whereas observance pace with the hasty economic growth of Myanmar and request drove by demographic extension. Therefore, exercise on agents exclusively imperative. As such as, it is very vigorous to identify and investigate the involvement and early stage of the entrepreneur or the agent's business experience, whom have been operational for the less than three years and are endeavoring to seek out opportunities through their networks.

Financial inclusion performance is essential for the entrepreneur performance, or in this study is the agents, ought to be analysed as their activities replicate the work of the start-up business after it is entire life and do not seem to be simply one-stop exercise. Knowledge and experience would broaden explicit entrepreneurial management talents plus reassuring imminent growth and profit. The business experience will be outlined because the acquaintance related to the business attained by entrepreneurs before commencing their own businesses.

#### **2.4 Agent Core Business**

The type of agent business is precarious in a variety of ways. Initially, the character and nature of business regulate the hours of business. As an illustration, typically retailers, convenience store and mobile shop are acquainted with open 365 days a year. They open early and close late. Chemists are known and familiar to open late within the day, sometimes late at night. Most alternative businesses, such as the hardware retailers, open between 08.00hrs and 18.00 hrs. The more formal businesses have similar hours of business, such as banks, and they remain closed for businesses on weekends and public holidays.

#### **2.5 Customer Base and Transaction Volume**

The customer base is an essential attentive asset expecting the firm's present and forthcoming competitive position. Therefore, by accepting what initiates customer acquirement, as well as retaining, is predominant importance. The relationship with the customer base is well documented and sometimes initiated to be destructively associated with each achievement and retention. Focuses with price on driving achievement and retention in the perspective of the network industries that, as eminent antecedent, are managed by a distinctive set of features and characteristics.

An essential aspect which agent has to be compelled to require into consideration the important the agent characteristic influences that contribute to the



effectiveness of the customer base and transaction volume. To win and to retain the customer base, the services and competition among banks can build make a competitive environment and therefore the service provider will offer and serve best and quality services to their existing and new customers.

## **2.6 Previous Study**

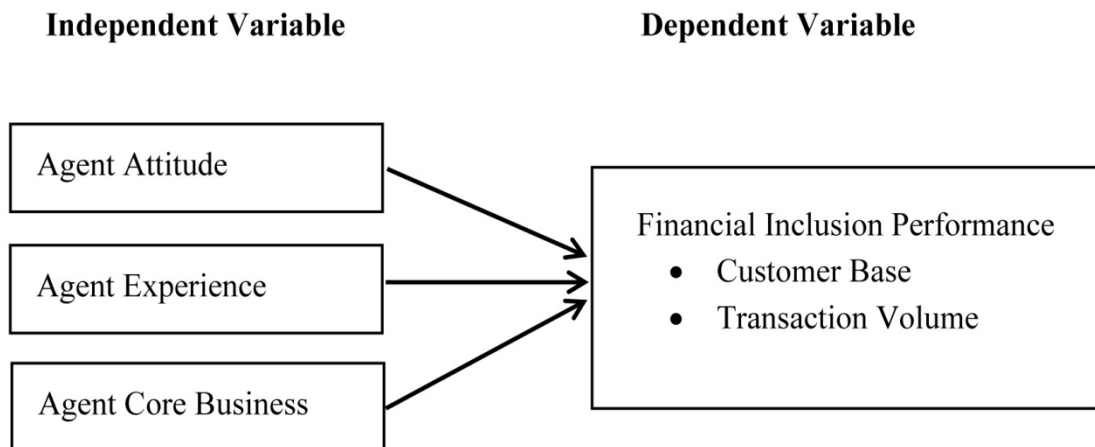
Factors influence the effectiveness of the agent characteristic within the financial inclusion are the agent attitude, agent experiences and the core business of the agents. It should be recognized that the characteristics of the primary international entry have to be compelled to replicate the retailer's assessment of elementary environmental characteristics required in order to contemplate flowing comparatively valued firm resources, resembling from high-level management team's devotion and firm financial resources. There is little doubt that agent characteristics play a really vital role in influencing financial inclusion performance by increasing the number of customer base and transaction volume. The primary market entrance shapes future enactment.

In 2017, Bahiah A Malek , Shahimi Mohtar, Ahmad Shabudin Ariffi were studied "The factor that affects the effectiveness of agent banking characteristics on financial inclusion performance: A study from Malaysian government-owned banks in Negeri Sembilan". That analysis also found that the agent experience is the main perspective that drives contribution on the financial inclusion performance in the one Malaysian government-owned banks, followed by agent core business and agent attitude.

## **2.7 Conceptual Framework of the Study**

The purpose of the study was to identify the effect of agent banking characteristics of KBZ Pay towards the financial inclusion performance. Figure (2.1) is the theoretical framework that designates the relationship between two types of variables: the independent and the dependent variables. The independent variables encompass factors that influence the effectiveness of the performance of the financial inclusion. The dependent variables are the effectiveness of the performance derived from the reaction of the characteristics of KBZ pay agent banking. Conceptual framework of the study is shown in figure 2.1.

**Figure 2.1 Conceptual Framework of the Study**



Source Baru, P.A., Malek, B.A., Mohtar, S., Shabudin, A., (2017)

Base on the conceptual framework, there are three independent variables (agent attitude, agent experience, and agent core business) and dependent variable as financial inclusion performance. Agent attitude was examined with total seven statements, agent experience was examined with total six statements and agent core business was examined with total six statements. For dependent variable, financial inclusion performance was examined by customer-based and transaction volume. Financial inclusion performance was examined with four statements. The independent variables (agent attitude, agent experience and agent core business) were measured to explored the effect of financial inclusion performance, and used descriptive research method for profiles of respondents.

## **CHAPTER (3)**

### **HISTORICAL BACKGROUND OF KBZ BANK**

In this chapter, it is consisted of the discussion on the situation of KBZ bank. It is followed by profile of KBZ bank, the general discussion of current products and services of KBZ bank. The profile of the bank includes the background of the bank and the development of the bank extension on its branches, online banking services and CSR activities. The restructured new organization structure of the bank will also be described on this chapter.

#### **3.1 Profile of KBZ Bank**

The KBZ was first established as a private bank on 1st of July 1994 with the permission of Central Bank of Myanmar Law and the Financial Institution of Myanmar Bank Law in Taungyi, Southern Shan State. The name Kanbawza is related to a traditional name of the Shan State, an ethnic minority state of the Union of Myanmar. Initially, the bank catered the local population in Taungyi and opened the KBZ Bank Branch No.1 in Taunggyi State as the very first branch of KBZ Bank. Nowadays, it is the biggest and reliable branch in all over the branches of KBZ Bank. In late 1999, KBZ Bank's present Chairman, U Aung Ko Win, took over the management and reformed the organization into one of the biggest private banks in Myanmar. Since 3<sup>rd</sup> January 2000, the KBZ Bank performed banking operations under the guidance of KBZ Bank's Chairman and became the leading bank of Myanmar private banks.

Kanbawza Bank (KBZ Bank) is the first to have expanded internationally, with representative offices in Singapore, Thailand and Malaysia. With 18,000 staff, more than 500 branches including mini branches (partial services available) and 40% market share of both retail and commercial banking, KBZ is leading the way for Myanmar's rapidly developing financial services industry through an approach that understands the unique context of the country's economy as it transitions towards a digital future. KBZ Group boasts two airlines, Air KBZ and Myanmar Airways International, and holds stakes in the agriculture, insurance, mining, cements, and real estate and tourism industries.

It aims to expand the bank network by around one hundred branches a year, with a target of reaching 1,000 branches across Myanmar by 2023. For more and speedy reach of financial inclusion throughout Myanmar population; it is significantly promoting KBZ pay, mobile money services with national sales blitz events. The bank aims to support and strengthen the banking sector, which is critical for the development of the country. Not only has the bank achieved these goals, it strives to act as a responsible business and has been the highest corporate tax payer for six consecutive years.

The followings are vision, Mission and Core values of KBZ Bank.

**a) Vision**

To become the best-managed bank in the world. That is simply what Myanmar needs and deserves.

**b) Mission**

To improve the quality of life through banking.

**c) Core Values**

KBZ Bank is guided by a belief and a culture that runs throughout the entire organization: being good to people and doing the right thing. That is why they are driven by three values – Metta, Thet Ti, Virya – loving kindness, perseverance and courage. KBZ Bank's Motto is "STRENGTH OF MYANMAR."

The Bank sets the vision as 'To become Myanmar's premier bank with a strong base in Myanmar Financial Market' and tries to get the customers' satisfaction through the following mission statement:

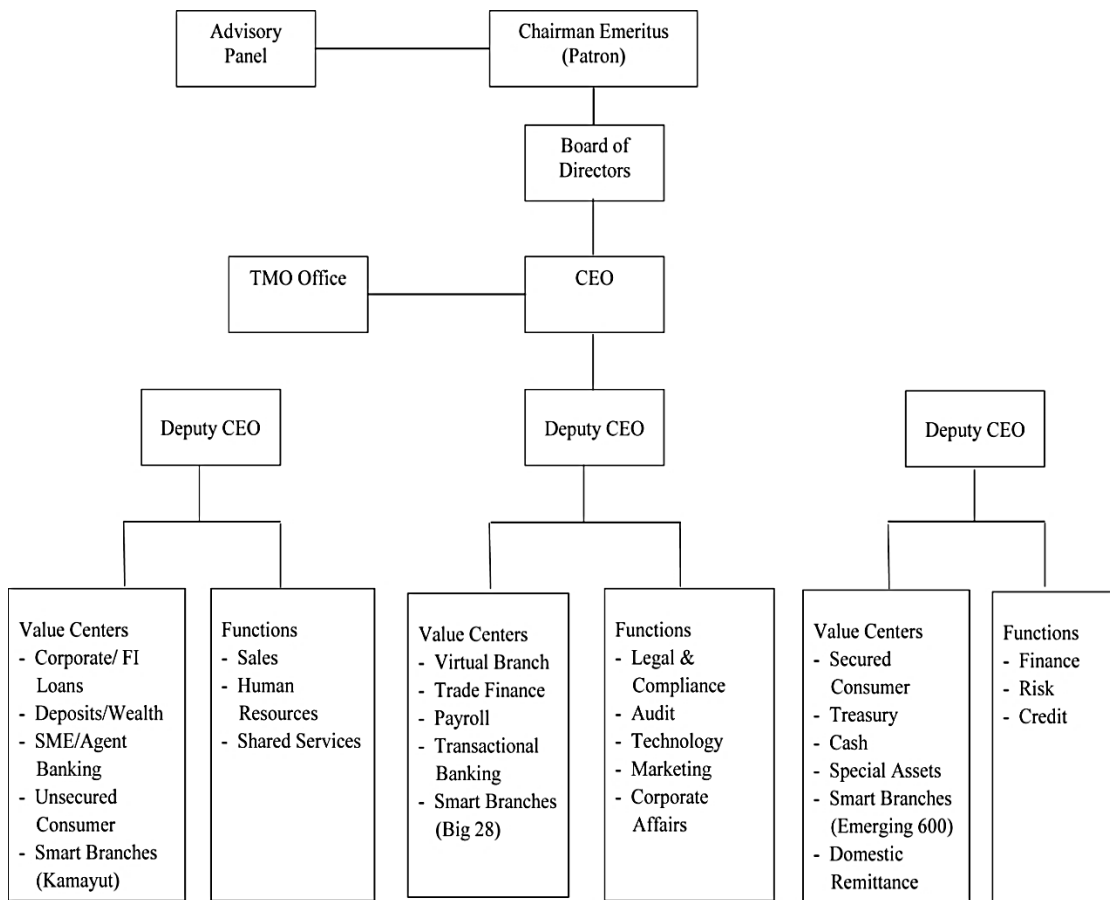
- To ensure the highest level of customer satisfaction and trust by providing excellent banking services
  - To continuously improve quality of our financial services through innovative thinking, investment in new technology and enhancement of human capital
  - To offer rewarding career opportunities and promote staff accountability at all levels
  - To act as a responsible corporate citizen by combining commercial pursuits with ethical business practices and socially responsible behavior
- In 2016 and for the future, their goals are-
- To implement Small and Medium Enterprise

- To be a steady and competitive bank in private banking sector
- To be a biggest bank which own the most branches network among other private banks of Myanmar.

### 3.2 Organization Structure of KBZ Bank

KBZ Bank Limited has restructured a new organizational structure since appointed Mr. Mike DeNoma as special advisor and CEO of KBZ bank in May; 2017. It was established by advisory panel mainly by Chairman Emeritus, BOD and senior officials. Boards of Directors are Chairman Emeritus, Chairman, Vice Chairman (1), Vice Chairman (2) and CEO, the executive directors have been promoted as Deputy CEO (1) and Deputy CEO (2), Deputy CEO (3), and Senior Officials are Deputy Chairman, Sr. Managing Director, Managing Directors and Deputy Managing Directors. The organization structure of KBZ Bank Ltd is shown in figure (3.1)

**Figure 3.1 Organization Chart of Kanbawza Bank**



Source: Kanbawza Bank (HR Department)

### 3.3 Financial and Banking Services of KBZ Bank

As the largest and most branches bank in Myanmar, KBZ has various sort of financial and banking products and services. It offers savings deposit accounts, escrow accounts, foreign currency accounts, fixed accounts, current accounts, children's savings accounts, and call deposit accounts. The company's lending lines include hire purchase loans for account holders, SME business owners, and organizations; loans and overdrafts; trade finance; and prepaid and debit cards. It also offers gift cheques, currency exchange, safe deposit lockers, online banking, and E-commerce services; cash management services, including payroll, payment, and collection services; remittance services; bank certificates; payment orders; and procurement services.

The financial services provided by KBZ bank are to achieve the convenience and satisfaction of the bank's customers. The bank provides the more financial services year after year. The KBZ bank provides the full range of retail and commercial banking services including deposits, loans, cash management, bank guarantees and remittance. The financial services provided by the KBZ bank are shown in Table 3.1.

**Table 3.1 Financial Services provided by KBZ Bank**

<b>No.</b>	<b>Financial Services</b>	<b>Categories</b>
1.	Demand Deposits	Saving Accounts, Current Accounts, Fixed Deposits
2.	Loans and Advances	Overdrafts, Demand Loans, Hire Purchase
3.	Remittances	Local Telegraphic Transfers, Payment Order
4.	Cash Management	Receivables Management, Cash payables Management
5.	e-Banking Services	Automatic Teller Machine (ATM), KBZ i- Banking KBZ m-Banking
6.	KBZ Prestige Banking	Prestige banking, Personal banking, Confidential banking
7.	Agent Banking	KBZ pay (mobile money financial inclusion)
8.	Other Services	Safe Deposit Boxes, Bank Guarantee
9.	Cards Payment Services	Debit Card, World Travel Card (Visa Card), (UPI credit card) My Card (Master Card Prepaid Card)
10.	International Banking Services	Remittance Services, Payment Services, Foreign Exchange Service, Import Services and Financing Export services and Financing, Bank Guarantee Foreign Currency Account

Source: KBZ Bank Ltd in 2018

**International Banking Services:** Kanbawza bank provides seven international financial services which are Remittance services, Payment services, Foreign exchange, Import services and financing, Export services and financing, Bank Guarantee and Foreign Currency Account Opening.

(a) **Remittance Services:** There are two types of remittance services. They are KBZ SWIFT Telegraphic Transfer and International Money Transfer Service.

(b) **Foreign Exchange:** There are two types of Foreign Exchange service. They are foreign exchange service and foreign exchange lines service.

**FX Spot:** KBZ bank's customers can use the foreign exchange service to purchase or sell selected foreign currencies for immediate or spot delivery at competitive exchange rates.

**FX Forward:** KBZ bank also offers FX Forward for the customers who need foreign currency in the future date. By using this product, customers can hedge their FX risk with the premium charged in Forward Contract.

**FX Option:** As for another tool, KBZ bank also offers FX Option for the customers who are using international banking services. This product is high risk exposure and hence it is offered to selected, educated and experienced customers in international banking services.

**FX Swap:** For the export/import customer who wanted to hedge their difference time of receiving and payment, KBZ bank enable FX Swap for their requirements. FX Swap includes both FX Spot and Forward transaction. Therefore, customer can buy/sell at the Spot and re-buy/resell at the future date.

**Foreign Exchange Lines:** KBZ bank offer forwards and swaps purchase and sales of foreign currencies in order for customers to lock-in profit margins and minimize exchange rate fluctuation. Arbitrage trading will also become part of the Bank's treasury operations.

(c) **Import services and Financing:** KBZ Bank's Import Letter of Credit (LC) is a fast and efficient service which is used to facilitate international trade settlement by the buyer/importer for importation of goods into Myanmar. An LC is issued by the issuing bank, on behalf of the buyer/importer, in favor of the seller/exporter. At the request of a buyer, the LC is an undertaking by the issuing

bank to honor claims by the seller, provided that the required documents are presented to the issuing bank within a specified time and in accordance to the terms and conditions of the LC. **Collection of Import Bill:** KBZ bank has correspondent relationship with reputed International Banks throughout the world and can thus provide valuable services to importers who may be importing from any part of the Global. The import bills are collected by KBZ Bank at very competitive rates. The import bills drawn on customers of other branches are also collected through these branches.

**Financing of Import Usance L/C facility:** Import Usance LC is a letter of credit which is payable at a determined future date after presenting of conforming documents. KBZ bank's Usance L/C facility provides the importer an opportunity to avail credit from their supplier/supplier's bank.

**Deferred Payment Guarantee/Standby LC:** KBZ Bank's Deferred Payment Guarantee/Standby LC facility also provides the importer an opportunity to avail credit from their supplier/supplier's bank.

**Shipping Guarantee:** Shipping Guarantees are indemnities given by the Bank to the carrier of goods, so that the goods can be released to the consignee without producing the Bill of Lading or Air Waybill. This helps the importer to avoid demurrage charges which otherwise will be imposed if delivery of the goods is not taken up due to the absence of shipping documents.

**(d) Export Services and Financing**

There are three types of facilities for exporters. They are:

**Export Credit:** KBZ bank provides both pre and post shipment credit to the exporters through Kyat Denominated Loans as well as foreign currency loans in Myanmar. Credit facilities are sanctioned to exporters who satisfy credit exposure norms of KBZ bank. Exporters having firm export orders or confirmed L/C from a bank are eligible to avail the export credit facilities. Kyat Export Credit is available generally for a period of 180 days from the date of first disbursement. In deserving cases extension may be permitted within the guidelines of Kyat. The corporate may also book forward contracts with KBZ bank in respect of future export credit draws, if required, as per the guidelines/directives provided by Kyat.

**Pre-shipment Credit in Foreign Currency (PCFC):** KBZ bank offers PCFC in the foreign currency to the exporters enabling them to fund their procurement,



manufacturing, processing and packing requirements. These loans are available at very competitive international interest rates covering the cost of both domestic as well as import content of the exports. The corporate/exporters with a good track record can avail a running account facility with KBZ bank for PCFC. PCFC is generally available for a period of 180 days from date of first disbursement. In deserving cases extension may be permitted within the guidelines of Kyat.

**Negotiation of Bills under L/C:** KBZ bank is active in negotiation/discounting of sight/usance international export bills under L/Cs opened by foreign banks as well as branches of banks abroad. KBZ bank offers the most competitive rates. These transactions are undertaken by our branches within the Bank/Country Exposure ceilings prescribed by KBZ bank.

(e) **Bank Guarantees:** KBZ bank, on behalf of exporter constituents, issues guarantee in favor of beneficiaries abroad. The guarantees may be Performance and Financial. KBZ bank, on behalf of importer constituents or other customers, issues guarantee in favor of beneficiaries abroad. The guarantees may be both Performance and Financial.

(f) **Foreign Currency Account**

KBZ bank's Foreign Currency Account is a non- interest bearing current account and is designed for customers who want to minimize foreign exchange risk while maximizing payment efficiency in foreign currency. Benefits of using foreign currency account are safekeeping of foreign currencies, investment in foreign currencies, hedging against adverse foreign exchange fluctuations; KBZ Foreign Currency Account serves as a settlement account for foreign exchange purchase and sale; cheques can be used for convenient payment between customers of KBZ bank; KBZ Foreign Currency Account enables customers to facilitate SWIFT remittances and Letter of Credit transactions.

Benefits of using foreign currency account are safekeeping of foreign currencies, investment in foreign currencies, hedging against adverse foreign exchange fluctuations; KBZ Foreign Currency Account serves as a settlement account for foreign exchange purchase and sale; cheques can be used for convenient payment between customers of KBZ bank; KBZ Foreign Currency Account enables customers to facilitate SWIFT remittances and Letter of Credit transactions.

**(g) Domestic Currency (kyat) account**

As deposit products in local currency, it provides many types of accounts such as call deposit accounts, children's minor saving accounts, current account, fixed deposit account, saving deposit account, Su Pwar deposit account. All deposit accounts have specific terms and conditions and the variance of interest rate per annum as per their account types. Savings deposit accounts are eligible for both individuals and the interest rate is 8%. To open account, it is required initial deposit of 1,000 MMK and minimum balance 1,000 is required to maintain accounts active. There is no charge of account maintenance fees at KBZ bank. All the accounts can be managed by the customers on their mobile and online banking service.

**(h) Card payroll and AMT services of KBZ Bank**

When companies in Myanmar realized that Paying salary by bank accounts, especially MPU debit cards is convenient and time saving, the cards users become more. As payroll process, employees need to apply card at the bank. Everyone who is at the age of 18 years and above they are eligible to apply bank account. ATM and Card Departments of KBZ bank are working as the same cluster with card payroll services team.

To use card payroll service, all the employees have to apply MPU debit cards and if they have done opening MPU card accounts, HR will have to prepare the payroll schedule with excel sheet according to bank's provided formats as per below table.

**(i) Agent Banking**

KBZ Bank announced a partnership with Huawei on March 21,2018 to create an inclusive digital financial ecosystem, which will give Myanmar citizens across the country greater access to finance and improve their quality of life through banking. The customer transaction activities cash in, cash out, transfer and bill payments limit are in the following table (3.2) described, KBZ Pay customer transaction limit.

**Table (3.2) KBZ Pay Customer Transaction Limit**

<b>No.</b>	<b>Transaction Limit (MMK)</b>	<b>Level 1</b>	<b>Level 2</b>
1	Transfer to Bank Account Each Transaction Maximum	Not Applicable	300,000
2	Transfer to Bank Account Total Daily	Not Applicable	1,000,000
3	Transfer From Bank Account Each Transaction Maximum	Not Applicable	300,000
4	Transfer From Bank Account Total Daily	Not Applicable	1,000,000
5	Top Up Total Daily	50,000 per SIM	50,000 per SIM
6	Quick Pay Each Transaction Maximum	50,000	5,000,000
7	Quick Pay Total Daily	50,000	5,000,000
8	Pocket Money Each Transaction Maximum	50,000	300,000
9	Pocket Money Total Daily	50,000	1,000,000
10	Buy Goods Each Transaction Maximum	200,000	5,000,000
11	Buy Goods Total Daily	200,000	5,000,000
12	Cash In at Agent Each Transaction Maximum	50,000	300,000
13	Cash In at Agent Total Daily	200,000	1,000,000
14	Cash In at Merchant Each Transaction Maximum	50,000	300,000
15	Cash In at Merchant Total Daily	200,000	1,000,000
16	Cash Out at Agent Each Transaction Maximum	50,000	1,000,000
17	Cash Out at Agent Total Daily	200,000	1,000,000
18	Cash Out at Payroll Agent Each Transaction Maximum	Not Applicable	5,000,000
19	Cash Out at Payroll Agent Total Daily	Not Applicable	5,000,000
20	Transfer to Registered Customer Each Transaction Maximum	50,000	1,000,000
21	Transfer to Registered Customer Total Daily	200,000	5,000,000
22	Transfer to Unregistered Customer Each Transaction Maximum	50,000	1,000,000
23	Transfer To Unregistered Customer Total daily	200,000	5,000,000

Source: KBZ Bank Ltd, in 2019

The agent transaction activities cash in, cash out, transfer and bill payments limit are described in Table (3.3).

**Table (3.3) KBZ Pay Agent Transaction Limit**

<b>Transaction Type</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Daily Total</b>
Customer Cash in	No Limit	No Limit	50,000,000
Register Customer Cash Out	No Limit	50,000,000	10,000,000
Unregister Customer Cash Out	No Limit	1,000,000	5,000,000
Remittance to KBZ Pay Customer	1000	1,000,000	50,000,000
Remittance to non KBZ Pay Customer	1000	1,000,000	50,000,000
Top Up	No Limit	No Limit	50,000
Quick Pay	No Limit	5,000,000	10,000,000
Request Cash	No Limit	5,000,000	10,000,000
Transfer to KBZ Bank Account	No Limit	1,000,000	5,000,000
ATM Cash Out	No Limit	300,000	1,000,000
Transfer to other agent	No Limit	1,000,000	5,000,000
Transfer form KBZ Bank Account	No Limit	5,000,000	10,000,000

Source: KBZ Bank Ltd, in 2019

The services fee for KBZ Pay account making transaction activities are described in table(3.4).

**Table (3.4) Services fee for KBZ Pay Account**

Services Types	Amount Transfer (MMK)	Fee (MMK)
Cash Withdrawal at KBZ Pay Agent Shop(Register Account to Register Account)	1 - 10,000	300
	10,001 - 25,000	600
	25,001 - 50,000	800
	50,001 - 100,000	1,200
	100,001 - 150,000	1,600
	150,001 - 200,000	2,000
	200,001 - 300,000	2,400
	300,001 - 400,000	3,200
	400,001 - 500,000	4,000
> 500,001	4,800	
People to People Transfer (Register Account to Unregister) (Unregister to Register Account)	1 - 10,000	400
	10,001 - 25,000	700
	25,001 - 50,000	900
	50,001 - 100,000	1,400
	100,001 - 150,000	1,800
	150,001 - 200,000	2,300
	200,001 - 300,000	2,800
	300,001 - 400,000	3,500
	400,001 - 500,000	4,000
> 500,001	4,800	
People to People Transfer (Unregister to Unregister)	1 - 10,000	400
	10,001 - 25,000	700
	25,001 - 50,000	1,000
	50,001 - 100,000	1,500
	100,001 - 150,000	2,000
	150,001 - 200,000	2,500
	200,001 - 300,000	3,000
	300,001 - 400,000	4,000
	400,001 - 500,000	4,500
> 500,001	4,800	
Quick Pay	one transaction	500
Register Account to Register Account Transfer	any transaction	Free
Cash Deposit for KBZ Pay Account at KBZ Pay Shop	any transaction	Free

Source: KBZ Bank Ltd, (2019)

## CHAPTER (4)

### ANALYSIS ON EFFECT OF KBZ PAY AGENT ON FINANCIAL INCLUSION PERFORMANCE

In this chapter, the effect of KBZ Pay agent on financial inclusion performances were analyzed using the primary data gathered from KBZ Pay agent. The analysis for this study was constructed with quantitative data collected.

#### 4.1 Research Design

The purpose of the study was to explore the effect of agent banking characteristics of KBZ Pay towards the financial inclusion performance. To sustain quantitative measurement and analysis, analytical descriptive method has been used. The study population was sampled from 150 KBZ pay agents in Yangon west region townships which are Latha Township, Pabedan Township, Lanmadaw Township and Kyauktada Township.

The questionnaire comprised four main components – agent attitude, agent experience, agent core business and financial inclusion performance. To describe and analyze independent and dependent variables, Statistical Package for Social Science (SPSS) program was used. Regression was used to specify the significant levels.. Five-point Likert Scale is used with strongly dissatisfied for 1, dissatisfied for 2, undecided or natural for 3, satisfied for 4, and strongly satisfied for 5.

#### 4.2 Demographic Characteristics of Respondents

The profiles of respondents were categorized by gender, age, education level, monthly income, type of their business doing as a KBZ Pay Agent.

##### 4.2.1 Number of Respondents by Gender

This table describes on gender of respondents. Table (4.1) presents the respondents by gender.

**Table (4.1) Number of Respondents by Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	71	47.3
Female	79	52.7
<b>Total</b>	<b>150</b>	<b>100.0</b>

Source: Survey data, (2019)

From the result of the survey, it was found that survey included 71 numbers of male and 79 numbers of female. Regarding to the Participant rate, female includes highest portion with 52.7% in the study.

#### 4.2.2 Number of Respondents by Marital Status

This table describes on marital status of respondents. Table (4.2) presents the respondents by marital status.

**Table (4.2) Number of Respondents by Marital Status**

Marital Status	Frequency	Percentage
Married	55	36.7
Single	95	63.3
<b>Total</b>	<b>150</b>	<b>100.0</b>

Source: Survey data, (2019)

From the result of the survey, it was found that survey included 55 numbers of marriage and 95 numbers of single. Regarding to the Participant rate, single is the highest portion with 63.3% in the study.

#### 4.2.3 Number of Respondents by Age

This table is described the respondents by age. Ages of respondents are classified into five groups: under 21 years, 21-30 years, 31-40 years, 41-50 years, above 51 years. Table (4.3) presents age distribution of respondents.

**Table (4.3) Number of Respondents by Age**

Age	Frequency	Percentage
Under 21	13	8.7
21 – 30	52	34.7
31 – 40	49	32.7
41 – 50	28	18.7
Above 51	8	5.3
<b>Total</b>	<b>150</b>	<b>100.0</b>

Source: Survey Data, (2019)

According to these age groups, age group of 21-30 years is the largest with 34.7%, followed by age group of 31-40 years with 32.7%, 41-50 years with 18.7%, under 21 years with 8.7% and above 51 years with 5.3%.

#### 4.2.4 Number of Respondents by Education

In this part, the study conduct the education level of the respondent. Table (4.4) described their education level.

**Table (4.4) Number of Respondents by Education**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percentage</b>
High School	2	1.3
Undergraduate	61	40.7
Graduate	82	54.7
Master	5	3.3
<b>Total</b>	<b>150</b>	<b>100.0</b>

Source: Survey Data, (2019)

According to the result of the survey, it was found that 2 numbers of the respondents are high school, 61 numbers of the respondents are under graduate, 82 numbers of respondents are graduated and 5 numbers of respondents hold Master degree among the customers.

#### 4.2.5 Number of Respondents by Type of Business

The analysis on the types of business of respondents are described in Table (4.5).

**Table (4.5) Number of Respondents by Type of Business**

<b>Type of Business</b>	<b>Frequency</b>	<b>Percentage</b>
Mobile Shop	28	18.7
Convenience Store	22	14.7
Grocery Store	39	26.0
Travel and Tour	33	22.0
Money Changer	10	6.7
Other	18	12.0
<b>Total</b>	<b>150</b>	<b>100.0</b>

Source: Survey Data, (2019)

According to the result, it was found that 28 respondents are from mobile shop, 22 respondents are from convenience store, 39 respondents are from grocery store, 33 respondents are from travel and tour, 10 respondents are from money changer and 18 respondents are from other businesses.



#### 4.2.6 Number of Respondents by Income

The following table (4.6) states the result of annual income of respondents are classified into five levels.

**Table (4.6) Number of Respondents by Income**

<b>Income</b>	<b>Frequency</b>	<b>Percentage</b>
500,000 or last	12	8.0
500,001 – 1,000,000	52	34.7
1,000,001 – 1,500,000	55	36.7
1,500,001 – 2,000,000	19	12.7
More than 2,000,001	12	8.0
<b>Total</b>	<b>150</b>	<b>100.0</b>

Source: Survey Data, (2019)

According to table (4.6), respondents in the annual income between MMK 500,000 or last is 8% and more than MMK 2,000,001 is 8% which are the smallest group of all replies, the annual income group between MMK 1,000,001– 1,500,000 at 36.7% is the largest group. The annual income group between MMK 500,001-1,000,000 is 34.7% and respondents between MMK 1,500,001-2,000,000 is 12.7%.

#### 4.2.7 Number of Respondents by Experience

Table (4.7) represents the result obtained from the analysis on the periods that they have been KBZ Pay agent.

**Table (4.7) Number of Respondents by Experience**

<b>Experience</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 3 months	9	6.0
3 to 6 months	45	30.0
6 months to 1 year	54	36.0
1 year to 2 years	39	26.0
Don't Know	3	2.0
<b>Total</b>	<b>150</b>	<b>100.0</b>

Source: Survey Data, (2019)

From the analysis of the study, 6% of agents are less than 3 months as KBZ pay agent, 30% of agents are 3 to 6 months as KBZ pay agent, 36% of agents are 6

months to 1 year as KBZ pay agent, 26% of agents are 1 year to 2 years as KBZ pay agent and 2% of agents are don't know how long they have been an agent.

#### 4.2.8 Number of Respondents by Agent Service

In this part, there was conducted time and agent services of the respondent, the subscribes in Table (4.8).

**Table (4.8) Number of Respondents by Time to Agent Service**

Agent Service Number	Frequency	Percentage
1	24	16.0
2	42	28.0
3	33	22.0
4	32	21.3
5	15	10.0
More than 5	4	2.7
<b>Total</b>	<b>150</b>	<b>100.0</b>

Source: Survey Data, (2019)

From the analysis of the study, 16% of agents provide only 1 agent service, 28% of agents provide 2 agent services, 22% of agents provide 3 agent services, 21.3% of agents provide 4 agent services, 10% of agents provide 5 agent services and 2.7% of agents provide more than agent services.

#### 4.2.9 Number of Respondents by Source about Knowing KBZ Pay

In table(4.9) represents the results of source about knowing KBZ Pay.

**Table (4.9) Number of Respondents by Source about Knowing KBZ Pay**

Source	Frequency	Percentage
Social Network	22	14.7
Newspaper	13	8.7
Friends/Colleges	17	11.3
Billboard/broachers	28	18.7
Personal Marketing	58	38.7
Events	12	8.0
<b>Total</b>	<b>150</b>	<b>100.0</b>

Source: Survey Data, (2019)

From the analysis of the data, known from personal marketing is highest with 38.7%, from social network 22%, from newspaper 8.7%, from friends/colleges 11.3%, from billboard/broachers 18.7% and from events 8%.

### 4.3 KBZ Pay Agent Attitude

In this section, there is the analysis of using five point Likert scale measurement of agent attitude from KBZ Pay agent with total 7 question sets. Table (4.10) represents the result from the analysis of agent attitude on KBZ Pay with 5 point Likert Scale.

**Table (4.10) Number of Respondents by Agent Attitude**

No.	Statement	Mean	Std. Dev
1	Agent satisfied on KBZ Pay incentives and offers.	3.79	.788
2	KBZ Pay provide 24/7 service to agent.	3.73	.810
3	Agent provide more service hours than banks.	4.00	.875
4	KBZ Pay service provider and call center are patient and helpful.	4.19	.814
5	KBZ Pay transaction processes are very simple and easy.	3.94	.647
6	Transaction process are easy to understand and user friendly.	4.00	.786
7	KBZ Pay got the largest customer numbers than other agent banking.	3.97	.944
<b>Total Average Scores</b>		3.95	

Source: Survey Data, (2019)

According to the agent attitude, the overall mean average value is average 3.95 with standard deviation 0.809 is higher than the standard mean score 3, it can be said that the agents from KBZ Pay have the very high attitude as a part of KBZ pay agent service provider. Among these factors, agent attitude on KBZ Pay service providers and call center are patient and helpful actions is the highest mean score with 4.19, it could be said that the agent appreciated their receiving KBZ banking function. The following factors are which both banking transaction process are easy to understand and user friendly and agent provide more service hours than banks are

the second largest means score with 4.00. Therefore, it could be found the agent are willing to provide same services while bank closing time. And then regarding to the question of KBZ Pay provide 24/7 service to agent question obtained the mean lowest score 3.73 because of limited working hours of service provider bank. However, the lowest mean score 3.73 is agree condition at five-point likert skill.

#### 4.4 Agent Experience

Table (4.11) represents the result from the analysis of agent experience on KBZ Pay.

**Table (4.11) Number of Respondents by Agent Experience**

No.	Statement	Mean	Std. Dev
1	KBZ Pay Agent network is the highest among other agent banking providers.	4.00	.786
2	KBZ Pay provides diversify products and services to customers.	3.94	.753
3	KBZ Pay is providing services using advance technology to mitigate fraud transaction and reduce risk.	3.73	.748
4	KBZ Pay provides sufficient and correct information about services in an efficient manner.	3.76	.849
5	KBZ Pay products and services are user friendly.	3.81	.806
6	KBZ Pay accounting opening process is easier than other agent banking services	3.85	.833
<b>Total Average Scores</b>		3.85	

Source: Survey Data, (2019)

According to the agent experience, the overall mean average value is average 3.85 is higher than the standard mean score 3, it can be said that the agents from KBZ Pay have the very high experiences by being a KBZ Pay agent. Among these factors, agent experience on KBZ Pay Agent network is the highest among other agent banking providers is the highest mean score with 4, it could be said that the agent get customers easily because of its network. The following factor KBZ Pay provides diversify products and services to customers is the second largest mean score with

3.94. By that fact the agents are happy to give services to customers because of its diversify products and services. However, the technology is ease to use, fraud transaction and risk are still remaining. So, the factor that KBZ Pay is providing services using advance technology to mitigate fraud transaction and reduce risk obtained the lowest mean score 3.73 but still acceptable.

#### 4.5 Agent Core Business

Table (4.12) represents the result from the analysis of agent core business on KBZ Pay.

**Table (4.12) Number of Respondents by Agent Core Business**

No.	Statement	Mean	Std. Dev
1	Customers are come to agent out of work hours.	4.07	.696
2	Agent cash flow is enough to run the business	3.81	.682
3	Agent transaction fees and performance incentive are main income of the business.	3.69	.706
4	Open in weekends and descendant holidays.	3.96	.684
5	Agent location is convenience for customers.	4.00	.705
6	Internet network is good to provide service.	4.01	.608
Total Average Scores		3.92	

Source: Survey Data, (2019)

According to the agent core business, the overall mean average value 3.92 is higher than the standard mean score 3, it can be said that the agents from KBZ Pay is easy to get the customer. Among these factors, agent core business on customers are come to agent out of work hours 4.0. It describes that the agents are more working out of bank hours because of banks limited opening hours. The fact of internet network is good to provide service is the second highest mean score with 4.01 because using the good network connection is also the main factor of agent banking. It could be said that the agent get customers easily because of its network. The following factor Agent transaction fees and performance incentive are main income of the business is the lowest mean score with 3.69 because most agent already have main business.

#### 4.6 Analysis on Financial Inclusion Performance (Customer Base and Transaction Volume)

This part is described the financial inclusion performance based on customer and transaction volume. To conduct the question five-point Likert skill was applied, where: Not at all (1), To a little extent (2), To a moderate extent (3), To a great extent (4) and To a very great extent (5). Which is the most commonly used service among the ones listed below. Table (4.13) represents the result from type of transaction.

**Table (4.13) Number of Respondents by Type of Transaction**

No	Statement	Mean	Std. Dev
1	Cash Transfer	4.00	.823
2	Cash Deposit	3.93	.766
3	Cash Withdrawal	3.83	.823
4	Bills Payment	3.88	.827
5	Account Opening	3.25	.937
Total Average Scores		3.78	

Source: Survey Data, (2019)

In table (4.13), the highest mean score is 4.00 at the cash transfer transactions, it can be see that the customer are mostly consume at the banking agent. And the following transaction service is cash deposit with means score 3.93, that could be said that customers frequently use that type of services at agent. The lowest mean score was 3.25 at account opening service, that could be seen the customer did not use agents on to open new account sometime. The main reason of that is the new customer acquisition is one of the challenges of KBZ bank staff.

##### 4.6.1 Number of Respondents by the average number of customers served daily

The following table (4.14) represents numbers of customers served daily.

**Table(4.14) Number of Respondents by customer numbers served daily**

Number of Customer	Frequency	Percentage
Less than 10	23	15.33
11-20	37	24.67
21-30	52	34.67
More than 30	38	25.33
Total	150	100.0

Source: Survey Data, (2019)

From the analysis of the study, less than ten customers 15.33% are served daily, customers between 11-20 numbers are 24.67% served daily, customers between 21-30 numbers are 34.67% served daily and more than 30 customers are 25.33% served daily.

#### 4.6.2 Number of Respondents Agents are closer to customers than banks

Respondents are also required to answer that customers are come to them because they are closer to customers than banks. Table (4.15) presents the agents are closer to customers than banks.

**Table (4.15) Respondents usage of Agents are closer to customers than banks**

<b>Agents are closer to customers than banks</b>	<b>No. of respondents</b>	<b>Percentage (%)</b>
Yes	87	58%
No	63	42%
<b>Total</b>	<b>150</b>	<b>100</b>

Source: Survey data, 2019

In Table (4.15), 87 number of respondents are answering “YES”, that means agents get customers because they are closer to customers than banks and 63 number of respondents are answering “NO”, that means agents get customers not because of they are closer to customers.

#### 4.6.3 Number of Respondents by Value per Transaction

The following table(4.16) represents customers frequently make value per transaction.

**Table (4.16) Number of Respondents by Value per Transaction**

<b>Value per Transactions</b>	<b>Frequency</b>	<b>Percentage</b>
10,000 & below	13	8.67
10,001 – 25,000	20	13.33
25,001 – 50,000	33	22
50,001 – 100,000	28	18.67
100,101 – 200,000	16	10.66
200,001 – 300,000	19	12.67
300,001 – 400,000	10	6.67
400,001 – 500,000	7	4.66
500,001 & above	4	2.67
<b>Total</b>	<b>150</b>	<b>100</b>

Source: Survey Data, (2019)

From the analysis of the study, customers mostly make per transaction value is between MMK 25,001 – 50,000 Kyat, customers frequently make per transaction value is between MMK 50,001 – 100,000 Kyat and customers infrequently make per transaction value is between MMK 500,001 & above Kyat.

#### **4.7 Correlation of Financial Inclusion Performance and Agent Banking Characteristics**

The correlation coefficient is measured by the relationship between two variables. The correlations are regarded as significant if P value is less than or equal to 0.01( $p \leq 0.01$ ). The relationship between the variables are regarded as r is such that ( $-1 \leq r \leq +1$ ). The plus (+) and minus (-) signs are used for positive correlations and negative linear correlations, respectively. The correlation is weak if r is less than or equal to 0.1 ( $r \leq 0.1$ ); modest if r is less than or equal to 0.3( $r \leq 0.3$ ); moderate if r is less than or equal to 0.5 ( $r \leq 0.5$ ); strong if r is less than or equal to 0.8 ( $r \leq 0.8$ ) and very if r is greater than 0.8 ( $r > 0.8$ ).

The correlations of the independent variables (agent attitude, agent experience, and agent core business) were measured to explore their correlation with dependent variable (financial inclusions performance of KBZ Pay). The results are shown in Table (4.17).

**Table (4.17) Relationship between Financial Inclusion Performance and Agent Banking Characteristics**

<b>Sr. No.</b>	<b>Service Criteria</b>	<b>Pearson Correlation Coefficient</b>	<b>P- value</b>
1	Agent Attitude	0.293**	0.000
2	Agent Experience	0.584**	0.000
3	Core Business	0.088	0.141

\*\*Correlation is Significant at the 0.01 level (2-tailed)

\*Correlation is Significant at the 0.05 level (1-tailed)

Source: Survey Result,(2019)

According to Table (4.17), agent attitude and agent experience are significant at two-tailed with 0.01 levels. Agent attitude is weak and positive relationship and agent experience is fair and positive relationship with financial inclusion. The



correlation results highlight that attitude and experience are essential to achieve financial inclusion.

#### 4.8 Estimated Values of Agent Banking Characteristics on the Financial Inclusion Performance

To analyze the effect of agent banking character on the performance of the financial inclusion, the multiple regression analysis was applied. The results of multiple regression analysis are shown in Table (4.18).

**Table (4.18) Estimated Values of Agent Banking Characteristics on the Financial Inclusion Performance**

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	.303	.483		.683	.531	
Agent Attitude	.197	.082	.163	2.415	.017	1.064
Experience	.570	.070	.548	8.136	.000	1.064
Core Business	.129	.076	.110	1.689	.093	1.002
N	150					
Adjusted R2	0.365					
F value	29.518** (.000)					
Durbin Watson	2.020					

P < 0.01, P < 0.05, P < 0.1: Dependent Variable: Performance of Financial Inclusion

Source: Survey Result,(2019)

The results of multiple regression analysis provide that agent experience and agent attitude are significant and positive relationship with performance of financial inclusion ( $\beta=0.163$ ,  $t=2.415$ ,  $p<0.05$ ) and ( $\beta=0.070$ ,  $t=8.136$ ,  $p<0.01$ ) but the result do not support the significant agent core business as shown in Table (4.18).

According to the results, agent experience and agent attitude affected at 1% and 5% significant level. Among the significant agent banking characters, agent experience is the most significant factor to influence on customer satisfaction. One

additional unit of agent experience increase 0.570 in performance of financial inclusion. One additional unit of agent attitude increase 0.197 in performance of financial inclusion. The model can explain 36.5% about the variance of independent variables and dependent variable. The value of VIF value 1 is less than 10, thus there is no substantial multi-collinearity problems in this case.

## **CHAPTER (5)**

### **CONCLUSION**

This study has focused on the effect of KBZ pay agent banking on the financial inclusion. The primary data is collected by delivered the structured questionnaires through 150 selected agents who shop is in Yangon West Region. This chapter presents findings, suggestions and needs for future research of the study.

#### **5.1 Findings**

According to the survey finding result, there is the most agents business was operate and open grocery store as their main business. The following type of business was travel and tours. Therefore, it could be seen most of agents' business types are mostly retail shops.

By regarding the agent attitude towards KBZ Pay Agent Banking services of KBZ Bank, KBZ Pay service providers and call center are very patient and helpful to agent. And agents feel like that transaction process are easy to understand and user-friendly process and step. Agent though and accepted about they provide more service hours than banks. The agent attitude at the KBZ Pay Agent Banking have high positive perception upon KBZ Pay service providers' products and services.

By regarding the agents experience, they were providing KBZ Pay service to customers as their best. Agents opinion on KBZ Pay network is the best network among other agent banking providers. Moreover, agents have the good opinion on KBZ Pay provides diversify products and services to customers, KBZ Pay products and services are user friendly and KBZ Pay accounting opening process is easier than other agent banking services.

According to the agent core business, agent run the business open early and close lately out of office hour. Agents can provide KBZ Pay service can 24/7 to their customers, so the customers come to agents out of office-hour and they can serve to customer as the bank. the agents must need having the good internet network and connection to main server is also the main issue to run the agent banking business. By having it, agents can serve the customers in the short time. So, the internet network is good to provide service to the main agent banking operations.

In addition, according to the customer base and transaction volume, the customers are come to agents to make cash transfer, cash deposit and bill payment mostly. The agents give service between 21 to 30 customers daily. Agents get the customer numbers at least ten per day. Most agents get the customers because the agents are closer to the customer than banks. The amount per transaction agent serve is mostly between MMK 25,001 to 50,000.

According to the survey result, there is relationship agent attitude and performance of financial inclusion. That is positive related to the financial inclusion performance. Also, there is a relationship between agent experience and performance of financial inclusion is fair and positively related. Moreover, the results of multiple regression analysis provide that agent experience and agent attitude were significant and positive relationship with performance of financial inclusion. However, the result did not support the significant agent core business.

## **5.2 Suggestions**

According to the result of observation, although agents are providing same service quality while banks are closing, KBZ Pay provider should give 24/7 services and helpful to their agent. The management of KBZ pay team should give competitive incentive and offers to their agent because the agent banking is one of business units of the agents.

Additions, the management of KBZ pay team should reduce risk and fraud at any transaction and situations although the technology was easy to use the client and agent. KBZ pay team should do public awareness and sharing the knowledge of cyber security. And then, they should share the consistence knowledge and information about services at the efficient manners.

Moreover, the management of KBZ team should be aware their agent transaction fees and performance incentive is not a competitive pricing for their agents. The management team should considers the agent cash flow and their working capital because most of agents are open retail shops and travel and tours agents. Also for agents side, they should prepare and alarm their internet network is well conditions.

### **5.3 Limitations and Needs for Further Study**

The limitations of the study that is only focus on agent banking attitude, experience and core business. The result may vary by more respondents from KBZ PAY agents in other areas.

This research should be further investigated to include other factors that may contribute to the commitment and involvement of the banking agent and other variables such as loyalty and self-efficacy to determine the agent's work which can also expand their business.

This research can be further enhanced in other areas, such as other financial institutions, the education sector, the public sector, NGOs, and other private and public institutions. By basing on more respondents, the outcome result can be changed.

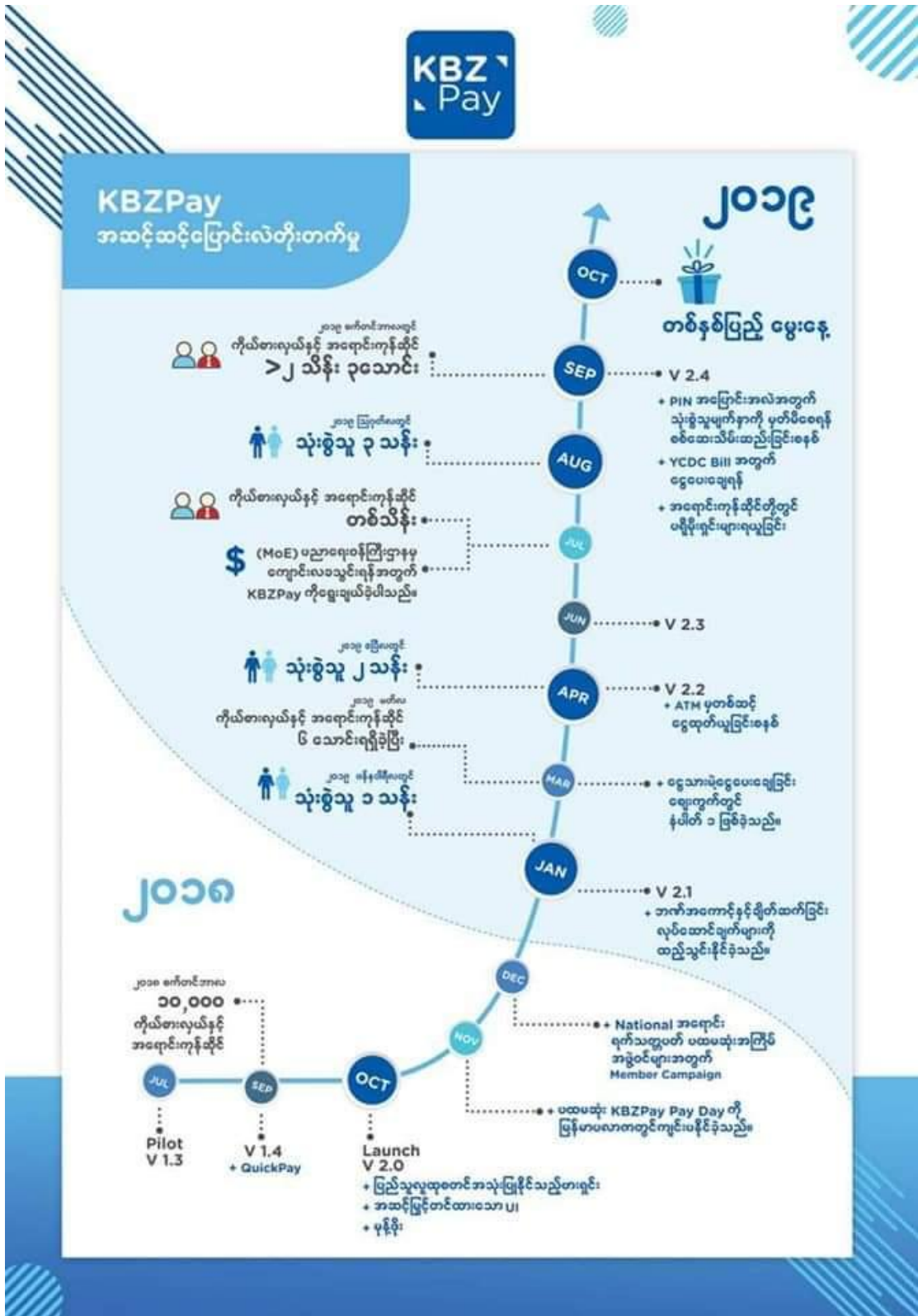
## REFERENCES

1. Akeem, A.O., and Adekanmbi, O., "Relationship between Entrepreneurial Characteristics and Performance of Small and Medium Scale Enterprise (A Study of SMEs in Yaba LCDA)." 2007
2. Bossone, B., and Cirasino, M., 'The Oversight of the Payment Systems: A Framework for the Development and Governance of Payment Systems in Emerging Economies.'" The World Bank, July, 2001.
3. Central Bank of Myanmar (2016), Regulation on Mobile Financial Services. FIL/R/01/03-2016
4. Cinzia, B., Alberto F., Toni, D., Zan, G.D., and Pessot. E., "Cultivating business model agility through focused capabilities: A multiple case study." *Journal of Business Research* 73 (2017): 65-82.
5. Christian, K., Frank, H., Lueger, M., and Mugler, J., "The entrepreneurial personality in the context of resources, environment, and the startup process—A configurational approach." *Entrepreneurship theory and practice* 28, no. 1 (2003): 23-42
6. Celina, L. (2012), "Agent Banking in Latin America," by the National Banking and Securities Commission (CNBV) of Mexico, published by the Alliance for Financial Inclusion
7. Emory, C. William, and Donald R. Cooper. "Business Research Methods. Homewood, Illinois: Richard D. Irwin." Inc., 1976 207 (1985).
8. Flaming, M., McKay, C., and Pickens, M. (2011) Agent Management Toolkit; Building a Viable Network of Branchless Banking Agents, Technical Guide CGAP.
9. Forrester-Anderson, I. (2005). Prostate cancer screening perceptions, knowledge and behaviors among African American men: focus group findings. *Journal of Health Care Poor Underserved*, 22-30.
10. Hannig, A., and Jansen, S. (2010), The AFI survey on financial inclusion policy in developing countries: Preliminary findings; Alliance for Financial Inclusion. Bangkok, Thailand
11. Jayanty, K. (2012), Agency Banking: Not Just About Banking the Unbanked,

Infosys.com

12. Julian, C.C., & Ramaseshan, B. (1994). *The role of customer-contact personnel in the marketing of a retail bank's services*. International Journal of Retail & Distribution Management, 5, 29-34.
13. KBZ targets 100 percent financial inclusion in a decade. The Myanmar Times, 21 March 2018
14. Keeler, R. (2011), Expanding Financial Services in Kenya: Agency Banking versus Mobile Banking, Ratio Magazine. The Inside Track to East Africa's Economies
- 15.. Kinyanjui, K. (2011), Money markets, agency banking runs into hurdles. BusinessDailyMonday, June 11, 2011.
16. Levine, R. (2005), "Finance and Growth" p. 82 in Aghion P. & S. N. Durlauf Handbook of Economic Growth. Volume 1A. North Holland: Elsevier.
17. Nurcan, T. C. (2005) Agency theory :an extended conceptualisation and reformation. PhD thesis, Queensland University of Technology
18. Malek, B,A., Mohtar,S., Ariffi, A,S., "The factor that affects the effectiveness of agent banking characteristics on financial inclusion performance: A study from Malaysian government-owned banks in Negeri Sembilan", Journal of Advanced Research in Business and Management Studies 7, Issue 1 (2017) 91-102.
19. Porter M.E. (1990) -The competitive advantage of the nations, Ed. The Free Press, A Division of MacMillan Press Ltd., New York
20. Stefan, J. (2010), Managing the Risks of Mobile Money: The Banking Agent Reform in Kenya A Scenario-Based Policy Analysis. Harvard University Center for International Development CID Working Paper No. 45
21. Tao, Z., "An empirical examination of initial trust in mobile banking." Internet Research 21, no. 5 (2011): 527540.
22. Walker, M. (2003), 'Principal/agency theory when some agents are trustworthy', Accounting and Finance Working Paper, Manchester: Manchester Business School, Manchester University
23. World Bank. (2012). Financial Inclusion Data. Retrieved October 10, 2013, from The World Bank: [http://datatopics.worldbank.org/financial\\_inclusion/country/kenya](http://datatopics.worldbank.org/financial_inclusion/country/kenya)

# APPENDIX A





## **APPENDIX B**

### **Questionnaire for KBZ Pay Agents**

You don't need to write your name on this questionnaire. This information is being sought solely for academic purposes and will be treated with strict confidence. Kindly answer the questions by writing a brief statement or ticking the boxes provided as will be applicable.

#### **Personal Data**

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

##### **1. Gender**

- Male
- Female

##### **2. Marital Status**

- Married
- Single

##### **3. Age**

- Under 21
- 21-30
- 31-40
- 41-50
- Above 51

##### **4. Education**

- High School
- Undergraduate
- Graduate
- Master
- Doctorate

##### **5. Type of business**

- Mobile shop
- Convenience Store

- Grocery Store
- Travel & Tour agent
- Money changer
- Others \_\_\_\_\_

**6. Monthly Income**

- 500,000 kyat or last
- 500,001 kyat – 1,000,000 kyat
- 1,000,001 kyat –1,500,000 kyat
- 1,500,001 kyat- 2,000,000 kyat
- More than 2,000,001 kyat

**7. How long have you been an KBZ Pay Agent?**

- Less than 3 months
- 3 to 6 months
- 6 months to 1 year
- 1 year to 2 years
- Don't know

**8. How many Agent service do you currently provide?**

- 1
- 2
- 3
- 4
- 5
- More than 5

**9. From which source do you know about KBZ Pay?**

- Social Network
- Newspaper/Journals
- Friends/colleges
- Billboard/broachers
- Personal Marketing
- Events

10. Please give your opinion by ticking ( ✓ ) on one answer.

- 1 – Strongly Disagree  
 2 - Disagree  
 3 - Neutral  
 4 - Agree  
 5 - Strongly Agree

**Agent Attitude**

No.	Particular	1	2	3	4	5
1	Agent satisfied on KBZ Pay incentives and offers.					
2	KBZ Pay provide 24/7 service to agent.					
3	Agent provide more service hours than banks.					
4	KBZ Pay service provider and call center are patient and helpful.					
5	KBZ Pay transaction processes are very simple and easy.					
6	Transaction process are easy to understand and user friendly.					
7	KBZ Pay got the largest customer numbers than other agent banking.					

**Agent Experience**

No.	Particular	1	2	3	4	5
1	KBZ Pay Agent network is the highest among other agent banking providers.					
2	KBZ Pay provides diversify products and services to customers.					
3	KBZ Pay is providing services using advance technology to mitigate fraud transaction and reduce risk.					
4	KBZ Pay provides sufficient and correct information about services in an efficient manner.					
5	KBZ Pay products and services are user friendly.					
6	KBZ Pay accounting opening process is easier than other agent banking services					

### Agent Core Business

No.	Particular	1	2	3	4	5
1	Customers are come to agent out of work hours.					
2	Agent cash flow is enough to run the business					
3	Agent transaction fees and performance incentive are main income of the business.					
4	Open in weekends and descendant holidays.					
5	Agent location is convenience for customers.					
6	Internet network is good to provide service.					

### Customer Base and Transaction Volume

On a scale of 1 to 5. Where: Not at all (1), To a little extent (2), To a moderate extent (3), To a great extent (4) and To a very great extent (5). Which is the most commonly used service among the ones listed below?

No.	Particular	1	2	3	4	5
1	Cash Transfer					
2	Cash Deposit					
3	Cash withdrawal					
4	Bills Payment					
5	Account opening					

What is the average number of customers served daily?

- Less than 5 customers
- 6 - 10 customers
- 11- 15 customers
- 16 - 20 customers
- More than 20 customers

Customer prefers agents because they are closer to them as compare to banks.

- i. Strongly Disagree
- ii. Disagree
- iii. Neutral
- iv. Agree
- v. Strongly Agree

Of what value are these customers frequently used to make per transaction?

- 10,000 & below
- 10,001 – 25,000
- 25,001 – 50,000
- 50,001 – 100,000
- 100,101 – 200,000
- 200,001 – 300,000
- 300,001 – 400,000
- 400,001 – 500,000
- 500,001 & above

Any Suggestion

---

---

---

---

---