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**CUSTOMER PERCEPTION ON SHWE AGENT BANKING  
SERVICES**

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# **CUSTOMER PERCEPTION ON SHWE AGENT BANKING SERVICES**

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## **ABSTRACT**

This study focuses on how customers perceive on the Shwe Agent Banking Services that determine their intentional use of this service. SHWE Rural and Urban Development Bank was registered and incorporated as a limited company on 14 February 2014 and the Central Bank of Myanmar granted a banking license on 28 July 2014. The objectives of the study are to identify the practices of the Agent Banking service of Shwe Bank and to examine the customers' perception towards the Shwe Agent Banking service. Descriptive method and; both primary data and secondary data is used in this study. Current total number of Shwe agents countrywide is 407 (as in November 2018). The study only chose 18 agents who live in downtown area, in Botahtaung Township, in Minglar Taung Nyunt Township and in Latha townships in Yangon to deliver the questionnaires to their customers. 51 sampled customers out of 160 regular customers of the 18 Agents who who live in these areas were chosen randomly and the results were analyze and discussed in order to assess the customer perception on Shwe Agent Banking on four dimensions as cost, convenience, assurance and trustworthiness. The study found that the customer perception on Conveniences is highest and lowest on Cost-effectiveness among four dimensions regarding to their intentional use of Shwe Agent Banking services.

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## **LIST OF ABBREVIATIONS**

ADB	Asian Development Bank
ATMs	Automatic Teller Machines
CBM	Central Bank of Myanmar
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
KYC	Know Your Customer
LC	Letter of Credit
NGOs	Non-Government Organizations
POS	Point-of-Sales
RSPs	Regional Service Providers
SME	Small and Medium Enterprise
SRS	Simple Random Sampling
TAM	Technology Acceptance Model
TMO	Top Management Office
TT	Telegraphic Transfer

# **CHAPTER I**

## **INTRODUCTION**

In emerging markets and rural areas, traditional banks have a hard time reaching customers. An opening and operating traditional bank branch is often not cost-effective. Operating a bank branch entails having at least one teller at the front desk, a bank manager, bank employees specializing in e.g., mortgages and loans, and security. Nowadays, the trends change from harder way to the more convenient way of making transactions by using the internet banking, the mobile banking and the agent banking that are the technology driven banking services. The countries in Latin America, the Caribbean, Africa and Asia have already applied the different models of agent banking to make the success stories. In Brazil, there are agents in all towns, accounting for more than half of all points of access to financial services. Currently there are 15 access points per 10,000 adults in Brazil, of which 11 are agents in 2016. In Bangladesh, the total number of agents stood at 2,577, up from 1,646 a year earlier at the end of 2017. The total number of accounts more than doubled to 12.14 lakh in local currency in 2017 from a year earlier, according to data from the Bangladesh Bank.

“Agent banking” refers to the provision of financial services through agents or third party intermediaries on behalf of the financial institutions. Daud, Kassim, Said and Noor (2011) examined the critical success factors influencing the adoption of agency banking services in Malaysia using technology acceptance model (TAM). It is found that perceived usefulness, perceived credibility and awareness about agency banking have a significant effect on user’s attitude thus influencing the intention toward agency banking. A similar study was conducted by Cheah, Teo, Sim, Oon, and Tan (2011), and found that factors such as perceived usefulness, perceived ease of use, relative advantages and personal innovativeness were positively related with the intention to adopt agency banking services. In the same context Riquelme and Rios (2010) found that usefulness, social norms, and social risk are the factors that influence the intention to adopt agency banking services in Singapore.

### **1.1 Rationale of the Study**

Agent banking or Agency banking is cost effective, convenient to use and making profit in win-win situation, for both financial institutions and the agents. It

can support the financial inclusion by extending a range of financial products and services which towards the people who are in the underserved area through via the agents. Shwe Bank needs itself to make sure to have a strategic plan and the objectives to improve its competitiveness in the market because it is the 23rd private bank in Myanmar. Establishing many branches that can provide the bank services to cover most of the area of Myanmar but it is too costly and needs more time and resources. So, it chooses the Agent Banking Product that could be very appropriate in line with its current position. This is the product designed based on the existing network of RSPs (Regional Service Providers) of Skynet media broadcaster that is under the same umbrella of Shwe Than Lwin Group of Co, Ltd.

Currently it starts its banking services through more than 300 agents in different States in 2016 and Regions of Myanmar who are the previous RSPs of Skynet media. It plans to extend that network up to 1000 agents in near future. Current number of Shwe agents throughout the country is 407 (as in November 2018). To know customers' perception on its service is important for the bank because it can help them to good or bad that there is something needed to change if they see the real view of their customer upon their product or services. It can provide similar services like branch banks, but it can save transition costs and time consumed as the customers do not need to come to the nearest branch to get banking services. This study would like to examine the customers' perception because it can help us to know how agent banking could be successful or not in the future like traditional branch.

## **1.2 Objectives of the Study**

The objectives of the study are as follows;

- To identify the practices of the Agent Banking service of Shwe Bank.
- To examine the customers perception towards the Shwe Agent Banking service.

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

This study focuses on Shwe Agent Banking service. Descriptive method is used in this study. Both primary data and secondary data is used. Primary data were collected by using the structured questionnaires to examine the perceptions of the customers of the bank. The secondary data were gathered from and cited the various

sources like the records of SHWE BANK, the relevant text books, the previous research works, the scholarly articles, the news and the reliable websites, etc. The total number of Shwe agent is 407 (as in November 2018). The number of Shwe agent in Yangon only is 87 who provide 3210 customers in October, 2018. Among them, the study choose 18 agents who live in downtown area, covers 8 agents in Botahtaung township, 6 agents in Minglar Taung Nyunt Township and 4 agents in Latha townships in Yangon. The selected Agents deals with 160 regular customers on that date, October, 2018. The distribution of agents by Townships in Yangon is shown in Appendix A.

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

This study is organized into five chapters. In chapter 1, the background of the study, rational of the study, objectives of the Study, scope and method of the Study and organization of the Study is included. Theories and literature reviews that are relevant to this study is described in chapter 2. In chapter 3, the profile of Shwe Bank and the practices of Shwe Agent Banking is included. Analyses on the perception of the Agents on their satisfaction on the agent banking services are presented in chapter 4. The findings, conclusion and suggestions are found in the last chapter, chapter 5.

## **CHAPTER II**

### **LITERATURE REVIEW**

This chapter reviewed different literatures, theories and the Empirical reviews related with the Agent banking and Customers perception.

#### **2.1 The Concept of Branchless Banking**

Branchless banking represents a new distribution channel that allows financial institutions and other commercial actors to offer financial services outside traditional bank premises. There are different types of branchless banking models that is evolving. A licensed financial institution (typically a bank) delivers financial services through a retail agent. That is, the bank develops financial products and services, but distributes them through retail agents who handle all or most customer interaction. The bank is the ultimate provider of financial services and is the institution in which customers maintain accounts. Retail agents have face-to-face interaction with customers and perform cash in/cash out functions, much as a branch-based teller would take deposits and process withdrawals.

Customers do not deal with a bank, nor do they maintain a bank account. Instead, customers deal with a nonbank firm either a mobile network operator or prepaid card issuer and retail agents serve as the point of customer contact. Customers exchange their cash for e-money stored in a virtual e-money account on the non-bank's server, which is not linked to a bank account in the individual's name. It is riskier as the regulatory environment in which these nonbanks operate might not give much importance to issues related to customer identification, which may lead to significant Anti-Money Laundering and Counter-Terrorism Financing risks. Bringing in a culture of Know Your Customer (KYC) to this segment is a major challenge. Further the nonbanks are not much regulated in areas of transparent documentation and record keeping which is a prerequisite for a safe financial system.

Another concept emerged when a traditional bank uses non-traditional low-cost delivery channels to provide banking services to its existing customers. Examples range from use of automatic teller machines (ATMs) to internet banking or mobile phone banking to provide certain limited banking services to banks' customers. It is additive in nature and may be seen as a modest extension of conventional branch-based banking.

## **2.2 Characteristics of the Agent Banking**

Agent banking refers to the delivery of financial services outside conventional bank branches and that entails the use of non-bank retail outlets that rely on technologies such as point-of-sale (POS) terminals, or mobile phones, for real-time transaction processing. A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and many more. In this case, most of the agents of the Shwe Bank are RSPs of Skynet, store owners, mobile phone and accessories shops, individuals, etc.

The main benefits of the agent banking are to include unbanked or underserved segment into the ecosystem and expand customer base profitably and it can provide banking to a larger customer base at low servicing costs. Another benefits are to simplify business processes and to enhance efficiency that can promote a cashless culture, and provide multiple products and payment facilities through a single agent. The agent network can be easily expanded to reach out to more people as and when required. One of the features of the agent banking is that it can minimize distance between a customer and access to financial services. Customers are convenience in withdrawing and depositing cash. It allows people from all walks of life to participate in the Economy. It is also convenience in settling bills, subscriptions and payments for government services when the customers use the agent banking network. It can encourage more purchasing due to easier flow of cash in financially under-served areas.

At present, one of the main challenges is moving forward to offer, and more important to promote, a broader range of financial products and services, such as withdrawals, deposits, pre-approved credit lines, opening simplified current accounts, and international remittances. As an example, in Brazil, in December 2013, 74 per cent of total agents' services were bill payments, 10 per cent were withdrawals, 9 per cent deposits, and only 0.27 account openings. Finding ways to efficiently downscale microfinance services is another main challenge for accelerating the agent-banking model. A similar study was also conducted by Lee, Park, Chung and Blakeney (2011),

and found that connectivity influences perceived ease-of-use directly. In addition, perceived monetary value has a significant effect on perceived usefulness, not only useful for a firm, but also from a time and monetary value standpoint. Personal innovativeness significantly influences perceived ease-of-use, so innovative users can take advantage of it more frequently. Absorptive capacity also directly affects usage intention. Finally, perceived task technology, versus a task characteristic view, significantly influences perceived usefulness.

### **2.3 Regulatory Framework for Agent Banking**

As the regulatory authority, the Central Bank of Myanmar (CBM) is responsible to provide a comprehensive legal framework for sound and efficient functioning of the banking sector and to keep abreast of recent banking sector development, In this context, the CBM has carried out a review of the existing laws, rules and regulations and revised many instructions and issued new ones, made drafting new laws with the Technical Assistance from IMF and World Bank. In response to the developments and complexity of the operations in banking and financial sector as well as for the preparation for joining Article VIII member countries of IMF, CBM has been drafting the following laws, of which some are submitted to Hluttaw for approval:

- (a) The Central Bank of Myanmar Law;
- (b) The Foreign Exchange Management Law;
- (c) The Securities Exchange Law; and
- (d) The Financial Institutions of Myanmar Law.

In order to develop the momentum of the State's economy, creation of good financial environment is essential and well-functioning financial system is critical. In this context, the CBM adopts a banking sector development strategy with three phases which are (1) permitting domestic private banks to run joint venture banks with foreign banks, (2) permitting foreign banks to establish locally incorporated 100 % owned subsidiary, and (3) permitting foreign banks to open bank branches in Myanmar. In accordance with such development strategy, Central Bank has drafted regulatory requirement concerning with the terms and condition for establishing Joint Venture Banks. CBM will issue this instruction after the authorities have approved the terms and condition for Joint Venture Banks.

As the Focal Point of the Financial Sector on Anti-Money Laundering activities to ensure that the financial system is not in any way compromised by criminal activities associated with money laundering, the CBM has issued Instruction No.7/2011 to comply Anti-Money laundering and Combating the Financing of Terrorism measures by the banks which hold the Donkey Changer License according to the Control of Money Laundering Law and Rules enacted in 2002 and 2003 respectively. Financial sector plays an important role in economic development of a country. A central bank with its tools of monetary policy endeavors to attain proper functioning of a sound and stable financial system conducive to an orderly, balanced and sustainable economic development.

The CBM is the regulatory and supervisory authority of the financial sector in Myanmar. Bank Supervision Department supervises the financial institutions by conducting on-site and off-site examinations. In recent years, the financial system of Myanmar has developed rapidly with active participation from the private sector. Along with the rapid increase in private banking, a number of measures have been taken to strengthen the regulatory framework and the supervision of the banks. The regulatory framework includes the following:

- (a) Limit on deposit - a bank's deposits should not exceed 10 times of its paid-up capital.
- (b) Reserve requirement - 10% of total deposits to be deposited at the CBM (cash in hand, maximum 25% to be maintained and deposits with the CBM, not less than 75% to be maintained).
- (c) Liquidity ratio - 20% of deposits is to be kept in cash balances with the CBM or other banks.
- (d) Capital adequacy ratio - core capital to be 10% of risk-weighted assets.

If a bank fails short of the required limits, the penalty is VS of 1% of the shortfall amount. Nonperforming loans must be classified as "sub-standard" -doubtful- and "bad", when principal or interest payments are overdue 6-12 months, 12-24 months, and above 24 months respectively. Banks are required to maintain a general provision of 2 percent of the total loans portfolio, In addition, the banks must set aside 50 percent and 100 percent provisions for any "doubtful" and -bad" loans respectively. In 2014 and 2015, banks have improved their product offering and have been increasingly promoting new modern payment solutions. Since financial inclusion



which is tremendous power to drive economic growth and if it works functionally, it could bring towards the well-being and prosperity of people.

Central Bank of Myanmar is working continuously to develop a modern information technology based efficient and secured banking system with a view to increase stability in the financial sector. The number of branch including full branch, branch and mini branch is 1041. The number of ATM is 1025 and mobile banking, 4 and internet banking such as E-banking, i-banking and m-banking is 5 in 2014-2015.

## **2.4 The Nature of Perception**

The Internal influences that have effect on consumer behavior consist of an individual's perception, learning, memory, motives, personality, emotions and attitudes. (Hawkins & Mothersbaugh, 2010, 274-275). Perception plays a major role in the processing of information and consumer decision making. It begins with consumer exposure and attention to marketing stimuli and ends with interpretation. These three stages make up the process of perception. There is a very small amount of information that the consumer processes during the stages of exposure and attention which make these stages highly selective. The stimulus that does enter the conscience is not processed objectively. The meaning of the stimulus is interpreted differently from person to person and is influenced by unique biases, needs and experiences. (Solomon, Bamossy, Askegaard & Hogg, 2010)

In order for a marketer to communicate their brand or products message effectively to the consumer, it is important for them to understand the nature of perception. Information processing is a process whereby stimuli is perceived, transformed into meaningful information and then stored. The process begins with exposure which is when stimulus such as an advertisement leads to an immediate response of sensory receptors (e.g. sight, smell, hearing, touch etc.) We process raw data, however perception focuses on what an individual takes away from these sensations and what meaning they assign to them. (Solomon, et al. 2010).

Due to the subjective nature of perception, it is vital the message the marketer is aiming to achieve is portrayed in a very clear manner so that the consumer does not interpret the advertisement incorrectly. A controversial advertisement could be interpreted by its consumers wrongly as it was perceived falsely. The consumer's prior assumptions influenced this opinion which shaped the advertisements meaning to them. In this way it is paramount to take into consideration the sensitivity of the

design and selection of the advertisement in order to avoid controversial interpretation. Customer perception leads to thought and thought leads to action. Perception is the process whereby stimuli are received and interpreted by the individual and translated into a response. In other words, perception is the process by which the mind receives, organizes and interprets physical stimuli. To perceive is to see, hear, touch, taste, smell and sense internally something or some event or some relation. Perception is selective because, and individual cannot possibly perceive all stimulus objects within his perceptual field; hence, he perceives selectively. Perception is organized because, perceptions have meaning for the individual and they do not represent a buzzing confusion.

Perception depends upon stimulus factors. That is, the nature of physical stimulus itself is a determinant of perception. The variables like colour, size, contrast, intensity, frequency and movement are of this kind. Again, perception depends on the personal factors. What the individual brings to the situation governs perception his ability to see or hear the message, his needs, his moods, memory, expressions and values all these modify the message reception. The personal factor of perception is his self-concept, need, span of apprehension, mental set and the past experiences.

## **2.5 Influencing Factors on Customer Behavior**

Customer behavior is influenced by three sets of factors that they are external factors, internal factors, and the consumer process. Culture, occupation, social class and geographic location are factors which externally influence customers. Culture is a mix of beliefs, attitudes, and ways of doing things by reasonably homogenous set of people. Culture explains how and why people behave as they do and also transcends to their buying behavior. Education, upbringing, religious beliefs, and living conditions are the factors that would shape up the culture of a person, (Assael H, 1981),

In the financial products marketing, the opinion of reference groups has considerable influence on customer's choices. A customer is more likely to share the attitude of his or her reference group. If information obtained by a customer contradicts with what the reference groups believes in, the customer will also develop unfavorable attitude towards the product. Marketing people can identify suitable reference groups to build up favorable image and opinion. This is especially true in marketing to retail segments which often look for reliable sources of information. The

over dependence of customers on image in the services industry can be best explained by the problem of credibility of information sources and the intangible nature of the service. In the case of banks, studies have shown that customer choice is largely decided by their perception according to their behavior.

Customer behavior is also affected by many uncontrollable factors, Customer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the customer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the customer makes an estimate of the available money which he can spend. Lastly, the customer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume.

The buying behavior of the customer is influenced by four major factors: 1) Cultural, 2) Social, 3) Personal, 4) Psychological. These factors cause them to develop product and brand preferences. Although many of these factors cannot be directly controlled by marketers, understanding of their impact is essential as marketing mix Strategies can be developed to appeal to the preferences of the target market.

### **2.5.1 Effect of Transaction Cost**

The costs of the service are considered as one of the most imperative factors in the decision-making process. This is because it determines the customer's ability to use the service depending on availability of the specified amount and their set budget. Perceived cost is the perceived quantifiable costs of acquisition and use of technology (Koenig-Lewis, Palmer, & Moll, 2010). Referring to Luarn & Lin's, (2005) definition, perceive financial cost is "the extent to which a person believes that using mobile Banking was cost money." Agent banking provide technological services that reduce costs; increase income and increases reach-ability and mobility. They can help to extend social and business networks and they clearly substitute for journeys and, bank branches, representative offices like intermediaries (Donner 2005, Hughes & Lonie 2007). Agent banking systems are providing good money transfer and payment services to early users. However, there was need to be better marketing and training involved to help consumers understand what the systems are capable of, as well as, improved policy measures to ensure that the benefits of agent banking are evenly distributed across all banking and consumer sectors. Agent banking has evened out

the cost of accessing financial services enabling and enhancing the financial inclusion project where the goal is to ensure most of the people who are not included in the banking statistics as financial users of financial services.

The introduction of agent banking was a project aimed at reaching people who could not have otherwise been able to access normal banking services. Today people from all walks of life are able to access banking services at a more reduced cost. The cost of transferring funds from one party to another has reduced tremendously low any given amount. The cost of withdrawing funds from ones bank account through the phone has also reduced allowing people to have access to funds from different points in location and at any given time including non-working hours. In the past the daily costs of living such as electricity bills, water bills and the process of purchasing goods and services has also been made easy with the option paying bills using handsets or nearest agent outlets.

Transactions can now be made using cashless methods and procedures such as POS, ATM or prepaid card. Agent banking can also be considered as the convergence of mobile technology, internet and financial services (Chung &Kwon, 2009). Agent banking is a subset of banking as it allows everyone easy access to their banking activities via agents. With the improvement of mobile technologies and devices, agent banking has been considered as a salient system because of such attributes of mobile technologies as ubiquity, convenience and interactivity. Mobile payments on the other hand are defined as the use of a mobile device like POS or mobile phone to conduct a payment transaction in which money or funds are transferred from a payer to a receiver via an agent.

### **2.5.2 Effect of Consumer Convenience**

The accessibility in this case can be in terms of physical accessibility (proximity), financial accessibility (affordability) and liquidity (Leonard, 2002). Unlike formal services, agent banking incorporates the aspects of security, proximity and affordability which indicate the high usage of branchless banking services for saving by informal settlement dwellers. Additionally, branchless banking adoption has led to increased saving practices by the informal settlement dwellers compared to before when accessing formal financial institutions was costly. This is in line with Kitaka (2011), who argues that most low-income earners and in particular the people residing in informal settlements avoid saving with financial institutions since the

access and use of formal savings products involves a lot of monetary costs like all which they feel they cannot afford.

Moreover, due to trust issues, there is a lot of under saving among informal settlement dwellers based on their subjective appraisal of the financial institution's reliability. Additionally, Kitaka (2011) points out that due to the fact that regulatory barriers include requirements like "know your customer" rules, they hinder saving practices of the low-income earners since they feel they do not fit into this regulation due to their low income. Widespread research has provided support that perceived ease of use had a significant effect on usage intention; it is an important forecaster of technology adoption. This study seeks to revalidate such relationships in the perspective of agent banking services offered. Perceived ease of use refers to the degree to which a person believes that using a particular system would be free of effort.

### **2.5.3 The effect of Assurance**

The act of assuring means that a declaration tending to inspire full confidence; that which is designed to give confidence. It is also the state of being assured; firm persuasion; full confidence or trust that means freedom from doubt or certainty. Parasuraman et al. (1988) defined assurance as the knowledge and courtesy of a firm's employees and their ability to inspire trust and confidence, and reliability as the ability of service firms to perform the promised service dependably and accurately. Further, Parasuraman et al. (1991) argued assurance was concerned with the service delivery process whereas reliability was mainly concerned with the outcome of service. This involves many of the psychological and behavioural aspects including the way service staff performs their tasks, what they say and how the service is being delivered (Bell et al., 2005). The present study aims to focus on assurance as the one of the dimensions of service quality of agent banking because it is an important theoretical as well as a practical issue for most service providers like banks, hotels and restaurants. On the other hand, Arrow (1974) emphasized that the role of assurance and reliability as the foundation of every economic transaction. Similarly, Simons (2002) reiterated the importance of assurance, reliability and trust which increases the profits of firms.

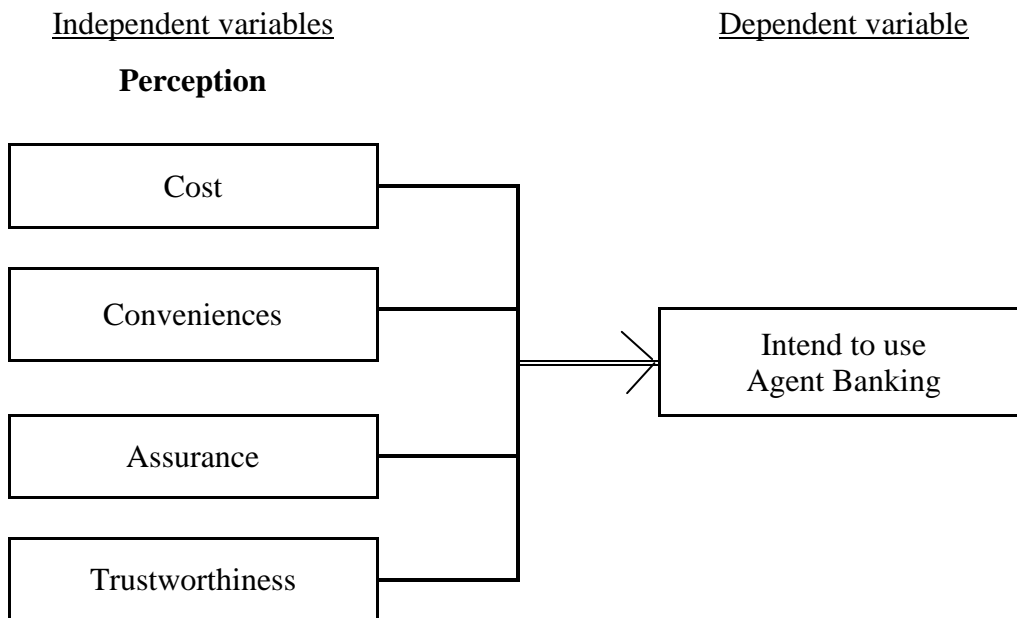
#### **2.5.4 The Effect of Trustworthiness**

Gaining a customer's trust is vital for the success of e-business. Customer perceptions of privacy and security influence trust in online transactions (Friedman, Kahn, & Howe, 2000). Customers are likely to share personal information if they have control over it. How Trust and security affect the Saving Practices among Informal settlement dwellers Consumers think of the risks they undergo if they adopt the new banking through mobile services like mobile phones, POS devices; especially due to the rising number of hackings and identity theft that has invaded the e-commerce sector. Many people feel like they have exposed themselves to the possible theft and perceived ease of misuse of their bank accounts in the event that hackers get access to their secret codes or from friends and relatives who are likely to access their mobile phones (Yeow, et.al, 2008). The consumer may feel at risk and exposed to insecurity and uncertainty that makes him or her anxious about adopting mobile services such that they end up not enjoying the benefits derived from the mobile banking (Poon,2008).

According to Featherman & Pavlou's (2003), definition of perceived risk in electronic service context is that, a bank customer's expectation of potential loss in the pursuit of a desired outcome of using mobile banking. Porteous (2006) asserts that agent banking has the potential to be transformational owing to various facts. First, it uses existing mobile communications infrastructure or internet that already reaches un-banked persons. Secondly, new players such as mobile phone industry may drive Operators, it with different target markets from traditional banks that are able to harness the power of new distribution networks for cash transactions. These include mobile service providers, who extend the reach beyond the conventional tellers or ATM networks of banks. In addition, it may be Cheaper than conventional banking, if the offering is competitive enough. The differences between the schemes can also be described in terms of the broader system the characteristics which may be less transparent to consumers. The systems vary in terms of their technical platform; who manages the money float and settlement mechanisms; who manages the interaction with a customer and how; and whose brand is used to market the product.

This study developed a conceptual framework based on the theories and concepts of customer perceptions as follows;

**Figure (2.1) Conceptual framework**



Source : Self-compilation

The framework designed into four dimensions that are stated as customer perception on cost effectiveness of banking services, perception on conveniences, and perception on Assurance, perception on trustworthy on agent banking service.

## **CHAPTER III**

### **THE PRACTICES OF SHWE AGENT BANKING SERVICES**

In this chapter, the profile of Shwe bank and the practices of Shwe Agent Banking services are described. There are seven sections that were mentioned with the following expressions.

#### **3.1 Origin of Shwe Bank**

Directorate of Investment and Company Administration under Ministry of Planning and Economic Development of the Union Government registered SHWE Rural and Urban Development Bank to incorporate as a limited company on 14 February 2014 and the Central Bank of Myanmar granted a banking license on 28 July 2014. As per the said approval from the Union Government as well as the Central Bank, in order to lunch SHWE Rural and Urban Development Bank (Head Office) and a Branch at the Head office, the infrastructure including Vaults and Data Centre are under construction at a 9- storied building at the corner of Pansodan Road and Merchant Street, where the financial market of Yangon is located. Bayintnaung branch was opened on 5 December 2016. In 2017 Shwe Bank opened three branches. One of branches is in Mandalay, which was opened on 23February 2017. And then another branch was opened in Yarzardiyit, Botahaung Township, Yangon, on 20 June 2017. The last branch was opened in Shwe Gone Thu, lower Kyimyindaing Township, Yangon on 29 November 2017.

#### **3.2 Organizational Structure of Shwe Bank**

The Bank's Board of Directors is the highest authority led by the Chairman and made up of Vice Chairmen and Managing Director. The Board lays down policies of SHWE Bank whereas Functional Committees led by the Managing Director are to execute the operations of SHWE Bank. SHWE Rural and Urban Development have fourteen departments. (See Appendix B)

They are as follows;

- (i) Administrative Department
- (ii) Human Resources Development Department
- (iii) Account Department
- (iv) Finance Department



- (v) Domestic Banking Department
- (vi) Currency Department
- (vii) International Banking Department
- (viii) Electronic Banking Department
- (ix) Agent banking Department
- (x) International Business Development Department
- (xi) loans Department
- (xii) Internal Audit Department
- (xiii) Legal Department
- (xiv) Top Management Office.

### **3.3 Management Mechanism and Bank Culture of Shwe Bank**

The Bank Board of Directors is the highest authority led by the Chairman. Top Management is the highest authority that realizes the policies laid down by the Board. Heads of Departments execute the operational plans as directed by the Top Management. Committees: The three committees below are organized with the Bank's Directors, outsourced experts and high-ranking Bank officials. There are;-

- (i) Risk Management Committee
- (ii) Credit Committee and
- (iii) Audit Committee.

As every bank has a bank culture of laying down its own principles to achieve their business objective. In accordance with bank culture, SHWE Rural and Urban Development Bank also has formulated mission, vision, commitment, core values. Mission of SHWE Rural and Urban Development Bank is to contribute to rural and urban development by providing high quality financial products and services. SHWE Rural and Urban Development Bank' Vision is to be the premier bank in Myanmar that provides diverse financial services to impact our Rural and Urban Development in nation-building.

SHWE Bank's commitment is to serve valued customers of SHWE Bank by providing the highest standard of innovative banking services through our dedicated and professional staff. Core Values are Integrity & Ethics, Trust, Professionalism, Commitment and Enthusiasm.

### **3.4 Banking Services of Shwe Bank**

Banking Operations in SHWE Bank can be classified into two categories:

- (1) To acquire deposits and
- (2) To invest the funds.

Capital, Public Savings, Public Deposit, Time Deposit, Loans from Domestic Banks, Loans from Foreign Bank, Loans from Government, Loans from organizations such as NGOs, ADB and JICA, Issue of Debentures and Certificates of Deposits are major source of funds.

The funds acquired are loaned out as short term, medium term and long term loans, Hire Purchase loans, Leasing loan, Commercial loans, Project loans, Loans for Rural Area, Loans for Urban Area as major investments of the bank.

SHWE Bank will engage in Internal Remittance, ATM Card, Mobile Banking, Bill Collection and Cash card services. Where Mobile Banking is concerned, Regional Service Partners (RSPs) of SHWE Bank's Brother Company SKYNET throughout Myanmar will become SHWE Bank's agents. They will render banking services like Cash in/ Cash out/ Cash Transfer at affordable rate to Urban and Rural citizens. Through Mobile Banking system we will focus our services on urban and rural population in order to develop financial inclusion.

Moreover, SHWE Bank will provide retail banking services as follows;

Domestic Banking Services for Deposit are (i) Current Deposit (ii) Saving Deposit (iii) Fixed Deposit (iv) Call Deposit and (v) Special Deposit. Domestic Banking Services for Loans are (i) Loan Terms Loans/Short Terms Loans (ii) Overdraft (iii) Hire- Purchase (iv) Employees Loan and (v) Small & Medium Enterprise (SME). Other Services are (i) Safe Deposit (ii) Internal Remittance (iii) Agent Banking (iv) Debit Card (v) Credit Card (vi) Gift Cheque, (vii) Payment Order and (viii) Guarantee Letter. International Banking Services are L.C (Export, Import), Bank Guarantee, T.T, Currency Exchange, International Remittance, Cash Card (Master, Visa).

### **3.5 Shwe Agent Banking Service**

SHWE BANK developed the agent banking product based on the specific goals as follows;

- (a) To be successful the businesses in both urban and rural areas throughout Myanmar and to raise their living standards by enabling them to make the rapid payment and transferring funds swiftly.
- (b) To provide financial services to the unserved rural area through Shwe Agent Banking
- (c) To make sure that transferring money in where there is no bank branches and remote area could be done rapidly, in streamlined manner and less costs.
- (d) To enable that the people who live in urban/rural area can make transactions like normal payment, bill payments and other micro-finance payments rapidly, in streamlined manner and less costs.
- (e) To achieve the above goals, the bank needs to formulate the proper tactics and strategies that affect not only short-term business survival but also long-term business growth.

The financial service sector of Bank is important role as economic development of Myanmar. So Shwe Rural and Urban Development Bank supports the financial service sector to rural and urban peoples across Myanmar carrying out with save cost via Skynet Regional Service Partner (Agent). Prepaid card system out of Shwe agent banking services may be mainly served to urban and rural peoples intending to the extension of financial Inclusion.

Therefore Shwe Agent Banking service project to be implemented by Shwe Bank is submitted to central Bank of Myanmar as follows:

- (a) To perform the remittance and payment immediately to heighten the living standard, develop and succeed in business of rural and urban across Myanmar.
- (b) Bank services cannot get the rural region, financial services are provided by Shwe Agent Banking.
- (c) Remittance can be carried out with fewer service charges at no bank branch and remote region from bank.
- (d) Regular payment of rural and urban peoples, Bill payment and payment of microfinance scan be made immediately.
- (e) Customers go to the nearest Agent, remittance from bank account to non-bank account customer, from prepaid card Account to other prepaid card account can be made and Balance can know in timely

manner, transfer, payment, disbursement and top up the finance, such service intend to provide.

### **3.6 Types of services provided by Shwe Agent Banking**

At the granted period to carry out Shwe Agent Banking's SHWE prepaid card system, starting performance services are as follows:

- (1) Domestic remittance
- (2) Payment and Disbursement of Myanmar Kyats via branches of mobile operators, ATM machines, Bank branches and agents.
- (3) Payment from persons to person, payment and remittance from Shwe prepaid card account to other Shwe prepaid card account.
- (4) Payment from individual to business (such as payment for water tax and electricity bill) payment of Skynet bill and internet bill.
- (5) Microfinance loan, excess loan disbursement, microfinance payment such as premium.
- (6) Foreign remittance
- (7) Payment from government to individual (such as wage, salary, pension and other fund).
- (8) Payment from individual to government (tax).

### **3.7 Agent Training and Supporting**

Shwe Bank provides the necessary training and other support materials before performing as Agent. Therefore Agents can support the necessary assistance to the customers who use Shwe Agent Banking system in addition to the monetary activities Shwe Bank may provide the support the market extension supported material and record books for Agents Shwe Bank skilled staff may systematically teach Shwe prepaid card system. Agents are taken monthly training (or) free training from time to time Shwe prepaid card system given service by Shwe Bank is a system can be easily used by the peoples customer Services call center of Shwe Bank may provide the technology assistance and other activities to the agents.

Shwe Bank call center may

- (1) Settlement of encounter difficulties while Shwe prepaid card performance is carried out.

- (2) Consumption may be temporarily suspended if Shwe prepaid card loses (or) theft.
- (3) Change of PIN.
- (4) Change the information of the data of customers
- (5) Settlement for other enquires.
- (6) Carrying out the given guidance for the way and method of Shwe prepaid card.

Shwe Agent Banking also support for Agents as followings;

- (1) Support the necessary advertisement.
- (2) Advertisement may be uploaded at Skynet to channel and Shwe FM to know Shwe agent banking publicly.
- (3) The required training may be provided in practical and theory for the successful business performance.
- (4) If needed, the skilled staff may be sent for marketing and promotion.
- (5) Agent log book, receipt book, other machinery software requirement may be supported.
- (6) Agent list shall be uploaded at Shwe Bank website, Facebook, Skynet TV, Shwe FM consecutively in order to easy payment and disbursement of monies by agents.
- (7) The requirement of sale and marketing may be supported at the business starting date.
- (8) Call center may give the service 7 days per week, 24 hours per day.

### **3.7.1 Control the Personal Record (Know Your Customer)**

Control of personal record includes detail information and data of customers who use Shwe prepaid card system may prevent from illegal activities, Shwe prepaid card form may be submitted. Remittance payment by individual to individual, for each customer, by central bank of Myanmar;

- (A) Remittance payment amount is maximum Ks 1,000,000 per one time.
- (B) Maximum Remittance payment per day in designated as Ks 2,000,000

Selection and appointment of agents who supply Shwe Agent Banking may perform complied with the following statement;

- (1) Election is made in Line with the standards designated by Shwe Bank, policies and procedures prescribed by central bank of Myanmar.

- (2) Select the best entrepreneurs to increase sale value.
- (3) Agent's personal bio data is recorded completely.
- (4) Provide the adherence terms and conditions agent may be appointed by entering into the contract in order to abide by these rules.

Standard Criteria for Agent Recruitment are as follows;

- (1) Business is made, has a good dignity.
- (2) Interested in agent banking and performs its assigned duties diligently.
- (3) N.R.C, House Hold Member List, Bank account and document related to ownership of shop.
- (4) Amount of operational monies shall be deposited to the bank, designed to the respective business level.
- (5) Business operation premise has good telecommunication and communicable place.
- (6) Agents have to hang the sign board (or) vinyl is visible to the customer for providing an agent banking.
- (7) Staff can provide the best service to the customers.
- (8) The shop business hour, services is ready to provide
- (9) Undertake to control the daily transition transferred by bank to be kept at agent log look.
- (10) Cashes disbursement is made to the customers; cash float to be inspected always.

Agent can also get the following benefits from the bank when they perform their business;

- (1) Entitled to the commission from momentary gain for every performance.
- (2) Entitled to the interest from the saving deposit.
- (3) Continue to the interest from the saving deposit.
- (4) To obtain extra income from the extension of Shwe Bank's agent banking activities.
- (5) Increase the income without incurring the extra expense due to the performance of Shwe Bank's gent banking.
- (6) Provide additional entitlement to Agents who can attain more customers.

### **3.7.2 Premium Deposit**

Every Shwe agents have to pay premium deposit by using three ways. The first one is that the agent need to open an account at the Agent banking department to deposit required premium. The second way is that the agent have to pay the premium by giving the immoveable collateral to the bank according to the guideline of loan scheme. The last one is that the agent can pay the required premium by entrusting the gold to the bank. For opening the account, the merchants who want to do the Agent banking need to fill the application forms to apply to the bank. The agent bank department of Shwe Bank check the application forms whether it is according to the given standards or not. If it is, the department then submit them to TMO. After getting the approval from TMO, the applicant and Shwe Bank sign the Doing the Agent Banking business contract between these two parties. After signing the contract, the merchant begin to open the account according to the bank's guideline. The merchant have to aware the guideline of KYC (Know Your Customer) of the bank that they have to provide required information to the bank when he or she open the account. The distribution of agents by townships in Yangon is shown in Appendix A.

## **CHAPTER IV**

### **ANALYSIS OF CUSTOMER PERCEPTION ON SHWE AGENT BANKING SERVICES**

This chapter describes a detailed presentation of methodology and procedures which have been followed in conducting the study about analyze customer perception on Shwe Agent Banking. Then, the demographic characteristics of the 51 sampled customers out of 160 regular customers of the 18 Agents who who live in downtown area, covers Botahtaung township, Minglar Taung Nyunt Township and Latha townships in Yangon. The selected Agents deals with 160 regular customers on that date, October, 2018.and analyses their perception on the Shwe Agent Banking are describes based on the survey data collected by 2018 (November). Results of data analysis are calculated on the study 51 sample have been explained, then the results were analyze, discussed in order to assess the customer perception on Shwe Agent Banking.

#### **4.1 Research Design**

This section describes a detailed presentation of methodology and procedures which have been followed in conducting the study about analyze the customer perception on Shwe Agent Banking. Analytical descriptive method has been used to sustain quantitative measurement and analysis. Data has been collected through structured questionnaire as a main tool for the study. The structured questionnaire has been designed especially for this study and contains three parts. First part of the questionnaires is the primary information about the demographic specifications of the sampled individuals. Second part is descried some questions regarding the practices of customers on Shwe Agent Banking and the last part describes the 20 statements regarding to the customer perception on the Shwe Agent Banking. This part have four dimensions which are cost-effectiveness of agent banking, conveniences, Assurance, trustworthy on agent banking services. Every question has five alternative answers according to Likert Scale which consists of five degrees (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree). (See Appendix C)

The study sample has been selected by simple random sampling (SRS). Primary data is collected by delivering the questions to the random customers through



elected agents. The questionnaires have been collected within one month with a response rate of (72%).

In order to be able to select the appropriate method of analysis, the level of measurement must be understood. For each type of measurement, there is an appropriate method that can be applied. In this study, ordinal scales were used. Ordinal scale is a ranking or a rating data that normally uses integers in ascending or descending order.

## 4.2 Demographic Characteristic of Respondents

This section presents the profiles of selected 51 sampled customer who are currently use the agent banking service. The profiles cover the gender, age, marital status, education, occupation level of income. All the data obtained from the questionnaires collected are interpreted and summarized in average, frequency distribution and percentage distribution. The frequency analysis of respondents' demographic data is illustrated in pie chart and bar chart in this chapter while the table of frequency counts, percentages and cumulative percentages of these data can be found details.

### 4.2.1 Respondents by Gender

The respondents are not only males but also females. Table (4.1) show the gender of respondents. As shown in Table 4.1 and Figure 4.1, the male consists of 18 males and 33 females. In terms of the percentage, male respondents are 35.29 percent of the sample while female respondents are 64.71 percent of the sample. Therefore, female respondents are more than male.

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

Category	No. of Respondents	Percentage
Male	18	35.29
Female	33	64.71
<b>Total</b>	<b>51</b>	<b>100</b>

Source: Survey data, 2018.

#### 4.2.2 Respondents by Marital Status

Marital status is divided into three categories; single, married and not to answer. The survey data regarding to the marital status of the respondents are as shown in the following table (4.2).

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

Category	No. of Respondents	Percentage
Single	33	64.71
Married	17	33.33
Not to answer	1	1.96
<b>Total</b>	<b>51</b>	<b>100</b>

Source: Survey data, 2018.

The single take 65% of the largest portion of the sample, married respondents are 33% of the sample and only 2% of respondents do not want to answer.

#### 4.2.3 Respondents by Age

The respondents are distributed into 6 groups that they are Under 18, 18-24, 25-34, 35- 44, 45-54 and Above 54 years. Table (4.3) reflects the distribution of age of respondents.

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

Age Group	No. of Respondents	Percentage
18-24	4	7.84
25-34	26	50.98
35-44	14	27.45
45-54	6	11.76
Above 54 years	1	1.96
<b>Total</b>	<b>51</b>	<b>100</b>

Source: Survey data, 2018.

According to the data shown in the above table and figure, the 26 respondents (50.98%) fall into the age-group between 25-34 years, followed by 14 respondents (27.45%) fall into the age group of 35-44 years, 6 respondents (11.76%) fall into the age group of 45-54 years, 4 respondents (7.84%) fall into the age group of 18-24 years and only 1 (1.96%) respondent is in the age-group of over 54 years.

#### 4.2.4 Respondents by Education level

Regarding to educational level, respondents are distributed into seven categories: Elementary, Secondary, High school, Undergraduate, Graduate, Master and Doctorate as shown in the Table (4.4).

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

<b>Educational level</b>	<b>No. of Respondents</b>	<b>Percentage</b>
High school	2	3.92
Undergraduate	4	7.84
Graduate	33	64.71
Master	9	17.65
Doctorate	1	1.96
<b>Total</b>	<b>51</b>	<b>100</b>

Source: Survey data, 2018.

Most of the respondents are graduate (33, 64.71%) and the other holds the Master degree (9, 17.65%) according to the result of the above Table.

#### 4.2.5 Respondents by Occupation

The respondents by Occupation are divided into 7 categories; Own/family business, Company staff, Shop/grocery, Farming, Regional Service Providers (RSPs), Student and Other. The distribution by Occupation of the respondents is shown in Table (4.5).

**Table (4.5) Number of Respondents by Occupation**

<b>Category</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Own/family business	13	25.49
Company staff	25	49.02
Shop/grocery	2	3.92
RSPs	1	1.96
Student	2	3.92
Other	8	15.69
<b>Total</b>	<b>51</b>	<b>100</b>

Source: Survey data, 2018.

According to the result table, most of the respondents are company staffs because 25 (49.02%) of them are fall into the category of it, 13 (25.49%) respondents fall into the category of Own/family business, and 2 (3.92%) respondents fall into shop/grocery of business. 1 (1.96%) respondent is RSP and the rest of the respondents, 8 (15.69%), do the other types of businesses other than the above categories.

#### 4.2.6 Respondents by Monthly Income

The respondents by Monthly Income are divided into five levels; 50,000 kyat or less, 150,001 kyat - 300,000 kyat, 300,001 kyat - 500,000 kyat, 500,001 kyat – 1,000,000 kyat and More than 1,000,000 kyat. Distribution of respondents by Monthly Income is shown in the following Table (4.6) and Figure (4.6).

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

Income level	No. of Respondents	Percentage
150,000 kyat or less	2	3.92
150,001 kyat - 300,000 kyat	12	23.53
300,001 kyat - 500,000 kyat	13	25.49
500,001 kyat – 1,000,000 kyat	12	23.53
More than 1,000,000 kyat	12	23.53
<b>Total</b>	<b>51</b>	<b>100</b>

Source: Survey data, 2018.

According to the Table (4.6) and Figure (4.6), 13 (25.49%) respondents fall into the level of 300,001 kyat - 500,000 kyat. 12 (23.53%) respondents fall into 150,001 kyat - 300,000 kyat and the study found the same pattern as in 500,001 kyat – 1,000,000 kyat and More than 1,000,000 kyat, 12(23.53%) respondents fall into both level. Only 2(3.92%) respondent fall into the income level of 150,000 kyat or less.

#### 4.3 Practices of Respondent on Using Agent Banking Service

This section presents how 51 sampled customers who are currently use the agent banking service use the Agent banking service. There are four questions that cover frequency of usage, the time, usage of service categories, promotion. The results are shown as the tables with percentage and the chart.

#### 4.3.1 Average Frequency of Usages of Shwe Agent Banking

According to the Table (4.7), 20(39.22%) respondents use the agent banking services frequently. Another 15(29.41%) respondents use the services occasionally. And 12 (23.53%) use the services rarely and the rest, 4 (7.84%) respondents, answer never.

**Table (4.7) Average Frequency of Usages of Shwe Agent Banking**

<b>Category</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Rarely	12	23.53
Occasionally	15	29.41
Frequently	20	39.22
Never	4	7.84
<b>Total</b>	<b>51</b>	<b>100</b>

Source: Survey data, 2018.

#### 4.3.2 Year of Experience of Using Shwe Agent Banking Services

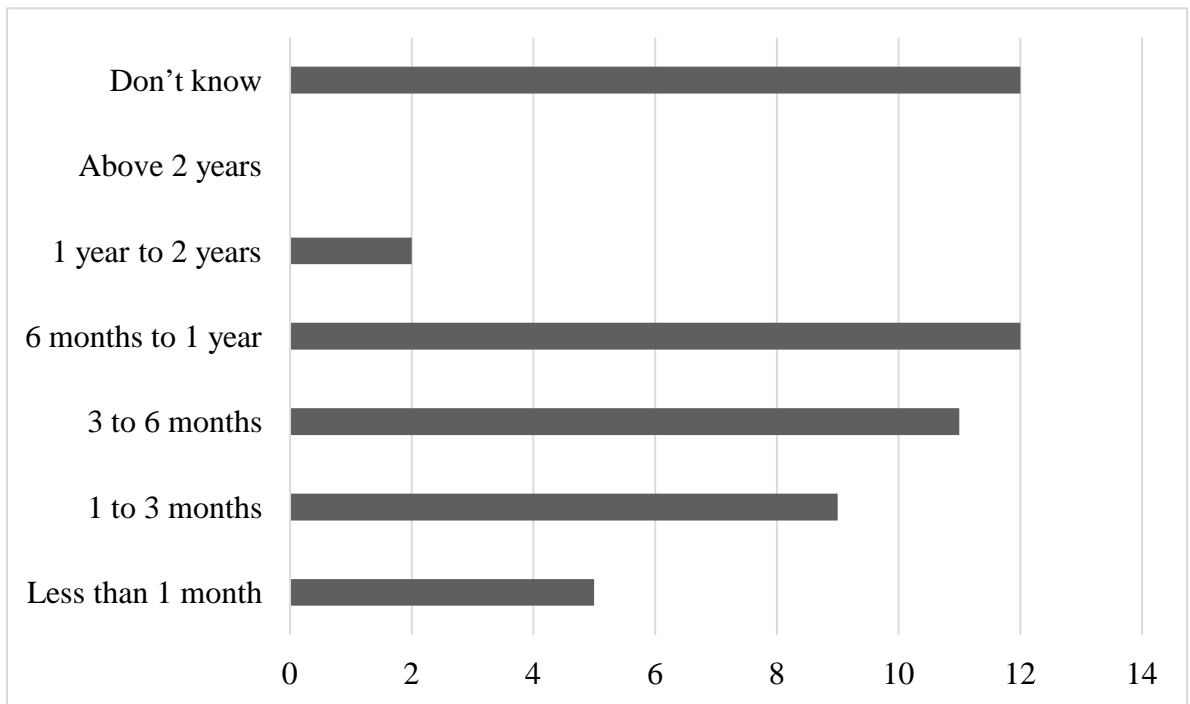
The answer of the respondents is distributed into seven categories; Less than 1 month, 1 to 3 months, 3 to 6 months, 6 months to 1 year, 1 year to 2 years, Above 2 years and Don't know. The results are shown in the Table (4.8) and Figure (4.8).

**Table (4.8) Year of Experience of Using Shwe Agent Banking Services**

<b>Category</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Less than 1 month	5	9.80
1 to 3 months	9	17.65
3 to 6 months	11	21.57
6 months to 1 year	12	23.53
1 year to 2 years	2	3.92
Don't know	12	23.53
<b>Total</b>	<b>51</b>	<b>100</b>

Source: Survey data, 2018.

**Figure (4.1) Year of Experience of Using Shwe Agent Banking Services**



Source: Survey data, 2018.

According to the Table (4.8) and Figure (4.8), 12(23.53%) respondents have used the agent banking services from 6 months to 1 year. Another 11(21.57%) respondents have used the services from 3 to 6 months. And 9(17.65%) have used the services from 1 to 3 months 5(9.80%) respondents answered that they have used the services less than 1 month and the rest, 12 (23.53%) respondents, answered that they don't know how long they have used the services.

### **4.3.3 Types of Service Categories of Shwe Agent Banking Service**

The types of the service categories of Shwe Agent Banking Service are; “Money transfer/receive (Account holders/non-account holder)”, “Money transfer/receive (non-account holders)”, “Money deposit/withdraw (existing account holders)”, “Payment bills (Skynet bill, internet bill, electricity bills, etc.)”, “Mobile phone bill-top-up”, “Balance Enquiry” and “Change PIN”. In this case, the customers can choose more than one answer. The results are shown in the Table (4.9) and Figure (4.9).

According to the Table (4.9) and Figure (4.9), most of the respondents use Mobile phone bill-top-up as 32 (62.75%), frequency of using Payment bills (Skynet bill, internet bill, electricity bills, etc.) is as 26 (50.98%), frequency of using Money transfer/receive (Account holders/non-account holder) is as 24 (47.06%), frequency of

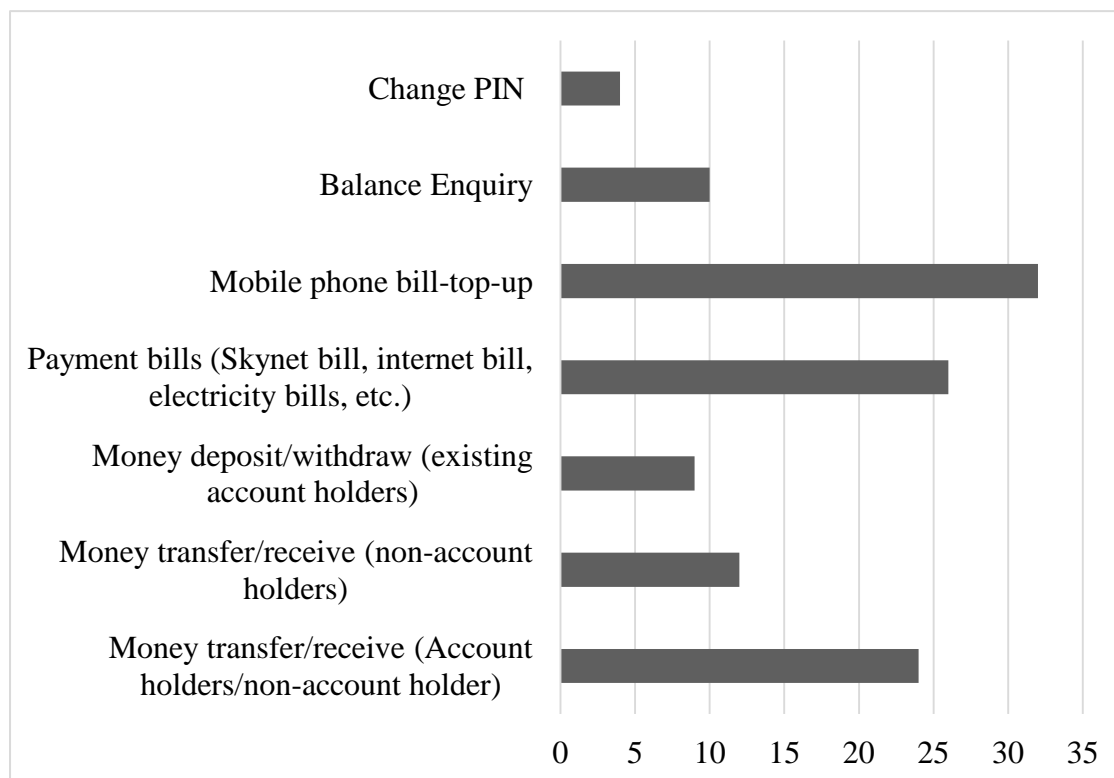
using Money transfer/receive (non-account holders) is as 12(10.26%). In Balance Enquiry, the number of using is shown as 10 (8.55%). For Money deposit/withdraw (existing account holders), frequency of using that service is 9 (7.69%) and in Change PIN the frequency is only 4 (3.42%).

**Table (4.9) Types of Service Categories of Shwe Agent Banking Service**

Category	No. of Respondents	Percentage
Money transfer/receive (Account holders/non-account holder)	24	20.51
Money transfer/receive (non-account holders)	12	10.26
Money deposit/withdraw (existing account holders)	9	7.69
Payment bills (Skynet bill, internet bill, electricity bills, etc.)	26	22.22
Mobile phone bill-top-up	32	27.35
Balance Enquiry	10	8.55
Change PIN	4	3.42
<b>Total</b>	<b>117</b>	<b>100</b>

Source: Survey data, 2018.

**Figure (4.2) Types of Service Categories of Shwe Agent Banking Service**



Source: Survey data, 2018.

#### 4.3.4 Sources of Information on the Usage of Shwe Agent Banking Service

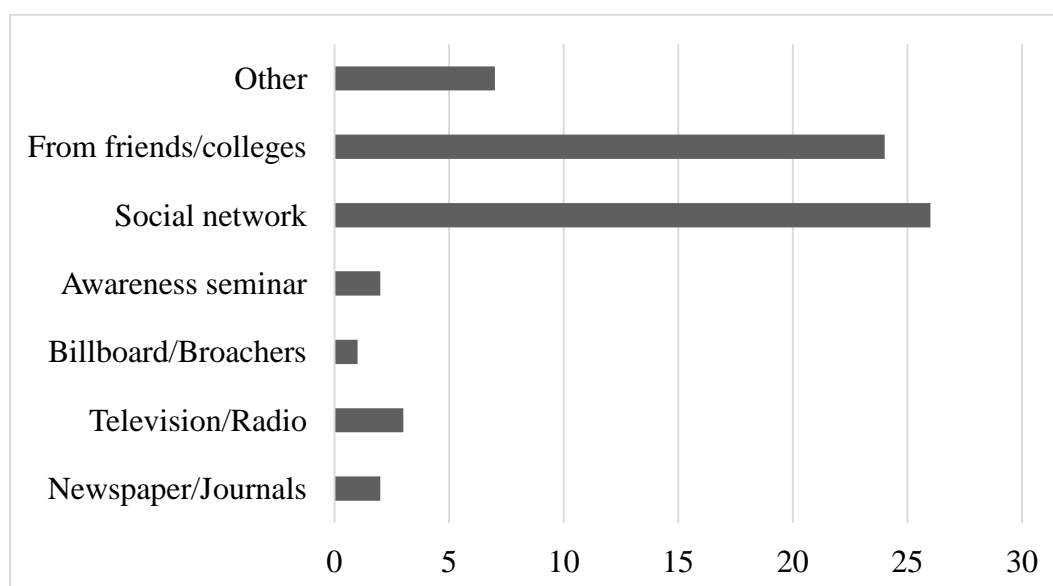
Regarding the effect of media on the use of Shwe Agent Banking Service of the respondents, the media sources are divided into seven categories; Newspaper/Journals, Television/Radio, Billboard/Broachers, Awareness seminar, Social network, From friends/colleges and Other. This is also the multiple choice questions, so the customer can choose more than one option. The results are shown in Table (4.10) and Figure (4.10).

**Table (4.10) Sources of Information on the Usage of Shwe Agent Banking Service**

Category	No. of Respondents	Percentage
Newspaper/Journals	2	3.08
Television/Radio	3	4.62
Billboard/Broachers	1	1.54
Awareness seminar	2	3.08
Social network	26	40.00
From friends/colleges	24	36.92
Other	7	10.77
<b>Total</b>	<b>65</b>	<b>100</b>

Source: Survey data, 2018.

**Figure (4.3) Sources of Information on the Usage of Shwe Agent Banking Service**



Source: Survey data, 2018.



According to the Table (4.10) and Figure (4.10), most of the respondents answer that they know about the agent banking through the Social network, 26 (40.00%) and from friends/colleges 24 (36.92%). For the channels like Newspaper /Journals, Television/Radio, Billboard/Broachers and Awareness seminar, the answers are very few as 2(3.08%), 3(4.62%), 1(1.54%) and 2 (3.08%). Some respondents answer that they know about the agent banking through other media sources as 7 (10.77%).

#### **4.4 Customer Perception on Agent Banking**

This section presents the sampled the customers' perception in the product and services of Shwe agent banking. There are four dimension that are stated as perception on cost- effectiveness of banking services, perception on conveniences, perception on Assurance and perception on trustworthy on banking services. The 51 respondents were asked to rate perception of banking product and services. Every question has five alternative answers according to Likert Scale which consists of five degrees (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree). The translation of level ranking was analyzed mallow exterior of candidate's perception designed by Best (1997:174).

#### **4.5 Customer Perception on Shwe Agent Banking**

The results are shown according to their perception levels on four dimensions; Perception on Cost Effectiveness on Agent Banking, Perception on Conveniences on Agent Banking, Perception on Assurance on Agent Banking and Perception on Trustworthiness on Agent Banking in the following Tables.

##### **4.5.1 Perception on Cost Effectiveness**

For Table (4.11) indicates the relationship between the perception and cost as applying agent banking can reduce the transaction cost for business operation and customers have more time to save than going to the nearest branch. Creation of bank branches is high cost tan doing agent banking. The investment in human resources, land and building, software and hardware are cost for the bank and headache to the decision makers. The overall mean of perception and cost is 3.40 which can accept that perception can contribute to the business development and also customer satisfaction.

**Table (4.11) Perception on Cost Effectiveness on Agent Banking**

No	Statement	Mean	Std. Deviation	Level
1	Agent banking reduces transaction costs	3.51	0.81	High
2	Service charges are reasonable	3.31	0.86	Average
3	There is low transportation cost	3.29	0.90	Average
4	Customers can save more time to get to the nearest agent than going to the branch	3.53	0.86	High
5	Customers can get the required information/support in free of charge	3.37	0.75	Average
Overall Mean Scores		3.40		

Source: Survey result, 2018.

#### **4.5.2 Perception on Conveniences**

Table (4.12) indicates the relationship between the perception and conveniences as customers' apply the agent banking which is better than normal banking practices. In the existing banking operation customers have to do personal account opening and then need to go whenever they want withdraw or deposit. More difficulty facing by customers is that withdraw money once a week. For special case can withdraw twice only. To develop the banking services the decision makers need to ware of the customers need and requirement as today business world has a lot of competitors in all areas. The average score of the perception and convenience is 3.53 which show higher level than the average.

**Table (4.12) Perception on Conveniences on Agent Banking**

No	Statement	Mean	Std. Deviation	Level
1	Customers do not need to open an account to start to use the agent banking service	3.53	0.76	High
2	Customers who have already had opened accounts at the bank can deposit or withdraw money their accounts easily through via agents	3.51	0.78	High
3	Customers can transfer money or receive money up to 2,000,000 kyat per transaction easily	3.49	0.86	High
4	Customers can top up telephone bills/Skynet subscription fees easily through via agent banking	3.67	0.91	High
5	Customers are easy to understand the procedures/service guideline	3.44	0.64	High
Overall Mean Scores		3.53		

Source: Survey result, 2018.

### 4.5.3 Perception on Assurance

Table (4.13) presents the relationship between the perception and assurance of agents who do need to know thoroughly about the products of agent banking. Shwe Bank appoints only the person who has good knowledge, kind and polite and eager to assist the customer's requirement in real time. The agents are also need to understand the location business development in line with the country's economic situation. Therefore, agents banking provide the best assurance to the customers which can develop the business rapidly. The average score of the perception and assurance is 3.46 which is higher level than the average too.

**Table (4.13) Perception on Assurance on Agent Banking**

No	Statement	Mean	Std. Deviation	Level
1	Agents have a very good knowledge about the agent banking	3.47	0.65	High
2	Agents can explain the features of the products according to their categories	3.43	0.78	High
3	Agents know and can support when customers have service related problems.	3.49	0.76	High
4	Agents clarify the doubts of the customers	3.37	0.90	Average
5	Agents are kind and polite when the customers deal with them	3.53	0.74	High
Overall Mean Scores		3.46		

Source: Survey result, 2018.

#### **4.5.4 Perception on Trustworthiness**

Table (4.14) indicates the relationship between the perception and trustworthiness of agent banking. Agents are needed to invest in communication devices. Without install the modern equipment which can suffer the business operation delay and not sure as safety and secure transaction. For instance, transferring money can make sure for sender and receiver without worrying about the action taken. The average score of the perception and trustworthiness is 3.47 which is higher level than the average too, means that customers satisfy to apply agent banking products.

**Table (4.14) Perception on Trustworthiness on Agent Banking**

No	Statement	Mean	Std. Deviation	Level
1	Every transaction is done by secure line, network and equipment	3.70	0.74	High
2	Agents keep the customers 'personal data safe and secure	3.56	0.67	High
3	Customers Feels safety and security in the interaction with the agents	3.66	0.63	High
4	Agents can run the service in zero-free error	2.98	0.89	Average
5	Agents take full responsibility on any errors that may arise during providing the banking services	3.46	0.71	High
Overall Mean Scores		3.47		

Source: Survey result, 2018.

According to the results in the above Tables; Table (4.11), Table (4.12), Table (4.13) and Table (4.14), most the respondents show their perception on high level on each four dimension that are stated as perception on cost- effectiveness of banking services, perception on conveniences, perception on Assurance and perception on trustworthy on banking services. For perception on cost- effectiveness, some respondents show average perception level on Service charges are reasonable, 3.31(0.86), There is low transportation cost, 3.29(0.90) and Customers can get the required information/support in free of charge, 3.37 (0.75) as shown in Table (4.11).

For perception on Assurance, some respondent show average in Customers can top up telephone bills/ Skynet subscription fees easily through via agent banking, 3.37 (0.90) as shown in Table (4.12). For perception on trustworthy, some respondent show average in Agents can run the service in zero-free error as 2.98 (0.89) in Table (4.13).

#### **4.6 Overall Perception on Agent Banking**

According to the results is most the respondents show their perception on high level on each four dimension that are stated as perception on cost- effectiveness of banking services, perception on conveniences, perception on Assurance and perception on trustworthy on banking services.

**Table (4.15) Overall Perception on Agent Banking**

<b>Dimension</b>	<b>Overall Perception (Average Mean Score)</b>
Cost-effectiveness	3.4
Conveniences	3.53
Assurance	3.46
Trustworthiness	3.47

Source: Survey result, 2018.

In the comparative analysis of four dimensions that high perception on Conveniences on the Shwe Agent Banking services and low perception on Cost-effectiveness. The overall mean average scores of each factor are illustrated in Table (4.15).

## **CHAPTER V**

### **CONCLUSION**

The main purpose of the study are to examine of the customer perception on the Shwe Agent Banking Services. To do so, primary data is collected by delivered the structured questionnaires through selected agents who live in three townships in Yangon. The findings and discussion, suggestion and need for further research are presented in this chapter.

#### **5.1 Findings**

According to the finding results, 20(39.22%) respondents use the agent banking services frequently. Another 15(29.41%) respondents use the services occasionally. And 12 (23.53%) use the services rarely and the rest, 4 (7.84%) respondents, answer “never” as shown in Table (4.7) and Figure (4.7). 12(23.53%) respondents have used the agent banking services from 6 months to 1 year. Another 11(21.57%) respondents have used the services from 3 to 6 months. And 9(17.65%) have used the services from 1 to 3 months 5(9.80%) respondents answered that they have used the services less than 1 month and the rest, 12 (23.53%) respondents, answered that they don’t know how long they have used the services is as shown in Table (4.8) and Figure (4.8). So the customer needs to aware the services furthermore or they may need to be assistance by agents to use the services.

For using what types of services the customers use from an agent, most of the respondents use Mobile phone bill-top-up as 32 (62.75%), using Payment bills (Skynet bill, internet bill, electricity bills, etc.) as 26 (50.98%), using Money transfer/receive (Account holders/non-account holder) as 24 (47.06%), using Money transfer/receive (non-account holders) as 12(10.26%). There are few in “In Balance Enquiry, 0 (8.55%) and “For Money deposit/withdraw (existing account holders)”, 9 (7.69%) and “in Change PIN” 4 (3.42%).

For promotion and awareness, most of the respondents answer that they know about the agent banking through the “Social network”, 26(40.00%) and “From friends/colleges”, 24(36.92%). For the channels like Newspaper/Journals, Television/Radio, Billboard/Broachers and Awareness seminar, the answers are very few as 2(3.08%), 3(4.62%), 1(1.54%) and 2 (3.08%). Some respondents answer that they know about the agent banking through other media sources as 7 (10.77%).

For the customers' perception on the Agent banking, most the respondents show their perception on high level on each four dimension that are stated as perception on cost- effectiveness of banking services, perception on conveniences, perception on Assurance and perception on trustworthy on banking services. For perception on cost- effectiveness, some respondents shows average perception level on "Service charges are reasonable", 3.31(0.86), "There is low transportation cost", 3.29(0.90) and "Customers can get the required information/support in free of charge", 3.37 (0.75) as shown in Table (4.10).

For perception on Assurance, some respondent show average in "Customers can top up telephone bills/Skynet subscription fees easily through via agent banking", 3.37 (0.90) as shown in Table (4.12). For perception on trustworthy, some respondent show average in "Agents can run the service in zero-free error" as 2.98 (0.89) in Table (4.13).In the comparative analysis, highest perception on Conveniences on the Shwe Agent Banking services and lowest perception on Cost-effectiveness are found.

## **5.2 Suggestion**

Shwe Bank have to raise the awareness by doing media campaigns for its agent banking products. It needs to give the required skill trainings to their agents who deals with the customers such as basic and advance agent banking training, marketing, accountancy, etc. The agents have to also be aware what the customer needs and which one they want most among the service categories. They have to be ready to answer according to their customers' needs. Today's banking market is very competitive, so the banker and the agents have to know what the competitor introduce new products in the market that is in an innovative way. They have to find the ways to resolve when they encounter the problems in providing the banking services in the market. Positive customer perception on the quality of services and products are crucial for all service producers so that they have to know how and in what extent of their customers satisfy on their products sell or services provide them by measuring. Findings from the analysis can give them the fruitful idea to support the management team to make strong and effective decisions in their respective works. In the comparative analysis of four dimensions of customer perception, the study found that highest perception on Conveniences on the Shwe Agent Banking services and lowest perception on Cost-effectiveness. It means that the bankers must focus on transaction costs the customers bare when they use their agent banking services.



### **5.3 Needs for Future Research**

This study can enable to do research on small sample size, 51 respondents, in three townships in Yangon according to the limitation. So the future study can extend on this area for wider perspective with bigger sample size and wider study area.

This study can only focus on the few customers through few agents. So the future studies can do focus on not only customers but also agents and the bank as well. The perception picture is clearer if they can do for every aspects of the customer perceptions.

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## Appendix A

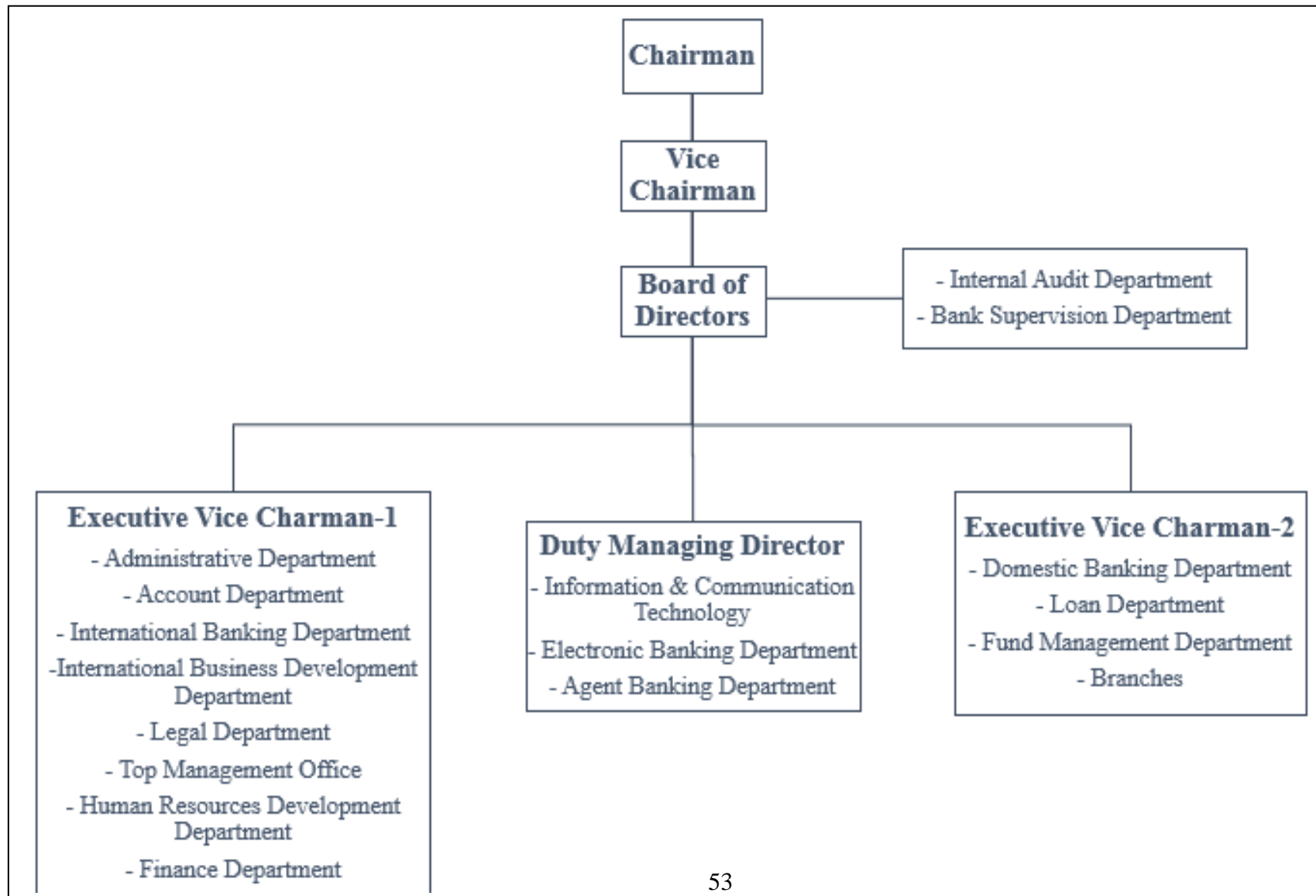
### Distribution of Agents by Townships in Yangon (as in November, 2018)

No.	Township	No. of Agent
1	Kyauk Ta Dar Township	1
2	Insein Township	1
3	North Dagon Township	4
4	Botahtaung Township	8
5	Minglar Taung Nyunt Township	6
6	Ahlong Township	5
7	Yankin Township	1
8	Tharkata Township	3
9	Hlaing Thar Yar Township	5
10	Kyimyindaing Township	1
11	Tamwe Township	4
12	Thinkangun Township	3
13	Lanmadaw Township	1
14	New South Dagon	1
15	New East Dagon	1
16	Hmawbi Township	2
17	Minglar Done Township	2
18	Thanlyin Township	6
19	Soth Okkalarpa Township	1
20	Bahan Township	1
21	Latha Township	4
22	Sanchaung Township	2
23	North Okkalarpa Township	1
24	Dala Township	2
25	Mayangone Township	3
26	Minglar Zay	1
27	Nyaung Pin Lay Zay	1
28	Kamayut Township	2
29	Pazundaung Township	5
30	Hlaing Township	2
31	Shwe Pyi Thar Township	4
32	Pabedan Township	1
33	Dawpone Township	1
34	Dagon Township	1
	Total Agents	87

Source: Shwe Bank (2018)

## Appendix (B)

### Organizational Structure of Shwe Bank



## APPENDIX C

### Questionnaire for Customers

#### Personal Data

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

1. sex
  - Male
  - Female
  
2. Marital status
  - Married
  - Single
  - Widow/divorced
  - Not to answer
  
3. Age
  - Under-18
  - 18-24
  - 25-34
  - 35-44
  - 45-54
  - 54 years
  
4. Education
  - Elementary
  - Secondary
  - High school
  - Undergraduate
  - Graduate
  - Master
  - Doctorate

5. Occupation

- Own/family business
- Company staff
- Shop/grocery
- Farming
- RSPs
- Student
- Other

6. Monthly income

- 150,000 kyat or less
- 150,001 kyat - 300,000 kyat
- 300,001 kyat - 500,000 kyat
- 50,001 kyat – 1,000,000 kyat
- More than 1,000,000 kyat

**Using Service**

7. On average, how often do you use the service?

- Rarely
- Occasionally
- Frequently
- Never

8. How long have you use SHWE agent banking service.

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

9. Which of the following services you use from an agent?
- Money transfer receive(Account holders/non-account holder)
  - Money transfer/receive (non-account holders)
  - Money deposit/withdraw (existing account holders)
  - Payment bills (Skynet bill, internet bill, electricity bills, etc.)
  - Mobile phone bill top-up
  - Balance Enquiry
  - Change PIN

10. From which sources do you know about agent banking?

- Newspaper/Journals
- Television/Radio
- Billboard/Broachers
- Awareness seminar
- Social network
- From friends/colleges
- Other

11. Customer perception

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



### Cost-effectiveness of banking services

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	Agent banking reduces transaction costs					
2	Service charges are reasonable					
3	There is low transportation cost					
4	Customers can save more time to get to the nearest agent than going to the branch					
5	Customers can get the required information/support in free of charge					

### Conveniences

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	Customers do not need to open an account to start to use the agent banking					
2	Customers who have already had opened accounts at the bank can deposit or withdraw money their accounts easily					
3	Customers can transfer money or receive money up to 2,000,000 kyat per					
4	Customers can top up telephone bills/Skynet subscription fees easily					
5	Customers are easy to understand the procedures/service guideline					

### Assurance

No	Statement	Customer Perception				
		SDA	DA	N	A	SA
1	Agents have a very good knowledge about the agent banking					
2	Agents can explain the features of the products according to their categories					
3	Agents know and can support when customers have service related problems.					
4	Agents clarify the doubts of the customers					
5	Agents are kind and polite when the customers deal with them					

### Trustworthiness

No	Item	Expected Level				
		SDA	DA	N	A	SA
1	Every transaction is done by secure line, network and equipment					
2	Agents keep the customers 'personal data safe and secure					
3	Customers Feels safety and security in the interaction with the agents					
4	Agents can run the service in zero-free error					
5	Agents take full responsibility on any errors that may arise during providing the banking services					

12. Give your suggestions (if any)

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Thank you!