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**FACTORS INFLUENCING ON CUSTOMER CHOICE**  
**FOR INTERNATIONAL BANKING SERVICES**

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# **FACTORS INFLUENCING ON CUSTOMER CHOICE FOR INTERNATIONAL BANKING SERVICES**

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the degree of Master of Banking and Finance

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## **ABSTRACT**

The main purpose of this study is to find out the factors that have influence in customer choice on international banking services in Yangon. The data and information are collected and evaluated through questionnaire and also making interview with bank managers. In order to collect data for analysis, completed 132 questionnaires were collected from customers within three months. After that Statistical Packages for Social Sciences (SPSS) was used and analytical techniques like correlation and coefficient analysis, and descriptive analysis. As results of this thesis, it was found that most important factors are speed and service quality and financial factors. The second important factor is technological factor. Therefore, such factors should be considered seriously by the banks for better services for international banking. The banks should be improved about safety of fund and efficient service quality and reducing service fee, interest rate on loan for expending their business, suitable conversion rate for trade services. Moreover, it is required to upgrade information technology structure for solving server failure, connection error and make sure secured connectivity on all bank transactions related with international banking services.

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## ABBREVIATIONS

CBM	The Central Bank of Myanmar
IMF	International Monetary Fund
BIS	Bank for International Settlement
MFTB	Myanma Foreign Trade Bank
MICB	Myanma Investment and Commercial Bank
KBZ	Kanbawza Bank Limited
YOMA	Yoma Bank Limited
CB	Co-operative Bank Limited
MCB	Myanmar Citizens Bank Limited
CHIDB	Construction and Housing Development Bank
MOB	Myanmar Oriental Bank Limited
GIZ	The Deutsche Gesellschaft für International Zusammenarbeit
FIL	Financial Institutions Law
OTC	Over the Counter
FATF	Financial Action Task Force removed Myanmar
AML	Anti-Money Laundering
CFT	Combating the Financing of Terrorism
MPU	Myanmar Payment Union
ATMs	Automated Teller Machines
POS	Point of Sale
UPI	Union Pay International
JCB	Japan Credit Bureau
INGO	International Non-Government Organization
SPSS	Statistical Package for the Social Sciences

# **CHAPTER 1**

## **INTRODUCTION**

International banking is one of the most important factors of growth and prosperity of participating economies. Its importance has been described many times due to the rapid globalization. All people are doing business not only in the own country but also in the other country for more profits. Moreover, people are temporarily staying or travelling to other country for education, job, visits, meeting, training, and so on. Most of the people are related with other countries for so many reasons and cannot stand alone. There are different currencies in different countries for making transactions. Therefore, international banking is essential and played as a critical role for inter-economy exchange of goods and services and we need to study the coordination and collaboration of banking services internationally.

The world economy has been as a whole and need to participate and adapt to international regulatory system. The emerging global banking system lead for increasing interlinked national capital market and internet based financial markets and transactions. Consequently, the international banking services need to be prudently managed and it to be supported and contributed systematically.

All Asian countries including Myanmar are targeted for investment to emerge the economy with potential for development of banking systems. The performance of the banks and financial markets is increasing rapidly upon the customers' needs and satisfaction and required to perform higher and more variable financial activities.

Banks are important role in the financial sectors at every country and major operating part to develop the economy of the countries. The banking systems in the Southeast Asian countries were changed after liberalization in 1990s. The system of the countries' economy should be reformed according to the enhancement of globalization and new technology. Also, banks are transformed of the competition in financial markets.

International banking services are the operating structure that is arranged physically and practically in the banks and these services are be necessary to improve effectively and efficiently. Moreover, it is required as an operational banking activity in the banks deliver with application of new techniques and skills, expansion the banking products and banking structures. Some negative impacts for banks can be

occurred as competition, low profit, and financial instability.

### **1.1 Rationale for the Study**

International banking services are very beneficial for local companies which are doing business with other foreign countries and for foreign companies in Myanmar. Also, it is supported and provided for foreign consultant and professionals, workers and students who are in Myanmar and for Myanmar citizens who are working in foreign countries.

In 1990, the operating of international banking services could be provided only in the government banks in Myanmar, at Myanma Investment and Commercial Bank (MICB) and Myanma Foreign Trade Bank (MFTB).

At present, international banking services are provided not only by government banks but also by private banks in Myanmar since 2012. Therefore, customers can choose more and better bank. However, there are still trying to improve for availability of qualified financial services in the domestic financial market and economy. The modern banking skill and technology will be applied supportively in the banks.

According to the supporting for quality of services, skillfulness and applied new technology in the banks which are need to analyses the customer choice of bank for international banking services and what are the challenges and influencing factors for providing international banking services. Also, these banks are operating with how many types of international banking services and functions of the international banking services are analyzed.

Also, the financial market of the neighbour countries and the operation of international banks in these countries are reviewed for strengthen of the international banking services in Myanmar. There is difference in performance of the banks according to the different forms of financial market, economic policy, government policy and other factors in these countries.

### **1.2 Objectives for the Study**

The banking sector is important role of the financial market in all countries. The international banking services are also main factor in the banking sector. Therefore, we need to study about the status of the international banking services in Yangon. The objective of study is as follow.

1. To identify the international banking services operations of Myanmar Banking

Sector.

2. To analyze the factors influencing on customer choice for international banking services in Yangon.

### **1.3 Method and Scope of Study**

This study is especially used descriptive research method to analyze international banking services in banks in Myanmar. The data and information are collected and evaluated through questionnaire and also making interview with bank managers by using quantitative and qualitative method. Moreover, profiles and functions of banks are searched from multi sources of secondary data and documentary from internet websites of the private banks in Myanmar, World Bank, South East Asian countries studies papers, CBM, IMF and private banks in Myanmar.

The sample size of population involves 160 customers who are dealing with international banking services in the banks of five private banks. Respondent are selected according to simple random sampling method. The data is collected during working hour in weekdays from September to November 2018. The well-prepared questionnaires is used in survey of respondents for exploring the influencing factors to choice of bank for international banking services.

### **1.4 The Organization of Study**

This study is composed five chapters. Chapter one of the study is introduced with importance of the international banking then rationale of the study, objective, scope and method of the study and organization of the study are contained. The chapter two is presented about theoretical background of the study. The overview of international banking services in Myanmar and overview of international banking services in Myanmar are described in the chapter three. In chapter four, research methodology, data analysis and results on choice of customers upon providing international banking services and the reasons of their choice. Moreover, the requirements of the service improvement of international banking system in the banks according to the assessment of the questionnaire results and discussion with bank managers. The final chapter is conclusion and findings on various factors influences of bank selection for the international banking services and recommendation on result of customer feedbacks on necessity for improvement of the international banking services in Myanmar.

## **CHAPTER 2**

### **THEORETICAL BACKGROUND**

In this Chapter two, theoretical background is the main part of the study. In this part, the past academic studies, the background of international banking sector are defined. As the most crucial part of the study, international banking services are described in detail and factors influencing on customer choice are shown as the literature review.

#### **2.1 Background of the International Banking**

The international banking industry has noticed remarkable growth and financial innovation over the past two decades. The spread of modern international banking is conventionally traced to the establishment of the Eurocurrency market in the late 1950s and early 1960s, initially in London and then in other European financial centers. As measured by foreign assets of banks reporting to the Bank for International Settlement (BIS), international banking activity expanded at a very fast pace over the past decade, reflecting expanding world trade, the rise of multinational firms, growth in financing of global payments imbalances, and the adaptation of transition economies into global banking system.

The international banking has gone through three distinct phases in the post-World War II era:

- (a) The establishment of the Eurocurrency market in the late 1950s and early 1960s, stimulated initially by prevailing capital controls and restrictions on international transactions in the United States and Western Europe, which prompted national banks to establish offices abroad to service the overseas business of their clients.
- (b) The growing role of banks in Japan in the 1980s as the Japanese government attempted to open its markets and promote the international role of yen. This phase also coincided with the growth of syndicated bank lending and the expansion of currency and interest-rate derivatives markets that enhanced banks' scope to expand their geographical reach in both funding and lending.

(c) The increased securitization of credit in recent years, facilitated by the originate-and-distribute model of bank lending on the one hand and by rapid growth in the market for asset-backed structured financial products (such as collateralized debt obligations) and development of the credit derivatives market on the other. From a public policy perspective, securitization has contributed to a shift in regulatory or oversight responsibility from official agencies to the private marketplace, including credit rating agencies and security underwriters.

A wave of cross-border mergers and acquisitions over the past decade which has resulted in a significant consolidation of the international banking industry and a concentration of assets in the hands of a few major banks.

Financial innovation and technological change pioneered by the banking industry itself has transformed the nature and reach of the international banking business, allowing banks greater market reach and new business areas, including underwriting, asset management, investment banking, and proprietary trading. Rapid growth of the markets for risk transfer, credit derivatives and various types of asset-backed securities, these are facilitated highly leveraged exposures by banks themselves and by new players such as hedge funds and private equity firms.

Now a day, banking industry has been a key sector in the economy of any country and the success of banking system in the country is depended on the operation, products and services of its banks. Banks have always been an important role and an integral part of the whole economy of the country.

Global banking has then emerged as one the most important and biggest industry in the world. The bank management on the growth and profits are associated with globalization. Globalization also forced the government to deregulate the banking sector for international and multinational banking organizations to enhance the capital for countries' financial market and money market. As rapid globalization, the connection with one country to another is highly and closely coordinated therefore the international banking is became an essential role in the global banking.

## **2.2 Types of International Banking Services**

The international banking industry now has the effective infrastructure and technology platforms to operate overseas transactions from a large network of local agencies, subsidiaries, and branches located in developing countries in Asia. In many developing countries, international banks now provide the primary gateway through

which corporations, sovereigns, and banks transfer funds abroad, borrow in short and medium terms, and conduct foreign exchange and derivatives operations.

Demand for international banking services in developing countries (defined as services rendered by foreign banks to developing-country residents) has developed over time in response to the changing position of developing countries on the global economic and financial stage.

International banking is a key component of the global economy. For that reason, the operation of international banks and their services are required to describe. The international banking services are;

- Foreign Currency Account Opening
- International Money Transfer Service
- Foreign Exchange Service
- Foreign Visa Card Service
- Trade Service (Export)
- Trade Service (Import)
- Bank Guarantee Service

### **2.2.1 Foreign Currency Account Opening**

The foreign currency account is need to open for the individual person, organizations and companies from foreign countries, they are living or doing professional work or business. If a local companies or organizations earn and spend money abroad, currency accounts can help limit the risk and expense of converting funds to and from its home currency. Therefore, this service is required to provide in banks.

In addition, foreign currency accounts can provide a means of managing currency exposures. By keeping foreign currency payments in the currency, a company may save money and will also benefit if exchange rates develop favourably. Also, the settlement of payments is processed within the same-day based on the local regulations and payment systems.

There are some benefits of opening the foreign currency bank account however also some costs are happened such as transaction fee, foreign exchange fee, monthly maintenance fee, correspondent and transfer wire fees.



### **2.2.2 International Money Transfer Service**

An international money transfer is a service that allows to send money overseas for of any kind reason. It can be carried out using retail bank account, international money transfer operators such as PayPal, Western Union, SWIFT, foreign exchange brokers and peer-to-peer companies.

International money transfer service is used for many different reasons and some factors are as followed.

1. Buying overseas property or a holiday home abroad
2. Paying for overseas school fees for children
3. Overseas investments or divestments
4. Sending money to friends or family who live in overseas
5. Paying for accommodation/luxury visit to overseas
6. Supporting a family member who is travelling overseas
7. Paying for wedding, conference or any event in abroad
8. Overseas mortgage payments
9. Paying for work to be completed overseas
10. Paying for bills overseas

If using this service, there are some cost for transferring fee upon the amount of money and also take into account exchange rates. Payment instructions can be delivered easier and faster if the currency account is located in the home country. If the account is held abroad, the payment instruction must be delivered by telegraphic transfer and the costs may be higher.

### **2.2.3 Foreign Exchange Service**

The core services provided by the international bank are to arrange a foreign exchange services for trading. Commercial banks play an active role in foreign exchange markets all over the world. The banks often serve as the link between the foreign exchange market at home and in other countries to buy, sell and hold various foreign currencies on behalf of the clients. Since the exchange rates on a daily basis, banks are keen observers of the market and the effect of demand and supply imbalances on exchange rates.

Sometimes, a commercial bank may be asked to buy or sell foreign exchange on behalf of the central bank. Banks conduct proprietary trades and usually hold

several foreign currencies as part of their asset holdings. Banks have to be able to take a call on exchange rate movements. In many countries around the world, commercial banks are the only entities that offer foreign exchange risk management solutions to corporate clients.

When a country's financial market lacks a currency derivatives exchange, corporate clients have no alternative but to depend entirely on OTC contracts with a bank as the counter-party. International banks offer and/ or participate in the syndicated foreign exchange loan market.

Banks arrange and provide foreign exchange loans to corporate clients, and sovereign loans to governments, underwrite the corporate issue of securities in the euro currency and international bond markets, and participate extensively in international trade transactions.

#### **2.2.4 Foreign Visa Card Service**

The most common form of payment for electronic transactions is through foreign visa cards. Visa card is a major brand card which is issued by Visa in many countries around the world. Numerous banks and financial institutions issue Visa Debit cards to the customers for access to their bank accounts. The visa card allows to pay for goods and services and can access all the time wherever in the world. It can be available multi-currency to make payments everywhere displaying the Visa mark all over the world.

Foreign visa card is very convenient to carrying and using anytime, anywhere with lowest service fee, but security is important for the card number, the expiry date of the card and the 3-digit validation code.

#### **2.2.5 Trade Service (Export and Import)**

The most common function of international banking is the financing of trade. Trade service is concern both domestic and international trade transactions. Generally, several types of trade service facilities are used by banks, with the most common types being letters of credit and bankers' acceptance financing. A trade transaction requires an exporter of goods and services as well as an importer. International bank issue letter of credit as a promise on behalf of the importer to the exporter. If the exporter presents the complying documents to the importer's designated bank as

specified by the importer or exporter in the purchase agreement, then the importer's bank will make payment to the exporter.

### **2.2.6 Bank Guarantee Service**

Bank guarantee service is taken responsibility by the bank on behalf of the applicant and favour of the beneficiary. The bank is agreed and undertaken when the applicant is fail the financial commitment according to the agreement which made between the applicant and beneficiary. Therefore, the bank is required to take the role of the guarantor and the bank make the payment of the guarantee amount to the beneficiary. The guarantee amount is upon the receipt of demand or claim from the beneficiary as per the agreement. The bank guarantee has various types such as tender bond, advance payment, performance bond, financial and retention and labour.

## **2.3 Literature Review**

The review of the literature is described the theoretical foundation for the study of customer choice on banking services and survey of previous studies on influencing factors of customer choice on bank.

A growing number of banks are directing their strategies towards customer satisfaction. In fact, some researchers have demonstrated that customer satisfaction serves as a link to critical consumer behaviors, such as cross-buying of financial services, positive word-of-mouth and trend to good relationship with bank. Ultimately, these behaviors proved to have a positive impact on key corporate outcomes, such as retention rates, average deposit amounts, cost to the bank of providing services, and future earnings. These results are consistent with a broader assessing the positive relationship between customer satisfaction and firm profitability. Following the evidence from these studies, the value of identifying the most influential factors to trigger satisfaction and dissatisfaction in banking sector becomes especially clear. This information allows the firm to steer and optimize its marketing efforts given its limited resources, keeping in mind that market- based assets, in turn, will increase shareholder value.

There are previous extensive studies about the topic of the influential the factors which are considered crucial for a customer while selecting a bank, are described as below studies.

- (a) Social Factors

Social factors were analyzed by Aregbeyen (2011), Almassawi (2001) and Cicic, Brkic, & Agic (2004) found that friendly/pleasing manner of staff that is the major factor in selection of banking services. Regarding another social factor, Tan and Chua (1986) in Singapore, found that advice of friends, neighbours, and family members have a strong positive influence on customers' decisions, compared with other variables in selecting financial institutions. Anderson et al. (1976) findings supported by Kaynak (1991), Ta and Har (2000), Almassawi (2001) and recently by Rao (2010), show that recommendation by parents and friends, peers was the most important criterion which had significant influence on customers bank choice.

(b) Speed and Service Quality

As Julian and Ashen (1994) stated delivering quality services and products to customers, had significant positive influence for success and survival of today's competitive banking environment. Aregbeyen (2011) revealed that the safety of funds is the major significant factor for customers' choice of bank in his study carried out in Nigeria. By using a survey of households, Omar and Orakwue (2006) also evaluated the relative importance of bank selection criteria used by bank customers in Nigeria. The results suggest safety of fund, efficient service quality and speed of transactions have significant positive influence on customers' bank selection decision.

(c) Technological Factors

Many studies revealed that customers emphasized on the importance of technology factors to select banks Cicic et al. (2004), Hedayatnia & Eshghi (2011), Katircioglu et al. (2011) and Rao & Sharma (2010). Availability of functional and secured connectivity all the time these are considered to be the important choice determinants Aregbeyen (2011), Mokhlis et al. (2008), Mokhlis (2009) & Almassawi (2001). While studying the switching behavior of bank clients, availability of Technology based services is found to be a major reason for clients to switch banks Kamakodi et al. (2008). According to Senyucel (n.d.), the most important banking service selection criterion for Turkish Cypriots is availability of internet.

(d) Bank Image and Reputation

Image and reputation is important factor for customers to patronize a bank. Almassawi (2001) conducted a study in Bahrain to examine for the banking services selection criteria employed by college students. He found that the key factors determining college students' bank selection were: bank's reputation, availability of parking space near the bank, friendliness of bank personnel and availability and

location. Cicic et al. (2004) asserted that young customers place more emphasis on factors like good reception at the bank.

(e) Convenience Factors

Schram (1991) in his article using American college students found that convenience remains the primary reason why most college students choose their banks. Gerrard and Cunningham (2001) found convenience factor was rated significantly higher by multiple bankers. Many studies in the literature also suggested that convenience of bank location had a significant positive influence for customers on bank choice, Kaynak and Kucukemiroglu (1992), Riggall (1979), Laroche et al. (1986), Martenson (1985) and Reed (1972).

(f) Financial Factors

Findings of Boyd et al. (1994) reveal that interest paid on savings accounts, interest charged on loans, quick service, reputation and hours of operation are viewed as having more importance than other criteria such as friendliness of employees, modern facilities, and drive-in-service. Schlesinger et al. (1987) in his study conducted in New York State found that the three most important factors in selecting a bank for small business customers were lending rates, accessibility of borrowing, and the number of services offered.

(g) Promotional Factors

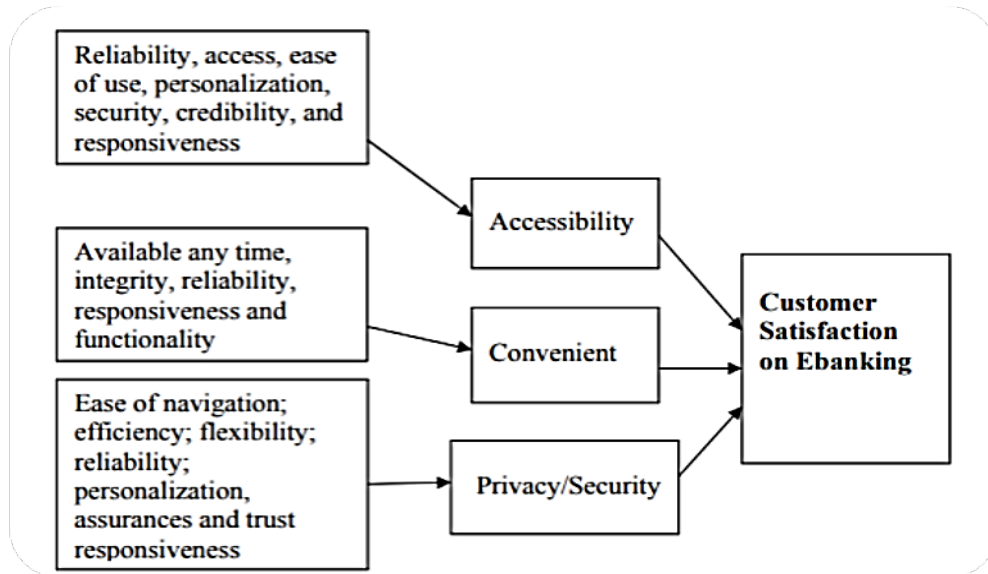
The findings of John Mylonakis (2008) in Greece found that Bank customers may not be interested in advertising at first while choosing their bank, but this is the initial reaction of all those who are interested in achieving the most cost-beneficial and favorable terms. The point is that advertising is not the main criterion for consumers in choosing their bank. However, banking advertising includes advertising availability of several branches, availability of parking space nearby, and long operating hours by banking institutions. According to Aregbeyen (2011) and Maiyaki (2011), any branch banking and number of branches is the major factor in a bank selection by the sampled respondents.

## **2.4 Conceptual Framework**

On the basis nature and scope of this study, conceptual framework was created. A conceptual framework shows the relationship among the concepts and it clarifies the underlying process, which is used to guide this study. This is referred to

the previous paper of ‘Factors Investigating Banking Services and Customer Satisfaction in Tanzanian (2013).

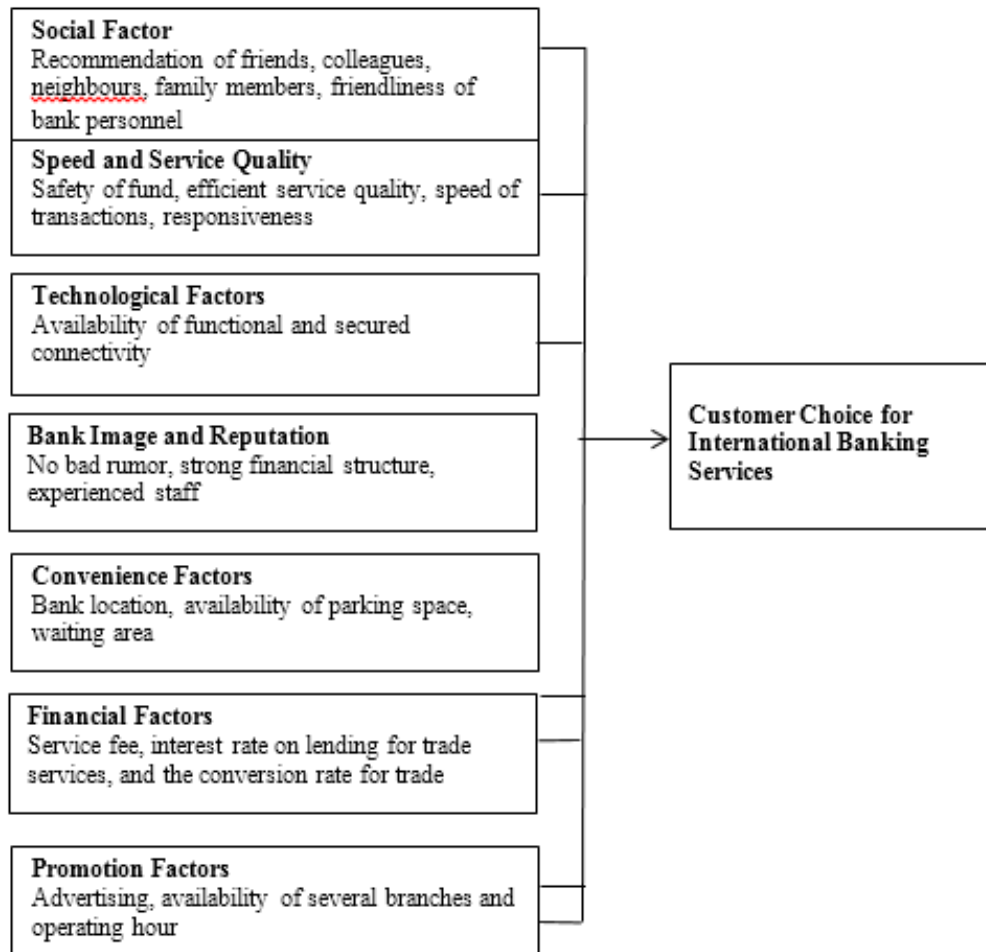
**Figure 2.1 Conceptual Framework of the Previous Study**



Source: Nester Kawamala, Investigating Banking Service and Customer Satisfaction in Tanzanian Bank 2013

Reference on the above conceptual framework and from the theoretical and empirical literature review it is observed that, the main factors which influencing factors on customer choice of international banking services include demographic factors, social factors, employee influence, service quality, technological factors, bank image, reputation, convenience factors, financial factors and promotion factors. These are organized influencing factors as the independent variables and international banking services are set up as the dependent variable in the conceptual framework.

**Figure 2.2 Conceptual Framework of the Study**



Source: Own Compilation

## **CHAPTER 3**

### **OVERVIEW OF INTERNATIONAL BANKING IN MYANMAR**

This Chapter described the overview of international banking in Myanmar and including such as the origin of international banking, regulation and supervisory on international banking sector, the operation of international banking services in the banks in Myanmar.

#### **3.1 The Origin of International Banking in Myanmar**

Myanmar Foreign Trade was established under the socialist Union of Burma Bank Law in 1975 and Myanmar Foreign Trade Bank (MFTB) specializes in international banking. It was the only bank to do such business until Myanmar Investment and Commercial Bank (MICB) was established in 1990. All Government departments and state economic enterprises keep their foreign exchange accounts with this bank. Some private companies, but mainly private individuals, particularly sailors, have accounts at MFTB.

Starting from 1990s, liberalization of economy was began and the number of accounts has risen from 500 to over 80,000 in 2012. According to MFTB, an estimated 75% of foreign exchange transactions by value are made through MFTB, while MICB accounts for the other 25% (Thein 2011). MICB, which is smaller than MFTB and overlaps with providing services and is carrying out both domestic and foreign currency businesses.

The main business is extending banking services to private companies, including foreign joint ventures. There is not the same with foreign trade banks in other countries, both MFTB and MICB offer no credit facilities to finance foreign trade. A foreign exchange deposit of 100% must be in place before a Letter of Credit is issued, and there are often administrative delays, which in turn limit the turnover of the exporters and importers.

The Financial Institutions of Myanmar Law liberalized the financial sector, resulting in the re-emergence of private banks starting from 1992. The Central Bank



was given a certain degree of authority over the monetary policy through the Central Bank of Myanmar Law. President U Thein Sein took government authority in 2011, the financial sector have embarked on a comprehensive set of reforms. New licenses were awarded to establish private banks while prudential regulations were eased. The unification of the exchange rate regime, the establishment of the Yangon Stock Exchange and also rising to an easing of international sanctions and the reintegration of Myanmar into the global economy.

International financial institutions have started to re-engage with the country, foreign banks started operations, and international payments and credit cards came back to Myanmar. In April 2016, a newly elected government, under the National League for Democracy and headed by President Htin Kyaw, economic plan was drawn and promote the liberalization of the financial sector. Nevertheless, Myanmar's financial sector is still at a rudimentary level and has a long way to go to meet international standards.

### **3.2 Regulation and Supervisory on International Banking Sector**

The Central Bank of Myanmar (CBM) has taken over the role as the regulator and supervisor of the banking sector. The legal framework for the banking sector has come under revision during the last five years. The laws that have been enacted and these are the new Foreign Exchange Management Law (August 2012), the revised Central Bank of Myanmar Law (July 2013), and the new Financial Institutions Law (January 2016).

The CBM is the authority and responsibility to carry out all central banking functions including the independent implementation of the country's monetary policy and exchange-rate policy. With the new law, the Central Bank is no longer under the control of the Ministry of Finance but has become an independent institution with its governor being at the minister level. In order to ensure accountability and transparency, it is the mandatory responsibility of the CBM to submit its reports to the government as well as to the parliament at least twice a year, and the CBM's monetary reports must be published quarterly.

The new Financial Institutions Law (FIL) was drafted to meet the best international practices, it also embodies the Basel Core Principles issued by the Basel Committee on Banking Supervision. The rules and regulations for the FIL are

currently under revision. The first and only regulation issued thus far under this new law is on Mobile Financial Services.

The Control of Money Laundering Law was enacted in June 2002. In the transition phase when the rules of this law were still in the process of being enacted, the United States of America, in November 2003, accused Myanmar and its two domestic private banks, the Asia Wealth Bank and the Myanmar Mayflower Bank, of being involved in money-laundering activities. Myanmar responded to the U.S. allegation by enacting the Control of Money Laundering Rules and by establishing an eight-member team to investigate the two suspicious banks. In addition to the revocation of licenses of these two banks, the Myanmar Universal Bank was also closed down in 2005, having been suspected of involvement in money laundering.

After passing the Control of Money Laundering Rules in 2003, the CBM introduced a reporting system for banks, in which bank transactions of MMK 100 million and above as well as suspicious transactions are to be reported. In October 2006, the Financial Action Task Force (FATF) removed Myanmar from its list of Non-Cooperative Countries and Territories but stated that substantial deficiencies in the AML/CFT regime remained. In order to address this anti-money laundering issue, in 2014, the Myanmar Parliament also enacted a new Counterterrorism Law as well as a new Anti-Money Laundering Law to meet international standards. To implement these new laws, the Financial Intelligence Unit and the Anti-Money Laundering Central Board were formed in August 2014 (Myanmar Gazette, 2014).

In June 2016, the FATF removed Myanmar from the list of jurisdictions with strategic weaknesses in its AML/CFT regime and issued the statement and it said that the FATF welcomes Myanmar's significant progress in improving its AML/CFT regime and notes that Myanmar has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in February 2010. This move is generally seen monitoring process under its on-going global as a strong recommendation for international investors and international AML/CFT compliance process.

In 2011, the Myanmar Payment Union (MPU) was formed by Myanmar banks and the system is supported non-cash payments originating from electronic channels such as Automated Teller Machines (ATMs), Point of Sale (POS) terminals, mobile banking, etc. The members of the MPU consisted of three state owned and 14 non-

state-owned banks. In mid-2015, the MPU became a public limited company, owned by its members at equal stakes (MMK 200 million per bank). As of June 2016, 23 out of 28 Myanmar banks are members of the MPU.

The MPU member banks offer four types of cards to their clients such as debit cards since 2012, credit cards since late 2015, and debit and credit cards co-branded with international partners of UPI (Union Pay International) and JCB (Japan Credit Bureau). Co-brand cards with MasterCard and Visa are under negotiation. So far, MasterCard and Visa are operating on a bilateral basis with selected domestic banks.

With an estimated 10% of Myanmar citizens living abroad and less than 20% of Myanmar's population holding a bank account, global money transfer services are in high demand. Market leader Western Union entered Myanmar in 2013 and making money transfers from abroad possible. In 2016, money can now also be sent abroad via selected Western Union partner banks. In the future, CBM-Net is also to be used as a platform for the interbank market, for purchasing and selling T-bonds and for foreign exchange auctions.

### **3.3 International Banking Service Operation of Myanmar Banking Sector**

The Myanma Foreign Trade Bank (MFTB) specializes in international banking since 1975 and it was the only bank to do international banking services. The MFTB has been providing a range of international banking and financial services to its customers through its worldwide extensive correspondent network of over 263 banks in 54 countries. The MFTB is the first bank of providing international banking services and lead the top place of the provider to the most quantities of customers in Myanmar.

The Myanma Investment and Commercial bank (MICB) was established in 1990 and second largest provider of international banking services. Starting from 1992, the private banks are allowed to engage in international banking services, some customers from the MFTB moved to open accounts in private banks. However, MFTB and MICB are still carrying out the international banking service as the highest level of provider in Myanmar.

Starting from 2011, an Authorized Dealer License was obtained allowing private banks to do foreign exchange transactions through its Money Changer Counters. Private Banks in Myanmar operated international banking services under the Financial Institutions of Myanmar Law starting from 2011. Upon approval from

the Central Bank of Myanmar, few banks were selected financial institutions that were allowed to operate foreign currencies dealing and international banking. Banks have opened currency exchange counters in the commercial cities of Yangon.

Subsequently on 9th July 2012, a Foreign Banking License was obtained which enabled to perform foreign banking transactions. The private banks are now fully licensed to make International banking services such as foreign currency account opening, remittance, trade services and bank guarantee.

At present, private banks can offer Foreign Currency Exchange service and eligible foreign currencies are US Dollar, Euro and Singapore Dollar, Thai Baht and Malaysia Ringgit. International Remittance service is using methods of inward remittance, outward remittance, worker's remittance, Western Union and commercial remittance through SWIFT & Telegraphic Transfer service. Current Foreign Account Opening is allowing customers to enjoy foreign currency deposit service and to provide the more efficient flows of foreign trade and investments for the local and international customer. For Trade Finance services, private banks provide letter of credit advising, confirmation, discounting and negotiation, export bill, pre and post shipping financing and opening of Letter of Credit in Export Financing services and credit facility service, import bill and trust receipts in Import Financing service. Also some private banks can provide short-term credit facilities for financing the importer when a Letter of Credit (LC) or collection is due for payment.

Private Banks can take responsibility for Bank Guarantee such as Performance Guarantee, Advance Payment Guarantee, Shipping Guarantee, Bank Guarantee Issuing/Confirmation, Tender Guarantee or Bid Bond Guarantee and Trade Guarantee. Using Western Union, banks are straightforward with a guaranteed service and wide correspondent relationships and the SWIFT network for international money transfer service. Moreover, Card services are offered for easily to use in any foreign countries and functioning as VISA, Master Card, Union Pay International and other major card organizations.

There are total twenty four private banks in Myanmar, among them the following top largest ten private banks, ranked upon their assets value (the GIZ report 2016), these are Kanbawza Bank Limited (KBZ), Ayarwaddy Bank Limited (AYA), Co-operative Bank Limited (CB), Myawaddy Bank Limited (Myawaddy), Myanma Apex Bank (MAB), Yoma Bank Limited (YOMA), United Amara Bank (UAB),

Global Treasure Bank (GTB), Asia Green Development Bank (AGD) and Myanmar Oriental Bank (MOB).

The above top largest ten private banks are operating how many types of international banking services are described as follow according to their bank websites.

KBZ is the top private bank in Myanmar and all types of international banking services are being operated for customers. Similarly, other private banks of AYA, CB, MAB and UAB are providing total eight types of international banking services. The international card services cannot be available in Myawaddy, YOMA, GTB and MOB. One of the international banking services, bank guarantee service cannot be available in GTB and AGD banks.

Most of the private banks can provide international banking services however all their bank branches cannot handle these services. The private banks need more structured and continuously learn about innovative approaches and international banking practices which can enable to better deal with changing environment and foreign competitors in the future.

## **CHAPTER 4**

### **ANALYSIS OF FACTORS INFLUENCING ON CUSTOMER CHOICE FOR INTERNATIONAL BANKING SERVICES**

This chapter presents research design, profile of the respondents, usages of international banking services by respondents and analysis on influencing factors of customer choice for international banking services.

#### **4.1 Research Design**

In conducting a study, data collection is difficult therefore smaller portions of sample are chosen to represent the relevant attributes of the whole of the study. The target population is the customers who are using and taking international banking services from five banks such as YOMA, KBZ, CHIDB, MOB and MCB.

The simple random sampling was chosen and therefore, a sample size of 160 customers was selected from the defined target population. This sample size is about 10% of the total users 1,610 of international banking services especially for foreign account opening in the five banks. The questionnaire was sent by email, online, phone and authors' friends as well as anyone in those friends' company were invited to respond.

A structured questionnaire was prepared for use in the survey based on literature reviewed and objectives of the study. The questions were organized into two sections such as personal background of the participants, the first section of the questionnaire asked regarding gender, their age, occupation, education and usages of bank services in their banks. The second section of the questionnaire required respondents to rate the relative influencing factors in choosing a bank. They were measured on a five point Likert-type scale of influence ranging from 1 (not important-not influence) to 5 (very important - much influence). The factors were adapted from

the relevant literature, personal experience, and interviews with some bank officials and old surveys.

The study findings are organized summarized and analyzed using Statistical Package for the Social Sciences (SPSS version 22 for windows). SPSS was used for the simple descriptive data to compute the mean score of factors and to the advanced statistical procedures of analyzing the influencing factors.

From a total of 160 questionnaires distributed by various ways, 7 answers are uncompleted and discarded, 21 questionnaires did not respond and 132 were completely answered. The response rate is 83 percent. This relatively high response rate was attributed to the self-administered approach undertaken in distributing questionnaires.

## 4.2 Profile of the Respondents

The profile of the respondents involved respondents' information such as gender, age group, education and occupation of the respondents.

### 4.2.1 Gender of the Respondents

As revealed in the figure below, males comprise 44 percent and females with 56 percent of the respondents respectively. As described with figure, among total respondents of 132 numbers, males are 58 numbers and females are 74 correspondingly.

**Table 4.1 Gender Distribution of the Respondents**

Gender	No. of Respondents	Percent
Male	58	43.9
Female	74	56.1
Total	132	100

Source: Survey data, 2018

This is somewhat may be the fact that in Yangon represent to numerous for Myanmar, female number is more than male as financial and banking handling is the task of the female. There are female 56 percent and male 44 percent of total respondents for gender distribution for this study.

#### 4.2.2 Age Group of Respondents

On the other hand, the below table shows the age group of the respondents based on the banking activities of customers in Yangon. It is revealed from the data collection that majority of the age group customers are 36 to 45 years and 26 to 35 years.

**Table 4.2 Age Group of the Respondents**

Age Group	No. of Respondent	Percent
25 or younger	4	3.0
26-35 years	44	33.3
36-45 years	46	34.8
46-55 years	34	25.8
older than 55	4	3.0
Total	132	100

Source: Survey data, 2018

It is found that the highest percentage, 34% of respondents are middle age group of 36-45 year and second highest percentage 33.3% of respondents are between 26 and 35 years.

#### 4.2.3 Education Level of the Respondents

Education level of respondents are divided into three group as under graduate, Bachelor degree and Master degree. These groups are described in Table 4.3.

**Table 4.3 Education Level of the Respondents**

Education	No. of Respondent	Percent
Under Graduate	18	13.6
Bachelor Degree	90	68.2
Master Degree	24	18.2



Total	132	100
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Source: Survey data, 2018

Majority of the respondents are Bachelor Degree holders and 68.2% of total respondents. As the above figure reveals, 18.2% are Master Degree holders and the rest 13.6% have under Graduate.

#### 4.2.4 Occupation of the Respondents

There are four types of occupation among respondents such as government employees, private employees, business owners and others (retired persons and housewives). It is shown in the below Table 4.4.

**Table 4.4 Occupations of the Respondents**

Occupation	No. of Respondent	Percent
Government Employee	2	1.5
Private Employee	98	74.2
Business Owner	20	15.2
Others	12	9.1
Total	132	100

Source: Survey data, 2018

The table below illustrates the composition of the respondents by their job occupations. It is revealed that majority, about 74.2% of the respondents are private employees followed by 15.2% who are business owners. The 9.1% of respondents are retired people and housewives. The last category is government employees which comprised of 1.5%.

#### 4.3 Usages of International Banking Services by Respondents

In this part, the usages of international banking services by respondents are analyzed and included the period of using international banking services, number of banks the respondents are using and using types of international banking services on their banks.

#### 4.3.1 Using Period of Banks

Both of the public or private banks, all respondents are users of international banking services and some customers are as represented by the survey population.

**Table 4.5 Using Period of Banks**

Years of Usages	Number	Percent
Less than 1 year	36	27.3
1-5 years	28	21.2
5-10 years	44	33.3
10-15 years	24	18.2
Total	132	100

Source: Survey data, 2018

The customers are using international banking services, who demonstrated in figure below as about 33.3% of the respondents have five to ten years of banking relationship with their banks. This is followed by 27.3% of the customers have only nearly one year and 18.2% of respondents with an experience of more than ten to fifteen years while 21.2% of the customers have a relationship with their respective banks one to five years.

#### 4.3.2 The Number of Using Banks

The respondents are asked the number of banks at which their international banking services were used. In this regard, about 27.3% is answered using only single bank and the rest 72.7% of respondents are using multiple banking users.

**Table 4.6 Number of Using Banks**

Number of Bank	No. of Respondent	Percent
1	36	27.3
2	28	21.2
3	44	33.3
4	24	18.2
Total	132	100

Source: Survey data, 2018

The three banks are mostly used and which have 33.3% of total respondents. Dealing behavior with various government and private banks are apparently different upon their trusts, satisfaction and organization policy.

### 4.3.3 Using Types of the International Banking Services

Among several international banking services are providing in the banks in Yangon, most of the respondents opened their foreign currency accounts for dealing the banking services. The below table shows the proportion of respondents that are using different banking services and products in their banks. High level of customer using for foreign exchange services and money transfer services internationally. Other majority of the respondents are using SWIFT telegraphic transfer services, trade services and bank guarantee services. Besides, the least usages of the other service that is VISA and Master card services. Most of the customers are dealing with more than one banking services and at least two services related with international banking.

**Table 4.7 Using Types of the International Banking Services**

Sr	Type of Service	No. of Respondent	Percentage on Total Respondents
1	Foreign Currency Account Opening	128	96.97
2	International Money Transfer Service	112	84.85
3	SWIFT Telegraphic Transfer Service	80	60.61
4	Trade Service (Export)	16	12.12
5	Trade Service (Import)	70	53.03
6	Bank Guarantee Service	38	28.79
7	Foreign Exchange Service	130	98.48
8	Card Service	18	13.64

Source: Survey data, 2018

However, some customers are still less awareness and not fully trust on the bank about the providing international services.

#### 4.4 Analysis on Influencing Factors of Customer Choice

In this part, analysis on interrelationships among a large number of variables and to explain these variables in terms of their common underlying dimensions (factors). This analysis is a data reduction statistical technique and designed to simplify the correlation matrix that reveals a small number of factors which can explain the correlation. Correlation coefficients vary from sample to sample, much more so in small samples than in large. Hence, the reliability of factor is as well dependent on sample size (Hair et al., 2005). In order to get reliable solution, analyzing the factor requires about 150 participants (Jeromy, 2007).

The factors are analyzed in order to identify constructs and investigate relationships among key interval. Coefficient can be positive or negative. A negative coefficient indicates that the variable has an inverse relationship with other factors and the positive coefficient means that higher relationship and the more important factor.

##### 4.4.1 Factors of Customer Choice on International Banking Services

There are identified seven factors concerning influencing factors of customer choice on the banking services. Means of factors are computed for all attributes retained within each factor to identify the relative importance of such attributes to the customers in their bank selection process. In terms of overall factor means, the second factor is the most important in terms of bank selection and the seventh factor is (slightly) the least important.

The social factor in Table 4.8 explain that the social factor based on recommendation of family member, neighbor, friends and colleagues, friendliness of bank personnel, pleasing and good manners of banking staff and easy contact with respective bank officer.

**Table 4.8 Social Factor**

Factors	Mean	Standard Deviation
<b>Social Factor</b>	3.31	0.50
Recommendation of family member, neighbor, friends & colleagues	3.15	1.02

Friendliness of bank personnel	2.71	0.92
Pleasing and good manners of staff	3.90	0.40
Easy contact with respective officer	3.48	0.59

Source: Survey data, 2018

This social factor has mean value 3.31 and second least important factors. In this factor, pleasing and good manners of bank staff (mean = 3.90) and easy contact with respective bank officer (mean = 3.48) have the two highest means and indicating the vast important factors in determining customer choice for international banking services.

The speed and service quality factor identify a dimension based safety of fund, efficient service quality, speed of transaction, quick responses and minimum waiting time. This factor accounts for the mean value 4.49. This factor may be categorized service provision factor. Within this factor, the most important attributes are safety of fund (mean= 4.91), efficient service quality (mean= 4.67) and speed of transactions (mean= 4.64), while the least important item is minimum waiting time (mean = 3.74).

**Table 4.9 Speed and Service Quality Factor**

Factors	Mean	Standard Deviation
<b>Speed and Service Quality</b>	4.49	0.30
Safety of fund	4.91	0.29
Efficient service quality	4.67	0.48
Speed of transactions	4.64	0.49
Quick responsiveness	4.48	0.59
Minimum waiting time	3.74	0.53

Source: Survey data, 2018

The third factor is technological, containing items related to availability of functional services, innovation and new technology, secured connectivity and one stop service. Attributes falling within this factor accounts 3.94 of mean value. Within this factor, very important factors are secured connectivity (mean=4.71) and innovation and new technology (mean = 4.42) and the least important item in this respect is one stop banking service (mean = 3.17).

**Table 4.10 Technological Factor**

Factors	Mean	Standard Deviation
<b>Technological Factor</b>	3.94	0.34
Availability of functional and services	3.45	0.72
Innovation and new technology	4.42	0.61
Secured connectivity	4.71	0.60
One stop banking service	3.17	0.81

Source: Survey data, 2018

The bank image and reputation factor has been labeled and these items load positively on these factors are no bad rumor, age of the bank, well experienced bank staff, strong financial structure and employees dress and appearance. Among the items in this factor, well experienced bank staff is the highest rank (mean =4.55) and followed by the second highest is no bad rumor (mean= 3.50) in their bank selection process.

**Table 4.11 Bank Image and Reputation Factor**

Factors	Mean	Standard Deviation
<b>Bank Image and Reputation</b>	3.43	0.42
No bad rumor	3.50	0.91
Age of the bank	2.83	0.75
Well experienced bank staff	4.55	0.58
Strong financial structure	3.21	0.85
Employees dress and appearance	3.06	0.78

Source: Survey data, 2018

The fifth factor comprises items related to convenience including bank location, waiting area, other facilities during waiting time and availability of car parking. The convenience factor has mean value 3.44. Bank location (mean= 4.06) is the most significant attribute within this factor whereas other facilities during waiting time is the least important.

**Table 4.12 Convenience Factor**

Factors	Mean	Standard Deviation
<b>Convenience Factor</b>	3.44	0.37
Bank location	4.06	0.39
Waiting area	3.53	0.75
Other facilities during waiting time (providing sweets, reading books or journals, TV, etc.,)	3.00	0.72
Availability of parking space	3.17	1.01

Source: Survey data, 2018

The financial factors involve service fee, interest rate, reasonable conversion rate for trade service and variety of service offered in which interest rate is the most important item with a mean score of 4.21 and least important is variety of services offered (mean = 3.59)

**Table 4.13 Financial Factor**

Factors	Mean	Standard Deviation
<b>Financial Factor</b>	4.01	0.51
Service fee (low or reasonable)	4.17	0.81
Interest rate on lending for trade service	4.21	0.83
Reasonable conversion rate for trade service	4.08	0.79
The variety of services offered	3.59	0.72

Source: Survey data, 2018

Finally, the seventh promotion factor includes items associated to advertising, availability of bank branches and extended bank operating hour. The availability of several bank branches is the most important item (mean= 3.83).

**Table 4.14 Promotion Factor**

Factors	Mean	Standard Deviation
<b>Promotion Factor</b>	3.10	0.58
Advertising via mass media	2.52	0.99
Promotion the viability of several branches	3.83	0.67
Extension of operating hour on events	2.94	0.76

Source: Survey data, 2018

Among the seven factors reported above, the second factor, speed and service quality and sixth factor, financial (service fee, interest rate and conversion rate) are characterized by much higher mean and importance ratings than the other characteristics, emphasizing the importance of bank selection decisions by this survey result.

The promotion factor such as advertising, several branches and extended bank operating hour is not important for choosing banking as the result of lowest score in the factors. Therefore, the banks could be recognized to do advancement by service quality and not in the promotion.

#### 4.4.2 Regression Analysis of the Effect of Factors on International Banking Services

Multiple regression was applied to influence the factors on customer choice for international banking services by ANOVA analysis and multiple regression coefficients analysis. To develop the multiple regression models, international banking services are used as dependent variable and social factors, speed and service quality factors, technological factors, bank image and reputation factors, convenient factors financial factors and promotion factors are used as independent variables. The results of the analysis on the factors influencing are exposed as below.

**Table 4.15 Analysis of ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.905	7	.272	10.637	.000 <sup>b</sup>



	Residual	3.173	124	.026		
	Total	5.078	131			
a. Dependent Variable: Services b. Predictors: (Constant), Promotion, Speed & Service Quality, Convenience, Financial, Technological, Social, Image & Reputation						

Source: Survey data, 2018

The data analysis represented in the above Table that the Mean Square for regression is 0.272 and for Residuals it is 0.026. The value of F test, overall significance of the model is 10.637 and it is significant level is at 1% (p-value=0.000).

Moreover, data is analyzed with Multiple Regression Coefficient that is included Unstandardized Coefficient Beta and its Standard Error data, Standardized Coefficient Beta value, t value, Significance value and Collinearity Diagnostic table of Tolerance and VIF.

The below Table 4.16 is shown for regression coefficient value it is indicated the individual contribution of each predictor, factors to find the effect of variables on international banking services. The value of (VIF) are less than 10 therefore the serial correlation and multi-collinearity problems were not detected in this analysis.

The R Square value is 0.375 which indicates 37.5 percent of variation is due to independent variables these are seven factors of Social, Speed & Service Quality, Technological, Financial, Image & Reputation, Convenience and Promotion on the customer choice of international banking services. Adjusted R Square is 0.34 and all other independent variables are constant.

**Table 4.16 Analysis of Multiple Regression Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Standard Error	Beta			Tolerance	VIF
1	(Constant)	.054	.283		.189	.850		
	Social Factor	-.024	.031	-.060	-.763	.447	.819	1.221

Speed and Service Quality	.053	.050	.079	1.048	.297	.890	1.123
Technological Factor	-.162	.046	-.282	-3.477	.001	.764	1.308
Image & Reputation	.046	.043	.099	1.066	.288	.584	1.711
Convenience Factor	.074	.041	.138	1.787	.076	.846	1.182
Financial Factor	.179	.029	.459	6.137	.000	.899	1.112
Promotion Factor	-.046	.028	-.137	-1.651	.101	.730	1.370
a. Dependent Variable: International Banking Services							
R = .613							
R Square = .375							
Adjusted R Square = .340							

These results show that the coefficients for financial factors and technological factors are significant at 1% level since the results p value are less than 0.01. Remaining five factors such as factors of social, speed and service quality, bank image and reputation, convenience and promotion are not significant.

Additionally, the technological factor is highly significant with international banking services however the reverse relationship with international banking services therefore the advancement of technology is rapidly moving however which cannot be timely modernized in current functioning international banking services in the banks. Although new technology and innovation technique are developing, it is still less knowledge and awareness to the customers and not fully utilize the international banking services in Myanmar.

## **CHAPTER 5**

### **CONCLUSION**

The final chapter is the conclusion of the study and summarized for the whole study. Findings and recommendation are presented according to the result of the research. Banks could be acknowledged the main factors of customer choice, improvement on international banking services and provide better services to their customers.

#### **5.1 Findings**

The objective of this study was to analyze the influencing factors of the customer choice for the international banking services in Yangon. According to the objectives, simple random sampling method was used and sample size observed

was 132 respondents who are dealing international banking services including staffs from trading companies, import and export companies, manufacturing companies, shipping agencies, travels and tours companies, international non-government organization and other respondents are retired persons and housewives in Yangon.

Descriptive analysis revealed that most respondents fall in the age group of 36-45 years. Concerning their education, about 68.2 percent of the sample respondents are Bachelor degree holders. After answering from respondents, there are four types of occupation and 2 respondents are government employees, 98 private employees, 20 business owners and 12 respondents of others type are housewives of seamen and workers who are working in other countries, retired people who deal with international banking services for receiving transfer money for their sons and daughters from other countries.

Most of the respondents are using more than three numbers of banks and they are checking among the banks which one is most suitable conversion rate for money transferring related with trading services and using the international banking services in their bank is within the range of five to ten years.

The study analyzed the importance of factor among the seven factors on the international banking services, most important factors are speed and service quality and financial factors according to the mean value. The respondents are concern about safety of fund and efficient service quality, service fee, interest rate on loan for expending their business, conversion rate for trade services. However, to get more detail result on factors influencing on international banking services, additionally analyzed by multi regression analysis and the results found that the most significant factor is financial factor and second important factor is technological factor. Therefore, it is need to improve information technology structure for solving server failure, connection error and make sure secured connectivity on all bank transactions. Therefore, such factors should be considered seriously by the banks for better services for international banking. The factors of recommendation, friendliness of bank personnel, advertising, availability of branches and operating hour are the least factors for dealing international banking services.

However, the finding of this study should be more studies are needed to validate the finding especially with large samples. It is strongly believed that the more diverse the profiles of the respondents more will be the insights into the construct of customer choice on international banking services for banking sector in Myanmar.

## **5.2 Recommendation**

Based on the responses of the respondents, the following recommendations and suggestions from customers related with the types of international banking services for additional improvements in the banking industry.

There are some recommendations for foreign account opening, the requirement of two guarantors to open account should be released. Although the amount deposit to the account, there is no limitation however there is limitation for withdrawal amount as only US dollars five thousand for one transaction and two transactions for a week. The limitation amount for withdrawing is difficult for doing business.

When the cash is withdrawn from the bank, there are issued small notes and it is lesser market rate and affect for business. Some banks cannot open multi-currency account and only one currency as US dollar account. It is better for interest earn on deposit amount in foreign currency account.

In the international money transfer service, transaction fee (500 Kyat) should be reduced for conversion to Myanmar kyat value and the rate for money transfer amount for trading is higher than the market rate and difficult to deal it. Also, transaction fee (US\$15) is high for transfer from oversea bank and transaction fee (US\$2) for money transfer services in country. Customer desire to transfer directly to a bank in the United States, Europe or Australia, instead banks recommend opening an account with a correspondent bank and sending the money in two separate transactions (for example, Myanmar to Singapore, and then Singapore to the United States) that is time consumed and more cost for customers.

Trade service for export is required to encourage for trade financing for export business to develop country income. The interest rate loan for trading including collateral, should be adjusted according to the business progress and background information. Now a day, banks are promoting the hire purchase for housing and vehicles however the hire purchase for machinery and equipment for industrial business sector has not encouraged yet.

The deposit money for trade service for import with collateral requirement is 80%-90% that is too burden for export-import business and interest rate (3-4%) is also high. The security is weak compare with foreign banks. Banks should be offered with flexible borrowing options upon the customers' needs.

The higher foreign exchange rate is to be the higher of the inflation rate. The stable exchange rate is good for doing business. The foreign exchange rate is controlled the Central Bank however the rate is not the same in the different banks. The conversion rate on note currency and transfer money for trading should be the same rate for better trading business.

The conversion rate for deposit to card should be flat rate or equivalent with market rate and service fee (2,000 Kyat) to entry into card need to reduce. Card service is easy to use internationally it should be promoted. Some cards cannot use in Europe countries.

Moreover, customers suggested that need to be secure for on-line transaction and IT connection is important for faster services. The connection failure and error should be fixed permanently. The service fee should be standardized that is different rate upon the different banks although the same services. International banking services cannot provide in the bank branches. The providing banking services, requirement and charging the service fee is different upon the individual private bank policy.

In November 2018, The Central Bank of Myanmar allowed, the branches of foreign banks to provide wholesale banking services to local companies and businesses cooperating with foreign companies and business entities and financial institutions. Furthermore, export financing and related banking services for export financing are also allowed according to Directive No. (9/2017) dated 8th December 2017. With the objective of providing higher access to finance for local business entities, the Central bank of Myanmar allows branches of foreign banks to provide any financing and other banking services to local business entities, in the same manner as local banks.

Therefore, there are more competitive on international banking services on local and foreign banks. When questioned to some customers, they are considering to open accounts and deal with foreign branches for availability of loan for trade services and more convenience on international money transfer services. As the observation on it, the local banks should be improved and promoted for better services and find the way for maintain the loyalty of customers in future.

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**APPENDIX 1**  
**INTERNATIONAL BANKING SERVICES IN YANGON**  
**Survey Questionnaire**

**PART-A**

This part contains statements concerning general information about the participant.

**DEMOGRAPHIC FACTOR**

Completion of this information is voluntary and its confidentiality is assured. No individual data will be reported. THANK YOU!

**1. What is your gender?**

- Male
- Female

**2. What is your Age Group?**

- 25 or Younger
- 26-35 Years
- 36-45 Years
- 46-55 Years
- Older than 55 Years

**3. What is your highest level of Education?**

- Lower Than Bachelor's Degree
- Bachelor's Degree
- Master's Degree
- Higher than Master's Degree

**4. What is your Occupation /Profession**

- Government Employee
- Private Employee
- Business Owner
- Others

**5. What is the nature of business?**

.....  
.....

**6. How many banks are usually used for international banking services?**

Bank Number : .....

**7. How long have you been using banking services?**

- Less than 1 year
- 1 – 5 years
- 5 – 10 years
- 10 – 15 years
- Above 15 years

**8. Which types of International Banking Services are used?**

- Foreign Currency Account Opening
- International Money Transfer Service
- SWIFT Telegraphic Transfer Service
- Trade Service (Export)
- Trade Service (Import)
- Bank Guarantee Service
- Foreign Exchange Service
- Card Service

**OTHER RECOMMENDATION**

Please write down your recommendation about choice on international banking services in banks in Yangon.

.....  
.....  
.....  
.....  
.....

## PART-B

This part contains statements concerning influencing factors of customer choice on the bank services.

Please Indicate in the following table, the level of importance of the criteria you did consider when choosing the bank on a scale of 1 to 5 as follows.

**1= not important    2= little important    3= neutral    4= important    5= very important**

<b>FACTORS &amp; ITEMS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Factor 1 : Social Factor</b>					
Recommendation of family member, neighbor, friends & colleagues					
Friendliness of bank personnel					
Pleasing and good manners of staff					
Easy contact with respective officer					
<b>Factor 2 : Speed and Service Quality</b>					
Safety of fund					
Efficient service quality					
Speed of transactions					
Quick responsiveness					
Minimum waiting time					
<b>Factor 3 : Technological Factors</b>					
Availability of functional and services					
Innovation and new technology					
Secured connectivity					
One stop banking service					

1= not important    2= little important    3= neutral    4= important    5= very important

<b>FACTORS &amp; ITEMS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Factor 4 : Bank Image and Reputation</b>					
No bad rumor					
Age of the bank					
Well experienced bank staff					
Strong financial structure					
Employees dress and appearance					
<b>Factor 5 : Convenience Factors</b>					
Bank location					
Waiting area					
Other facilities during waiting time (providing sweets, reading books or journals, TV, etc.,)					
Availability of parking space					
<b>Factor 6 : Financial Factors</b>					
Service fee (low or reasonable)					
Interest rate on lending/saving,					
Reasonable conversion rate for trade service					
The variety of services offered					
<b>Factor 7 : Promotion Factors</b>					
Advertising via mass media					
Promotion on availability of several branches					
Extended operating hour on special events					