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# FACTORS EFFECTING THE ADOPTION OF MOBILE FINANCIAL SERVICES IN MYANMAR

AYE AYE SINT
(EMBF- 6th BATCH)

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# Factors Effecting the Adoption of Mobile Financial Services in Myanmar

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**Supervised by**

Daw Yee Yee Thein
Associate Professor
Master of Banking and Finance Programme
Yangon University of Economics

**Submitted by**

Aye Aye Sint
Roll No - 7
EMBF 6th Batch


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# ABSTRACT

The aim of this study is to identify the current situation of Myanmar to use mobile financial services and to examine the factors effecting the adoption of mobile financial services in Myanmar. The study adopted a descriptive research design. The population of study consisted of all respondents in Myanmar. The sample size of this study was 120 people in the Yangon district area determined using convenient sampling. The study used both of the primary data and secondary data. On this study, the primary has got from the survey, questionnaires and interviews from the targeted respondents by using the quota sampling method from the selected organizations. Primary data was collected using structured questionnaires containing both closed and open ended questions to allow variety factors. The quantitative data was analyzed using descriptive statistics. The various aspects of perceived usefulness, perceived ease of use, perceived cost, perceived trust, perceived risk and social influence on the use of mobile financial services include consumers' knowledge/ experience on the use of mobile technology affect the level of use for mobile banking would increase for performing their financial services. The perceived usefulness or ease of use affect the customers adoption of mobile financial services and easy to use. For the Secondary data was collected from the related organization, public website, internet sources. Because of the aspects of perceived usefulness, perceived ease of use, perceived cost, perceived trust, perceived risk and social influence of the users are changed and they started feel that the services are intention to use. The level of education, the consumers' lifestyle, cultural practices as well as social influence of friends, family will be familiar to adopt the mobile financial services. The study recommends that the service providers, customers and the government, the relevant policy makers should keep control and improve the trust, risk factor on the policies governing the financial industry and use of ICT financial services for quality of their services to the customers to minimize any problems that they get in using the service.

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# LIST OF ABBREVIATIONS

| | |
|---|---|
| MFS | Mobile Financial Service |
| CBM | Central Bank of Myanmar |
| AML | Anti Money Laundering |
| CDD | Customer Due Deligencr |
| KYC | Know Your Customer |
| ATM | Automatic Teller Machine |
| GSMA | Global System for Mobile Communication |
| MPT | Myanmar Posts and Telecommunications |
| NRC | National Registration Card |
| SME | Small and Medium Enterprises |
| TAM | Technology Acceptance Model |
| UTAUT | Unified Theory of Acceptance and Use of Technology |
| TRA | Theory of Reasoned Action |
| SPSS | Statistical Package for Social Science |

# CHAPTER ( I )
# INTRODUCTION

Nowadays, the world has transferred to a global village and all sectors of our daily lives are become dynamic and rapidly changed due to the introduction of new technologies and innovations. With this advancement of the new technologies, the information of the Communication sector has improved with the advent of 3G, 4G services by telecom companies, then, mobile technology has become an integral part of our everyday human life. Mobile services have been introduced into various areas like banking, commerce, government, and healthcare. The global business society have moved from a cash-based society to an electronic-based one, then peer-to-peer services which have arisen to replace traditional payment methods and emerged with more efficient ways to access banking and financial industries.

It's estimated that in 2018 alone, in fact, mobile point of sale transactions will top $5.4 billion worldwide. (Envestnet, Yodlee 2018). It becomes the digital transformation in banking such as Internet banking, online banking, mobile banking which users can enter specific login information to access their financial accounts. Online banking subsequently inspired Mobile Banking, which offers essentially the same services but from the convenience of one's mobile device such as a tablet or smartphone. Like Mobile banking, "Mobile Financial Services" (MFS) refers to offering users the ability to execute routine banking tasks through mobile channels with the owned mobile phones. MFS can be divided into two distinct categories: Mobile banking (m-banking) and mobile payments (m-payments) (Boyd & Jacob, 2007). These services include products such as performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone. The use of mobile telephones to deliver basic financial services to the financially excluded poor represents an unprecedented opportunity. With mobile phones now in the hands of billions including those at even the lowest income levels, the world is poised to bring unprecedented numbers into the formal economy. Non-bank mobile money services offer an opportunity to bridge the gap between the banked and unbanked population. About half of the world's adult population (about 2.5 billion people) has no access to

traditional financial services, and 90% of the world's unbanked people live in developing countries (Demirguc-Kunt and Klapper 2012).

MFS like m-banking and m-payments came into being during year 1997 in the United States of America and Europe. The earliest mobile banking services used SMS, a service known as SMS banking in 1999, the first European banks started to offer mobile banking on this platform to their customers. (Wikipedia 2019). In Myanmar, Central Bank of Myanmar (CBM) has allowed all local financial institutions including banks to engage in mobile banking since December, 2013, and Mobile Financial Services Regulation to regulate MFS operated by non-commercial banks in Myanmar. A number of commercial banks in Myanmar already offer mobile services to their clients. These include KBZ bank (KBZ Pay), CB bank (CB Pay), AGD (AGD Pay) bank, etc. Also have other bank related Mobile Money like True Money. However, in this study will focus on non-banked MFS. These are OK Dollar, Wave Money, M-Pitesan and My Money.

It is estimated that most of the households who have access to financial services, Myanmar has still some of the lowest levels of access to financial services in the world. Although the massive deployment of mobile financial services in other developing countries has generated a lot of interest among various players in the financial sector of the economy, Myanmar people's use and adoption of MFS has been observed to be low especially in rural area. Therefore, this study will attempt to analyze the factors that may influence the adoption of MFS and to finds out the problems and techniques for this adoption of MFS in Myanmar.

## 1.1 Rationale of the Study

As technology development challenges become increasingly rapidity, especially, the financial institutions find the solutions they need to achieve sustainable and inclusive development by providing the best service to the customers. The advent of mobile phone banking has enabled people to access finance easily and at their own convenience. It presents an enormous opportunity to overcome the dominance of banks in the provision of formal financial services because of its transformative power and ability to reach a large population (Cull, Demirgüç-Kunt and Ly- man 2012).

The terms m-banking, m-payments, m-transfers and m-finance refer collectively to a set of applications that enable people to use their mobile telephones

to manipulate their bank accounts, store money in an account linked to their handsets, transfer funds, or even access credit or insurance products (Donner & Tellez, 2008:22- +25)T. A high prevalence of cash transactions and smart phone ownership in Myanmar provides an attractive opportunity for the spread of mobile financial transferring services to the customers especially to the unbanked and under banked population. But the use and adoption of it by the customers has been observed to be low most in Myanmar, especially in rural poor.

With this MFS, mobile phones can be used as a delivery channel for a range of banking services, including cash transfers and deposits, retail purchases, bill payments, and welfare payments and other social services. Mobile money offers a new and innovative system that allows customers to carry out simple banking operations and transactions in total security. Also, with this MFS, the government and financial sectors of the collaboration of e-commerce outrange can overcome geographic limitation, time independence, convenience and promptness to customers, along with cost savings. Mobile money services providers, policy makers, regulators and related stakeholders in the banking sector find it difficult to understand the significant factors that influence the adoption of mobile money services in Myanmar leading to low adoption compared to other countries such as China, India, Philippines, Kenya and South Africa.

According to the World Bank (2012), 2.5 billion people do not have an account at a formal financial institution and most of them come from the developing world. There are around 80% of the Myanmar population is still unbanked.[ FMR FS Report 2018 ].Mobile financial services have emerged as an important driver of financial inclusion and an innovative channel of financial services delivery especially to the unbanked population. This study will further examine the attitude of the unbanked that own mobile phones but do not have bank accounts to mobile money services to determine whether mobile money services have been really transformational the banking and financial services in Myanmar as in countries like Phillpine, Kenya where according to William and Tavneet (20 11: 17), they have been successful. Moreover, the World Bank, (2014) in the Global Findex database shows that three quarters of the world's poor do not have an account at the formal financial institutions, not only because they are poor but also due to costs of travel and

paperwork involved, which are given by many as barriers to access (Hannig and Jensen 2010).

Due to this, it is of vital importance that Myanmar has to address this problem as mobile financial services can help bridge the gap between the banked and unbanked and also lead to financial inclusion. For most, mobile money services may help to grow the opportunity of financial inclusion and the economy of Myanmar. Adoption of mobile financial services delivery is fast gaining ground in Myanmar. Different mobile money services such as OK Dollar, Wave Money, M-Pietsan, Mytel Pay and MPT Money have been introduced in Myanmar.

This research hopes to determine the factors affecting the adoption of mobile money services and evaluate these services in Myanmar in the light of the Technology Acceptance Model (TAM), which is a relatively new technology (Davis, Bagozzi & Warshaw, 1989a; Mathieson, 1991; Davis & Venkatesh, 1996a). Davis, 1989a, Venkatesh and Davis, 1996b note that user attitude towards and acceptance of a new information system have a critical impact on successful information adoption. Aderonke and Ayo (2010) argue that the quality and effectiveness of a system can only be evaluated with its level of user acceptance. Therefore, this study intends to observe the adoption of customers on the mobile financial services can increase to access their financial requirements widely and this study analyst to finds out the problems and techniques also.

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## 1.2 Objectives of the Study

The objectives of the study are as follows,

1) To identify the current situation of the Mobile Financial Services in Myanmar.
2) To examine the factors that may influence the customer adoption of Mobile Financial Service in Myanmar.

## 1.3 Scope and method of the study

The study focuses on customer survey of the four types of Myanmar registered mobile financial services which are OK Dollar (OK$), Wave Money, M-Pitesan, Mytel Pay and MPT Money. A sample of (120) customers

of the licensed mobile financial services were taken from the total populations of Yangon area within November 2019. Descriptive Survey method was mainly used in this study. Primary data was collected from (120) customers of the above five mobile financial services and was taken from the populations of Yangon area and interviewed with structured questionnaire.

Secondary data and information were collected from the responsible persons of the concerned official data and reports from public websites, relevant books and references, articles, literature, previous thesis papers and other people documents from internet. In this research, the following research tools and instruments were used to measure subjective norms and adoptive behavioral control. Survey questions were taken from established study on the adoption of mobile financial services with Technology acceptance model (TAM) (Davis 1989).

## 1.4 Organization of the study

This study was formally organized with five chapters. Chapter (1) was included the introduction that explained rationale of the study, objectives of the study, scope and method of the study, organization of the study. Chapter (2) was included the literature review relating to the use of mobile money services and their impact on banking and financial services. Chapter (3) is the current situation and background of the mobile financial services in Myanmar. Chapter (4) describes the analysis of Mobile financial services in Myanmar. Chapter (5) concluded with the findings, suggestions and recommendation and need for future research to maintain existing customers and to persuade new customers to create its customer values.

# CHAPTER ( II )

# LITERATURE REVIEW

This chapter reviews global experience on the used factors affecting customer adoption and the way to success for widely use on mobile financial services in Myanmar. It presents the literature review on the factor affecting on consumer adoption of Mobile Financial Service (MFS) in Myanmar which includes the definition of consumer adoption, theory of customer adoption, factors affecting consumer adoption, perceived usefulness, perceived ease of use, perceived cost, perceived trust, perceived risk and social influence.

## 2.1 Definition of the Consumer Adoption

Adoption is the action or fact of choosing to take up, follow, or use something. Adoption usually refers to the legal process of becoming a non-biological parent, but it also refers to the act of embracing ideas, habits, etc. The technology adoption is the choice to acquire and use a new innovation. There is an emerging knowledge base on the effectiveness of strategies to close the knowledge-practice gap. However, less is known about how attributes of an innovation and other contextual and situational factors facilitate and impede an innovation's adoption.

## 2.2 Theory of Consumer Adoption

The theory of product adoption has a simple objective. To observe new product adoptions and new product diffusion in the market to understand how and why as well as to what extent a new product is adopted by Individuals or organizations. It can also be called as theory of product adoption.

The most popular theory in customer adoption has been theory of diffusion of innovation. Diffusion of Innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures. Everett Rogers, a professor of rural sociology, popularized his theory in his 1962 book, “Diffusion of Innovations”. He said diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system. The origins of the diffusion of innovations theory are varied and span multiple disciplines. Diffusion of innovation theory sees innovations as being system communicated through certain channels over time and within a particular social

(Rogers, 1995).

According to Rogers, Diffusion of innovation theory explained the process by which an innovation is introduced, communicated, evaluated and, consequently, either adopted or rejected. Most individuals first try a new technology on a partial basis, and only if they perceive advantages in using it will they adopt the innovation. Within his adoption literature, perceptions of innovation characteristics are the relative advantage (usefulness value) and complexity (ease of use) (Crum et. al., 1996) and also differences in individual shoppers have been displayed to predict adoption behaviors. Hoffman and Novak (1996) observed that anxiety regarding ability to perform the behavior was negatively related to actual usage behavior. Everett M. Rogers (1931-2004) identified the five factors influencing the adoption of any innovation, and ultimately its degree of success. When assessing the potential for an innovation, whether it is a new product or service, benchmarking the benefits provided by the innovation against the five factors will help identify potential barriers to adoption and areas for improvement.

The rate of adoption of innovations is impacted by five factors: relative advantage, compatibility, triability, observability, and complexity (Funk, 2007). The first four factors are generally positively correlated with rate of adoption while the last factor, complexity, is generally negatively correlated with rate of adoption (Rogers, 1995).

### 2.3 Factors Effecting the Consumer Adoption

The attitude of customer decides how demand will emerge for a new product and service and how existing goods and services will be sold. The attitude in turn depends upon many economic, social, cultural and climatic factors. The decisions are also influenced by education, level of economic development, life style, information and opposite of other factors.

Consumer adoption implies how and why a particular customer or group reacts to decisions of producers (Jain & Bhatt 2003). In the past, business companies, investors, and industry observers, encouraged by full scale implementations abroad and limited but successful domestic pilots, have once again begun to treat the various forms of services and products as a compelling business opportunity (Funk, 2007).

Consumer behavior are those actions directly involved in obtaining,

consuming and disposing of products and services, including the decision process that proceeds and follows the action (Hoyer & Maclnnis, 2008). Based on Au and Kauffman (2008) observation, customers can choose to adopt a particular product or service perceived to offer such advantages as ease of use. In addition to these factors, various consumer demographic factors also have an effect on consumer adoption. Age and education have a major influence on the use of certain products and services (Suoranta, 2003). The factors affecting on mobile banking services is cost as well as trust have been also be identified as the other factors on the adoption of mobile financial service.

Consumer adoption is dependent on a number of factors which are dependent on economic factors such as income, price, psychology, sociology, anthropology, climate and culture (Jain and Bhatt 2003). The main factors affecting consumer adoption are categorized as political factors, economic factors, social factors and technological factors.

Differences in economic environment determine the patterns of adoption of money transfer systems, that is the adoption in developed countries is not the same as in developing countries and the adoption in urban areas is not the same with that in rural areas (Marumbwa and Mutsikiwa 2013). Several models and theories have been used to study the adoption of technology. These theories and models have been extended to be used in studying the adoption of mobile financial services and mobile banking. They include Technology acceptance model (TAM) (Davis 1989), Unified Theory of use and acceptance of technology (UTAUT) (Venkatesh & Davis 2000) and Roger's (1992) diffusion of innovations.

According to TAM, a user's adoption of new technology is determined by the user's intention to use the service, which is in turn determined by the user's beliefs about the service (Davis 1989). The original TAM construct of perceived usefulness and perceived ease of use were adopted from Davis (1989) and its extension by Venkatesh and Davis (2000). Perceived risk, perceived cost and trust were adopted from Masinge (2010) and Lee (2009). Social influence was adopted from Jayasingh and Eze (2009). For this study, Technology Acceptance Model (TAM) by David (1989) is used and focus for the literature findings on the factors effecting the adoption of mobile financial service in Myanmar. This study focuses on factors such

as the perceived usefulness, perceived ease of use, perceived cost, perceived trust, perceived risk and social influence.

### 2.3.1 Perceived Usefulness

Perceived usefulness is defined as "the degree to which a person believes that using a particular system would enhance his or her job performance." This follows from the definition of the useful word of "the capable of being used advantageously." Within an organizational context, people are generally reinforced for good performance by raises, promotions, bonuses, and other rewards (Pfeffer, 1982; Schein, 1980; Vroom, 1964). A system high in perceived usefulness, in turn, is one for which a user believes in the existence of a positive use-performance relationship. (Aulelius Lema, 2017)

Perceived usefulness is one of the independent constructs in the Technology Acceptance Model (TAM). It is “the degree to which a person believes that using a particular system would enhance his/her job performance” ( Davis, 1989 AU95: The citation "Davis, 1989" matches multiple references). This is associated with productivity which comes from the use of technology (Amin et al. 2007). According to Davis (1989), perceived usefulness is the degree to which a person believes that using a particular system would enhance his or her job performance. Several studies have found that perceived usefulness had a significant influence on mobile financial service adoption (Aboelmaged and Gebba 2013; Chitungo and Munongo 2013; Davis 1989; Li 2010; Sayid *et al.* 2012). Based on these studies the following hypothesis is proposed: Perceived usefulness has a positive effect on the adoption of mobile financial services.

Perceived usefulness is defined as the extent to which an individual believes that he or she would benefit from using mobile wallet. The importance of perceived usefulness has been widely recognized in the field of mobile wallet services (Bhatti, 2007; Guriting&Ndubisi, 2006; Kim, Chan & Gupta, 2007; Laforet& Li, 2005; Liao & Cheung, 2002; Polatoglu&Ekin, 2001). As Davis (1989) noted, future technology acceptance research must address how other variables affect usefulness, ease of use and user acceptance. Lee et al. (2008) reported that perceived use and perceived ease of use were found to be significantly affecting consumers’ intention to use mobile banking. The findings further asserted that perceived ease of use has

greater impact than perceived use. This can be Based on these studies the perceived usefulness has a positive effect on the adoption of mobile financial services. (Aulelius Lema, 2017)

### 2.3.2 Perceived Ease of Use

Perceived ease of use, in contrast, refers to "the degree to which a person believes that using a particular system would be free of effort." This follows from the definition of "ease": "freedom from difficulty or great effort." Effort is a finite resource that a person may allocate to the various activities for which he or she is responsible (Radner and Rothschild, 1975). All else being equal, we claim, an application perceived to be easier to use than another is more likely to be accepted by users. Davis (1989) defined perceived ease of use as the degree to which a person believes that using a particular system would be free of effort. Many studies have shown that the impact of perceived ease of use on a user's intention to adopt an innovation is either directly or indirectly through perceived usefulness. (Aulelius Lema, 2017)

Chitungo and Munongo (2013) in their study on the adoption of mobile financial services in Zimbabwe found that perceived ease of use has a positively significant influence on the adoption of mobile financial service. Perceived ease of use has been extensively studied with perceived usefulness, and both have been found to have a positive influence on the adoption of mobile banking and mobile financial services (Yu 2012; Cheney 2008; Dahlberg *et al.* 2004; Dass and Pal 2011).

Davis (1989) defined perceived ease of use as the degree to which a person believes that using a particular system would be free of effort. Many extensive studies (Agarwal & Prasad, 1999; Davis et al., 1989; Hu, Chau, Sheng & Tam, 1999; Venkatesh, 1999,2000; Venkatesh& Davis, 1996, 2000; Venkatesh& Morris, 2000) have shown that the impact of perceived ease of use on a user's intention to adopt an innovation is either directly or indirectly through perceived usefulness. Based on these empirical studies Perceived ease of use have a positive effect on the adoption of mobile financial services.

As Davis (1989) noted, future technology acceptance research must address how other variables affect usefulness, ease of use and user acceptance. Therefore, perceived ease of use and perceived usefulness may not fully explain

behavioral intentions towards the use of certain services or products, necessitating a search for additional factors that can better predict the acceptance of various products or services. Lee et al. (2008) reported that perceived use and perceived ease of use were found to be significantly affecting consumers' intention to use mobile banking. The findings further asserted that perceived ease of use has greater impact than perceived use. This can be Based on these studies the Perceived Usefulness has a positive effect on the adoption of mobile financial services. (Aulelius Lema, 2017)

### 2.3.3 Perceived Cost

Cost is defined as the extent to which a person believes that using mobile banking would cost money (Chitungo and Munongo 2013). The cost may include the transactional cost in the form of service charges, mobile network charges for sending communication traffic (including SMS or data) and mobile device cost (Chitungo and Munongo 2013). According to Lule (2008), the cost-benefit pattern is significant to both perceived usefulness and ease of use. Masinge (2010) posits that low income people have a low purchasing power and are price sensitive. Moreover, Micheni, Lule, and Muke (2013) posit that if consumers perceive that the cost of mobile money is acceptable they will adopt it more easily and then use it. Dass and Pal, (2011) found financial cost to have a negative influence on the adoption of mobile financial services. Furthermore, cost considerations may prevent people from adopting mobile financial services if it is high, but if it is affordable it can be a motivation to faster adoption (Tobbin and Kuwornu 2011).

Based on the literature review, Perceived cost on mobile financial services will have a negative significant effect on the adoption of mobile financial service. (Aulelius Lema, 2017)

### 2.3.4 Perceived Trust

Dass and Pal (2011) define trust as a psychological expectation that a trusted part will not behave opportunistically. The higher levels of trust in a service provider will therefore lead to a greater intention on the part of the user to engage in mobile banking transactions (Masinge, 2010). Bångens and Söderberg, (2008) maintain that a financial system and its actors must be trusted and must act on the principles which promote trust to customers. Dass and Pal (2011) in their study on the

adoption of mobile financial services among the rural unbanked found that villagers preferred channels which can be trusted to conduct monetary transaction. Studies conducted have found perceived ease of use to have a positive influence on the adoption of mobile financial services (Masinge 2010; Amin, Baba, and Mohammed,2007; Horne and Nickerson 2013; Chitungo and Munongo 2013; Lule 2008). Based on the literature review, Perceived trust on mobile financial services have a positive influence on the adoption of mobile financial services. (Aulelius Lema, 2017)

There are various studies of Polatoglu VN, Ekin S (2001), Joseph M, Stone G (2003), Laukkanen T (2007), Chung N, Kwon S (2009), Zhou T (2012), Chen C (2013), Purwanegara M, Apriningsih A, Andika F (2014), Thakur R (2014), Deb M, Lomo-David E (2014) and Lee H, Harindranath G, Oh S, Kim DJ (2015) highlight the customer adoption of technology in banking and map their satisfaction levels thereof. Also, trust can play a crucial intervening role in the relationship between perceived value (system and information quality) and customer satisfaction. ease of use was found to have significant impact on trust and were related to positive attitude towards mobile financial services. (Aulelius Lema, 2017)

### 2.3.5 Perceived Risk

Perceived risk presents uncertainty, a potential loss or security compromise which may result in a financial loss (Chitungo and Munongo 2013; Lee 2009). Perceived risk may be in the form of financial risk, security or privacy risk, social risk, time risk and performance risk (Lee 2009). It is suggested that the adoption of mobile financial services creates concern that there may be financial losses, password security, network errors, hacking and loss of personal information. It is therefore stated that perceived risk has a negative influence on mobile banking adoption. Based on the literature review, Perceived risk has a significant negative influence on the adoption of mobile financial services. (Aulelius Lema, 2017

### 2.3.6 Social Influence

Venkatesh and Davis, (2000) claim that people adopt new technology because other people who are familiar use that technology. According to Venkatesh and Davis (2000) in TAM and UTAUT social influence includes subjective norms,

normative pressure and image. In their model (TAM2) they theorized that social influence affects the adoption because people need to connect to one another by using similar technologies. They maintained that individuals often respond to social normative influences to establish or maintain a favourable image within a reference group. Social influence has been found to be the prime factor influencing the adoption of mobile financial services in the model that used four constructs (Sayid *et al.* 2012; Dass and Pal 2011). Hamza and Shah (2014) in Nigeria found social norms to be significant in influencing the adoption of mobile financial services. Social influence has been found be one of the factors with a positive influence on the adoption of mobile financial services (Yan *et al.* 2009; Mbele-Sibotshiwe 2013; Bhatti, 2007). The construct has been used in other studies with the same meaning as subjective norms, normative pressure and image (Venkatesh and Davis 2000). Based on findings of these studies, Social influence has a positive influence on the adoption of mobile financial services. (Aulelius Lema, 2017)

### 2.4 Previous Studies on the Customer Adoption

According to TAM, a user's adoption of new technology is determined by the user's intention to use the service, which is in turn determined by the user's beliefs about the service (Davis 1989). The original TAM construct of perceived usefulness and perceived ease of use were adopted from Davis (1989) and its extension by Venkatesh and Davis (2000). Perceived risk, perceived cost and trust were adopted from Masinge (2010) and Lee (2009). Social influence was adopted from Jayasingh and Eze (2009). One of the most popular applied model of user acceptance and usage of technology by Glavee-Geo, Shaikh, and Karjaluoto (2017), is the technology acceptance model (TAM) of Davis, Bagozzi and Warshaw (1989), TAM is used to investigate how users come to accept and use a technology. The objective of TAM is to provide an explanation of the determinants of computer acceptance. The TAM consists of two important independent variables; namely, perceived usefulness (PU) and perceived ease of use (PEOU). Perceived usefulness was defined as "the degree to which a person believes that using a particular system would enhance his or her job performance". Perceived ease of use refers to " the degree to which the prospective user expects the target system to be free of effort."

Technology Acceptance Models have been extensively tested and validated and are the widely accepted models used to explain a user's adoption of new technologies known as TAM 2 (Venkatesh and Davis 2000); Omwansa *et al.* 2012; Masinge (2010). Munir and Idrus (2013) used the original TAM model with perceived ease of use and perceived usefulness to study the acceptance of mobile financial services in Makassar City. Sayid, Echchabi and Aziz (2012) conducted a study in Somalia on mobile financial service adoption using the TAM. They included security, perceived risk and social influence.

According to Masinge (2010), the trust, perceived cost and perceived risk influenced the consumer perception of perceived ease of use. As the perceived risk and perceived cost increased the perceived ease of use in case of mobile banking for the bottom of pyramid decreased however as the trust increased the perceived ease of used also seemed to increase. In context of perceived usefulness, it seemed that trust was the only dimension which influenced the perceived usefulness out of the factors hypothesized for the study. However, perceived ease of use was found to have a significant influence on perceived usefulness which in turn was found to be influencing actual usage. Therefore, the results of the study indicated that the trust seems to act as an important mechanism influencing the adoption of not only mediating variables i.e. perceived ease of use and perceived usefulness but also actual usage of mobile banking strategies like customer relationship management, exception performance, complaint resolution and empathy would help companies establish trust.

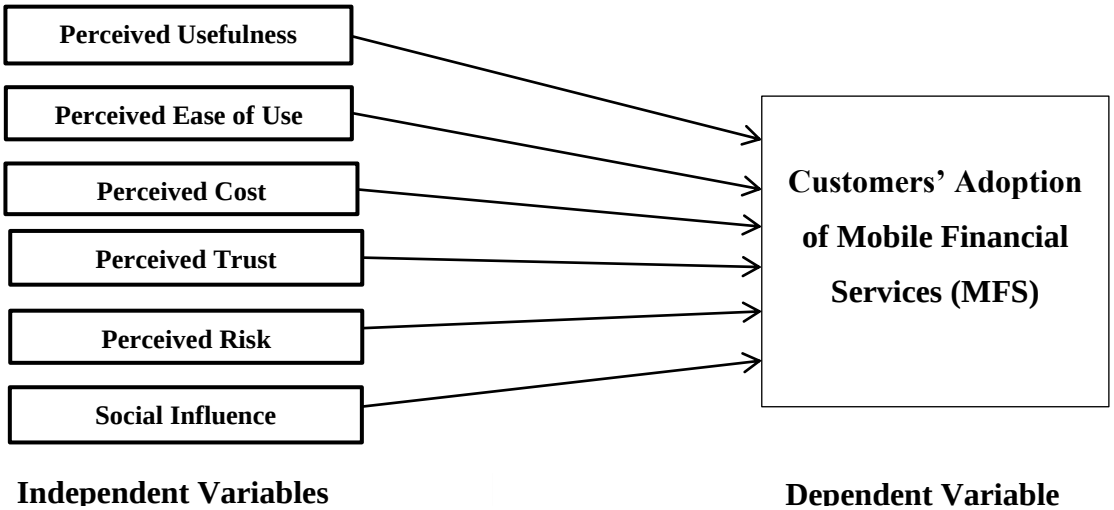
According to Mbele (2013), she found that the constructs perceived usefulness, perceived cost, perceived support from service provider, perceived social influence, overall trust, perceived financial risk and perceived performance risk measured had no significant effect or bearing on the actual adoption of Mobile Payment Platform by informal entrepreneurs in Zimbabwe, while perceived ease of use did have a bearing on the actual adoption of Mobile Payment Platform in Zimbabwe. Since the perceived ease of use construct has a bearing on the actual adoption of the Mobile Payment Platform, it implies that that the easier the platform is to use, the more useful the platform will become. The results show the importance of the service provider developing the mobile platform with more valuable functionality (Masinge 2010).

The results of this research also show that that there is no relationship between the perceived social influence, perceived overall risk, perceived security and privacy and perceived cost with actual adoption of the Mobile Payment Platform. This demonstrates that cost and the influence from social circle are not barriers to entry for users of the Mobile Payment Platform.

## 2.5 Conceptual Framework

For the literature review and the purposes of this study, the conceptual framework will consist of the factors influencing the adoption of mobile financial services based on the Technology Acceptance Model (TAM) and further adapted by Thando Mbele-Sibotshiwe (2013)'s study also indicated that the relationship between the dependent variable of perceived usefulness, perceived ease of use, perceived cost, perceived trust, perceived risk and social influence and adoption of mobile financial service as a dependent variable. presents on the fig (2.1).

Figure 2.1: Conceptual framework indicating the relationship between the dependent variable and the independent variables.




Source : Mbele-Sibotshiwe (2013), Inkanyiso, Jnl Hum & SocSci 2017, 9

For this study, Technology Acceptance Model (TAM) by David (1989) is used and further adapted by Mbele-Sibotshiwe (2013)'s study are focused for the literature findings on the factors effecting the adoption of mobile financial service in Myanmar.

# CHAPTER ( III )

# CURRENT SITUATION AND BACKGROUND OF MOBILE FINANCIAL SERVICES IN MYANMAR

The purpose of this chapter is to describe the research methods and approaches to be used in previous researchers stated above. The chapter covers the overview of MFS in Myanmar, the current situation of the unbanked population in Myanmar and the current adoption of the Mobile Financial Services based on the licensed mobile financial services provided by non-bank MFS providers; OK Dollar, Wave Money, M-Pitesan, My Tel Pay (My Money) and MPT Money and data analysis procedures.

## 3.1 The Mobile Financial Services (MFS)

Mobile financial services, also called mobile banking is the financial service innovation offered through the use of Information and communications Technology (ICT) Mishra V, Bisht SS (2013). It can be broadly classified into Bank-led model and Mobile Financial Service Provider led model. In the bank led model, only customers of a bank can access the mobile banking service from the bank and perform various banking activities. While, in the Mobile Service Provider Model, unbanked customers can also perform banking services through their mobile service provider. Mobile banking services can be classified into SMS Banking, Application (Software) oriented, Browser (Internet) based model and Mobile Apps. The common activities which can be performed through mobile banking are balance enquiry, mini statement, money transfer, payment of bills, etc. Mobile financial services are among the most promising mobile operations in the developing world. Mobile money services could become a general platform that transforms entire economies, as it is adopted across commerce, health care, agriculture, and other sectors (Donovan, 2012:61).

The term “Mobile Financial Services” (MFS) encompasses a broad range of financial activities that consumer interact with a bank via a mobile device such as a mobile phone or tablet. MFS can be divided into two distinct categories: mobile banking (m-banking) and mobile payments (m-payments) (Boyd & Jacob, 2007). It can also be considered as the convergence of financial services and mobile technology. (Chung & Kwon, 2009).

Barnes and Corbitt (2003) suggest that recent innovations in Tele-communications have enabled the launch of new access methods for banking services. One of these is mobile financial services which are especially valuable in developing countries. With the improvement of mobile technologies and devices, mobile banking has been considered as a salient system because of such attributes of mobile technologies as ubiquity, convenience and interactivity (Turban, King, Viehland, & Lee, 2006). Mobile payments on the other hand are defined as the use of a mobile device to conduct a payment transaction in which money or funds are transferred from a payer to a receiver via an intermediary, or directly without an intermediary (Niina Mallat, 2006). Mobile devices can be used in a variety of payment scenarios, such as payment for digital content (e.g., ring tones, logos, news, music, or games), tickets, parking fees and transport fares, or to access electronic payment services to pay bills and invoices. Payments for physical goods are also possible, both at vending and ticketing machines, and at manned point-of-sale (POS) terminals (Tomi Dahlberg, Mallat, Ondrus, & Zmijewska, 2008).

The terms “mobile banking” and “mobile payments” describe distinct but in some cases overlapping sets of products. Some m-banking platforms provide services, such as money transfers, that are considered forms of mobile payment, while some m-payments products are so closely linked to bank accounts as the source of funds that they assume m-banking functions (Boyd & Jacob, 2007).

MFS refer collectively to a set of applications that enable people to use their mobile telephones to manipulate their bank account, store value in an account linked to their handsets, transfer funds, or even access credit or insurance products (Donner & Tellez, 2008). Ultimately, under-banked consumers may benefit most from platforms that integrate both m-banking and m-payments features to provide a truly comprehensive financial services solution (Boyd & Jacob, 2007).

Therefore, MFS are especially valuable in developing countries. Some countries like India, Kinya and Africa are successful in the use of MFS. These services give users many of whom are poor and have no access to banks a ways to save small amounts of money ( Jack & Suri, 2010.6).

### 3.2 History Background of Mobile Financial Services in Myanmar

There have two types of Mobile banking services in Myanmar which are bank-led mobile banking services(MBS) and non bank mobile financial services (MFS). As the

government aimed to boast country cashless transaction and implement the e-government system, to raise the financial inclusion for the under banked and unbanked population in rural area around the country to reduce the poverty, Central Bank of Myanmar (CBM) has introduced and allowed all local financial institutions including banks to engage in mobile banking since December, 2013, then the Financial Institutions Law was enacted in January 2016, the Central Bank rolled out the Mobile Financial Services Regulation allowing Licenses to a mobile network operator or a non- bank financial institution to offer Kyat dominated cash in and cash out services, money transfers and domestic payments. All MFS accounts can link to some Memorandum of understanding (MOU) banks' account and transactions which can be carried out between these accounts. On March 30, 2016, MFS regulation was issued to create not only an enabling regulatory environment for efficient and safe mobile financial services in Myanmar but also sets stringent rules on operations to protect customers and the integrity of the financial services sector.

MFS applicants, so called Mobile Financial Service Providers (MFSP), shall have a minimum capital of three billion (3000,000,000/-) kyat and an application fee of 0.1 percent of the minimum capital with required documents to apply for a registration certificate to the Central Bank. Mobile Financial Service License companies are needed to follow the CBM rules and regulation of appointment of agent, systems and internal controls, trust account and fund segregation requirements, reconciliation of trust account, conditions on MFS accounts and Anti-Money Laundering Law(AML) and Countering Financing Terrorism Law(CFT), requirements by transaction limits and policy which makes it far easier for anyone to open an account with Know Your Customer(KYC) and Customer Due Diligence (CDD) requirements, MFS transactions with technological standards, safety, soundness and efficacy, oversight by CBM on the reporting, notification, record keeping, non- compliance and sanctions, customer protection and customer complaint procedures and whatever directives, rules and regulations defined by the CBM.

The mobile financial services provider means a mobile network operator or a non- bank financial institution that is granted Registration Certificate by the Central Bank under these regulations to provide mobile financial services which set via agent means a person that has been contracted by a MFSP to provide mobile financial services to its end customers on behalf of the MFSP under an agency agreement. Only five MFS providers have so far received an MFS license from Central Bank of Myanmar in order to expand financial inclusion in the country as shown in Table 3.1.

Table (3.1) List of Mobile Financial Services Providers, 2019

| No. | Name of Company | Date of Registration Certificate Issued | Brand Name |
|---|---|---|---|
| 1. | Digital Money Myanmar Limited. | 28.9.2016 | Wave Money |
| 2. | Ooredoo Myanmar Fintech Limited | 26.7.2017 | M - Pitesan |
| 3. | Internet Wallet Myanmar Limited. | 31.8.2017 | OK $ |
| 4. | Mytel Wallet International Myanmar Co., Ltd. | 18.10.2018 | My Money (Mytel Pay) |
| 5. | MPT Money Co., Ltd. | 1.10.2019 | MPT Money |

Sources: Central Bank of Myanmar.

In table (3.1), it presented approved non bank led mobile financial services are already got licensed from Central Bank of Myanmar according to the Mobile Financial Service Law (2016), which are Wave Money by Digital Money Myanmar Limited, Joint Venture between Telenor Group and Yoma Bank, was approved on 28-9-2016. M-Pitesan by Ooredoo Myanmar Fintech Limited (Ooredoo Myanmar), was approved on 26.7.2017, OK Dollar (OK$) by Internet Wallet Myanmar Limited, was approved on 31.8.2017, My Money (Mytel Pay) by Mytel Wallet International Myanmar Co., Ltd, Myanmar led Joint Venture between Star High Public Co Ltd, Myanmar consortium (comprising of 11 companies) MTNH and the Vietnamese telecom company – Viettel, was approved on 18.10.2018 and currently granted MPT Money by MPT Money Co., Ltd, joint operation between KDDI Summit Global Myanmar and Myanma Posts and Telecommunications, state owned enterprise under the supervision of Ministry of Transport and Communications, on 1.10.2019 respectively.

The licensed Mobile Financial Service providers are implemented mobile financial services that are able to provide interoperable services with other MFS License companies at various level of interoperability. This is the suitable to make demands including at agents, customer or mobile platform level. Some commercial

banks were applied MFS service to Central Bank and they followed the provision of these regulations as they do not conflict with the Financial Institutions Law. Non-compliance of these regulations shall constitute and offence under the Financial Institutions Law,2016. Rank KYC (Require Document) with One Day Transaction, One Month Transaction and Maximum Balance Limit based on Tier -I, Tier –II and Tier –III respectively. For the purposes of the *Anti-Money Laundering* and Countering Financing of Terrorism (AML/CFT) requirements, MFS operated accounts are divided into (3) tiers, the following updated KYC/CDD requirements and conditions must be met for account opening and balances and MFS transaction in Table (3.2).

Table (3.2) Financial Transaction Limit by Central Bank of Myanmar

| Tier | Know Your Customer (KYC)/ Customer Due Diligence (CDD) | Cumulative transaction limits per day (Ks.) | Cumulative transaction limits per month (Ks.) | Maximum balance limit (Ks.) |
|---|---|---|---|---|
| Tier I (individuals only) | presentation of ID (the national ID is first priority, driving license is second priority or passport) is required if and when necessary | 50,000 | 1,250,000 | 200,000 |
| Tier II (individuals only) | SIM registration or the national ID is first priority driving license is second priority or passport is required to submit | 500,000Ks | 12,500,000 | 1,000,000 |
| Tier III (for register -ed Organiz -ations/Busi -ness firms only) | Business registration certificate, identification requirements for opening bank accounts | 1,000,000 | 25,000,000 | 10,000,00 |

Source: CBM Instruction for Mobile Wallet, 2017.

In Table (3.2), Non-compliance of these regulations shall constitute and offence under the Financial Institutions Law, 2016, ranked with the required Know Your Customer-KYC documents with one day transaction, one month transaction and maximum balance limit defined with Tier -I, Tier –II and Tier –III respectively. one day transaction, one month transaction and maximum balance limit. tier -I , for personal NRC (first priority) or driving license (second priority) or passport and amount kyats are 50,000 1,250,000 200,000 respectively; tier -II, for personal sim card registration (or) nrc (first priority) or driving license (second priority) or passport and amount kyats are 500,000 12,500,000 1,000,000 respectively; tier –III for personal business registration no., account no. , other required documents and amount kyats are 1,000,000 25,000,000 10,000,000 respectively.

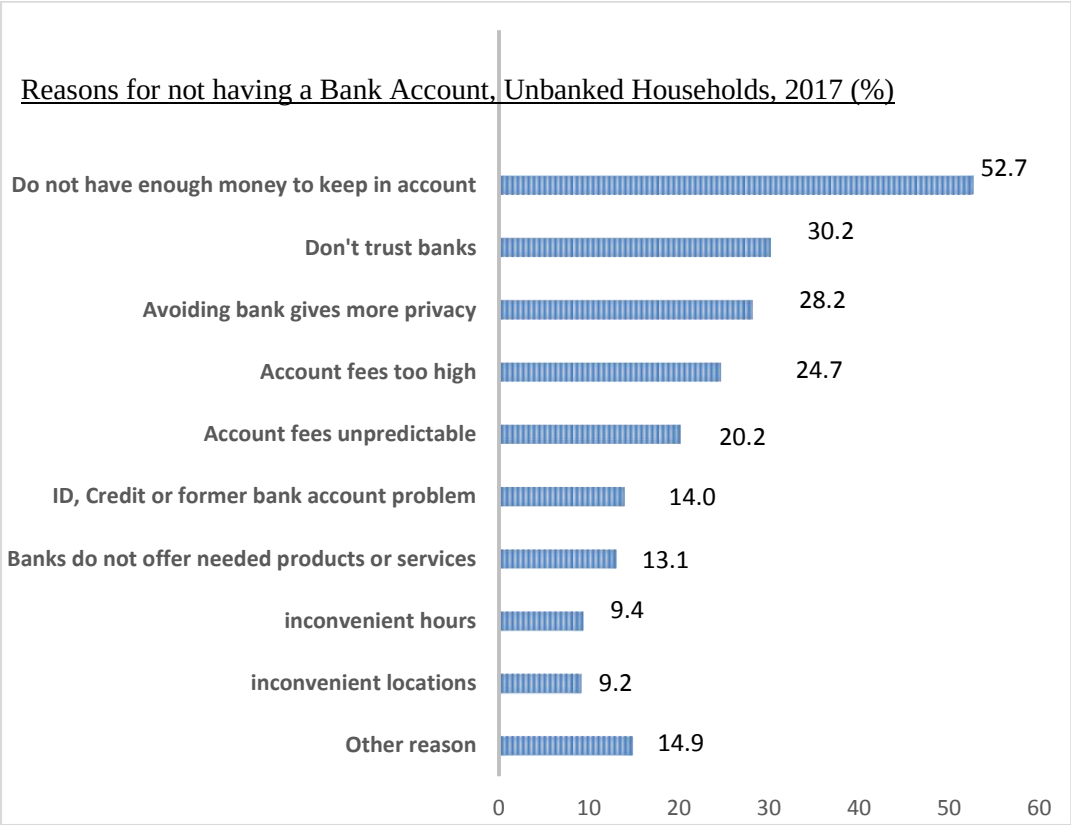
### 3.3 Current Situation of the Unbanked Population in Myanmar.

According to the GSMA's Mobile Money for the Unbanked (MMU), 2.5 billion people in developing countries are unbanked and have to rely on cash or informal financial services which are typically unsafe, inconvenient and expensive. Traditional "bricks and mortar" banking infrastructure struggles to make the business model work to serve low-income customers, particularly in rural areas. However, over one billion of these people have access to a mobile phone, which can provide the basis for extending the reach of financial services such as payments, transfers, insurance, savings, and credit. Since 2009, MMU has been supporting mobile money services to provide convenient, safe and affordable financial services to the underserved, thereby increasing financial inclusion. Through this close engagement with mobile money providers, providing the mobile industry with tools and insights to help deployments scale sustainably, as well as supporting the creation of enabling regulatory environments to facilitate mobile financial inclusion. The MMU also supports mobile money operators to implement interoperability of mobile money services, and to further develop the digital ecosystem by facilitating the integration of third parties to mobile money schemes. There is a sample figure for the most of reasons for not having a bank account, unbanked households as a main reason & cited reasons by 2017 survey by FDIC National Survey of Unbanked Households.

Myanmar has a 54 million population wedged in between India, China, and Thailand. Unlike its surrounding neighbors, the country is essentially unbanked, with 74% of citizens lacking an account at financial institutions, and only 5% holding debit cards, And less

than 1% of citizens hold a credit card. Though unemployment is only 4%, one out of four people live below the poverty line. Almost everyone in the country owns a mobile phone, with 87% penetration. The mobile device is what will be used to bring the country onboard to electronic payments, and they will do it with QR codes for financial inclusion and increasing electronic payments. (CBM 2019).

Fig (3.1) Reasons for Not Having a Bank Account, Unbanked Households, 2017(%)




Source : FDIC National Survey of Unbanked Households

According to the FDIC National Survey figure(3.1) has collected data of the main reasons for not having Bank account on the rural areas of unbanked households in percent of survey 2017 that the households' group with " do not have enough money to keep in account" is 52.7%, "Don't trust banks" is 30.2%, "Avoiding bank gives more privacy" is 28.2%, " Account fees too high" is 24.7%, " Account fees unpredictable" is 20.2, "ID, Credit or former bank account problem" is 14.0%, "Banks do not offer needed products or services" is 13.1%, "Inconvenient hours" is 9.4%, Inconvenient locations" is 9.2 and caused of "other reason" is 14.9% respectively.

Myanmar has a 54 million population wedged in between India, China, and Thailand. Unlike its surrounding neighbors, the country is essentially unbanked, with 74% of citizens lacking an account at financial institutions, and only 5% holding debit cards, And less than 1% of citizens hold a credit card. Though unemployment is only 4%, one out of four people live below the poverty line. Almost everyone in the country owns a mobile phone, with 87% penetration. The mobile device is what will be used to bring the country onboard to electronic payments, and they will do it with QR codes for financial inclusion and increasing electronic payments. (CBM 2019).

Although less than 5 percent of the population currently has bank accounts, a roadmap developed under the auspices of the Ministry of Finance is calling for banking rates of over 30 percent by 2020 and government set the goal to provide access to financial services and insurance to everyone in Myanmar, there are logical supply and demand barriers more needs to be done to extend banking, with 2.6 billion worldwide with no banking access and 5.9 million in Myanmar with access only to unregulated financial services. (at May 22-23 Financial Inclusion Roadmap Conference, Nay Pyi Taw). A Fin-Scope survey in May 2013 shows that less than 5 percent of Myanmar's adults have a bank account, though the income of people with bank accounts is on average 2.1 times that of the unbanked. The people of Myanmar, so call, cash lovers, as only about 4.8 percent have bank accounts, while 91.5 percent of the US and 75 percent of Thailand are using bank accounts. (Hennie Bester, non-profit Centre for Financial Regulation and Inclusion (Cenfri)) . Some 62 percent of surveyed adults had no savings, with 17 percent saved informally through storing gold and other valuables in secret places. Many Myanmar people are reluctant to save in banks and instead purchase jewellery and gold to store value that limit the opportunity for banks in turn to lend money and fuel economic development. It is really important to have savings from some and loans to others to provide investment and create job opportunities (Mr BesterSo). Savings are particularly limited for those with low income. Some 27 percent of survey respondents earned no income and relied on someone else, while 30 percent earned income through farming, 5 percent as full time farm workers, 11 percent through informal business, and only about 40 percent earned regular income. Myanmar Microfinance Supervisory Enterprise sets a roadmap being put together under the auspices of the Ministry of Finance aims to create an action plan for extending financial services to the unbanked. The aim is to increase banking rates to between 30 and 40 percent of the population by 2020. Easing borrowing and credit restrictions for the unbanked is the main priority, particularly as up to 59 percent of lending currently comes from local informal money lenders. The roadmap focuses on a number of areas including increasing with mobile payment providing more low-cost savings vehicles,

extending the availability of savings accounts, promoting agricultural credit, increasing unsecured credit, growing the insurance market and providing insurance for credit extensions and agricultural producers. Part of the plan to promote financial services is to protect deposits through a strong legal framework (Daw Sandar Oo, DG of Myanmar monetary management department, CBM, 2014).

Currently, Myanmar mobile financial services have gradually developed with the explosive growth of mobile and internet penetration that had a major impact on its financial sector. The vast unbanked populations of Myanmar deserves to be able to access financial services from the mobile wallets and enabling quicker payments processing to financial inclusion for the unbanked. This non-bank mobile money services offered an opportunity to bridge the gap between the banked and unbanked population. 90% of the world's unbanked people live in developing countries.

### 3.4 Current Situation of the adoption of Mobile Financial Services in Myanmar.

In recent years, the government urged the Fintech and Micro -finance companies to find out the solutions for a digitizing economy to improve country GDP and everyone can more access the finance easily for making ease of business even the unbanked people especially in urban/rural areas. In the past, Myanmar financial system is largely dominated by bank., the non-bank and fin-tech sector is on route to grow as less adoption on the technology system of mobile money services. Myanmar presented research findings on methods used to transfer money. Out of 1,000 people, just 20 (or) 2 percent used mobile banking. A similar proportion was using mobile money. Another 180 people (or) 18 percent, transferred money through friends, and 60, (or) 6 percent, transferred money through the highway bus network. But relatively few people are using the available services. banks remained the most widely used method, at 940 of the 1,000 people surveyed. (The 8$^{th}$ Mobile Money and Agent Banking Summit in Yangon,2017).

Singapore report, 2018, only 5 % of the Myanmar population has a formal bank account and 2% has bank card, but Myanmar's 95% mobile penetration makes it fertile ground for the mobile penetration makes the fertile ground for the mobile revaluation. The arrival of the mobile financial services and Fintech in the past years has opened up new opportunities in the Southeast Asian Market (Fintech.sg, 2018). According to the Fintech, MFS customers can perform the daily transactions of Phone topup Airtime, government's bill payment, B2B supply chain payments, Mobile commerce, Retailer and Agent banking.

Mobile Wallet can conduct banking transaction from the home 24 hours comfortably. Because of this factor, mobile wallets' customers can better manage their financing and Corporate (or) SME customer enable specific growth opportunities with corporate and SME clients, generating with banks to get involved and boosting overall penetration and volume. Customer can register easily for Mobile Wallet from mobile with NRC, License or Passport..

To be playing a key role in the country's modernization push, the key players of mobile financial services are Banks, MNOs, Regulators, Payment Service Providers and Agents/Retail Networks. Banks offer banking services and hold float or account in customers' names. Banks provide the services such as full banking relationships and promote the usage of new banking channels with new clients. (Hire Purchases, Home Loans, Motor Loans, SME, corporate clients). MNOs provide infrastructure and communications services and acquire clients, MNO agents. Agents provide cash-in, cash-out and account opening functions and support customer services, sales and marketing. Payment service provider (PSPs) provide infrastructure and IT platforms. Regulators supervision and enabling which suit with market requirements and protect stability of customer to avoid the Money *Laundering* and Financing of Terrorism. Myanmar customer base is largely unbanked, with low trust in financial institutions. Therefore, MFS need to apply the highest standard compliance. A properly regulated mobile money in Myanmar will empower the people of Myanmar and will be a key contributor to sustainable economic growth in the country. (Mr Rene Meza).

There are five non bank led operating of MFS Providers licensed by CBM, which are OK$, Wave Money, M- Pitesan, Mytel Pay and MPT Money. Among of them, some are now got trust from customers in the Myanmar's mobile Money market. They are able to provide the interoperable services with each other. The following features are some general mobile banking services provided by the MFS. Account Transaction Records, Cashless Payment (Remittance),, Balance Inquiry, Bus Ticket Fees Payment, Cash In/ Cash Out from Bank Account,, gift Cad, Cash In/ Cash Out at Agent, Bill Payment, Merchant Payment, Airtime Phone bill top-up, Request Money, Promotion, Nearby Agent Location, General Payment for any reservations such as hotel, Air Tickets, etc joint operation between KDDI Summit Global Myanmar and Myanma Posts and Telecommunications, state owned enterprise under the supervision of Ministry of Transport and Communications. Online payment. The following updated tariff of service charges are collected by the agents of five licensed Mobile Financial Services in Table (3.3) respectively.

Table (3.3) The service charges tariff by the agents of licensed MFSs in Myanmar.

| Amount (Ks,) Cash In/Out | OK$ | | Wave Money | | M-Pietsan | | Mytel Pay | | MPT Money | |
|---|---|---|---|---|---|---|---|---|---|---|
| | In | Out | In | Out | In | Out | In | Out | In | Out |
| 500 - 5000 | 200 | 499 | 400 | 400 | 60 | 100 | 200 | 400 | 200 | 300 |
| 5001 - 10000 | 200 | 499 | 400 | 400 | 100 | 150 | 200 | 400 | 300 | 300 |
| 10000 - 25000 | 200 | 499 | 700 | 700 | 200 | 250 | 300 | 700 | 350 | 600 |
| 25000 ~ 50,000 | 200 | 499 | 1000 | 1000 | 250 | 350 | 400 | 900 | 450 | 800 |
| 50,001~ 100,000 | 200 | 699 | 1400 | 1500 | 350 | 600 | 700 | 1400 | 700 | 1200 |
| 100,001-150,000 | 0.2% | 999 | 1800 | 2000 | 600 | 800 | 900 | 1800 | 900 | 1600 |
| 150,001-200,000 | 0.2% | 0.6% | 2300 | 2500 | 800 | 1000 | 1500 | 2300 | 1150 | 2000 |
| 200,001-300,000 | 0.2% | 0.6% | 2800 | 3000 | 1000 | 1200 | 2000 | 2800 | 1400 | 2400 |
| 300,001-400,000 | 0.2% | 0.6% | 3500 | 4000 | 1300 | 1400 | 2500 | 3500 | 1750 | 3200 |
| 400,001-500,000 | 0.2% | 0.6% | 4000 | 4500 | 1500 | 1600 | 2800 | 4000 | 2000 | 4000 |

Source: OK$, Wave Money, M-Pietsan, Mytel Pay and MPT Money.

In Table (3.3), The tariff detail for all the customers Cash in/ Cash out service (remittance) fee, service charges according to their concerned agents as shown in the above updated service charges are collected by the agents of these five licensed MFSs. Bujt the account transfers, known as received digital money, are no charge/ free.

# CHAPTER ( IV )
# ANALYSIS OF ADOPTION ON MOBILE FINANCIAL SERVICES IN MYANMAR

The purpose of this chapter is to examine the adoption of mobile financial services provided by licensed MFS organization based on their response to questionnaire which design to explore their adoption. The study is chosen 120 respondents who are users of local MFS organizations are interviewed by using the structured questionnaires attached in Appendix. The chapter covers the research design, demographic data, review on the research approached factors, adoption of MFS, data collection techniques and data analysis procedures including summary and finding.

## 4.1 Research Design

This study examined a descriptive research design of the customer adoption on mobile financial services and identifies the factor affecting the adoption of MFS in Myanmar banking sector. The method was chosen since it is more precise and accurate since it involves description of events in a carefully planned way (Babbie, 2004). This research design also portrays the characteristics of a population fully (Chandran, 2004).

To focus the detail reasons and data, the study is collected facts by using non probability quota sampling method. With non-probability sampling unlike probability sampling, there is a greater chance to bias that comes into the sample selection procedure and could possible distort the study findings however, there are some advantages for using non probability, sampling methods to probability sampling methods (Cooper et al 2011, 384).

Non-probability sampling is less costly and less time consuming than probability sampling. To support this study, the required information was collected via survey. Surveys are data collection tools that collect demographic, behavioral information (Harvard University, 2012), As a survey instrument, a structured questionnaire was used. The questionnaires instrument includes two parts. The part

(A) is constructed with the respondents' demographic characteristics such as sex, age, occupation, education level and monthly income. The part (B) is formed major factors of adoption and effectiveness of Mobile Financial Service such as perceived usefulness, perceived ease of use, perceived cost, perceived trust, perceived risk and social influence of MFS. For using a sampling method, the random sampling was employed in this study which used in this paper to approach the respondents and collect the data in the form of surveys (see questionnaire in appendix I).

In the process of sampling, the 120 questionnaires are distributed by hand to customer and enough time given to respondents to fill the questionnaire to reduce the error. After receiving the raw data from 120 respondents, the study evaluated the investigated information based on the data got from respondents. Statistical Package for 25 Social Science (SPSS) is used to analyze the data through statistical instrument for this research particularly, descriptive analysis. Finally, these analyses are discussed in term of the adoption of mobile financial services in Myanmar banking sector.

## 4.2 Demographic Data of the Respondents

This is important to study the demographic characteristic such as gender, age, education background, Occupation, monthly income and types of bank account, banking channel of the bank customers. The population of study consisted of (120) respondents randomly from the households in Yangon, Myanmar. According to the 2019 Census results, Myanmar has a population of nearly 54 millions and Yangon distinct has a population of about 7.2 millions.

This section is provided data of demographic data from the questionnaires which is interpreted and summarized in frequency distribution and percentage distribution. The analysis of respondents' demographic data is described and compared with the table data.

### 4.2.1 Number of Respondents by Gender

The respondents gender is used both males and females. Table (4.1) shows the gender of respondents.

Table (4.1) Number of Respondents by Gender

| Gender | Number of Respondents | Percentages |
|---|---|---|
| Male | 57 | 47.50 |
| Female | 63 | 52.50 |
| Total | 120 | 100.00 |

Source: Survey Data,2019

As shown in Table (4.1), the sample consists of 57(47.5%) males and 63(52.5%) females. At the time of survey, female users are slightly higher in using mobile financial services than male users. According to the survey, both genders show female are more use mobile financial services than male.

### 4.2.2 Number of Respondent by Age Group

Age distributions of the respondents have effect on influencing factor to use mobile financial services. Age of respondent are divided by four categories. They are between 18 and 25 years, between 26 to 35 years, between 36 to 50 years and above 50 years. Table (4.2)respectively show the frequency distribution of age in year.

Table (4.2) Number of Respondents by Age Group

| Age (in year) | Number of Respondents | Percentage |
|---|---|---|
| 18 – 25 | 14 | 11.67 |
| 26 – 35 | 81 | 67.50 |
| 36 – 50 | 23 | 19.17 |
| Above 50 | 2 | 1.67 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

According to the observation, 81 respondents fall in the age group between 26 and 35 years, followed by 23 respondents fall between 36 and 50 years, 14 respondents fall between 18 and 25 years, 2 respondents fall 50 years and above,

respectively. In terms of percentage share the age group between 26 and 33 years has highest percentage share with 67.5% and the age group 50 years and above has lowest percentage share with 1.7%. Most of the respondents for the question is between 26-35 years old so it means that most employees have more interest in using in mobile financial services than other ages. Therefore, about 67.5% respondent prefer to use mobile financial services service that is the highest percentage who has age limit between 26 and 35 years are more aware to use mobile financial services.

### 4.2.3 Number of Respondents by Educational Level

The study compromised with three main sections for this questionnaire. There are three categories for educational status in questionnaire: Undergraduate, Graduate, Master/PhD. These are expressed in Table (4.3).

Table (4.3) Number of Respondents by Education

| Education Level | Number of Respondents | Percentage |
|---|---|---|
| Undergraduate | 5 | 4.17 |
| Graduate | 76 | 63.33 |
| Master / PHD | 39 | 32.50 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

According to Table (4.3), Since the study conducted with 120 respondents, between them 76 of the respondents are graduated persons, 39 of the respondents got master degree and PhD holders and remaining 5 of the respondent are bachelor students in university. From all respondent's maximum number of respondents (63.3%) are graduated persons. Therefore, about 63.3% respondent of graduate prefer to use mobile financial services who are more aware to use it.

### 4.2.4 Number of Respondents by Occupation

Basically, the occupational statuses are classified by four types which are student, government staff, company staff and owned business person. In this study, the occupational statuses of sample customers are found in Table (4.4).

Table (4.4) Number of Respondents by Occupation

| Occupation | Number of Respondents | Percentage |
|---|---|---|
| Student | 8 | 6.67 |
| Government Staff | 17 | 14.17 |
| Company Staff | 80 | 66.67 |
| Owned Business | 15 | 12.50 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

From Table (4.4), 66.7 percent of the sampled customers are company staffs who prefer to use mobile financial services that is the highest percentage of using mobile financial services and follow 14 percent are government staff, 12.5 percent are owned business and remaining 6.7 percent are student. The majority of customer is company staffs.

### 4.2.5 Number of Respondent by Income Level

Income is one of the important and sensitive demographic variables. This group is classified by five categories,

Table (4.5) Number of Respondent by Income Level

| Income Level (MMK) | Number of Respondents | Percentage |
|---|---|---|
| Below 100,000 | 1 | 0.83 |
| 100,001 – 300,000 | 15 | 12.50 |
| 300,001 – 500,000 | 41 | 34.17 |
| 500,001 – 1,000,000 | 39 | 32.50 |
| Above 1,000,000 | 24 | 20.00 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

According to survey on the basic Income level and found the most of mobile financial services customer are having income amount between MMK 300,001-500,000 and MMK 500,001-1000,000 per month and which is contributed to about 33% of the total. In other words, if can also that most of customers are between MMK 300,001-500,000 and MMK 500,001-1000,000 income status.

### 4.2.6 Number of Respondent by Types of Bank Account

There are three types of bank account of respondents mostly used banking services in Myanmar. The mobile financial services customers are used Saving account, Current account and Card account. Table (4.6)show the respondent most commonly use bank account on the survey result.

Table (4.6) Number of Respondent by Types of Bank Account

| Types of Bank Account | Number of Respondents | Percentage |
|---|---|---|
| Saving Account | 67 | 55.83 |
| Current Account | 10 | 8.33 |
| Card holder | 43 | 35.83 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

According to Table (4.6), it can be found that 67 customers out of sample 120 use the saving account with 55.83% of the total sample. The 43 out of sample 120 use the card account with 35.83% and 10 out of sample 120 use the current of the total sample with 8.33%. Therefore, most respondents use saving account.

### 4.2.7 Number of Respondent by Usage of Banking Services Channels

There are four channels of respondents mostly used banking services in Myanmar. They are branch, ATM/POS, mobile Banking/internet banking, E-commerce. Table (4.7) show the respondent mostly use banking channel based on survey results.

Table (4.7) Number of Respondent by Banking Services Channel Usage

| Channel | Number of Respondents | Percentage |
|---|---|---|
| Branch | 48 | 40.00 |
| ATM / POS | 26 | 21.67 |
| Mobile Banking/ Internet Banking | 42 | 35.00 |
| E-commerce | 4 | 3.33 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

According to Table (4.7), the 48 customers out of sample 120 use the branch banking channel with 40% of the total sample. The 42 customers out of sample 120 use the mobile banking channel with 35%, 26 customers out of sample 120 use the ATM/POS channel with 21% and 4 customers out of sample 120 use the e-commerce channel with 3%. Therefore, it can be seen that 48 respondents mostly use the branch banking.

### 4.3 Analysis on the Adoption of Mobile Financial Service.

In this section, the study is investigated mobile financial services users' thoughts and behavior using MFS. This section presents the most commonly use of mobile financial services between bank led organizations and non-bank led organization, the most commonly used mobile financial services, duration of usage of mobile financial services, frequency of the usage of mobile financial services, reasons using to mobile financial services.

#### 4.3.1 Mostly Used Mobile Financial Services by Customers

When asked to respondents about the mobile financial service they are processing at sales counter, agent shop. Respondents could choose only one mobile financial services which they really used 30 most of the mobile financial services for this question. The two types of organization for Mobile Financial Services are selected in this study. Results are shown in the following Table (4.8).

Table (4.8) Mostly Used Mobile financial services by Customer

| Type of Financial Service | Number of Respondents | Percentage |
|---|---|---|
| Bank led MFS | 56 | 46.67 |
| Non-bank led MFS | 64 | 53.33 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

According to results, 46% of the respondents of total sample size are used bank led MFS and 53% of the respondents of total sample size are used non bank led MFS. As a result, respondents are equally used all types of Mobile Financial Services.

### 4.3.2 Most commonly Used Feature of Mobile Financial Services.

There are many features of mobile financial services. In this study, according to respondents answer, these services are divided by six categories. There are shown in the following Table (4.9).

Table (4.9) Type of Mobile Financial Services

| Types of Mobile Financial Services | Number of Respondents | Percentage |
|---|---|---|
| Money Transfer | 42 | 35.00 |
| Bill Payment | 9 | 7.50 |
| Phone bill top-up | 46 | 38.33 |
| Cash in / Out | 11 | 9.17 |
| Cashless Payment | 9 | 7.50 |
| M-Commerce | 3 | 2.50 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

Table (4.9) show that the most frequently used transactions at the mobile financial services by the customers. As a result, 42 respondents out of 120 sample size preferred the mobile banking in order to transfer money from one person to another person. And then, 46 respondents are using mobile financial services for phone bill top-up. The lowest amount of choosing M-commerce (online shopping via wallet) was only 3 respondents out of 120 sample size. Based on the figure, the study is assumed that most the respondents are more prefer of using two main functions: transferring money from account to account and phone bill top-up.

### 4.3.3 Duration of the Usage on the Mobile Financial Services.

The duration of the usage the mobile financial services is divided by three categories in the questionnaire: less than 1 year, between 1 to3 years and 3years above. The respondent's duration of the usage the mobile financial services is shown in the following Table (4.10).

Table (4.10) Duration of the Usage on Mobile Financial Services

| Duration | Number of Respondents | Percentage |
|---|---|---|
| Less than 1 year | 82 | 68.33 |
| 1 to 3 years | 30 | 25.00 |
| Above 3 years | 8 | 6.67 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

According to the Table (4.10), 68% of the respondents had been used the wallet under 1 year, 25% of the respondents use between 1 to 3years and only 6.5% of the respondents are used the wallet 3 years and above. So, the majority of the respondents had been used the mobile financial services within 1 year with 68 %.

### 4.3.4 Usage Frequency of the Mobile Financial Services

Respondent's frequencies of the usage of mobile financial services are considered in four categories: Several times a day, about once a day, about once a week, about once a month and no transaction within 6 months. When the selected respondents are asked about the frequency of the usage of mobile financial services results are shown in the following Table (4.11).

Table (4.11) Frequency of the Usage of Mobile Financial Services

| Frequency of Usage | Number of Respondents | Percentage |
|---|---|---|
| Several time a day | 11 | 9.2 |
| About once a day | 5 | 4.2 |
| About once a week | 46 | 38.3 |
| About once a month | 58 | 48.3 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

According to the Table (4.11), 48% of respondents use the mobile financial services monthly, 38% of respondents use the mobile financial services weekly, 9% of the respondents use the mobile financial services several time a day

and the last transaction 4% of the respondents use the mobile financial services once a time a day. Most of the respondent are use the mobile financial services monthly.

### 4.3.5 Reasons of the Use of Mobile Financial Services

Table (4.12) shows that 120 respondents are using the mobile financial services and they answered reason to use. Respondents were allowed to choose only one option for this question

Table (4.12) Reason of the Use of Mobile Financial Services

| Reason | Number of Respondents | Percentage |
|---|---|---|
| Ease of use | 35 | 29.17 |
| Time Saving | 45 | 37.50 |
| 24hrs /7days availability | 38 | 31.67 |
| Security | 2 | 1.67 |
| Total | 120 | 100.00 |

Source: Survey Data, 2019

According to the results, their reasons for using the mobile financial services respectively; 37.5% time saving, 29.2% ease of use, 31.7% make transaction 24hrs/7days availability and 1.7% be security. The main reason to use the mobile financial services are firstly time saving and secondly 24hrs services and ease of use.

## 4.4 Analysis on the Adoption Factors of MFS in Myanmar.

The respondents were asked to express their degree of agreement against each question on the adoption of mobile financial services in Myanmar. This question is separated three parts, which is including for Perceived Usefulness, Perceived Ease of Use, Perceived Cost, Perceived Trust, Perceived Risk and Social Influence.

### 4.4.1 Perceived Usefulness

Table (4.13) shows that 120 respondents are using the mobile financial services and they answered reason to use. respondents were allowed to choose only one option for this question.

Table (4.13) Perceived Usefulness

| No. | Statement | Mean | Standard Deviation |
|---|---|---|---|
| 1. | The usefulness of mobile financial services can be improved the financial knowledge of human beings. | 3.39 | 1.09 |
| 2. | Using mobile financial services is as safe as other channels of banking. | 3.22 | 1.01 |
| 3. | Mobile financial service is the useful mode of payment. | 3.53 | 1.08 |
| 4. | Using mobile financial services can save the transaction handling fees in performing banking transaction. (Bank, ATM) | 3.48 | 1.14 |
| 5. | Using mobile financial services can reduce the time consuming to go bank. | 3.78 | 1.27 |
| 6. | Mobile financial services can support the financial industrial growth and efficiency of cash management. | 3.53 | 1.04 |
| | Overall Mean | 3.50 | |

Source: Survey Data, 2019

According to the Table (4.13), the average level of agreement of Usefulness mean is 3.50. The mean value of all variable range between 3.22 to 3.78 and standard deviation range from 1.01 to 1.27 respectively. Among six perceived usefulness, the fifth fact, using mobile financial services can reduce the time consuming to go bank got 3.78 mean and the standard deviation is 1.27. So, the users agreed their times can reduce because of the online-based services. Mobile financial services service is the useful mode of payment and Mobile financial services can support the financial industrial growth and efficiency of cash management have same mean which is 3.53 and the standard deviation is 1.04 so the users are moderately accepted for the facts because they aren't certain that the mobile financial services are so useful for them or not. The rest are the lowest acceptance range according to the table because their mean is under 3.5 and the standard deviation is under 1.14 so the little amount of the users agreed about the improvement of financial knowledge, safer than other channels of banking. Therefore, it can consider that all variables in usefulness are as agree level.

### 4.4.2 Perceived Ease of Use

Table (4.14) shows that 120 respondents are using the mobile financial services and they answered reason to ease of use. Respondents were allowed to choose only one option for this question. The results are shown in following Table (4.14).

Table (4.14) Perceived Ease of Use

| No. | Statement | Mean | Standard Deviation |
|---|---|---|---|
| 1. | Mobile financial services transaction procedures are simple and straightforward. | 3.55 | 1.04 |
| 2. | Mobile financial services can manage the financial functions more smoothly | 3.45 | 1.07 |
| 3. | Mobile financial services service is the modernized one which can handle the payments easier | 3.64 | 1.11 |
| 4. | It is convenient because it eliminates the risk of carrying cash. | 3.69 | 1.14 |
| 5. | Less cost and saving time of Mobile financial services is more comfortable for users. | 3.63 | 1.15 |
| | Overall Mean | 3.59 | |

Source: Survey Data, 2019

The Table (4.14) reflects the descriptive statistic result of perceived ease of use. The average level of agreement of perceived ease of use mean is 3.59. Among five usefulness, the acceptance range of mobile financial services can manage the financial transactions more easily is just the 3.45 percent mean and 1.07 percent standard deviation and it is the lowest percentage within five usefulness. The second lowest is about 3.55 mean and 1.04 standard deviation about the acceptance of the procedures of mobile financial services are simple and straightforward. The sentences from the above table, Mobile financial services service is the modernized one which can handle the payments smoothly, It is convenient because it eliminates the risk of carrying cash and less cost and saving time of Mobile financial services is more comfortable for users are ranged within 3.63 to 3.69 mean and standard deviation is within 1.11 to 1.15 so the users are prefer to use and can accept these are modernized, ease and reduced time consuming. Therefore, it can consider that all variables in ease of use are as agree level.

### 4.4.3 Perceived Cost

Table (4.15) shows that 120 respondents are using the mobile financial services and they answered the reason on using Mobile Financial Services concerned with perceived cost Respondents were allowed to choose only one option for this question.

Table (4.15) Perceived Cost

| No. | Statement | Mean | Standard Deviation |
|---|---|---|---|
| 1. | It saves the transportation cost to do banking service. | 3.55 | 1.15 |
| 2. | It can pay the exactly amount and not afraid to get back the refund as out of small chain. | 3.54 | 1.09 |
| 3. | It saves the business time to disturb the working hours. | 3.37 | 1.21 |
| 4 | The access cost is high. | 3.65 | 1.22 |
| 5 | The transaction fee is expensive to use. | 3.53 | 1.05 |
| 6 | The mobile hand set cost is expensive to use | 3.68 | 1.22 |
| | Overall Mean | 3.55 | |

Source: Survey Data, 2019

The Table (4.15) reflects the descriptive statistic result of Perceive Ease of Use. The average level of perceived cost mean is 3.55. The mean value of all variable range between 3.37 to 3.68 and standard deviation range from 1.05 to 1.22 respectively. Among the above six statements, The access cost is high and the mobile hand set cost is expensive to use are ranged above 3.6. so the users are accepted that the cost of using mobile financial services is costly to them and they feel expensive by using the services. Some facts got moderately acceptance from the users and the mean is within 3.53 to 3.55 and the standard deviation is between 1.05 to 1.15. So the users' perceived cost on the mobile financial services are too much, Therefore, it can consider that all variables in perceived cost to use mobile financial services are as agree level.

### 4.4.4 Perceived Trust

Table (4.16) shows that 120 respondents are using the mobile financial services and they answered the reason on perceived trust by using mobile financial services. Respondents were allowed to choose only one option for this question.

Table (4.16) Perceived Trust

| No. | Statement | Mean | Standard Deviation |
|---|---|---|---|
| 1. | Mobile financial services providers have the skills and expertise to perform transactions in an expected manner | 3.48 | 1.14 |
| 2. | Mobile financial services service providers have access to the information needed to handle transactions appropriately | 3.39 | 1.09 |
| 3. | Mobile financial services providers are fair in their conduct of customer transactions. | 3.53 | 1.04 |
| 4. | Mobile financial services providers are open and receptive to customer needs | 3.23 | 1.02 |
| 5. | Mobile financial services providers make good-faith efforts to address most customer concerns | 3.53 | 1.08 |
| 6. | I believe mobile network providers are trustworthy | 3.77 | 1.27 |
| | Overall Mean | 3.49 | |

Source: Survey Data, 2019

The Table (4.16) reflects the descriptive statistic result of perceived trust. The average level of agreement of Perceived Trust mean is 3.49. Among six statement, perceived trust is the trustworthy range of mobile financial services providers are open and receptive to customer needs is just the 3.23 mean and 1.02 percent standard deviation and it is the lowest percentage within six risks. The second lowest is about 3.39 mean and 1.087 standard deviation about the risk of the procedures of mobile financial services are technical based for the elder people. The sentences from the above table, Mobile financial services service is the trustworthy one which can record the any payments transaction, because it innovated with the high technology to prevent the online hackers.. And mobile financial services providers have access to the information needed to handle transactions appropriately are ranged within 3.39 to 3.48 mean and standard deviation is within 1.09 to 1.14 so

the users are more trust and can accept these are modernized, ease and reduced time consuming. Therefore, it can consider that all variables in perceived trust are as moderate level.

### 4.4.5 Perceived Risk

Table (4.17) shows that 120 respondents are using the mobile financial services and they answered the reason on perceived risk by using it. Respondents were allowed to choose only one option for this question.

Table (4.17) Perceived Risk

| No. | Statement | Mean | Standard Deviation |
|---|---|---|---|
| 1. | Mobile financial services are secure and certain over other modes of conducting financial transactions. | 4.25 | 1.20 |
| 2. | The level of uncertainty of the financial service conducted through the use of mobile phones is high. | 3.50 | 0.59 |
| 3. | Mobile phone theft and reuse inhibit my adoption of mobile financial services. | 3.25 | 0.68 |
| 4. | I am afraid that I may lose money when transferring in case I put the wrong account number/mobile number. | 4.00 | 0.81 |
| 5. | I worry that someone might get my private information for example pin number and use it to defraud my account | 3.96 | 0.76 |
| 6. | When transaction errors occur, I worry that I cannot get compensation. | 3.74 | 1.58 |
| 7. | I am worried about using mobile banking because other people may be able to access my account. | 3.95 | 1.28 |
| | Overall Mean | 3.81 | |

Source: Survey Data, 2019

According to the Table (4.17), the average level of Risk mean is 3.81. The mean value of all variable range between 3.25 to 4.25 and standard deviation range from 0.59 to 1.58 respectively. Among six perceived risk, the sixth fact, When transaction errors occur, I worry that I cannot get compensation got 3.74 mean and the standard deviation is 1.58. Because of this fact, the users afraid their

compensation because of the probability is high in careless time. Mobile financial services can face the risk of transaction and I worry that someone might get my private information for example pin number and use it to defraud my account have neutral mean which is 3.96 and the standard deviation is 0.76 so the users are neutral agreed for the facts because they are uncertain that the mobile financial services are possible risky for them. The rest are the lowest acceptance range according to the table because their mean is under 3.81, so the most of the users agreed about risky on using mobile banking on careless time than other channels of banking. Therefore, from the study, majority of the respondents agreed that mobile financial services are risky and secure and certain over other modes of conducting financial transaction as a mean score of 4.25. it can consider that all variables in perceived risk are moderate level.

### 4.4.6 Social Influence

Table (4.18) Perceived Social Influence

| No. | Statement | Mean | Standard Deviation |
|---|---|---|---|
| 1. | Our cultural practices do not encourage use of new technologies such as mobile banking. | 3.97 | 0.88 |
| 2. | My lifestyle do not allow me to use mobile banking. | 4.11 | 0.87 |
| 3. | I unable to use mobile banking because of my level of education. | 4.14 | 0.85 |
| 4. | Social factors affect my use of mobile financial services. | 4.30 | 0.81 |
| 5. | Opinions and influence of friends, family and relatives matter in making a decision to adopt mobile financial service. | 3.96 | 0.84 |
| 6. | Mobile financial services has changed how I interact and conduct business. | 4.24 | 0.87 |
| 7. | Mobile phone technology has received acceptance to the young educated people in the area than the elderly who are still in the ties of social traditions. | 3.82 | 0.71 |
| | Overall Mean | 4.08 | |

Source: Survey Data, 2019

The above table (4.18) shows that 120 respondents are using the mobile financial services and they answered the reason why they are using with the influence of social. Respondents were allowed to choose only one option for this question.

The Table (4.18) reflects the descriptive statistic result of Perceived Ease of Use. The average level of agreement of Perceived Ease of Use mean is 4.08. Among six social influences, Mobile phone technology has received acceptance to the young educated people in the area than the elderly who are still in the ties of the social traditions is just the 3.82 percent mean and 0.71 percent standard deviation and it is the lowest percentage within six social influence. Opinions and influence of friends, family and relatives matter in making a decision to adopt mobile financial service is the second lowest is about 3.96 mean and 0.84 standard deviation, the sentences from the above table. Therefore, it increased the adoption to use, with the social influence factor. The users who have a habitual and familiar with the mobile financial services through their friends and family are prefer to use and can accept the mobile financial service. Therefore, it can consider that all variables in perceived social influence are as strongly agreed level.

# CHAPTER ( V )
# CONCLUSION

This study aimed at presenting a summary of the study objectives, research methodology and findings. This chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives to identify the current situation of the mobile financial services in Myanmar and examine the factors that may influence the customer adoption of mobile financial services in Myanmar.

Mobile financial service represents more than a means to achieving the goal of financial inclusion. It can offer potentially huge financial benefits to governments while advancing economic development .They should carry out a countrywide campaign to allay fears of safety and security issues like lack of awareness security limits and complications of the mobile banking procedures of the mobile financial transactions. Mobile financial services offer convenient benefits in terms of mobility which are not available to the unbanked peoples, mobile financial services are advantageous over other ways conducting mobile financial services as they are reliable, less costly, mobile aspect of mobile financial services enhance creation of choice and freedom as they save time and effort.

## 5.1 Findings and Discussions

According to the Khumbula *Masinge*, 2010, Results of this study indicate that though perceived cost and perceived risk both had negative relationship with perceived ease of use yet the trust dimension had strongest influence on actual usage for this segment. The results indicate that in order to gain penetration in this segment companies need to pursue strategies to gain trust of the customers in this segment.

The returned questionnaires were checked for consistency, cleaned, and the useful ones coded and analyzed. The quantitative data was analyzed using descriptive statistics including mean and standard deviation by applying the Statistical Package for Social Science (SPSS). The qualitative data from the open ended responses were analyzed using conceptual content analysis. The data was displayed using frequency tables. In addition, the study used factor analysis to uncover

relationships amongst several variables. This procedure enabled numerous correlated variables to be condensed into the dimensions of the Mbele-Sibotshiwe (2013).

Findings on the six factors that affecting adoption of mobile financial services, the researcher used Kaiser Normalization Criterion, which allows for the extraction of components. The principal component analysis was used and six factors were extracted. The contributions decrease as one move from factor six to the other up to factor one.

Perceived usefulness has an agreed level on the adoption of mobile financial services. Mobile financial services are useful and enhance the banking service which affects on the use of mobile financial services. Mobility aspect of mobile financial services enhance creation of choice and freedom. In this study found that perceived usefulness of use of mobile financial services are major factors to adopt the mobile financial services. On the same users' experience on the use of mobile phone technology affect the level of users for mobile banking, using mobile financial services would enhance their banking services.

Perceived ease of use has an agreed level on the adoption of mobile financial services. That affect adoption of mobile financial services are easy to use. Using mobile financial services would enhance the banking service effectively. It has changed how to interact and conduct easily and manage business well and saving the time. The perceived ease of use affect the customers adoption of mobile financial services and mobile financial services are easy to use. risks to the technical system as well as to organizations, institutions, the concerned stakeholders and individual must be properly mitigated.

Perceived cost has a disagreed level on the adoption of mobile financial services. Although, mobile financial services are advantageous over other ways of conducting financial transactions for saving time, managing the schedule It will face the cost concerned with this using such cost of high version mobile phone hand set, the transaction fee, other accessing cost to conduct with this mobile financial service technology. But it worried to cannot get compensation, when financial transmission errors occurrence. The study also found that the perceived cost affected the adoption of mobile financial services such as material cost, using cost, transaction cost. As such the study established agreement on that mobile banking offers the high cost, in terms of mobility which are not available for the unbanked populations.

Perceived trust has a agreed level on the adoption of mobile financial services. Most of the mobile financial services may trust on the payments transaction and making record correctly using the technical assistant. The respondents agreed that trustworthiness with the use of mobile financial service technology requires a lot of learning to use mobile banking is easy and mobile banking services may not process payments correctly.

Perceived risk has a disagree level on the adoption of mobile financial services. The knowledge/ experience on the use of mobile phone technology affect the level of use for mobile banking Mobile financial services are advantageous over other ways of conducting financial transactions as they save time. But It can be effort Mobile phone theft and reuse inhibit my adoption of mobile financial services.

Perceived social influence has a strongly agreed level on the adoption of mobile financial services. Opinions and influence of friends, family, and relatives matter in making a decision to adopt mobile financial services Mobile phone technology has received acceptance to the young educated people in the area than the elderly who are still in the ties of social traditions. Social norms affect the use of mobile financial services. It has changed how to interact and conduct easily and manage business well and saving the time. Mobile financial services are advantageous over other ways of conducting financial transactions as they are reliable Mobile financial services are secure and certain over other modes of conducting financial transactions

In summary, this chapter provided the data analysis of the use of mobile financial services in Myanmar and its current adoption of it. Collected data from questionnaires was analysed using the Statistical Package for Social Science research. SPSS has the capability of performing a variety of data analysis tests and presentation functions. Specifically, it offered descriptive statistics, which were used for displaying frequencies for variables and for exploring factors that influence mobile financial services. These six factors are the major ones that affect the adoption of mobile financial services in Myanmar banking sector.

## 5.2 Suggestions on the Factors of Adoption Mobile Financial services.

It is suggested that most of the respondents had been used mobile financial services but still need to extend in Myanmar especially in the unbanked population of

rural areas. The above findings of this study can help to further researcher.

According to the finding that the users, customers, the government, the relevant policy makers should improve the policies governing the country financial industry and use of ICT in financial services for quality of their services to the customers to minimize the problems that they get in using this mobile financial services. Interest should be aimed towards improving services that ensure that the customer get financial report details in time and with the least cost possible, checking last transaction details is offered and pay bills for government small payment, social activities, electricity and etc. The study further finding that the governments should make a balance between enabling and supporting MFS to be useful in the financial industry. It should be instituted the appropriate checking and reporting that ensure fair competition, consumer protection and safeguards and a smoothly functioning marketplace for providers. The study further found that personal trust affects the adoption of mobile financial services. The respondents agreed that trustworthiness with the use of mobile financial service technology requires a lot of learning to use mobile banking is easy and mobile banking services may not process payments correctly. They are worried about using mobile banking because other people may be able to access their account, when transaction errors occur, the consumers worry that they cannot get compensation and that the level of uncertainty of the financial service conducted through the use of mobile phones is high, while there was neutrality on that mobile phone theft and reuse inhibit my adoption of mobile financial services. The study established that social influence also affect the adoption of mobile financial services to use the mobile financial services has changed how customers interact and conduct business, some customers are not able to use mobile banking because of their level of education, some consumers' lifestyle does not allow them to use mobile banking, the consumers' cultural practices do not encourage use of new technologies, opinions and influence of friends, family, and relatives matter in making a decision to adopt mobile financial services and mobile phone technology has received acceptance to the young educated people in he area than the elderly who are still in the ties of social traditions.

By this study, the mobile financial service represents more than a means to achieving the goal of financial inclusion, it can offer potentially enormous financial benefits to governments while advancing economic development in general. They

should carry out a countrywide campaign to allay fears of security and safety issues like complications of the mobile banking procedures and lack of awareness security limits of the mobile banking service. study, mobile banking offers convenient benefits in terms of mobility which are not available to the unbanked populations, mobile financial services are advantageous over other ways of conducting financial transactions as they are reliable, they are advantageous over other ways of conducting financial transactions as they are less costly, mobility aspect of mobile financial services enhance creation of choice and freedom, they are advantageous over other ways of conducting financial transactions as they save time and effort and mobile financial services are advantageous over other ways of conducting financial transactions and to enhance the financial inclusion to improve the nation economy in the unbanked population especially in rural areas of Myanmar.

### 5.3 Needs for Further Research

The study has assessed the factors affecting consumer adoption of mobile financial services among Myanmar. In relation to the findings of this study, the study suggests that a deeper insight into the activities of consumer adoption of mobile financial services should be undertaken adequately. Specific areas of research should revolve around the challenges experienced in mobile financial services. Particular attention needs to be focused on the further study in details.

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## Literature Review

This section analyses relevant documentation and findings that are essential to improve the research and its capacity to analyze the concerns the theoretical literature and the empirical literature. Several models and theories have been used to study the adoption of technology. These theories and models have been extended to be used in studying the adoption of mobile financial services and mobile banking. They include Technology acceptance model (TAM) (Davis 1989), Unified Theory of use and acceptance of technology (UTAUT) (Venkatesh & Davis 2000) and Roger's (1992) diffusion of innovations.

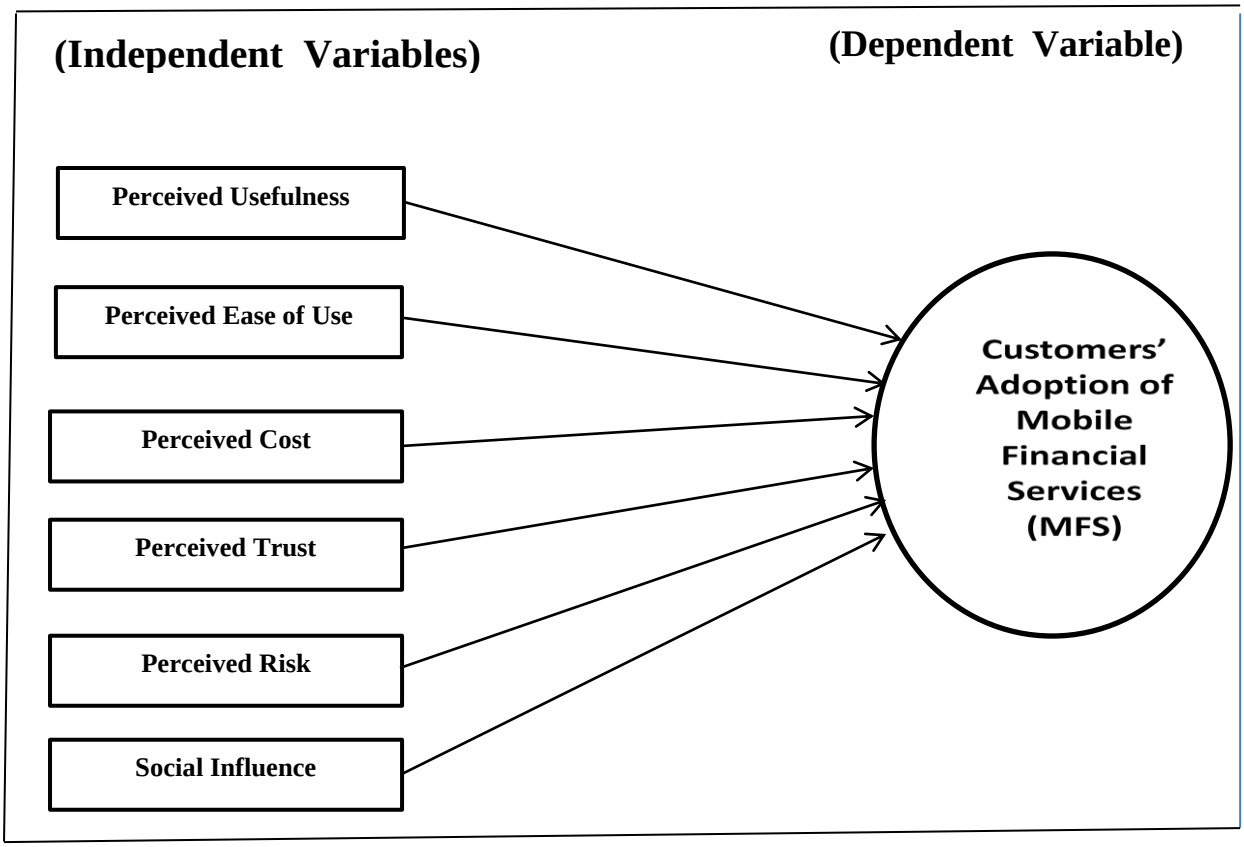
The study conducted by Joy Jeruto Changwony Tirok (2012) in Baringo explored that factors affecting consumer adoption will be based on the economic factors, social factors and technological factors with the diffusion of innovations Roger's (1992). Differences in economic environment determine the patterns of adoption of money transfer systems, that is the adoption in developed countries is not the same as in developing countries and the adoption in urban areas is not the same with that in rural areas (Marumbwa and Mutsikiwa 2013). Palco Maradung (2013) in Botswana identified that the fact that differences in the understanding of how to use mobile money, education, income levels, age, Employment, sex/gender and ownership of a bank account affected the adoption and use of mobile financial services.

The original TAM were adopted from Davis(1989) and the perceived risk, perceived cost and trust were adopted from Masinge(2010) who showed that perceived ease of use, perceived usefulness, perceived low cost, perceived support of service provider and overall trust had a significant effect on the adoption of MFS, and the technology, while perceived social influence, perceived performance risk and perceived financial risk had no significant impact. And further adapted by Mbele-Sibotshiwe (2013)'s study also indicated that the relationship between the dependent variable and the independent variable presents on the fig(1).

For the literature review and the purposes of this study framework will consist of the factors influencing the adoption of mobile financial services based on the Technology Acceptance Model (TAM) which are Perceived usefulness, Perceived

ease of use, Perceived cost, Perceived trust, Perceived risk and social influence as independent variable and adoption of mobile financial service as a dependent variable.

**Figure 1: Conceptual framework indicating the relationship between the dependent variable and the independent variables.**




**Source : Masinge (2010) and Mbele-Sibotshiwe (2013), *Inkanyiso, Jnl Hum & Soc Sci* 2017, 9**

## Abstract

Mobifinance is a wholly owned subsidiary of the Mobicom Group, which also owns Mobicom, the largest mobile operator in Mongolia, and NewTel, the company that develops and manages Mobicom's agent network. The Mobicom Group also owns MOST PSP, a payment service provider that offers banking and mobile technology platforms to banks in the country. FINO smart cards will enable people to conduct financial transactions such as payments for health insurance, remittances, social and pension plans, etc. even if they do not have formal identification documents. The cards will also allow people to receive and repay loans, maintain savings, and access insurance and other financial services.

## Appendix I: Questionnaire

The information obtained will be used for academic purposes only and will therefore be handled with the highest level of confidentiality. Your corporation will be highly appreciated. Kindly fill by ticking (√) in the following questionnaire.

**PART A: GENERAL INFORMATION**

1. Kindly +3
2. indicate your gender?

Male [ ]
Female [ ]

2. Your age bracket ( Please tick (√) whichever is appropriate)
18 - 25 years [ ]
26 - 35 years [ ]
36 - 50 years [ ]
Above 50 years [ ]

3. Please indicate your education back ground.
Undergraduate [ ]
Graduate [ ]
Master / PHD [ ]

4. Please indicate your Occupation.
Student [ ]
Government Staff [ ]
Company Staff [ ]
Self Employed [ ]

5. Please tick (√) your income level.
Below 100,000 [ ]
100,001 – 300,000 [ ]
300,001 – 500,000 [ ]
500,001 – 1,000,000 [ ]
Above 1,000,001 [ ]

6. Please tick (√) your currently used of bank account type.
Saving Account [ ]
Current Account [ ]
Card Account [ ]

7. Please tick (√) your currently used of bank service channel.
Branch [ ]
ATM/ POS [ ]
Mobile Banking/ Internet Banking [ ]
E – commerce [ ]

8. Have you been used the Mobile Financial Services?

YES [ ]
NO [ ]

9. What feature are you used in Mobile Financial Services?
Money Transfer [ ]
Bill Payment [ ]
Phone bill Top up [ ]
Cash In/ Out [ ]
Cashless Payment [ ]
Mobile Commerce [ ]
(Online shopping)

10. How many years have you been using for the Mobile Wallet?
Less than 1 year [ ]
1 – 3 years [ ]
More than 3 years [ ]

11. On average, how frequently have you used Mobile Financial Services over the past six months?
Several times a day [ ]
Several times a week [ ]
Several times a month [ ]
No transaction [ ]

12. Which one in the following is encouraged you to use the Mobile Financial Services?
Ease of use [ ]
Time saving [ ]
24/7 available [ ]
Security [ ]

**PART B: FACTORS AFFECTING CONSUMER ADOPTION OF MOBILE FINANCIAL SERVICES**

| | To a very great extent | To a great extent | To a moderate extent | To a little extent | To no extent |
|---|---|---|---|---|---|
| 7. To what extent have you been involved in the use mobile financial services? | | | | | |
| 8. What is your level of agreement with the following statements on the factors affecting the adoption of mobile financial services? | | | | | |

| | Strongly agree (5) | Agree (4) | Neutral (3) | Disagree (2) | Strongly disagree (1) |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| **1. PERCEIVED USEFULNESS** | | | | | |
| The usefulness of Mobile Wallet can be improved the financial knowledge of human beings. | | | | | |
| Using Mobile Wallet is as safe as other channels of banking. | | | | | |
| Mobile Wallet service is the useful mode of payment. | | | | | |
| Using Mobile Wallets can save the transaction handling fees in performing banking transaction. (Bank, ATM) | | | | | |
| Using mobile wallet can reduce the time consuming to go bank. | | | | | |
| Mobile Wallet services can support the Financial industrial growth and efficiency of cash management. | | | | | |
| **2. PERCEIVED EASE OF USE** | | | | | |
| Mobile Wallet transaction procedures are simple and straightforward. | | | | | |
| Mobile Wallet can manage the financial functions more smoothly | | | | | |
| Mobile Wallet service is the modernized one which can handle the payments easier | | | | | |
| It is convenient because it eliminates the risk of carrying cash. | | | | | |
| Less cost and saving time of Mobile Wallet is more comfortable for users. | | | | | |
| **3. PERCEIVED COST** | | | | | |
| It saves the transportation cost to do banking service. | | | | | |
| It can pay the exactly amount and not afraid to get back the refund as out of small chain. | | | | | |
| It saves the business time to disturb the working hours. | | | | | |
| The access cost is high. | | | | | |
| The transaction fee is expensive to use. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| The mobile hand set cost is expensive to use | | | | | |
| **4. PERCEIVED TRUST** | | | | | |
| Mobile financial services service providers have the skills and expertise to perform transactions in an expected manner | | | | | |
| mobile financial services service providers have access to the information needed to handle transactions appropriately | | | | | |
| Mobile financial services providers are fair in their conduct of customer transactions. | | | | | |
| Mobile financial services providers are open and receptive to customer needs | | | | | |
| Mobile financial services service providers make good-faith efforts to address most customer concerns | | | | | |
| I believe mobile network providers are trustworthy | | | | | |
| **5. PERCEIVED RISK** | | | | | |
| Mobile financial services are secure and certain over other modes of conducting financial transactions | | | | | |
| The level of uncertainty of the financial service conducted through the use of mobile phones is high | | | | | |
| Mobile phone theft and reuse inhibit my adoption of mobile financial services | | | | | |
| I am afraid that I may lose money when transferring incase I put the wrong account number/mobile number | | | | | |
| I worry that someone might get my private information for example pin number and use it to defraud my account | | | | | |
| When transaction errors occur, I worry that I cannot get compensation | | | | | |
| **6. SOCIAL INFLUENCE** | | | | | |
| Most people who are important to me think I should use mobile financial services. | | | | | |
| My close friends, family think I should use mobile financial services | | | | | |
| Our cultural practices do not encourage use of new technologies such as mobile banking | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| My lifestyle do not allow me to use mobile banking | | | | | |
| I am not able to use mobile banking because of my level of education | | | | | |
| Mobile phone technology has received acceptance to the young educated people in the area than the elderly who are still in the ties of social traditions | | | | | |

9. What other information would you like to share about the factors affecting adoption of mobile financial services?

……
…….

10. What do you think should be done to enhance adoption of mobile banking technology as a mode of transacting financial services among the unbanked groups?

……
…….

**THANK YOU!!**