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PERFORMANCE MANAGEMETN PRACTICES OF
MYAWADDY BANK LIMITED

PHYU PHYU TUN@ PHY PYEIT NAY CHI
EMBF-5TH BATCH

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**PERFORMANCE MANAGEMENT PRACTICES OF
MYAWADDY BANK LIMITED**

A thesis submitted as a partial fulfilment towards the requirement for the
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Supervised by

Daw Yee Yee Thein

Associate Professor

Department of Commerce

Yangon University of Economics

Submitted by

Phyu Phyu Tun@ Phyo Pyeit Nay Chi

Roll No.50

EMBF 5th Batch

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ABSTRACT

The main objectives of the study are to identify the performance management practices of Myawaddy Bank Limited and to evaluate the financial as well as non-financial performance of Myawaddy Bank Limited. The study exploits descriptive statistical method based on both financial data from the bank's annual report from 2013-2018 and the survey questionnaire to the sample of 100 employees and 100 customers respectively in Head office (Yangon) on their perception on the bank's products and services. The survey questionnaires are designed with 5points Likert scale for getting the responses form the employees and customers. The secondary data are also used from the financial data of annual reports from 2013.2018 financial years for evaluation of financial measures and learning and growth measures of Mawaddy Bank Limited. The findings of the analysis on financial data of the bank from the studied periods shows that the bank meets the required standard financial ratios set by Central Bank of Myanmar and it has financial soundness and it can bear the short term debt from the customers if they withdraw their deposits in emergency condition. The bank should open more branches for the customers to be easily accessed with the banking services and innovative products and services should also be provided in the future. Employees should be encouraged and motivated them by rewarding promotion facilities which is fair and based on their performance, skills and capabilities. The bank invests in learning and growth of the employees by relevant training programs year by year and need to provide more effective training programs in the future. In the future, the bank should use four perspectives of Balanced Scorecard for effective assessment of the financial and non-financial measures of the performance management practices for their sustainability and growth of the organization in the long-term.

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CHAPTER 1

INTROUDUCTION

Today's aggressive environment in the banking industry requires continuous improvement and innovation. Globalization, competitive pressure from national and global banks, strict regulation, changes in customer preferences and loyalty, new infrastructural and technological advancement, and complex financial models all contribute to the challenges that businesses endures. To survive in the midst of competition, banks need to have better organizational performance management by setting up a good performance management system.

The performance management method is a practice of developing ways to evaluate performance in order to enhance it in terms of organization (Mondy et al., 2002). Performance management system is becoming essential in the organization because of its valuable results, continuous improvement and acquiring competitive edge. Every organization sets up its extraordinary mission, vision, goals and objectives. Performance management is a mechanism to link together individuals' performance with an organizational performance through adjusting organizational goals with individual goals. It is used to create a shared vision and goals of the organization, and to help each individual employee to understand and recognize their part in contributing to organizational performance (Fletcher,1993).

Performance management of commercial banks is a dominant aspect of banking business management. The effectiveness of the performance management is perceived in the achievement of both financial and non-financial objectives, the development of skills and abilities of employees, the improvement of customer care and quality of internal process. Banking industry has to enhance the performance of its employee to achieve the desired level or productivity and to enlarge their revenue and profitability in terms of organizational growth.

A series of indicators that properly match with the organization's performance should be built up so as to fully exploit the function of performance measurement. The criteria can comprise financial measures (e.g., interest costs, process quality, errors, return on average assets) and/or nonfinancial measures (e.g., human resource management, service quality, competitive positioning), depending on which methodology is adopted.

Commercial Banks in Myanmar are demanded to issue various reports on daily, weekly, monthly, quarterly and yearly basis, but all these reports undertake to measure the competitiveness and regulatory compliance of banks and to measure performance and competitiveness of banks but these do not consider the effect of non-financial perspectives, and it creates a huge void.

Myawaddy Bank Limited is one of the leading banks in Myanmar. It has been 26 years of millstones in providing domestic banking services as well as currently foreign banking services to help economic growth of the country. The management of the bank attains to sustain the good performance of the organization to acquire the maximum target and soaring profitability and long term development of the bank.

1.1 Rationale of the Study

Performance management is a remarkable and fruitful practice that helps organizations to bring about business's value and to extend competitive advancement. The role of performance management systems is prominent so that organizations can be able to identify areas of disadvantaged performance and set up remedial measures (Theron, 2000). The bank will implement its activities and performance effectively and efficiently for transforming strategy into actions so as to improve the image and reputation of the bank. With the implementation of policies that encourage corporate social responsibility, the public is bound to have a good image of the bank so that new clients can be attracted and thus it will improve long-term productivity of the bank.

An appropriate and effective performance management system can succeed managers of the organization in several ways. A significant return on investment, improved organizational performance, retention and loyalty of employees, improved productivity will be resulted from the efficiency and consistency of good performance management system.

The use of Balanced Scorecard model as a strategic performance measurement tool can be seen in industries like automotive, banking, financial, healthcare, manufacturing, technology, pharmaceutical, engineering, telecommunications, etc. Companies using the Balanced Scorecard are able to distinguish the factors that are suffering their business and review a strategic change that will bring out better results. The management team will have a better chance at readdressing the internal procedures of the organization towards the success by clarifying the effectiveness of

the current activities and how those activities will differ in the future. Wells Fargo, which is a leader in electronic banking, is one of those organizations in the banking sector that has adopted Balanced Scorecard model in Online banking system monitoring and evaluating results.

Myawaddy Bank Ltd is a private company limited set up in 1993. It was established under the Myanmar Companies Act (1914) and restructured in accord with Financial Institutions Law 2016, for Development and Commercial Banking. MEPHL completely subscribes and own its shares.

Myawaddy Bank Limited is one of the leading domestic banks in Myanmar for retail and wholesale banking services including offering loans and overdraft to entrepreneurs and corporates to assist their need for working capital to effectively grow their business. As more firms gain access to funds, this will support growth in the Myanmar economy.

After being lifted from the US Treasury's sanction list in October 2016, Myawaddy Bank Limited re-launched International Banking Services and it has established correspondent banking arrangements with local banks as well as some of foreign banks. It is also providing Trade Financing Facility for Local Importers and Exporters to help their international trade settlement smooth, sound and secure.

Myawaddy Bank have now already been fully implemented Core Banking Software System to power the bank's digital transformation to support the digital transformation of the bank to accelerate growth and innovation while while achieving significant improvements in operational efficiency. According to GIZ Report 2018, it comes in the fourth place in terms of assets and the number of branches opened. Myawaddy Bank Limited has 6% of market share in terms of deposits among Myanmar's domestic private banks.

In order to increase its market share, which will then increase profitability and increase productivity with the bank's customer-centric approach and sustainability, this study aims to explore the effectiveness and weaknesses associated with Myawaddy Bank Limited's performance management practices through both financial and non-financial measures using four perspectives of Balance Scorecard.

1.2 Objectives of the Study

The objectives of the study are as follows:

1. To identify the performance management practices of Myawaddy Bank Limited
2. To evaluate the financial as well as non-financial performance of Myawaddy Bank Limited.

1.3 Scope and Method of the Study

This study focuses only on the performance management of Myawaddy Bank Limited through the use of the Balance Scorecard. The descriptive statistical method will be used for this study. In the study, primary and secondary data are also used. Primary data are collected from responsible persons and bank clients by interviewing and distributing questionnaires to 100 staff out of 700 staff of Head Office, Myawaddy Bank.

This study only focuses on performance management of Myawaddy Bank Limited by using balance score card. Descriptive statistic method will be used for this study. The study uses both primary and secondary data. Primary data are collected from responsible persons and bank customers by interviewing and distributed the questionnaires to 100 employees out of 700 employees of Head Office, Myawaddy Bank and 100 bank customers out of 260,000 customers by using random sampling method. Secondary data are collected from records of the previous financial years, websites, relevant textbooks, annual financial reports, previous research papers by MBF graduates. All data collected will be analysed using the appropriate financial and non-financial measures of the Balanced Scorecard.

1.4 Organization of the Study

This paper is categorized into five chapters. Chapter one includes the introduction of this paper, objectives of the study, scope and method of the study and organization of the study. Chapter two presents the theoretical background of the performance management practices using balanced scorecard method. Chapter three will cover profile of Myawaddy Bank Limited. Chapter four discusses the performance management practices of Myawaddy bank Limited and finally chapter five concludes findings, discussions, the suggestions and recommendations and the needs for the further research. Appendixes are also attached in this study.

CHAPTER 2

THEORETICAL BACKGROUND OF THE STUDY

This chapter focuses on the theoretical background to be used as the framework for the study and begins with the theory and concepts identified in the study. In addition, this chapter includes definitions of performance management, the importance of performance management for banks, non-financial measures, Balanced Scorecard measures for assessing performance, benefits of using Balanced Scorecard model and previous studies of Balanced Scorecard.

2.1 Definition of Performance Management

Michael Armstrong lays out performance management as “Performance management is the continuous process of improving performance by setting individual and team goals which are aligned to the strategic goals of the organisation, planning performance to achieve the goals, reviewing and assessing progress, and developing the knowledge, skills and abilities of people. (Armstrong,1994)

Performance management encompasses the entire spectrum of performance enhancements. It includes an approach to creating a shared vision of the organizational goals and objectives, aiding employees to understand and know their part in contributing to them and implementing linkage between performance and reward (Fletcher, 1996).

According to Armstrong, 2006, performance management aims to empower, motivate and reward employees to do their best, focus employees’ tasks on the right things by aligning everyone’s individual goals to the goals of the organization. The managers can proactively manage the resources for better performance against agreed accountabilities and objectives, align personal/individual of employee’s objectives with team, set up department and corporate plan, make individuals clear about what they need to achieve and expected standards, and how that contributes to overall success of the organization by providing regular, fair, accurate feedback and coaching to motivate employees to benefit themselves and organizations.

2.2 Competitiveness in Myanmar Banking Sector

CBM had already allowed foreign banks to conduct foreign banking services in Myanmar so competition among private banks is heating up. In order to compete at the market effectively, private banks have to ensure peak performance of their employees continuously. The efficiency and effectiveness of services provided by private banks depends directly on how capable of its human resource is, and how effectively they are utilized for achieving banks' objectives. So banks need to practise better performance management practices for the growth of the organization.

The performance management practices comprises of performance planning, providing feedback and counselling to employees to improve their performance at workplace. This will enhance the efficiency and working capability of employees and lead to achieve the maximum target and high profitability of the private banks. As bank provides innovative services with advanced technology to customers, it became essential for them to make their employees more efficient at work by undertaking efficient and effective performance management practices.

2.3 Importance of Performance Management for Banks

The banks are as an intermediary between the owners and users of financial resources, they can create money, so any mistakes or failures in performance result impacts on the economic situation negatively. Performance analysis and evaluation of banks and financial institutions require a specific requirement. Hence, finding the right method and system of performance evaluation will improve the banking system and economic. Existence of accurate, comprehensive and reliable performance management is one of the crucial indicators of the banks for their growth.

Performance management addresses controlling and regulating the performance of individuals who are working in an organization. It helps enabling two way communications between the management and their employees. It guides the employees to fully understand the bank's goals and objectives. Performance management stimulates the employees with the help of techniques like performance appraisal, job design, potential appraisal, etc.

Performance management system has become the heart of any bank and also in competitive industries such as industry, pharmacy etc. wherein increasing cutthroat competition. Performance management is an integrated approach to help an

organisation achieve its aims and objectives by scrutinizing and enhancing the performance of individuals, departments and the organisation as a whole.

Performance measurement is the process that organizations implement the necessary and effective strategies to attain their overall objectives (Nanni, Dixon, & Vollmann, 1992). According to Cheng (2008), performance measurement is a system by which an organization monitors its operations to see if the organization is achieving its objectives or not. Performance measurement is an essential tool for successful modernization. (Ireland, Cantens & Yasui, 2011).

Performance measurement helps management to catch up, implement, control, and enhance certain aspects of organizational activities (Kollberg, Elg, & Lindmarket, 2005). Further, Neely, Gregory, and Platts (1995) defined performance measurement as the process of quantifying the efficiency and effectiveness of an action. The term effectiveness refers to doing the right thing, efficiency stands for doing things right.

Performance measurement is multi-dimensional, containing the ways and means by which an organization's activities are monitored and assessed in order to determine whether the organization is achieving its goals in terms of providing value to customers and other stakeholders (Ibrahim, 2015). From the above definitions performance measurement is the means by which the operations of an organization are evaluated and supervised to decide whether the organization's goals and objectives are acquired.

2.4 Non- Financial Measures of Performance

Drury (2004) commented that management accounting control systems tended to focus mainly on financial measures of performance, where only those items that could be expressed in monetary terms were taken into account. Other factors or variables such as product quality, delivery, reliability, after sales service and customer satisfaction were not highlighted in measurement. Fisher (1995) articulated that there are three main reasons for application of non-financial performance measures: the shortcomings of traditional financial performance measures, competitive pressures, and the development of the other initiatives.

The ability of an organization to fully adopt its intangible assets in a way that better understanding of customers' needs, effective internal business processes, and innovative ways to improve in services has become more prominent than financing in

physical or tangible assets. The use of financial performance measures is important for performance measurement but there has been increasing criticism of financial measures because they lack futuristic outlook in traditional nature (Emmanuel & Otley, 1995; Kaplan & Norton, 1996).

Traditionally, financial indicators are mainly used for performance measurement of the development of business. But financial measures such as returns on investment and earnings per share are historical in nature and therefore have tiny promising value to the management of an organization. Therefore this becomes inadequate for decision making for the future performance of the organization.

Even though there are criticisms of adopting financial measures of performance by businesses, some companies still consider them as the most productive and fruitful tool for managing and measuring performance. However, some researchers have argued that the inclusion of relevant non-financial performance measures is ineffective and only using financial performance measures are not sufficient enough for performance management in the long-term.

2.4.1 Balanced Scorecard Measures for Assessing Performance

The balanced scorecard conquers the limitations of traditional performance measures by supplementing financial measures of past performance with measures of future drivers of performance. The balanced scorecard is more than just a measurement tool; it is a system that concentrates the efforts of staff, from different levels of the organization towards attaining the company's vision and strategic objectives.

The Balanced Scorecard was originally actualized to complement the “traditional financial measures with criteria that measured performance from three additional perspectives – those of customers, internal business processes, and learning and growth” (Kaplan and Norton, 1992).

According to Kaplan and Norton (1992) “Balanced Scorecard can be applied as innovative multi-dimensional corporate performance tool. It will provide a framework for selecting multiple key performance indicators that provides traditional financial measures for better operating processes of customer satisfaction, internal business processes and learning & growth activities.” (Kaplan and Norton 1992)

Balanced Scorecard is a tool used by many organizations used to assess the performance of different aspects. The model is not only to take into account the organization performance internally, many investors and shareholders are able to evaluate and ensure the good results of this organization.

This model evaluates the performance of each organization by using the set of indicators so that managers can evaluate different aspects of the organization by using four perspectives. Performance measurement concept of Balanced Scorecard incorporates financial and non-financial figures that help managers in making necessary evaluation on what is really happening inside firms (Indra & Anantadjaya, 2011; Kaplan, 2010; Spulber, 2009).

The Balanced Scorecard is a strategic management system as well as a measurement system that enables organizations to explain their vision and strategy to their employees and translate them into action. It supports feedback on both the internal business processes and the external outcomes so as to continuously enhance strategic performance and results (Ishtiaque, Khan, Akter, & Fatima, 2007).

Kaplan and Norton (1992) had invented the Balanced Scorecard as a set of measures that allows for a holistic, integrated view of the business process from various aspects so as to measure the organization's performance.

2.4.2 Explanation of the Four Balanced Scorecard Perspectives

Balanced Scorecard is a tool for assessing the performance of the organisation and also points to non-financial aspects such as aspects of the customers, internal processes and learning and growth so this tool has attracted the banks and financial organization's attention.

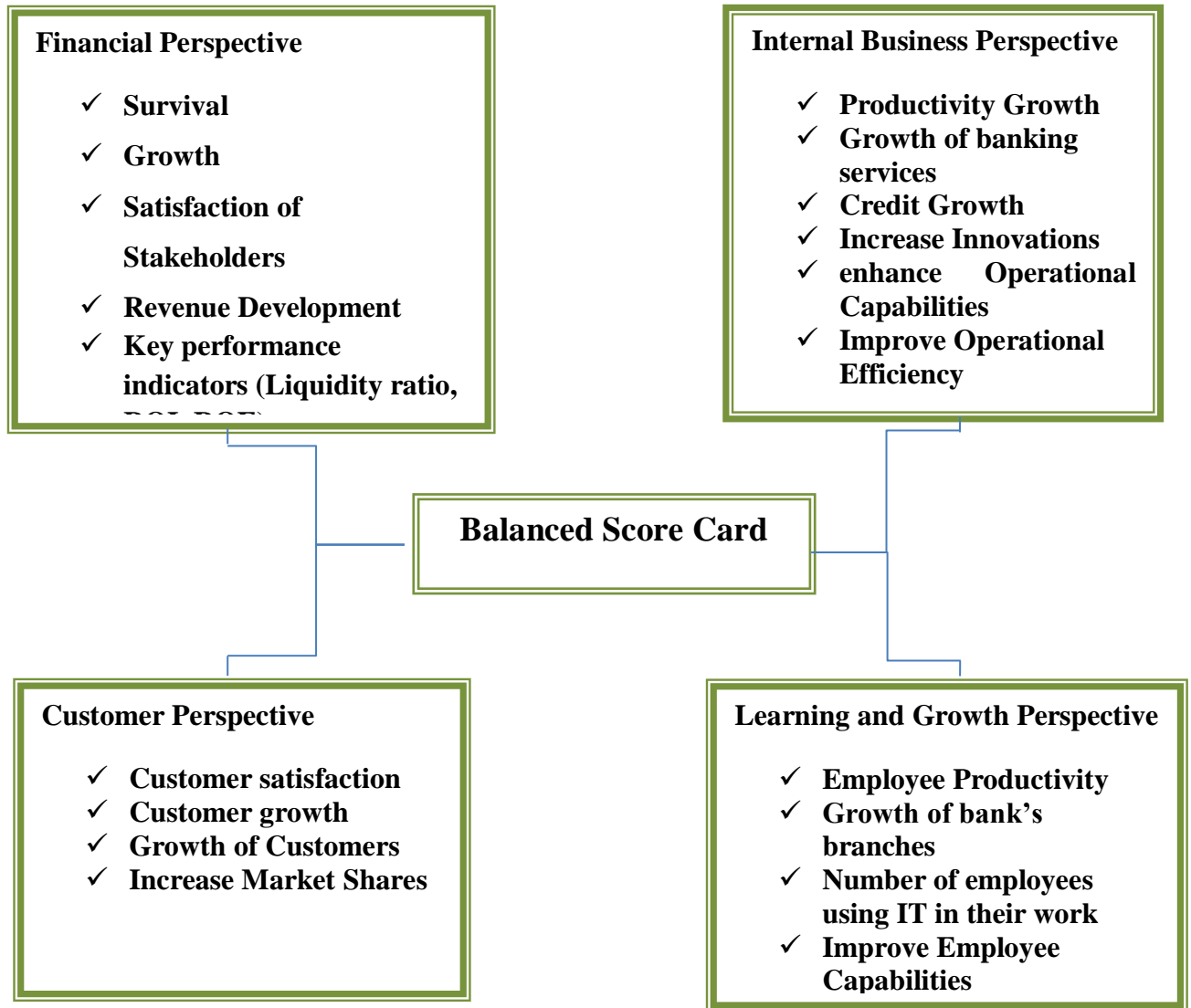
The Balanced Scorecard perspectives within the Balanced Scorecard framework, four categories of measures are identified to achieve balance amid the financial and the non-financial, between internal and external and between current performance and future performance.

The key areas of measures are:

- (i) internal operational efficiencies (internal business processes perspective);
- (ii) financial performance indicators (financial perspective);
- (iii) employee satisfaction ratings, retention and innovativeness (learning and growth perspective);

(iv) customer satisfaction and customer retention through efficient service delivery and value added services (customer perspective).

Four perspectives of Balanced Score Card



Source: Sabah M. Al-Najjar, Khawla H. Kalaf , Published 2012: Designing a Balanced Scorecard to Measure a Bank's Performance: A Case Study

(i) Financial Perspective

It is a strategy for expansion, profitability, and risk from shareholder's perspective. Under this perspective, managers are responsible for providing measures to succeed financially so as to convince the shareholders. The common performance measures comprise under this perspective are: ROI, ROE, ROA, Cash Flow, Net Operating income, revenue growth, etc.

Financial aspects are direct relevant to the demands of all groups such as owners, shareholders, government and others and this aspects have been widely used for management and control activities. Financial aspects can be applied as a basis for the process of the customer and the employee's perspective is also taken into account. This view is the starting point for linking with other financial aspects (customer side, internal processes and aspects of learning of growth) and ultimately, lead to the success of other financial aspects of the measures. Each of the measured parameters is part of the chain of cause and effect in accordance with the financial objectives and also evaluates as a part of strategic objectives.

(ii) Customer Perspective

It is a strategy for bringing into existence of the organizational value and difference from other organizations from the customer's perspective. The managers need to provide measures to achieve the organization's vision by attracting the customers and to win customers trust. This perspective includes extraordinary measures such as customer satisfaction, customer complaints, customer needs and wants, sales growth from new product, etc.

Customer satisfaction is the crucial theme of most systems, because customers are regarded as the starting point and end of the process. On the one hand, the systematic identification of customer needs is an absolute essential for the sustainability of the organization.

(iii) Internal Business Processes Perspective

It is a strategy for the most effective and efficient productivity of goods and services. So, managers are responsible for producing measures that evaluate kind of business processes that a company should achieve the excellent internal business processes to fulfil the customers and shareholders. Under this perspective, commonly

used measures are cost of quality, customer satisfaction, growth of innovative products, saving process time.

For controlling and improvement of organizational process, management emphasizes the processes within the organization but for comprehensive process control, the whole evaluation process, the views and needs of the customers and owners of the process is necessary. Assessment process with straightforward communication of customer survey process is closely linked with quality management systems.

(iv) Learning and Growth Perspective

It is a strategy to set up a climate that assists organizational change, innovation and growth. Managers should focus on the measures to set ambitious objectives and plans for improvement of the employees' satisfaction and capabilities in order to fulfil the customer's satisfaction and ultimately shareholder.

These perspectives focus on learning growth of employees within an organization for their career to improve the performance and productivity of the organization. According to Kairu et al (2013), the learning and growth perspective evaluates the ability of employees (skills, talents, knowledge and training), the quality of information system (system, database, networks) and the effects of organizational alignment (culture, leadership, alignment and teamwork), to successfully accomplish organizational objectives.(Kairu et al 2013)

2.4.3 Benefit of Using Balanced Scorecard

Balanced Scorecard examines the balance of many aspects, such as the financial and non-financial measures, long-term goals and short-term goals, external and internal, results and the process, and management performance and operating results. It can assess the integrated operation of organizations. It can balance the performance evaluation which is beneficial to long-term development of the organization. The commercial banks are an all-inclusive, multi-function financial enterprise which provides financial assets and financial service in terms of maximum profits. In the current financial innovation market, it would be difficult to produce differentiated and the service relationship is the direction that the bank want to lead to but balanced scorecard will be of beneficial for this purpose.

Commercial banks should not only emphasize on quantitative analysis about the financial profitability, liquidity and safety but also on effective qualitative analysis about bank risk control, internal management, customer service levels should all be included for its performance assessment.

The reason for assessing the banks along these lines is because these areas are very important for the strategies of most banks. The key function of banks is financial intermediation where they accept the surplus fund from the depositors and give to the deficit. In order to get low cost and cheaper funds to lend, banks must grow their current account deposits from individuals. Banks must have the right internal processes and controls to deliver high quality and efficient services to its valued customers in order to attract and retain them. For efficient implementation of the internal processes, the banks must have well energized, knowledgeable and skilful staffs to satisfy the customers and to retain them and this will ultimately have an **impact on the financial performance of the organization.**

2.5 Previous Studies of Balanced Scorecard Application in Banking Sector

In the study by Pachsiry (2011), “performance management effectiveness in Thai banking industry: a look from performers and a role of interactional justice”. 476 employees are asked from the four largest banks in Thailand. The results from structural equation evaluates support hypothesized model in a way that attitudes regarding performance evaluation directly link to perceived performance effectiveness and interactional justice reconciles the effectiveness of coaching performance management. Relationship between consequences and targeted performance is found to be positively linked to coaching. Thus the result showed that employee’s attitudes towards performance evaluation can highly have an impact on their attitudes towards performance management effectiveness. (Pachsiry 2011)

Many studies have been conducted to assess the impact of performance management on the employee’s performance and related subject in general. The study done by Adekoya, Oluseye and Kingsley (2014) “Performance Appraisal in the Nigerian banking Sector: the individual and joint variables Analyses” with a sample of 195 respondents were asked from banks with branches in Ado Ekiti. The data obtained were analysed using regression analysis and F-Statistics for the hypotheses

testing. They discovered that sound management of Performance Appraisal (PA) system will guarantee good employee productivity and a very strong and positive relationship exists between performance appraisal and employee productivity. The study concludes that a conscious effort towards an improved performance appraisal system is required for Nigerian banks to earn sound employees' performance,. Performance appraisal system is regarded as an important part of performance management. (Adekoya, Oluseye and Kingsley 2014)

Idemobi and Onyeizugbe (2011) in their study "Performance management as an imperative for effective performance in Delta State of Nigerian public owned organization", sought to identify the effects of techniques for employees' performance review. It is to ascertain that whether there is a significant linkage between performance incentives and employees' morale. 44 respondents are selected from 5 public organizations in Delta State distributing questionnaire. Data were analysed using statistically summarization techniques and chi-square at 0.05 level of significance for empirical testing of the hypotheses. The result highlighted that performance review techniques effect on employees' performance significantly. According to the study, there is a significant interrelation between performance incentives and employees' morale. The study summarizes based on the findings that the absence of performance management system will reduce the high rate of business failures in the Delta State public sector. (Idemobi and Onyeizugbe 2011)

CHAPTER 3

PROFILE OF MYAWADDY BANK LIMITED

This chapter comprises the background of Myawaddy Bank , Mission, Vision, Objectives, Branches, Products and Services, Corporate Governance of Myawaddy Bank, Performance Management Practices in Myawaddy Bank and Performance Measurement Indicators of Myawaddy Bank.

3.1 Background of Myawaddy Bank

Myawaddy Bank Ltd is a private company limited established on 4th January, 1993 according to the Myanmar Companies Act (1914). It is a licensed bank under the Financial Institutions of Myanmar Law 1990 for Investment / Development and Commercial Banking. Now, Myawaddy Bank Limited is re-structured according to Financial Institutions of Myanmar Law 2016 and Myanmar Companies Law 2017.

When Myawaddy Bank Limited was formed in 1993, it had Authorized Capital of Kyat 1000 million and commenced banking functions with initial deposit Kyat 60 million paid up capital. Authorized Capital has been raised from time to time and capital has now been reached to Kyat 150 Billion as of 2019. Myanma Economic Holdings Public Company Limited fully owned and subscribed all the shares of Myawaddy Bank Limited.

Under the guidance and supervision of Board of Directors of Myawaddy Bank Limited, Central Bank of Myanmar, Myanma Economic Holdings Public Company Limited, Ministry of Planning & Finance and Myanmar Banks Association, Myawaddy Bank Limited is successfully providing financial services to the public. Myawaddy Bank Limited is strictly complying with the Anti-money Laundering and Combating the Financing of Terrorism Laws, Rules, Instructions and guidance of the CBM and Central Board.

Myawaddy Bank Limited has already opened 62 branches including Head Office in commercial areas of the whole country to cater banking services to customers, MEHPCL and its subsidiaries companies. Myawaddy Bank was one of the top tax payers list for 2018 financial year to the government.

Myawaddy Bank is dedicated to subject to global standards in Corporate Governance and Compliance. It aims to apply best practices in its management and operations. The bank won the Global Europe award for quality from Paris in 2018.

Myawaddy Bank makes advanced preparation to adopt IFRS standard in the set time. The bank's financial transparency and accuracy has been assessed by the external auditor yearly basis according to rules and regulations of Central Bank of Myanmar. For the effective internal processes and customers 'satisfaction, the bank also make investment significantly in learning & development programs for employees as a way to ensure long-term sustainable growth for the communities.

The bank has already been successfully implemented Core Banking, Digital Banking. Myawaddy Bank will also proceed to emphasize on deepening long-term relationships with its customers by providing innovative products and services, best customer care service with advanced technology so as to rapidly expand and retain the customer base. The bank also aims to further enhance its corporate governance, risk management and improve compliance structure so as to measure balance and sustain growth of the organization.

3.2 Mission, Vision

3.2.1 Mission

Myawaddy Bank has set up the mission which is to be the leading commercial bank by providing excellent service quality, convenience and innovation products and services to have the highest customer satisfaction.

3.2.2 Vision

Myawaddy Bank has the vision to be the bank of excellence in supporting productive and innovative banking services to achieve customer satisfaction.

According to its slogan "Myawaddy Bank for Security", "Secure, Secret, Swift and Correct, Myawaddy Bank" , "Deal with Myawaddy Bank for your success and prosperity", the bank endeavours to support the best banking services to its customers with variety of products and innovative banking services.

3.3 Branches Network of Myawaddy Bank

Myawaddy Bank commenced its banking operation by opening Head Office in Yangon. It widened its branch network with opening of new branches year by year. Total numbers of its branches and as of 2019 are as follows:

Table (3.1) Branches of Myawaddy Bank

No.	Region	No of branches opened
1.	Yangon	17
2.	Nay Pyi Taw	2
3.	Mandalay	12
4.	Bago	6
5.	Sagaing	2
6.	Magwe	4
7.	Ayeyarwady	2
8.	Tanintharyi	2
9.	Kachin	1
10.	Shan	9
11.	Rakhine	3
12.	Mon	2
13.	Kayin	2
	Total	62

Source: Myawaddy Bank Annual Report (2017-2018)

3.4 Products and Services of Myawaddy Bank

Myawaddy Bank supports a variety of services including deposits, loan and advances, remittance services, card services, foreign currency account, trade finance services, treasury and foreign currency exchange services.

3.4.1 Deposit Products

Myawaddy Bank caters variety of banking services such as deposits, loan & term loan, local and international remittance services, money transfer services, card services, money changer services, foreign currency accounts, trade finance services.

(i) Savings Deposit Account

Individual account, joint account, corporate account can be opened. Minor accounts can also be opened in the name of minor jointly with parents of legally appointed guardian. All transactions, deposits, withdrawals, and transfers can be processed from or to any Myawaddy Bank branches. Savings account can be linked to card account or current account. Transfer transactions can be done by giving a standing instruction to the bank.

Interest rate for saving account of corporate customers is 8% per annum. Interest rate for all retail accounts (individual/ joint) is 8.25% per annum. Monthly interest is given based on the daily minimum balance from 5th to the end of every month.

(ii) Current Deposit Account

Non-interest bearing current account can be opened for individuals and organizations. Cheque is issued for customers to make payment from and to any Myawaddy Bank Branches and to other banks via clearing system.

Current account can be linked to other interest bearing accounts such as saving account, card account and call deposit account. Interest can be collected from these accounts.

(iii) Fixed Deposit Account

Individual, joint, corporate accounts can be opened. On the maturity, auto renewal can be made by giving standing instructions to the bank. Withdrawals can be made before maturity for 3 month deposit with the interest rate of 8% per annum till the day before the withdrawal.

The interest rates for company & corporate are 8% (1 year), 8.5% (2 years), 9% (3 years) respectively. The interest rates for retail customers (individual, joint) are 8.5% (3 months), 8.75% (6months), 9% (9 months), 9.5% (12 months), 9.75%(24 months), 10% (36 months). For deposit with maturities up to 1 year, interest can be collected either cash withdrawals or giving standing instruction to the bank to link deposit accounts such as current deposit account or call deposit account or saving deposit account. Interest only or principle plus interest can be placed into the fixed deposit account.

(v) Call Deposit Account

Individual, joint, corporate account can be opened with interest rate 2% per annum. Interest will be calculated daily on the balance of each day and credited to the respective accounts quarterly (ie. March, June, September, December). Customer must order a standing instruction to the bank to link with current account. Cash withdrawals can be made using cheque by the account holder or by proxy.

(v) Scholarship Funding Service Deposit Account

For children under the age of 12, scholarship funding account with interest rate 8.5% per annum can be opened in the name of the child jointly with his or her guardian. Account passbook will be issued. Another operative account which must be deposited with sufficient amount to deduct monthly subscription must be opened. If the insufficient balance of the operative account for subscription, the Scholarship Account will be closed and the credit of that account will be transferred to the operative account.

After passing the matriculation exams, if the student demands for the withdrawal of the Scholarship account, the withdrawals will then be made for total balance plus the cumulative interest and additional of 3% of the balance or the rate approved by the Board of Directors. If the student passes the matriculation exams with 5 or 6 distinctions, monthly stipend of Kyat 50,000 or Kyat 60,000 will be rewarded. This stipend will be terminated if the student failed in the academic year.

3.4.2 Loans

Loans grant for growth in the overall [money supply](#) in an economy and speed up competition by providing required funds to new businesses and help [existing companies expand their operations](#). The interest and fees from loans are the main source of revenue for many banks. Myawaddy Bank provides loan to its customers for their business expansion and it can be in the form of overdraft and term loan.

(i) Overdraft

Overdraft is granted to the bank customers who have 3 years business experience to assist the working capital of the individuals and corporate to expand their businesses.. Immovable collateral depending on the business types must be given

to the bank. The interest rate is 13% per annum on the sanctioned amount. Interest rate is subject to the rates by CBM. The maturity period for overdraft is one year and loan may be extended for another one year after one year maturity if the customers abide by the rules and principles of the bank.

(ii) Term Loan

Term Loan with tenure of 3 years (Medium Term) with interest rate 12.5% per annum is also granted for the bank's customers. Immovable collateral depending on the business types is taken for the term loan.

(iii) Hire Purchase

The bank also provides hire purchase service which allows companies with inefficient [working capital](#) to deploy assets and individuals purchase better equipment and consumer goods such as houses, motor vehicles, machinery and other consumer goods.

(iv) Bank Guarantee

The bank issues bank guarantee for companies, as requirement for performance of the contracts or projects which they jointly undertake with the Government Departments. Bank issues guarantee with tenure of 3 months, 6 months, 9 months and one year periods respectively. If the contract is not completed, guarantee period can be extended. Only after completion of the contract and upon submitting of relevant documents for the completion of the contract, deposited money will be repaid.

3.4.3 Remittances

The bank also provides remittance services sending money to and from locally as well as abroad. Remittances can be domestic and international.

(i) Domestic Remittance

Remittance can be done domestically from Myawaddy Bank's Branches and other banks.

(ii) International Remittance

The bank has authenticated swift system for payment to international banks. Remittance in the form of Telegraphic Transfer in foreign currency is also provided for Myanmar importers and exporters for their secure and sound international settlement.

3.4.4 Card Services

Cash withdrawal and payment can be done at Myawaddy Bank ATM and POS 24/7 with Union Pay International cards, Japan Credit Bureau cards, MPU-UPI Cobranded cards, MPU-JCB Cobranded cards. Customers can make payment for online shopping without carrying cash and by using MWD/MPU Debit Card. Account to Account Transfer at ATM can also be done.

Account transfer to own accounts or other accounts of Myawaddy Bank with charge 0.5 Kyat per 100 MMK minimum 200 MMK and maximum 1,000,000 can be done 24/7. Unlimited amount per transaction can be made and unlimited frequency per day with maximum amount 1,000,000 MMK per day. is 5 Pyas per 100 MMK with minimum 200 MMK.

Cash withdrawal can be made at any Myawaddy bank's ATMs with MPU logo at any time. Unlimited frequency of cash withdrawal can be made with maximum amount 300,000 MMK per transaction and 1,000,000 MMK per day. Payment also can be made by using Point of Sales Service 24/7. Maximum payment amount is 5,000,000 MMK per day with unlimited frequency. Phone bill charging with mobile top-up 24/7 by using MWD/MPU Card will get with 3 % discount via www.topup.com.mm.

(i) Payroll services

Myawaddy Bank provides monthly payroll services for government organization, private company and also for associations with lowest services fees. Service fee is FOC for first three months.

(ii) Transfer Fund

The sender can transfer fund to a beneficiary's mobile number who has any bank account or via Internet/Mobile Banking. Myawaddy Bank Limited ATMs 24/7. Maximum is 300,000 MMK per transaction. Services Charges is 200 MMK per transaction. Transfer amount and services charges will be repaid to sender's account if there is no any withdrawal within 24 hours.

(iii) Card less Cash Withdrawal Services

Cardless Cash Withdrawal is the service that beneficiary can withdraw cash from Myawaddy Bank's ATM by entering his mobile number, remitted amount, 4-digit sender's code and 6-digit OTP without using card. Beneficiary can make withdrawal cash from Myawaddy Bank's ATM within 24 hours after receiving remittance.

(iv) Internet banking Service and Mobile Banking Service

By using Mywaddy Bank's Internet banking service (I-Banking) and mobile banking service, the customers enable to check balance inquiry, bank statement, account summary, cheque status and other information of the bank such as ATM Locations, bank address, POS locations, foreign exchange counter locations, account to account transfer service, card less cash withdrawal service and mobile top up service.

3.4.5 International Banking Services

Myawaddy Bank provides international banking services for importers and exporters for their international payment smooth and secure by complying rules and regulations of the Central Bank of Myanmar.

(i) Foreign Currency Account Opening

Non- interest bearing current account in foreign currencies (USD, EURO, SGD, Thai Baht) can be opened for local and international companies for smooth payment transaction. Maximum amount of USD 5000 can be withdrawn twice a week. This will be subject to the orders and terms of Central Bank of Myanmar.

(ii) Trade services for Import and Export

Myawaddy Bank provides the Myanmar importers and exporters to make fast and secure international payment transaction by issuing or advising Letter of Credit, payment for import bill and collection of export bill under, LC negotiation, Bank Guarantee issuing/advising, shipping guarantee opening. By using LC payment system via Myawaddy Bank, traders can reduce the risk of default from buyer or seller in a foreign country.

(iii) Trade Finance Facility

Myawaddy Bank now allows trade financing facility to importers and exporters who are good customers of the bank. Import trade finance as well as Pre and Post Shipment Export Financing are also provided. Trade finance facility service of Myawaddy Bank will be beneficial for importers and exporters to make secure for the payment and enhance the trading relationships between buyers and sellers.

Myawaddy Bank provides short-term credit facilities for financing the importer when a letter of Credit (LC) or collection is due for payment. A credit trade line is required before this facility can be come into effective. A credit facility is granted to the customer so that he will get benefit of taking delivery of the goods before payment. The goods title is to be the Bank for security and the customer will undertake to hold the documents, the goods and the sale proceeds in the trust for the Bank.

(iv) Bank Guarantee

Myawaddy Bank issues Performance Guarantee, Advance Guarantee, Advance Payment Guarantee, Shipping Guarantee, Bank Guarantee Issuing/Confirmation, Bank Guarantee Advertising in order to trim possible risks among Business to Business (B2B) and Business to Government (B2G).

(iv) Swift Telegraphic Transfer Service

Myawaddy Bank has already set up SWIFT network which is a very fast, safe and reliable way of transferring money between the banks in the world wide. can be Beneficiaries can send remittances from Myanmar to abroad and viceversa from their

foreign currency account with Myawaddy Bank via authenticated secure payment system -SWIFT.

(vi) Treasury Services

Myawaddy Bank has already established Refinitiv Eikon Software for transacting FX dealings on behalf of customers who are in need of funds in foreign currency via interbank market and payment are settled via CBM Net. Reports for FX transactions are daily reported to Central Bank of Myanmar to comply with the rules and regulations of Central Bank of Myanmar.

(vii) Money Exchange Counter Service

There are (8) money changer counters and customers can easily sell and buy foreign currencies (USD, EURO, SGD, Thai Baht) .

3.5 Organization Structure of Myawaddy Bank

Board of Directors of Myawaddy Bank set the policies for decision making process. Chief Executive Officer takes the leading role to manage day to day banking operations with Operational Directors, Senior General Managers, and General Managers and Technicians to make the smooth operation of the bank. There are (19) departments in Head Office (Appendix III) as follows:

1. Accounts Department
2. IT Department
3. Card Department
4. Cyber Security Department
5. Foreign Banking Department
6. Foreign Currency Exchange Counter
7. Human Resources Department
8. Training Department
9. Research and Development, Commercial Intelligent and Statistics Department
10. Marketing Department
11. Planning Department
12. Loan Department
13. Loan Recovery Department

14. Credit Inspection Department
15. Administration Department
16. Cash Department
17. Internal Audit Department
18. Bond & Stock Department
19. Branch Monitoring Department

3.6 Corporate Governance of Myawaddy Bank

Being one of the big banks in Myanmar, Myawaddy Bank fully aware of the importance of corporate governance principles. The following committee has been set up for effective corporate governance and reducing risk management of the bank:

1. Executive Management Committee
2. Risk Management Committee
3. Audit Committee

3.7 Performance Management Practices in Myawaddy Bank

Myawaddy Bank is one of the big banks in Myanmar in terms of capital and financial soundness. It includes one of the highest taxpayer lists to government for the budget year 2017-2018. The key performance indicators of Myawaddy Bank are financial indicators and the bank published annual financial reports and highlights its financial soundness with Capital Adequacy Ratio (CAR), Return on Equity (ROE), and Return in Assets (ROA), Liquidity Ratio, and Earnings per share and Loan to deposit ratio, etc to reveal its financial soundness, cost effectiveness and maximizing of profit. The bank has been assessed by Central Bank of Myanmar and the external auditor- Win Thin and Associate Audit Firm every year for its transparency in the accounting procedures and financial soundness and the effectiveness of management.

The bank also uses others non-financial measures such as providing relevant trainings to improve employees' skills and efficiency. New employees are provided induction courses and on job training to understand the operating processes and procedures of the banking transactions and rules and regulations of the bank so that they can cater better customer services to the customers. All employees are provided on-job as well as off-job trainings for enhancing relevant banking and general knowledge for subject courses including IT knowledge for their career development.

All employees of Myawaddy Bank including managers are evaluated based on their skills, tasks, nature of responsibilities, leadership and performance improvement for promotional opportunities and yearly bonus. The evaluation results are submitted for improvement purpose and to maximize the potential of individuals and teams to benefit themselves and organization. Employees who are working with 10 years and above are also allowed to get hire purchase for buying consumer goods such as apartment, car etc for their good welfare.

By aligning the goals of the organization with those of individual employee's goals, the bank tries to manage costs effectively by granting quality loans and attracting more customers to increase deposits so that it reaches its targeted yearly profit, deepen relationships with existing customers, and enhance product innovation

Myawaddy Bank Limited currently does not implement yet the balanced score card, but it should adopt it in the future. To assess the impact of financial and non-financial perspectives on performance, this study will use four perspectives Balanced Scorecard including financial and non-financial measures to evaluate the performance management practices of Myawaddy Bank.

By combining all four Balanced Scorecard perspectives, the bank can evaluate its performance management from various aspects to increase shareholders value to grow revenues, increase customer base and surpass customer expectation, work towards minimal defects and errors in its internal processes.

The bank can use the approach of financial and non-financial measures in terms of the cause-and-effect framework with proper learning and growth structures which is able to equip employees with knowledge and skills for efficient services and innovation so that this will create customers satisfaction for strong financial performance of the bank.

3.8 Performance Measurement Indicators of Myawaddy Bank

Myawaddy Bank uses financial performance measurement as well as non-financial performance measurement. Board of Directors are the policy makers and Chief Executive Officer takes full responsibility of supervising the daily operation and banking activities. Middle Management level (Managers) in all departments and branch-in-charge are evaluated on the performance of their skill in work as well as full responsibility of leadership and accountability of supervising the branch. The

bank can be assessed in terms of financial soundness and transparency via Audited financial assessment and statements published in the bank's Annual General Report.

Myawaddy Bank fully complies with the rules and standards of Myanmar Financial Reporting Standards (MFRs), and makes required preparation in advance to fully comply with International Financial Reporting Standards (IFRs) in the set time. The bank is also subject to the rules and regulations of Central Bank of Myanmar and external audit.

Myawaddy bank also reviews the bank's financial and operational internal business performance of its branches by arranging annual managers' conference meeting. Branch in charges from all Myawaddy bank branches and senior management team including managers from head office are gathered to review the performance of the branches and make necessary plan to meet the target income for the respective budget year by making cost effective in operational expenses, reducing Non-Performing loan and increasing deposits and quality loans for increasing interest **income.**

Head of Respective Departments in Head Office take the responsibility of evaluating the staff in each department for promotion based on their performance of work done, leadership, taking responsibilities for their duties assigned, obey to rules and regulations.

The bank formed Public relations department and marketing department to provide the excellent customer care services to retain and establish good relationship with existing and new customers. The bank also invests in human capital development by providing relevant on-job and off-job trainings to the bank staff.

CHAPTER 4

ANALYSIS ON EFFECTIVENESS OF PERFORMANCE MANAGEMENT PRACTICES OF MYAWADDY BANK LIMITED

This chapter analyses the financial and non-financial measures of Myawaddy Bank Limited by using four perspectives of the balanced scorecard. The findings of evaluation on effectiveness of performance management practices of Myawaddy Bank Limited based on primary data as well as secondary data are presented.

4.1 Research Design

This study uses descriptive method based on both primary data which was collected from customers' perception on products and services of Myawaddy Bank and employee's satisfaction. Moreover, secondary data was collected from yearly financial reports, relevant websites and previous research papers.

Sample were collected from 100 employees and 100 customers using random sampling for evaluation of on the employees' satisfaction and customer's perception on the products and services of the bank using 5 points Likert questionnaire in which the questions are designed to answer 1=Strong Disagree, 2= Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree. The answers for the survey questionnaire will be used for Customer Perspective and Learning and growth perspective for evaluation of the effectiveness of performance management practices of Myawaddy Bank by using four perspectives of Balanced Scorecard. The financial perspective and the internal business performance will be evaluated by using secondary data of financial data from the annual reports of Myawaddy Bank from 2013-2018 financial years.

4.2 Evaluation on Effectiveness of performance management practices of Myawaddy Bank Limited

The second objective of the study is to explore the effectiveness of the balanced scorecard using four perspectives for examining performance management practices of Myawaddy Bank.

Performance measurement of businesses has traditionally evaluated by using mainly financial indicators. But financial measures such as returns on investment and earnings per share are historical in nature and therefore have little far-sighted insights to management of an organization. Therefore this becomes insufficient for decision making for the future performance of the organization and need to consider non-financial measures to evaluate.

4.2.1 Analysis on Financial Perspectives

Financial measures provide the economic consequences for actions that already taken by the organization, and focuses on profitability related measures on which shareholders verify profitability of their investment. The accurate and timely financial data which are accurate and well-timed are essential for the efficiency and smooth processes of the organization. Under this perspective, the financial performance of Myawaddy Bank is analysed by extracting from the financial statement from (2013-2018). Balance Sheet for 2013-2018 is attached in Appendix IV. Financial indicators used are Capital Adequacy Ratio (CAR), Return on Assets (ROA), Liquidity Ratio, Loan to Deposit Ratio. The analysis of financial indicators is presented as follows:

(i)Capital Adequacy Ratio (CAR)

The capital adequacy ratio (CAR) measures a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures. The capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR), is beneficial for protecting depositors and promoting the stability and efficiency of banks. Two types of capital are measured: tier-1 capital which can absorb losses without a bank to stop operations, and tier-2 capital, which can alleviate losses in the event of a winding-up and so supports a lesser degree of protection to depositors.

The minimum capital adequacy ratios (CARs) are primary to certain that banks have enough alleviation to absorb a reasonable amount of losses before they become insolvent and consequently lose depositors' funds. A bank with a high capital adequacy ratio is regarded to be safe and likely to meet its financial obligations. Central Bank of Myanmar sets the standard as the Regulatory capital adequacy ratio as 8%, the minimum Tier I Capital Adequacy Ratio as 4%.

$$\text{CAR} = \frac{\text{Risk Weighted Assets Tier 1 Capital} + \text{Tier 2 Capital}}{\text{Risk Weighted Assets}}$$

Table (4.1) Capital Adequacy Ratio

Financial year	Capital Adequacy Ratio (%)
2013-2014	42.54%
2014-2015	43.12%
2015-2016	42.54%
2016-2017	43.95%
2017-2018	45.62%

Source: Myawaddy Bank Annual Report (2013-2018)

As seen in table (4.1), Capital Adequacy Ratio of Myawaddy Bank during the studies periods are increasing and it shows that the bank meets financial obligations and its has financial soundness. The measure of the amount of a bank's capital expressed as a percentage of its risk weighted assets meets with the norm of 4%.

(ii) Liquidity Ratio

Liquidity ratio is the measurement of the ability of the bank to meet debt obligations and its margin of safety. Current liabilities are evaluated in relation to liquid assets to analyse the coverage of short-term debts in an emergency.

Table (4.2) Liquidity Ratio

Financial year	Liquidity Ratio
2013-2014	33.96%
2014-2015	32.11%
2015-2016	34.12%
2016-2017	35%

2017-2018	43.04%
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Source: Myawaddy Bank Annual Report (2013-2018)

According to the standard set by Central Bank of Myanmar, a bank shall maintain a minimum liquidity ratio of 20% at all times. In table (4.2), Myawaddy bank meets the standard of minimum liquidity ratio 20% and in all analysed financial years, its liquidity ratio is above 20% which indicates that the bank can pay the short term debt obligation to the depositors if the depositors tend to withdraw their deposits from the bank abruptly.

(iii) Return on Equity (ROE)

One of the most important profitability measures is Return on Equity also known as net assets or assets minus liabilities. ROE reveals how much profit well a company uses investments to generate earnings growth by comparing with the total amount of shareholder equity. Shareholder equity represents the assets produced by the retained earnings of the business and the paid-in capital of the owners. ROEs of 15-20% are generally considered good.

The business with a high return on equity is more likely to be capable of creating cash internally. The higher the ROE, the more easily, the organisation will be able to raise money for growth.

Return on Assets (ROA)

The return on assets ratio measures the profitability of the bank by means of net income produced by total assets during a period to compare with net income to the average total assets. Return on Assets ratio, also known as ROA is the most commonly used benchmark for bank profitability and since it measures how efficiently an organization can manage its assets to produce profits. ROAs over 5% are generally considered good.

Table (4.3) Return on Equity and Return on Assets

Financ ial Year	Return on Equity (%)	Return on Assets (%)
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2013-2014	19.87%	2.77%
2014-2015	15.91%	2.23%
2015-2016	14.27%	2.81%
2016-2017	14.07%	2.79%
2017-2018	9.75%	1.90%

Source: Myawaddy Bank Annual Report (2013-2018)

As seen in table (4.3) , return on equity ratio during the studied periods are decreasing and in 2017-2018, ROE ratio is 9.75% compared with other studies periods from 2013-2017. The highest ROE ratio is 19.87% in 2013-2014. The bank needs to improve earnings growth for the coming financial year.

Return on assets ratio in 2015-2016 according to table (4.3) was the highest being 2.81 % among the analysed period. In 2017-2018 financial years, return on assets ratio was 1.90%. Return on assets ratio of Myawaddy Bank in all analysed financial years are not below 5%.

(iv) Loan to Deposit Ratio

The loan-to-deposit ratio evaluates the liquidity of a bank by analysing a bank's total loans to its total deposits for the same period. When the ratio becomes too high, the bank may not have enough liquidity to cover any unexpected fund requirements. The bank with low loan to deposit ratio may not generate profits as much as it could be.

Loan to deposit ratio presents how well a bank is attracting and retaining customers. If deposits of a bank are rising, new customers are making more deposits so that funds for granting quality loans are increased. As a result, the bank will likely have more money to lend, which should increase earnings. Loan to deposit ratio can help investors determine if a bank is managed properly.

Table (4.4) Loan to Deposit Ratio

Financial Year	Loan to Deposit ratio (%)
2013-2014	75.71%
2014-2015	75.18%

2015-2016	77.92%
2016-2017	75.86%
2017-2018	70.35%

Source: Myawaddy Bank Annual Report (2013-2018)

Loan to deposit ratio during the studied period is increasing so it shows that the bank manages its loan effectively and efficiently to grow interest income.

4.2.2 Analysis on Internal Business Process

From the point of view of internal business processes, the organization can get clear picture of the ways for improving internal processes to achieve better performance and expectations of the customers. This perspective evaluates the internal business processes of the organization which lead to financial success and satisfied customers. The measures of this perspective are based on the effectiveness of internal process by measuring growth of new banking products, credit growth, growth of bank branches, saving customer waiting time by using IT technology.

4.2.1 Growth of banking services

Myawaddy Bank Limited aims to align the organization objectives, shareholders expectation of maximizing profits with customer's expectations by improving innovative banking products and services and speed of the services time to be quick by using Advanced Technology. The effective and efficient strategy for providing quality services and products is set to meet the needs of the customers.

Table (4.5) Banking Products and Services

Financial Year	No. of Banking Products and services
2013-2014	18
2014-2015	20
2015-2016	20
2016-2017	20
2017-2018	21

Source: Myawaddy Bank Annual Report (2013-2018)

As shown in Table (4.5), Myawaddy Bank has total number of branches (62) in 2018 and it has plan to open new more branches in up to 100 branches in the coming five years.

4.2.2 Growth of bank branches

Customers are favourable with face-to-face interactions with the bank's branches, especially for complex financial transactions. Face-to-face interactions and new account openings in bank branches supports the best opportunities to retain customer relationships and build trust for customer loyalty and revenue generation.

Although many potential customers may click for the bank's service online, they are more likely to complete the application process at the branch for complex products such as checking accounts, and mortgages or loans. Brand engagement is crucial for customer loyalty. Familiarity through existing relationships, referrals, and reputation is very powerful when customers make decision of which banks to purchase financial products and services. Convenient access to branches is critical factor for customers and small business owners for selecting the bank.

Table (4.6) Growth of Bank Branches

Financial Year	No. of Branches Opened including HO
2013-2014	33
2014-2015	40
2015-2016	45
2016-2017	50
2017-2018	56

Source: Myawaddy Bank Annual Report (2013-2018)

According to the above table (4.7), Myawaddy bank now already opened 62 branches including Head Office for its customers to be able to access to the banking services. The numbers of bank branches has increased during the analysed financial years.

4.2.3 Credit growth of loans & overdraft according to classification

Loans and advances are being granted to individual, government as well as business organizations in order to enable them invest and also expand for their business development activities which will then enable them grow and contribute towards the economic growth and development of a country. Lending is so risky that its repayment is not always guaranteed and depends mostly on other factors outside the control of the borrower thereby affecting the shareholders return on equity.

Table (4.7) Credit Growth

Financial Year	Total Loan & overdraft according to classification	Credit Growth Improvement %
2013-2014	620,781.08	19.56%
2014-2015	710,806.655	14.50%
2015-2016	832,119.797	17.07%
2016-2017	948,461.79	13.98%
2017-2018	1006,747.28	6.15%

Source: Myawaddy Bank Annual Report (2013-2018)

The main source of fund for the bank is loans which will lead to generate interest income and Myawaddy bank's loan policy is favourable and the internal processes for granting loans to customers are effectively processed to reduce Non performing loans and to get quality loans although Myawaddy Bank's credit growth of quality loans and overdraft is decreasing shown in the in the table (4.8).

4.2.4 Using Advanced technology to improve internal operation process

In order to improve internal operation process, Myawaddy Bank Limited have already implemented Infosys Core Banking Software and this will lead to reduce and customers waiting time for enabling banking transactions processing time more quickly because all the branches network which is liked to core banking System and make operation processes more efficient and reduce manual effort, provide vivid view

of customer relationships and time saving for transaction processes so as to market new products and services.

4.3 Analysis on Customer Perspective

This perspective focuses on the view of how customers perceive the organization. The customer perspective is the core element of the business strategy. In today's world the mission and vision of organizations has become very customer centric and every organization strives for high level of customer service to retain, attract and sustain relationship with customers. The measures used for this perspective includes customer satisfaction, customer loyalty, customer complaints, delivering quality products and brand image.

4.3.1 Measurement of Customer Perspective

Survey questionnaire (Appendix I) were asked to sample size 100 customers of Myawaddy Bank at Head Office (Yangon) with random sampling. The questionnaire with 5 point likert scale analysis emphasizes on customers perception on the bank's products and services, customer care services and security and transparency of the bank.

Table (4.8) Customers' perception on products and services

No.	Particular	Mean	Standard Deviation
1.	The bank uses modern looking equipment.	3.41	0.79
2.	ATM, MPU Card, Mobile Banking services are fast and convenient to use.	3.59	0.842
3.	ATMs machines are located in many places and are easy to use.	2.62	0.940
4.	The bank provides variety of banking products and services like other banks.	3.26	0.895
5.	The bank charges and interest rates are favourable and the same as other banks.	3.80	0.87
6.	It is easy to open accounts at the bank and	3.75	0.81

	to process other banking services.		
7.	Employees in the bank give the customers prompt service and are always willing to help you to provide services.	3.81	0.87
8.	When you have a problem, the employees in the bank show a sincere interest and patience in solving it to satisfy you.	3.73	0.91
9.	Employees in the bank are consistently courteous with you.	3.74	0.85
No.	Particular	Mean	Standard Deviation
10.	Employees in the bank are skilful.	3.87	0.77
11.	Employees in the bank have sufficient and updated knowledge of the policies and instructions of the bank to explain clearly and thoroughly to you.	3.95	0.70
12.	The bank conveys all important updated and easy to understand information regarding any changes in the products and services.	3.89	0.92
13.	Employees in the bank pay attention to your complaints and they can solve the problems and complaints with their analytical mind and adaptability.	3.59	0.87
14.	The bank keeps all the information of the customers as confidential and security level is high.	4.32	0.80
15.	If there is any errors in the accounting data of customers, employees in the bank are sincerely concerned and check thoroughly to make it amend.	4.02	0.79

16.	Making banking transactions with the bank is secure.	4.20	0.89
17.	All the financial data released by the bank is transparent and trustful. I intend to continue to maintain the relationship with the bank in the future.	4.14	0.90
	Overall Mean	3.75	0.51

Source: Survey Data (2019)

In table (4.9) shows that total average of the respondents is 3.75. The respondents believe that their information with the bank is secure and the bank keeps them confidential and the mean score for this is the highest as 4.32. The second largest mean score is 4.14 which show that the customers of the bank trust transparency of the bank's financial data and soundness and they will continue their relationship with the bank in the future. The least is mean score 2.62 which conveys that ATM machines are not easily accessible and not in so many places.

4.4 Analysis on Learning & Growth Perspective

This perspective emphasizes on the employees of the organization, and measures the extent to which the organization exerts efforts to provide its employees with opportunities to grow and learn. The measures for this perspective are employee satisfaction and employee capabilities, and training program provided to employees, information systems capabilities.

4.4.1 Employee satisfaction and Employee capabilities

The survey questionnaire (Appendix II) with 5 Point Likert Scale were asked to sample size 100 employees of the bank are randomly selected and delivered from different departments.

Table (4.9) Employees satisfaction and capabilities

No.	Particular	Mean	Standard Deviation
1.	I clearly understand our bank's vision and	3.17	0.91

	mission and future plans.		
2.	I have a clear job description and performance standards are clearly defined.	3.28	0.77
3.	There is consultation and ability to express opinions between managers and staff. Working with a team is good.	3.11	0.98
4.	Facilities, salary and bonus scheme is sufficient enough for me and my family and those are the same as other banks.	2.59	0.95
5.	Promotion opportunities are fair to employees and those are based on individual own skills, performance and capacities.	2.45	0.99
No.	Particular	Mean	Standard Deviation
6.	Constructive feedback on performance appraisal is provided on a regular basis.	2.92	0.82
7.	Supervisors/managers communicate expectation clearly, provided feedback and suggestion to prevent problems and for better performance management.	3.16	0.75
8.	To motivate employees, excellent performance achievement are recognized and provided rewards to employees.	2.92	0.97
9.	Employee turnover are thoroughly minimized in my organization because of effective performance management.	2.75	0.78
10.	Relevant, updated training and clear instructions are provided for new products.	3.05	.92524
11.	Appropriate and effective on-job training as	3.25	0.67

	well as off-job training is provided for the development of employees and for effective performance.		
12.	Working in this bank is proud and I have a future prospect in this organization.	3.40	0.86
	Average	3.00	0.49

Source: Survey Data (2019)

Table (4.10) presents that the average mean score is 3.00. The largest mean score is 3.40 which show that the respondents are proud to work in the bank. The least mean score is 2.45 and the respondents disagree with promotion opportunities are fair to employees and those are based on individual own skills, performance and capacities.

4.4.2 Training program provided by Myawaddy Bank

Employees are the most important internal organizational resource and acts as the principal driver of profitability. The bank is committed to increase knowledge and enhance the skill sets of the employees since their productivity is crucial in their overall efficiency and profitability.

Table (4.11) Training Programs Provided

Financial year	On job training (No. of staff)	Off-job training (No. of staff)
2013-2014	-	137
2014-2015	378	-
2015-2016	376	405
2016-2017	360	546
2017-2018	365	550

Source: Myawaddy Bank Annual Report (2013-2018)

According to Table (4.12), Myawaddy Bank aims to upgrade its employee's capacity development by providing training programs and the numbers of employees were increasing year by year so that employees have the sufficient resources to

provide exceptional customer service. On-job training such as basic banking training, refresher training for clerical level, supervisory level and refresher course for managers are provided to know about the process of the bank's banking operations. Moreover, employees are allowed to attend off job trainings such as seminars, diploma in banking, master program, English courses, workshops, and other relevant capacity building training for their knowledge improvement to workshops and seminars organized by GIZ, IFC, IMF, Central bank of Myanmar and United Overseas Bank, OCBC and computer classes of KMD, General English courses of British Council, diploma in banking and master of banking and finance program.

Banks are catching up with changes trends in information technology to pursue technological innovation (product and process innovation) to improve service delivery methods, enhance operational efficiency, and reduce the time to perform transactions which increase customer satisfaction. Myawaddy Bank now has implemented Core banking software system to link all bank's branches for quicker transaction processing time. Myawaddy bank's staff are equipped with necessary IT skill and knowledge to be able to keep current with this new changed software system so that the transaction time of the banking services and products will be quicker to perform efficient operations for customers' satisfaction.

CHAPTER 5

CONCLUSION

The study emphasizes on performance management practices of Myawadd Bank Limited. The objective of the study is to evaluate the financial as well as non-financial performance of Myawaddy Bank Limited. This chapter presents findings and suggestions on evaluation of using balanced score card on the performance management practices of Myawaddy Bank Limited and further research study.

5.1 Findings and Discussions

Myawaddy Bank Limited is one of the top banks in Myanmar. In this research, balanced scorecard with four perspectives (financial and non-financial measures) is used to assess the effectiveness of performance management practices of Myawaddy Bank Limited.

It is essential for organizations to survive and maintain its market share and gain more benefits, their performance improvements need to be assessed with set goals and planning.

According to the analysis of the study by using Balanced score card with four perspectives, in the financial perspective, the paid up capital is fully owned and subscribed by MEHPCL and Myawaddy bank limited is subject to rules for paid up capital set by Central Bank of Myanmar because its paid up capital of the bank is now 150 billion. Capital Adequacy ratios for the studied financial years (2013-2018) surpass the required CAR ratio Tier I CAR ratio 4% and regulatory CAR ratio 8% standard set by Central Bank of Myanmar. Return on equity and Return on Assets ratio are continuously decreasing during the studies period and the bank earns reasonable profit. The foreign banks are already allowed to operate wholesale banking and trade finance services for export and import so there is heated competition among private local banks and foreign banks. Myawaddy Bank needs to attract more customers with innovative wide range of products and services to generate more profits. Liquidity ratio of Myawaddy Bank Limited is above 25% which meets the standard ratio criteria of 20%.

In the analysis of internal business process, number of new products and services are not much innovated and the bank earned profits mainly based on sole banking products. Number of branches of Myawaddy Bank are 62 now and the bank should expand its network like other banks. Credit growth is decreasing during the studies period.

According to the analysis of the customer perspective, sample questionnaire of 100 customers are asked about their perception on the bank's products and services. Customers view that the bank needs to provide a variety of new products and services. ATMs machines are not easily accessible in many places and the bank need to improve in using modern looking equipment and facilities and up to dated banking operating procedures.

In the analysis of learning and growth perspective, the bank implemented good training program for capacity building of employees. Employees' satisfaction and capacities are analysed by delivering survey questionnaire to the sample of 100 employees. The survey reveals that the promotional opportunities should be fair and promotion should reflect the fair results of assessing the individual own skills, performance and capacities.

5.2 Suggestions

From the financial perspective, although liquidity ratio of Myawaddy bank meets the standard criteria of Central Bank of Myanmar, it needs to add stress testing in contingencies plan, monitor and control liquidity risk management. Decreasing of ROE and ROA ratio reveals that the bank should focus on generating more profits in the future by controlling operating costs and efficient banking services with innovative products and services. More accessibility of ATMs will attract new customers and attain existing customers to make convenience of their cash withdrawal in need.

Internal business process, Myawaddy Bank has been recently using Infosys core banking software services, the bank needs to train all employees to keep in touch with the new changed software in providing efficient quality of services in quick processing time to compete with other private banks. The bank should form

remuneration committee and Assets and Liabilities Committee according to financial institutions Law.

The bank should do thorough market research for opening new more branches and should encourage generating more profits from the branches. Effective marketing plan and promotional materials should be used to attract customers and to make aware of the bank's brand. Myawaddy bank should use Social media platform –facebook for marketing.

Employees are directly related to banking activities and are crucial in the development, productivity enhancement, and success of banking institutions. The bank needs to continuously improve quality of their services, attract more customers and become more cost-conscious. Annual or semi-annual Performance appraisal methods should be used for motivating the employees. More training programs should be planned for performance improvement of the employees.

5.3 Need for Further Studies

This study focuses only on performance management practices of Myawaddy Bank and not covered those of other financial institutions in Myanmar. The studied periods are from 2013-2018 and the data are based on those yearly annual report. The sample questionnaires were selected from 100 employees and customers respectively. This study is just investigated by using descriptive method and the outcome of the results will be different if other analytical tools and different research methods are used.

This study only investigates the findings of analysis on the financial and non-financial performance measures of Myawaddy Bank Limited and does not represent the whole picture of financial institutions in Myanmar. Further research for evaluating performance management practices by comparing private banks and foreign banks, operational risk management, assets and liabilities management that influence the bank's performance of Myawaddy Bank Limited.

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APPENDIX-I

Customer Survey Questionnaire

Performance Management Practices of Myawaddy Bank

This questionnaire will help to measure about customers' perception on the products and services of Myawaddy Bank for the thesis title "Performance Management Practices of Myawaddy Bank" to submit for Master of Banking and Finance Program, Department of Commerce. The responses will keep confidential for academic study purpose only.

Your cooperation is kindly appreciated.

Please tick (\checkmark) on the appropriate box that suits your opinions among the following questions.

Part One

Demographic Background

1. Age Group

- Under 30 years
- Between 31-40 years
- Between 41-50 years
- Between 51-60 years
- Above 60 years

2. Identify your gender

- Male
- Female

3. Education Level

- High School Level
- Under Graduate
- Graduate
- Master
- Doctor
- Others

4. Occupation

- Student
- Own Business
- Government Employee
- Company Employee
- Technicians
- Others

5. Monthly Income (In Myanmar Kyats)

- Below 150,000
- Between 150,001 and 300,000
- Between 300,001 and 500,000
- Between 500,001 and 800,000
- Between 800,001 and 10,000,001
- Above 1,000,000

6. Relationship years with Myawaddy Bank

- Less than 6 months
- Between 6 months- 1year
- Between 1 months- 2 years
- Between 2 months- 5 years
- Above 5 years

7. Your wish to recommend the bank's services to others?

- Yes
- No
- Not sure

Part Two

Please tick (√) the statements from 5 indicators that reflect on your opinion according to your perception on the products and services of Myawaddy Bank (HO).

Indicator

1=very dissatisfied

2=Dissatisfied

3=Neutral
satisfied

4=Satisfied

5=Very

No.	Particular	1	2	3	4	5
1.	The bank uses modern looking equipment.					
2.	ATM, MPU Card, Mobile Banking services are fast and convenient to use.					
3.	ATMs machines are located in many places and are easy to use.					

4.	The bank provides variety of banking products and services like other banks.					
5.	The bank charges and interest rates are favourable and the same as other banks.					
6.	It is easy to open accounts at the bank and to process other banking services.					
7.	Employees in the bank give the customers prompt service and are always willing to help you to provide services.					
No.	Particular	1	2	3	4	5
8.	When you have a problem, the employees in the bank show a sincere interest and patience in solving it to satisfy you.					
9.	Employees in the bank are consistently courteous with you.					
10.	Employees in the bank are skilful.					
11.	Employees in the bank have sufficient and updated knowledge of the policies and instructions of the bank to explain clearly and thoroughly to you.					
12.	The bank conveys all important updated and easy to understand information regarding any changes in the products and services.					
13.	Employees in the bank pay attention to your complaints and they can solve the problems and complaints with their analytical mind and adaptability.					
14.	The bank keeps all the information of the customers as confidential and security level is high.					
15.	If there is any errors in the accounting data					

	of customers, employees in the bank are sincerely concerned and check thoroughly to make it amend.					
16.	Making banking transactions with the bank is secure.					
17.	All the financial data released by the bank is transparent and trustful. I intend to continue to maintain the relationship with the bank in the future.					

8. Is there any recommendations or suggestions that you want to add. Please comment.

.....

.....

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Thank you very much for giving some time and answering.

APPENDIX-II

Employee Survey Questionnaire

The following questionnaires are to measure the employee satisfaction and capabilities towards “Performance Management Practices of Myawaddy Bank” to submit thesis for Master of Banking and Finance Program.

The responses are used only for academic study purpose.

Please tick (✓) on the appropriate scale that reflects your opinions.

Indicators: 1=Strongly Disagree

2=Disagree

3=Neutral

4=Agree

5=Strongly Agree

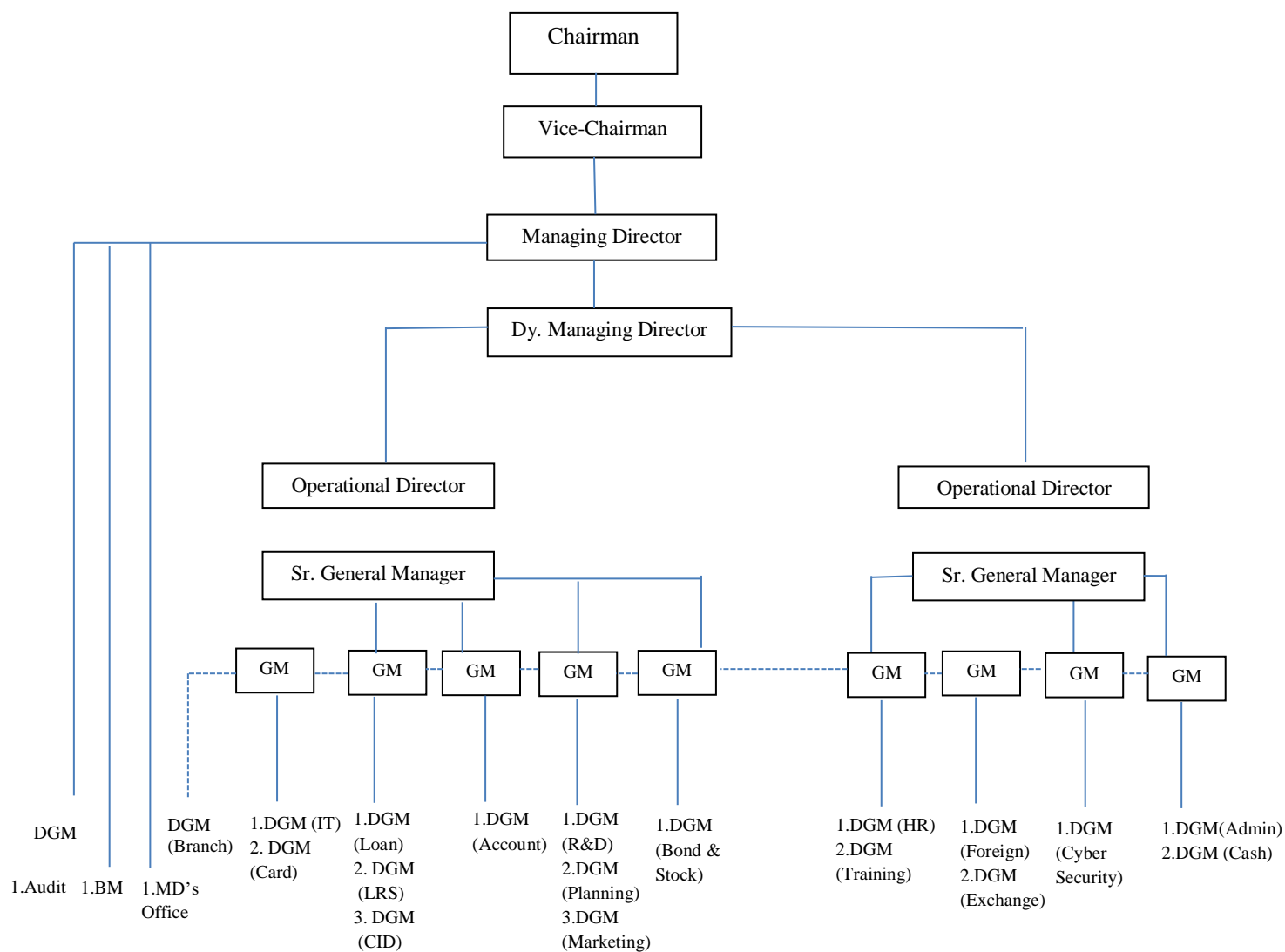
Employee Satisfaction and Capabilities

Sr.	Particular	1	2	3	4	5
1.	I clearly understand our bank’s vision and mission and future plans.					
2.	I have a clear job description and performance standards are clearly defined.					
3.	There is consultation and ability to express opinions between managers and staff. Working with a team is good.					
4.	Facilities, salary and bonus scheme is sufficient enough for me and my family and those are the same as other banks.					
5.	Promotion opportunities are fair to employees					

	and those are based on individual own skills, performance and capacities.					
6.	Constructive feedback on performance appraisal is provided on a regular basis.					
7.	Supervisors/managers communicate expectation clearly, provided feedback and suggestion to prevent problems and for better performance management.					
Sr.	Particular	1	2	3	4	5
8.	To motivate employees, excellent performance achievement are recognized and provided rewards to employees.					
9.	Employee turnover are thoroughly minimized in my organization because of effective performance management.					
10.	Relevant, updated training and clear instructions are provided for new products.					
11.	Appropriate and effective on-job training as well as off-job training is provided for the development of employees and for effective performance.					
12.	Working in this bank is proud and I have a future prospect in this organization.					

APPENDIX-III

Organization Chart of Myawaddy Bank Limited as at (31.3.2018)



APPENDIX-IV

MYAWADDY BANK LIMITED

BALANCE SHEET FROM 2013-2014 TO 2016-2017

Kyat in Million

No	Particulars	2013-2014	2014-2015	2015-2016	2016-2017
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1	Current Assets				
	(a) Cash at Bank	92,471	130,465	132,243	146,324
	(b) Cash Central Bank of Myanmar	87,441	89,084	64,835	86,389
	(c) Cash Other Bank	24,812	38,785	18,019	122,693
	(d) Securities Investment (Short-term)	134,052	134,166	201,173	160,114
	(e) Loans and Overdrafts	620,781	710,807	832,121	948,462
	(f) Inter Bank Loan	-	-	-	-
	(g) Advance and Other Resources	10,901	10,263	14,997	21,698
	(h) Total Current Assets	970,459	1,113,569	1,263,387	1,485,680
	(i) Acceptance, Endorsement & Guarantee (Contra)	88	358	689	446
		970,547	1,113,927	1,264,076	1,486,126
2	Current Liabilities				
	(a) Deposit Demand	217,600	262,473	256,480	267,824
	(b) Deposit Time	602,375	683,036	811,454	982,484
	(c) Inter Bank Loan	-	-	-	-
	(d) Other Liabilities	9,116	10,226	15,122	17,460
	(e) Provident for Fund	2,030	2,858	-	-
	(f) Provision for Contribution to Staff Welfare Fund	-	-	-	-
	(g) Provision for Taxation	9,199	8,502	9,169	10,722
	(h) Provision for Dividend	17,000	16,500	20,000	26,000
3	Total Current and Time Liabilites	857,320	983,595	1,112,225	1,304,490
4	Acceptance, Endorsement and Guarantee (Contra)	88	358	689	446
		857,408	983,952	1,112,914	1,304,936
5	Net Current Assets	113,139	129,974	151,162	181,190
6	Fixed Assets				

	(a) Intangible Assets	-	-	-	-
	(b) Fixed Assets	25,005	29,651	39,612	45,538
	(c) Constuction in Progress	487	430	1,043	1,038
	(d) Investment in Credit Bureau	50	50	694	693
	(e) Investment in MPU	200	200	200	200
		25,742	30,331	41,549	47,469
7	Total Net Current Assets	138,881	160,306	192,711	228,659
8	Capital and Reserves				
	(a) Authorized Capital	75,000	100,000	150,000	150,000
	(b) Share Capital (Paid-up)	62,578	75,000	100,000	130,000
9	Reserve and Retained Earnings				
	(a) General Reserves (Statutory)	42,971	49,347	56,223	64,264
	(b) Loans and Advances Reserves	12,416	14,216	16,643	18,970
	(c) Provision for Bad and Doubtful Debts	5,121	5,121	6,007	6,695
	(d) Exchange Reserve	86	90	104	-
	(e) Reserve for Contingencies	3,300	3,800	4,300	4,800
	(f) Retained Earnings	12,409	12,731	9,433	3,929
		76,303	85,306	92,711	98,659
10	Total Share Holder's Funds	138,881	160,506	192,711	228,659

MYAWADDY BANK LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2018

Sr. No.	Particulars	Amount	
		K	P
1	CURRENT ASSETS		

	1.1 Cash at Bank	132,968,366,720.33
	1.2 Cash - Central Bank of Myanmar	146,630,333,629.02
	1.3 Cash - MEB	16,255,032,992.26
	1.4 Cash- Other Banks	183,080,934,604.40
	TOTAL CASH BALANCE	478,934,667,946.01
	1.5 Securities - Investment	189,000,000,000.00
	1.6 Loans and Overdrafts	1,006,747,280,074.88
	1.7 Inter Bank Loan - Short Term	0.00
	1.8 Advances & Other Resources	18,655,163,932.88
	TOTAL CURRENT ASSETS	1,693,337,111,953.77
2	DEFERRED EXPENSES	0.00
3	CONSTRUCTION IN PROGRESS	543,687,113.55
4	INVESTMENT IN MYANMAR PAYMENT UNION	200,000,000.00
	INVESTMENT IN CREDIT BUREAU	693,550,000.00
5	FIXED ASSETS AT COST LESS DEPRECIATION	49,723,215,573.66
6	Intangible Assets(Software Licence)	359,122,008.00
	TOTAL CURRENT ASSETS AND FIXED ASSETS	1,744,856,686,648.98
7	ACCEPTANCE , ENDORSEMENT AND GUARANTEE (CONTRA)	7,512,964,694.00
	TOTAL ASSETS	1,752,369,651,342.98
8	CURRENT LIABILITIES	
	8.1 Deposit - Demand	214,871,661,257.94
	8.2 Deposit - Time	1,216,271,525,551.40
	TOTAL DEPOSIT	1,431,143,186,809.34
	8.3 Inter Bank Loan - Short Term	
	8.4 Other Liabilities	31,827,070,393.96
	8.5 Provision for taxation	8,304,000,000.00
	8.6 Provision for Contribution to Staff Welfare Fund	-
	8.7 Provision for Dividend	18,000,000,000.00
	TOTAL CURRENT AND TIME LIABILITIES	1,489,274,257,203.30
9	ACCEPTANCE , ENDORSEMENT AND GUARANTEE	7,512,964,694.00
	TOTAL CURRENT LIABILITIES	1,496,787,221,897.30
10	SHARE HOLDERS' FUNDS	
	Authorised Capital K- 150,000,000,000	
	10.1 Share Capital (Paid-up)	150,000,000,000.00
	10.2 Reserve and Retained Earnings	
	General Reserve(Statutory)	70,492,351,773.00
	Other Reserve	
	Loans and Advances Reserve	20,135,139,534.68
	Provision for Bad and Doubtful Debts	6,695,429,357.16

	Reserve for Contingencies	5,300,000,000.00
	Retained Earnings	2,959,508,780.84
	TOTAL SHARE HOLDERS' FUNDS	255,582,429,445.68
	TOTAL LIABILITIES & SHARE HOLDERS' EQUITY	1,752,369,651,342.98