

**YANGON UNIVERSITY OF ECONOMICS  
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**CUSTOMER ATTITUDE TOWARDS POSTAL SAVINGS  
IN MYANMAR  
(A CASE STUDY OF AYARWADDY FARMERS DEVELOPMENT BANK)**

**KHIN KHIN MYAT THU HLAING  
(EMBF - 5<sup>th</sup> BATCH)**

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IN MYANMAR  
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A Thesis Submitted as a Partial Fulfilment towards the Requirements for the  
Degree of Executive Master of Banking and Finance (EMBF)

**Supervised by:**

Prof. Dr. Daw Soe Thu  
Professor & Head  
Department of Commerce  
Yangon University of Economics

**Submitted by:**

Khin Khin Myat Thu Hlaing  
Roll No. 14  
EMBF - 5<sup>th</sup> Batch  
Yangon University of Economics

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## **ABSTRACT**

Offering attractive saving schemes through the national network of Post Offices can potentially play a vital role in mobilizing savings from the approximately 75% of adult population that are currently unbanked in Myanmar. The results of the study of a pioneering initiative from Ayarwaddy Farmers' Development Bank (A Bank) offering savings accounts through Post Office branches show whether and how savings could be mobilized on a national scale. The study provided insights into the attitude and saving habits of postal saving customers and identified positive attitudes towards postal savings. It is found that postal savings customers currently perceive a lack of public awareness and delay in processing. Postal savings customers mainly choose postal savings due to higher interest rates and proximity. It is observed that postal savings customers have positive attitude towards postal savings. More efforts such as promotion and advertising of postal savings could be made to enhance public awareness of postal savings. Additionally, technological innovations could be introduced to reduce delay in processing and to improve convenience of the postal savings customers.

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## **LIST OF ABBREVIATIONS**

CBM	-	Central Bank of Myanmar
EUR	-	Euro currency
KBZ.	-	Kanbawza Bank
MEB	-	Myanmar Economic Bank
MMK	-	Myanmar Kyat
PSA	-	Postal Savings Act
PSBC	-	Postal Saving Bank of China
SGD	-	Singapore Dollar
UPU	-	Universal Postal Union.
USD	-	United States Dollar
USPS.	-	United States Postal Services
VPN	-	Virtual Private Network
WSBI	-	World Savings Bank Institute

# **CHAPTER I**

## **INTRODUCTION**

Postal savings, the use of the postal network to mobilize savings, is very important in delivering formal financial services, including savings to citizens, especially those who are financially excluded (Scher, 2001). The essential characteristics distinguishing postal saving from the retail banking is the mandate of the postal system to serve the entire segments of the national population, unlike conventional private banks that allocate their resources to service the segments of the population that they deem most profitable. Thus, the postal saving system remains important today in developing countries, where formal saving tends to serve only the small number of wealthier clients (Rillo & Miyamoto, 2016).

The postal saving system has a long and successful history of financial sector development aligned with social progress (Kuwayama, 2010). The postal saving system is a vehicle for promoting a more balanced economic development by mobilizing saving and providing financial services to the poor and lower-income people (Senthilkumar & Kannaiah, 2014). Some well-known examples of the postal saving system include the Japanese postal saving system, French postal saving system, China postal saving, and Brazilian postal saving system. The Japanese postal saving system is one of the largest financial institutions in the world and the second-largest deposit holder in Japan (Anstey, Takeo, & Fujioka, 2019). The French Postal Saving System, La Banque Postale, is among the top banks in France, serving 11-million customers (McNally, 2019). The Postal Saving Bank of China (PSBC) is the 4<sup>th</sup> largest bank in China in terms of Deposit (Fromasia, 2018). One out of three Chinese is a PSBC customer with 893 million accounts and 475 million individual customers. Between 2002 and 2011, more than ten million postal accounts were opened in Brazil following the establishment of Banco Postal in a collaboration model with an established financial institution (d'Alcantara, Dembinski, & Pilley, 2014).

After having a glimpse at the success of postal savings in various countries, it is important to identify the attitude of customers towards postal savings to understand why customers choose postal savings over traditional savings. It is only when the postal service providers know the attitudes of their customers towards the service and

the products that they truly know whether the business is going to be prosperous in the long term. According to Asch (1965), everything that the customers see, hear, and experience is linked together and forms their overall attitude towards the business, which in turn affects the customer behavior.

A white paper published by the United States Postal Services (USPS), postal savings is successful due to the ubiquity of their network and the trust the public places in them (USPS, 2014). A recent study done by Asian Development Bank called "Postal Saving—Reaching everyone in Asia" stated that branding, instant cash availability, low cost, and quality are among the key factors winning the hearts of the postal saving customers (Yoshino, Ansón, & Helble, 2018)

Identifying the attitude of customers towards postal savings will help the policymakers, and postal savings providers know whether and how postal savings could be mobilized on a national scale. Postal saving operators can offer the products and services that cater to the needs of the customers. Policymakers could also create enabling regulatory environments to improve ease of access for customers.

## **1.1 Rationale of the Study**

Mobilizing national savings is an important priority for Myanmar. Only 12% of the population formally saves, 27% informally saves, 11% saves with family and friends, and 50% does not save (See Appendix B for the savings string in Myanmar in 2013 and 2018 (Jefferis, Bhaju, Tuladhar, Shrestha, & Loots, 2018). The Government has chosen to offer low-cost saving vehicles to support efficiency in the short-term.

Myanmar culture is filled with well-functioning, but informal saving societies, peer lending groups, revolving credit and economies, Buddhist savings and loan groups, funeral societies. (Chipchase et al., 2015). Savings activity in Myanmar focuses heavily on informal networks and assets. This is because of a number of reasons such as a lack of selection and exposure to formal savings services, low confidence in government institutions, insufficient understanding of the advantages of formal savings mechanisms, The income is hardly enough to justify deposit into a formal account, a low level of trust is in place in respect of the banking system, a low level of education exists as to how a bank operates and bank branches are not at reach. The restricted involvement of formal institutions in rural areas to support low-value savers constrains the flow of savings into the formal banking system and has spurred savings into informal channels. With private banks concentrated predominantly in

urban and semi-urban areas, the majority of lower-income and low-value savers are underserved.

Hence, Myanmar needs to bring some savings into the regulated market to improve the level of financial intermediation. It is necessary to improve access as a starting point to promote formal savings to address the drawbacks of a lack of formal savings choices.

Leveraging the post office network to mobilize savings is one of the measures to encourage savings in Myanmar. It has been proven in other countries that, if managed and promoted well, the post office branch network is a viable mechanism for savings mobilization. The postal saving system has a tremendous potential to play a crucial role in saving mobilizations in Myanmar as it could potentially be used as a vehicle to mobilize savings from 75%<sup>1</sup>(MasterCard, 2018).

The Myanmar Post has over 1400 branches (Aung, 2017) throughout the country, whereas the largest bank in Myanmar KBZ has only 550 branches (KBZ, 2019). Thus, the pioneering initiative by A Bank that offers postal savings through the nation-wide network of post offices has the potential to become the largest financial institution network in Myanmar. Successful implementation of postal savings on a national scale would potentially deliver basic financial services to those who live in remote places where there are no bank branches driving financial inclusion and economic development of the country.

Myanmar Post introduced cash certificates in 1917. The Saving Stamps Act was created in 1948 but was repealed in 1992, ending the postal saving system. Recognizing its strategic importance and potential contribution to the national economy, Myanmar Post has engaged reforms to offer cashless and digital financial services, including postal saving (Aung, 2017).

Myanmar Post has partnered with Asia Green Development Bank, CB Bank, Myanmar Economic Corporation (MyKyat), and A Bank to offer various kinds of financial services, including agent banking and mobile financial services. Among them, only A Bank offers postal saving services through a joint partnership with the Myanmar Post (Cho, 2019). Since 2017, A Bank has opened mini-branches at six post offices in Yankin township, Inn Sein township, Ahlone township, Sanchaung township, Myaungmya township, and Phyu township (Cho, 2019).

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<sup>1</sup> UNCDF's 2018 FinScope Survey reported that only 25% of the adult population that is aged over 18 years are being served by formal financial institutions.

The postal savings initiative of A Bank is considered quite successful. Since the launch of the postal saving, A Bank has obtained ~1100 customers in six branches. Even though A Bank has not heavily promoted postal savings at each branch, the organic growth rate of customer acquisition is relatively high. According to A Bank, 80% of the existing postal saving customer actively use the recurring deposits while the number of new postal saving customers doubles every month. According to A Bank's estimates, the initiative could potentially serve four million customers at 400 post office branches in five years (Cho, 2019).

In order to ensure the sustained success of the postal saving scheme in the medium and long term, identifying the attitude of the customers in choosing the postal saving services and the challenges faced by the postal saving customers plays a crucial role. A person who is positive about A product / service bid is more likely to buy, making it highly important for the marketer/provider of services or products to understand consumer attitudes towards the products and services that they offer (Rahman, 2012).

In France, the French citizens use French Postal Saving System because they are generally less expensive than the main retail banks (price), they have an extensive branch network (proximity), and they are open on a Saturday morning (convenience) (McNally, 2019). Depositor confidence in postal saving is directly related to the guarantee provided by the government and the branding of the postal network (Scher, 2001).

The current success of the postal saving scheme introduced by A Bank could be due to the proximity of the post offices. It could be the convenience that drives the customer's decision to use the postal saving system of A Bank. It could also be the high-interest rates of 8.8% that attracts the customers. Perhaps it could be the branding of Myanmar Post and the trust that customers place in post offices that make them choose postal savings over commercial saving schemes. Thus, the study proposes to identify the attitude of the customers in choosing the postal saving services over other saving products offered by traditional banks and the challenges faced by the postal saving customers in order to understand if postal savings could be mobilized on a national scale.

## **1.2 Objectives of the Study**

The objectives of the study are as follows:

1. To identify the saving habits of postal saving customers and challenges faced in using postal savings
2. To determine customer attitude towards postal savings

### **1.3 Method, Scope and Limitations of the Study**

The study uses the descriptive method. In order to obtain primary data, a structured questionnaire was distributed to randomly selected postal savings customers. A bank's management team and the members of the Retail Banking Department of A Bank were also interviewed for insights about the A Bank's postal savings initiative. As part of the secondary data collection, a thorough literature review of the research papers, peer-reviewed articles, reports, and articles was conducted. Results from the survey have been analyzed by the Social Science Statistical Suite (SPSS) and interpreted by descriptive statistical tools, including frequencies and mean values.

The study is limited to 149 out of 1,089 postal saving customers. The respondents are randomly selected and are likely to differ from the attitudes of non-customers. A more comprehensive research project would explore attitudes towards postal savings among non-customers.

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

The paper consists of five chapters. The first chapter presents the introduction, rationale of the study, objectives of the study, and method, scope, and limitations of the study. The second chapter reviews the theoretical background of the study focusing on definitions and theories related to postal savings and attitude. The overview of postal savings in Myanmar and A Bank's postal savings initiative, as well as the profiles of Myanmar Post and A Bank, are discussed in the third chapter. The fourth chapter analyzes the data obtained from the survey of the customers' attitude on A Bank's Postal Saving, whereas Chapter Five explains the findings, suggestions, and the need for further study.

## **CHAPTER II**

### **THEORETICAL BACKGROUND**

This chapter reviews the theoretical background of customer attitude and postal savings. Firstly, concepts related to customer attitude such as definitions, nature of attitude, functions of attitude, as well as the tri-component theory of customer attitude, are being discussed in detail. Secondly, the study explores the concepts of postal savings, including the history, definitions, and types of postal savings being implemented all over the world. This chapter also identifies previous studies in the literature that are relevant to the study. Finally, the chapter elaborates on the conceptual framework, which provides the backbone of the study.

#### **2.1 Concepts of Postal Savings**

Because of the industrial revolution and the Rowland Hill in the UK, the postal offices became centralized telephone and postal administrations. These were closely related to the organisation of nations and played a major role in the economy of the state (Scherr, 2001). Only a few banks were present in the major cities at the beginning of the 19th century. It was really hard for the ordinary man to go to a bank and save limited money, as he had to pay for his journey. In contrast, there was almost no custom of saving among the citizens, and most people saved as gold and silver. The government, on the other hand, wanted to promote savings since it required money to promote various construction programs, to improve the military facilities and to carry out administrative reforms. Through the post office, the government established the savings bank (Scherr, 2001).

Historically, postal financial institutions were the largest financial inclusion platforms in human history. Back in the 19th century, the United Kingdom Postal Savings Bank and the Japanese Post played an important role in the economic development of their countries, allowing millions of citizens access to savings accounts for the very first time in their entire lifetime. The savings were then

transformed into investment in the development of the two countries ' key infrastructure (Scherr, 2001).

The first postal account was set up in 1861 when a postal savings bank was established in the UK to enable the poor to save. In certain countries, postal services acted as agents for private savings institutions before they became postal savings banks. In the Netherlands, based on a 1875 Royal Decree, as an agent, the post regulated the relationship between postal services and existing savings banks before the Royal Postal Savings Bank was founded in 1881. (Kuwayama, 2000).

### **Three Periods in Post and Post Finance History**

The three important periods in post and post finance history are discussed in the following sessions.

#### **Telecommunication and Postal Administrations since Rowland Hill (1839-1979)**

Financial Services have been merged with the transportation of letters, messages and goods since post offices have been founded in Mongolia and in the Thurn and Taxis Company (Scher, 2001). These conventional postal agencies can be traced back to the Industrial Revolution and have developed into centralized postal and telecommunications administrations that also collect and provide payment services. Post offices have provided additional budget revenues to states through significant profit generation, collecting funds for development investment, including telecommunications infrastructure. The confidence in the postal office and the additional guarantee provided by the government enabled small savings to be mobilized, in particular, in times of financial crisis. Japan's Postal Saving model, which was created in 1881 by the United Kingdom as a result of a major banking crisis and a total bank loss, was the most striking. (d'Alcantara, Dembinski, & Pilley, 2014).

#### **Post and Post Finance driven by liberalization since Reagan-Thatcher (1979-2001)**

Due to a combination of several factors, a profound structural change began in the 1980s. Market fundamentalism was implemented and reinforced by the Fall of the Iron Curtain in the Thatcher-Reagan era. In the dominant political thought of the time, liberalization was inherently linked to privatization. The margin of the post offices



that were generating extra revenues were under pressure due to high fixed costs, bureaucratic inefficiencies, weak labor relations and insufficient management (d'Alcantara, Dembinski, & Pilley, 2014).

Postal and telecommunications activities are split due to telecom liberalization. As regards to postal financial services, the scope of successive directive provisions adopting a narrow postal definition (letters and parcels), or flattening industry limits due to the convergence of information and telecoms technology or strong synergies between the postal services, telecommunications, and other services was omitted without raising questions (d'Alcantara, Dembinski, & Pilley, 2014).

### **Emergence of Financial Inclusion as a New Public Policy Priority (2002-now)**

Across developing and transitioning economies and in a few industrialized countries, new thought and new models are growing as Europe introduced EU postal and financial deregulation. A number of economists have since the mid-1990s challenged market fundamentalism Orthodox with its three-way belief in competition, privatization, and globalization, especially in developing countries. Virtually every rich country has become wealthy by defending infant industries and restricting foreign investment, except for the Netherlands and Switzerland prior to the First World War. The United States and Britain were not the only countries that supported the welfare of the newly developed industries.. Protectionism applied not only to tariffs, but particularly to foreign investment in banking. The same story was repeated in Austria, Finland, France, Germany and Japan, Korea, Norway and Taiwan and now China and India (d'Alcantara, Dembinski, & Pilley, 2014). The segmentation strategies used by financial institutions resulted in high risks and prices of financial services and products that led to the systemic risk, which acted as one of the drivers of the sub-prime crisis and the great depression.

In times of crisis, the public have shown confidence in the postal agencies that serve as a financial service provider. Postal savings increased eight times during the Great Depression (which ceased to exist in 1967) in the United States. In Japanese, Russian and South-Eastern Asian crises, the same pattern was replicated also. Citizens are often of the opinion that their deposits in a postal office are safer even though there is no government guarantee on the postal financial institution, for example in the European Union.(d'Alcantara, Dembinski, & Pilley, 2014).

In order to foster the latest development of reliable and affordable universal postal services, the Universal Postal Union (UPE) has established its Nairobi Postal Strategy (2009-2012) in order to facilitate contact between the global citizenry. The strategy covers the financial aspect as it is based on three axes: development, interconnection and governance and three aspects: financial and electronic.

As a result, various initiatives by global institutions like the UPU, World Savings Bank Institute (WSBI) and Lafferty Group's International Post Bank Council showed growing interest in using the capacity of postal networks as a means of delivering financial services(d'Alcantara, Dembinski, & Pilley, 2014).

### **Definitions**

The distribution of financial services through the postal network is primarily postal banking. This offers low-cost products and services powered by the customer, ranging from check money to bill payments to savings accounts and small-dollar loans. The key characteristics that characterize postal savings from retail banking are the duty and ability of the postal system to serve the entire national spectrum, unlike traditional private banks that devote their resources to the most profitable sectors of the population. The postal saving mechanism has a long and successful growth history in the financial sector in line with social progress (Kuwayama, 2010).

Postal savings benefit Consumers who have no access to traditional banks and who prefer a more open alternative. Post offices (or "posts") can be a major contributor to financial inclusion as it delivers postal financial services in 139 countries via one of the world's largest physical networks with over 650,000 postal branches. Postal saving schemes play a key role in economic development, as they give the poor and rural people the opportunity to invest in various saving schemes provided by the postal services. (Rillo, 2016). The postal savings system promotes a more sustainable economic development through mobilizing savings and delivering financial services to poor and low incomes (Senthilkumar & Kannaiah, 2014).

### **Successful Postal Saving Systems**

Today, more than 2 billion of the world's population are served by more than 650,000 post offices and agents, including remittances collection, to access fundamental financial services (USPS, 2014). The bulk of these consumers live in

rural or peri-urban communities, often at a considerable distance from banks. These users recognize post offices, among many others, as an immediate point of access to financial services. Some well-known examples of the postal saving system include the Japanese postal saving system, French postal saving system, China postal saving, and Brazilian postal saving system. These well-known postal savings institutions that went through the radical change was discussed in the session below (USPS, 2014).

The Swiss and French posts have gone through evolutionary developments to get where they are today. At the peak of the financial crisis, they benefited from major bank migration. The Swiss Post represents not a bank, but a specialist financial institution, Postbank, under supervision of financial services. It administers 2.5 million accounts in a particularly competitive market, with over 60 percent of retail payments. In 2006, its financial arm was converted into a double-bottom-line bank for the French post, enabling it to provide loans (not company loans) (McNally, 2019).

Korea Post has rapidly transformed its conventional transaction, savings, and life insurance model into an integrated multichannel network that provides both its own and partnership-based services (deposits increased by 225% in four years). It now has 12 million clients (one out of four Korean clients) and 170,000 business clients.

The Bangladesh Post provides money transfers, banking services and insurance under the 'Digital Bangladesh ' scheme pursuant to the Post Act (2010) of the regulatory authority. The smartcard, mobile money transfer, and small and micro-insurance products are also provided to meet the needs of rural immigrants and of the vast majority of unbanked people (Bazaar, n.d.).

India Post is committed to providing basic postal services at an affordable price across the country. India's post office offers citizens basic financial services through a network of 155,000 post offices, the largest in the world and over 1,39 lakhs in rural areas (Senthilkumar, 2014).

Poste Italiane, a conventional, bureaucratic, and formerly poorly managed entity, underwent a radical change process facilitated by its business plan for 1998-2002. In 2001, BancoPosta, first an office and then a commercial division of Poste Italiane, was allowed in a different regulatory framework to handle its own accounts to provide traditional financial services such as savings and government payments. As a result, six million new accounts were launched in collaboration with a significant

contribution from life insurance investments (d'Alcantara, Dembinski, & Pilley, 2014).

Kiwi Bank's establishment in 2002 (a wholly owned subsidiary of New Zealand Post) was a political decision of the Coalition in response to the citizens' dissatisfaction with foreign ownership and branch closures in non-urban areas in the banking sector. The branches focus on post office counters and franchises. It is highly innovative and one of the first mobile banking companies in the area to grow, especially in multi-channel services. Kiwi Bank has been an immediate success and is still growing. It broke even at the end of its third year and has made considerable profits since then. There are now 700,000 clients, which is excellent for a small country. A commercial loan was issued to Kiwi Bank and a life insurance company was attached. It makes a significant difference to New Zealand's postal income (Yoshino, Ansón, & Helble, 2018)

In Brazil, the largest bank in Latin America, Bradesco received initially the highest tender (USD 150 million in network automation and training capacity building) to become Correios' exclusive partner under the brand name Banco Postal. This has come about as a result of a concerted policy and central bank intervention designed to promote financial inclusion while ensuring stability and integrity of the financial system. The delivery of basic financial services has been given priority in non-banked societies. More than 10 million previously unbanked individuals had bank accounts in 2010 (Rillo, 2016).

The success of the Postal Savings Bank of China (PSBC) is quite remarkable. Founded in 1986, it is now the fourth largest bank in China with US\$ 500 billion in assets. The business gradually grew from a traditional postal service that transmitted treasury commitments, payrolls and pension payments to an innovative broker involved in interbank deposits. PSBC now has 893 million accounts and 475 million clients (Fromasia, 2018).

Institutions for postal financial services play a significant role in providing access to funding and other public policies such as trade facilitation and the provision of government services. The postal network was a major tool for the financial inclusion of the 19th-20th centuries. Many developing countries are now leading innovation and large market volumes, combining technology use and network physical access. (d'Alcantara, Dembinski, & Pilley, 2014).

## **2.2 Concepts of Attitude**

Initially, the word attitude comes from the Latin word for place or physical position. The general concept was that an individual's physical attitudes suggested the kind of operation or action involving a human (Wilkie, 1986). An attitude can be described as the feeling that an individual has toward an object (a person, a thing, or a situation) of favor or dislike. It is an acquired predisposition to show and act based on an appraisal that results in the sense of liking and dislike. Consumer attitudes can also be described as a sense of favorability or unfavourability to a product or service offering and the 4Ps (product, price, promotion, place) with respect to consumer behavior. Attitudes are an expression of internal feelings which show whether a person is favorable to or not towards certain objects (e.g., goods, services, or retail outlets) (Schiffman, 2004).

Attitudes can also be characterized as mental or neural readiness organized by experience, exerting a guiding principle or a dynamic impact on the person's reaction to all of its objects and situations. A simpler definition of attitude is a tendency to act because of an individual's experience and personality. The attitudes, according to Hawkins et al. (2001), are the permanent organization, in relation to some of our environment, of psychological, mental, perceptual, and cognitive processes. This implies that external factors such as the products offered and how they are communicated to consumers create attitudes. According to Fishbein and Aizen (1975), it has been learned that it is always willing to respond favorably or unfavorably to a particular object. Krech et al. (1962) defined an attitude as a positive or unfavorable evaluation, an emotional feeling and an action tendency towards an element or idea. The attitudes towards almost everything are observed by Bearden et al. (1995) and Kotler (2004): religion, politics, food, music, clothing, and so on. Attitudes position them in a mentality that likes or dislikes an object, heading towards it or away.

Attitudes direct people to act on similar objects consistently. Boone and Kurtz (2004) describe a person's attitudes as permanent or unfavorable judgments, emotions or biases towards an object or knowledge. Because they grow over time, behaviors become particularly resistant to change through individual experiences and contacts. According to Baron and Bryne (1987), an attitude is a persistent, general assessment of individuals, advertising and issues (including oneself). This attitude is permanent because it seems to be over time; it is common, because it applies not only to

moments like watching an ad. There are many consumer attitudes to a wide range of behaviors, from product-specific behaviors to more general consumer-related behaviors (for example, how often to cut fingernails).

### **Nature of Attitude**

A better knowledge of the essence and characteristics of the attitude may clarify the attitude of consumers. Attitudes consist of three elements: a knowledge or intellectual component, a feeling component, and a behavioral component. The knowledge element is expressed in the knowledge and experience of the user of contact with others. The feeling element leads to the assessment of a person and the consequent sense of favors and disadvantages. The behavioral component is reflected in an assessment-dependent action (buy) predisposition (Fishbein et al., 1975).

In essence, the elements of attitudes can be defined as follows (Fishbein et al., 1975):

- Attitudes are directed at an object with a sense and convictions of the customer (product/service bid, cost, store, dealer, advertisement, advertising).
- Attitudes can be positive or negative. A customer may feel like / disappointed, favorable, or disadvantageous to good service or combination. They differ in degrees and severity and may, in any case, be very favorable to very unfavorable.
- Attitudes are consistent in nature, especially with respect to the third element, i.e. behaviour. Consumers' conduct is predictable. Nevertheless, they are not completely set and can be changed by modifying the mind or parameter. It means that if the customer is new to product/service, data, perceptions towards the product/service offer will shift.
- Attitudes are learned; they occur through i) self-experience and mixing with the product and service offering; ii) conversations with others, be they family, friends, staff and colleagues; iii) marketing information, particularly advertisement.
- Attitudes are unique; they arise in an atmosphere. Sometimes, depending on the situation, the customer may have a behavior incompatible with his or her personality.

## Functions of Attitude

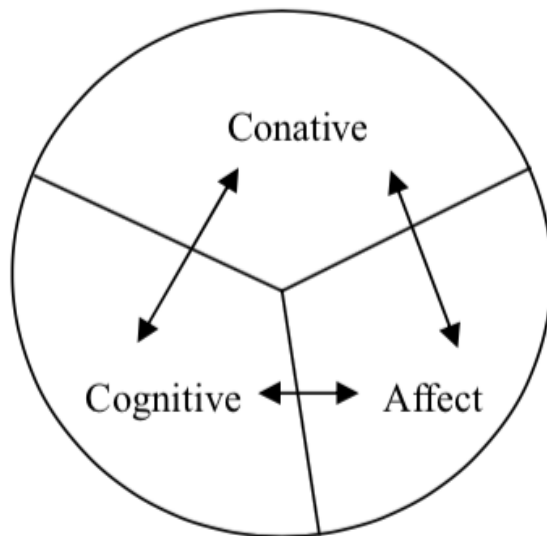
Apart from the manner in which a consumer may judge a product / service offer resulting in buying decisions (to be bought / not to be bought), attitude has other functions. Attitudes perform four basic functions, which are functional, self-defensive, value-expressive and information functions. The four positions do not exclude each other. They are, in reality, related, and consumer attitudes display a combination of functions. The following sessions elaborate on these four functions of attitude (Fishbein et al., 1975).

- a) **Utilitarian function:** Customers are enthusiastic about the product offers and services because these offer a service to themselves, i.e. they provide the value of a rewarding experience. Consumers tend to balance a product's use with a reward. On the other hand, customers take a negative view on the product if they don't offer valuable experience.
- b) **Ego defensive function:** Consumers establish attitudes that promote vanity, self-image and self-image. If an ethnocentric customer supports Indian goods, he would be optimistic about Indian brands. Because he knows that a foreign-made product offers better value, he will lobby for such brands and encourage them. Attitudes are formed to protect the ego.
- c) **Value expressive function:** Positive attitudes are formed when the product or service reflects a person's beliefs and lifestyle, personality and self-image. This is because behaviors give people the opportunity to communicate their beliefs. If the product image is incompatible with the consumer's self-image, there is a negative attitude.
- d) **Knowledge function:** Attitudes are developed to reassert the consumer's knowledge base and eventually make it easier for them to take decisions. If a customer views a brand as good, it helps to reaffirm his view and to promote decision making. Attitudes help to make decisions.

### **Tri-component Attitude Model**

Most scholars are inspired to understand the connection between behavior and attitudes. In order to better understand or predict behavior, they developed models that capture the fundamental dimensions of an attitude. Those models include the three-component attitude model, the multi-attribute attitude model, the test-to-consumer model and the attitude-to - the-ad model. Each model offers a rather different view of how the components are arranged or interconnected (Rosenberg, 1960). This paper focuses on the model for three components. According to its tri-component model of attitude, the attitudes consist of three elements: the component of (cognitive) awareness, the component of feeling and affection and the component of behavior. The model of three components is also known as the trio, CAB model or attitude paradigm (Rosenberg, 1960).

**Figure (2.1) The Tri-Component or Trilogy Attitude Model**



Source: Rosenberg, (1960)

### **Cognitive Component**

The cognitive portion comprises the awareness, beliefs and opinions that a person has about the subject of attitude. The cognitive aspect is the perception and awareness of an entity or idea of the individual. The person's knowledge is intellect and understanding obtained from the combination of direct experience with an attitude entity and relevant information from various sources (Rosenberg, 1960).



In other words, the user assumes that the attitude-object has different characteristics and that certain actions can lead to certain outcomes. The psychological dimension of consumer behavior is believed. A good brand image enhances brand equity and is accomplished with a range of branding strategies.

Advertisers establish positive beliefs about their brand and negative beliefs about rivals through product comparisons (Berkman et al. 1996). Asch (1965) insists that behaviors are directed at known phenomena. If this is absent in natural or social contexts, a person can not take an attitude towards an entity. The beliefs about an object continue to influence the change in an attitude. Hair et al. (2000) proposed using scale descriptors that represent the mental dimension of action as an objective measurement priority.

### **Affective Component**

The affect element represents the feelings, assessments or emotions of the object of action ("affect" is the technical term for positive or negative feelings). Affect is how a customer feels about an attitude item. It is connected to emotional content and inspires or dislikes a certain object.(Rosenberg, 1960).

### **Behavioral Component**

The conative dimension represents behavioral tendencies to the attitude element. Conation refers to the attempt. Conation involves the likelihood or tendency of a person to conduct or behave in relation to the object of action in a specific way. The conative attitude element might include actual behavior. The conative aspect is often viewed as a representation of the consumer's intention to buy in advertising and consumer research. Buyer's intention scales are used to calculate the likelihood of purchasing or behaving in one way or another (Rosenberg, 1960).

## **2.3 Review on Previous Studies**

As presented in the previous session, postal savings have been successfully implemented in many countries. The following literature review focused on India because of the parallel with Myanmar and lessons that could be learned.

R Ganpathi and S. Anbu Malar (2010) has analyzed the role of Indian investors in postal savings and the knowledge, preference and attitudes of investors in different postal deposit schemes among 300 respondents of the Coimbatore District in

India. They found that postal savings schemes are competitive due to tax exemption, safety, and high-interest rates. These features allowed them to stay competitive successfully with other investment opportunities accessible to investors. (Ganpathi & Malar, 2010).

Dhiraj. Jain and Ruchika Kothari (2012) studied awareness, preferences, and attitudes of the public towards postal savings and found that postal savings offer the highest interest rate and plays a vital role in reaching the rural population in the study titled "Investors Attitude towards Post Office Deposit Schemes—Empirical Study in Udaipur District, Rajasthan" (Jain & Kothari, 2012). This research aims to define investors' knowledge, expectations, issue and attitudes towards multiple postal deposit schemes among the 100 interviewees from the Udaipur District, Rajasthan, India. The respondents participate in deposit programs for insurance and security purposes. Many respondents knew deposit schemes by friends, relatives and agents in the Post Office.

Kanthi & Kumar (2013) studied investors' preferences, awareness, satisfaction towards postal saving in Madukkarai Block, Coimbatore in the researcher paper titled "Post office savings and its relevance in rural areas with reference to Madukkarai block, Coimbatore District." The researchers collected data from 200 sample respondents and found that the majority of investors are highly satisfied with the postal savings products. The researchers also observed that the majority of investors know all postal savings schemes, favorite postal saving account. Investors' main objectives are monthly returns, children's education, and marriage (Kanthi & Kumar, 2013).

K. Gayathri (2014) conducted a study called Investors Attitude towards Post Office Saving Schemes in Cumbum Town, India. He studied 120 respondents residing in Cumbum town. He claimed that post offices reach millions of people in rural India, offering the best products and saving schemes. Respondents are motivated to save for the benefit of children's education and their marriage. He suggested that technological innovation and advertisement are key in providing reliable service (Gayathri, 2014).

In the study titled Investors' Attitude towards Postal Savings in the Post Office, Senthil Kumar and Desti Kannaiah (2014) studied the importance of investment avenues and attitude of the investors towards postal saving. Researchers studied 600 respondents from rural areas in Dharmapuri District. Respondents perceived postal saving as a tool for economic growth and an increase in national

income. Most investors agree that saving is essential to household investments, regardless of their age group, education, income, and savings opinion, which will contribute to the country's economic growth and generate a feeling of security. At the same time, regardless of their opinion, a majority of respondents strongly support economic development and security. (K. Senthilkumar & Kannaiah, 2014).

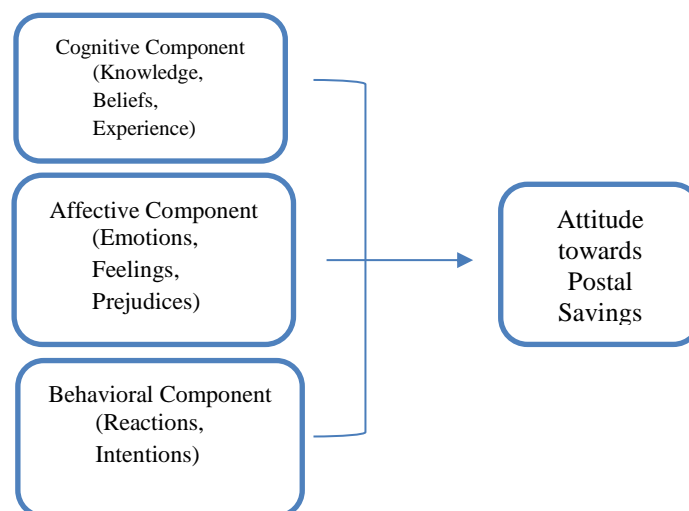
## 2.4 Conceptual Framework of the Study

The study attempts to identify the saving habits of postal savings customers and their challenges. It also intends to determine customer attitude towards postal savings. A conceptual framework, described in Figure 2.2, was adopted based on the tri-component model.

The study aims at identifying investors 'knowledge, expectations, problems and attitudes regarding the Post Office's multi-deposit systems among 100 respondents from the district of Udaipur, Rajasthan, India. The majority of respondents invest in insurance and security deposit plans for the postal office. Most respondents learned about the deposit schemes in the postal service by friends, relatives and officers. Conation applies to the act of trying.

The study identifies the saving habits of postal saving customers and the challenges faced by postal savings customers. Then, the study measures the three elements of attitude using a questionnaire carefully framed to understand the cognitive, affective, and behavioral components that constitute the positive or negative attitude of postal saving customers.

**Figure (2.2) Conceptual Framework of the Study**



Source: Adapted from Rosenberg (1960)

## **CHAPTER III**

### **OVERVIEW OF POSTAL SAVINGS IN MYANMAR**

The first sessions of the chapter discusses the background and profiles of A Bank and the Myanmar Post. The chapter then presents the overview of postal savings in Myanmar and the postal savings system of A Bank.

#### **3.1 Profile of a Bank**

Ayeyarwaddy Farmers Development Bank (A bank) started operations on November 27, 2015. A bank is headquartered in Patheingyi, Ayeyarwaddy. The bank obtained permission to expand operations outside of Ayeyarwaddy Region and has now established 16 branches in Yangon Region, Ayeyarwaddy Region, Nay Pyi Taw, Mandalay Region, Shan State, Kayah State (Bank, 2019).

A Bank's motto, core values, vision, and mission are as follows:

##### **Motto**

Standing with You

##### **Core Values**

Integrity, Service Excellence, Innovation and Dynamic

##### **Vision**

To become a creative and competitive bank in Myanmar, with firm commitments for all stakeholders to achieve positive and sustainable results.

##### **Mission**

- To provide real, affordable, customizable, advanced products and services
- To use an asset-light, economical and digital approach
- To make use of its network of local and international partners to have a positive effect
- To enhance national financial inclusion efforts to give all underserved populations open, equitable financial opportunities through creative channels

## **Products and Services Provided by A Bank**

A Bank offers various types of products and services for business banking, personal banking, and international banking. The details of these products and services are discussed below.

### **(a) Business Banking**

Under the umbrella of business banking, A bank offers a current account, a money-saving account, a fixed savings account, a call-up account, deposits, a safe deposit, an internal sending order and a bill for the customers (Bank, 2019).

#### **Current Account**

This type of account suits companies, entrepreneurs and business organizations. Cheques could be used with the current account. The current account can be credited with cash. Payment by cheques may be made. A wide variety of financial services such as cash deposit into the current account, setting up standing instructions to provide regular payments, paying the bills using cheques, paying bills, and direct debits are covered by the current account (Bank, 2019).

**Savings Deposit Account:** The account for savings may be opened with at least MMK1,000 for individuals, joint accounts, children, private, religious and commercial organizations. An annual interest rate of 8.7% is acceptable. At the end of the quarter at the end of June, September, December and April, money is lent to the saving accounts every quarter (Bank, 2019).

**Fixed Deposit Account:** The account form can be opened by a minimum amount of MMK100,000 and the sum is not capped. The following interest rates are given concern based on the maturity of the deposits (Bank, 2019).

- 9 percent for 30 days deposit.
- 9 percent for 60 days deposit.
- 9.25 percent for 90 days deposit.
- 9.5 percent for 180 days deposit.
- 9.75 percent for 270 days deposit and
- 10 percent for 365 days deposit.

### **Call Deposit Account**

This is a special deal, according to which the outstanding amount at the end of each day can be deducted regularly. The interest rate for these accounts will be 6 percent annually for 10 million MMK and above and 4 percent annually for 10 million MMK under. At the end of the respective quarters—June, September, December and March—interest shall be measured on a daily basis and deposited into each account. (Bank, 2019).

### **Loans**

There are various types of loans being offered by A Bank such as agricultural/livestock breeding loans, loans, overdraft, medium-term/long-term loans and project loans, and hire purchase. The annual interest rate is 13 per cent. The interest is paid in quarterly at the end of each quarter at end of June, September, December and March. A Bank provide loans to regional development, agricultural sector development, industrial sector development and consumer goods (Bank, 2019).

### **Bank guarantee and others**

A Bank offers bank guarantee certificates that are issued to ensure that the liabilities of a debtor will be met.

### **Internal Remittance**

A bank is collaborating with Ayeyawady Bank, Myanmar Apex Bank, Global Treasure Bank in doing the business of internal remittance to offer a more convenient and faster remittance to places where there are their branch banks (Bank, 2019).

### **Payment Orders**

Payment orders can be used for tenders and contracts and for products purchased from government organisations (Bank, 2019).

### **(b) Personal Banking**

For personal banking, A Bank offers savings deposit account, education deposit account, special deposit account and fixed deposit account. These products and services are explained in details in the following paragraphs (Bank, 2019).

### **Savings Deposit Account**

Accounts shall be opened as individual, with a minimum of MMK1000 for two or more persons, minors and social, religious and economic organizations. An annual interest rate of 8.7% is provided.

### **Education Deposit Account**

A minimum amount of MMK10,000 may be opened for a account and a monthly deposit of the stated amount is made. There is an annual interest rate of 8.5 percent. At the end of June, September, December and April, interest will be added to the account every quarter. If custodians withdraw money to pay colleges, an additional 3% is paid on the basis of the rest of the money at the end of each fiscal year.

### **Special Deposit Account**

This is a special deal made by A Bank for wedding, ordination and novitiation assistance. A minimum amount of MMK10,000 can be opened and a deposit made at least two years in sequence. An annual interest rate of 8.5% is provided. At the end of each fiscal year, a bank offers an extra two percent based on the balance.

### **Fixed Deposit Account**

Account may be opened with minimum MMK100,000 and the sum is not capped. With various maturity periods, the following interest rates are offered.

- 9 percent interest for 30 days.
- 9 percent interest for 60 days.
- 9.25 percent interest for 90 days.
- 9.5 percent for 180 days.
- 9.75 percent for 270 days deposit
- 10 percent for 365 days deposit.

### **(c) International Banking**

As for international banking, A Bank offers international remittance, trade finance and foreign currency account (A Bank, 2019).

### **International Remittance**

This service includes both inbound (outbound) and outbound (From Myanmar to abroad) transfers and telegraph (TT) finance, an electronic way of transferring funds mainly used for wire transactions abroad.

### **Trade Finance**

This program includes letter of credit (Import / Export), DP / DA, Bank Guarantee and Trade Financing.

### **Foreign Currency Account**

Foreign currency clients can legally open a current account for the US Dollar (USD), the Euro Currency (EUR), and the Singapore Dollar (SGD).

A bank's main objective is to grow agro-based industry through value chain finance, through finance access from production to consumption at every stage of the value chain. A bank aims to help SME growth and "financial inclusion of unbanked population" through the provision of multi channel technical, diversified banking products and services (Cho, 2019).

## **3.2 Profile of Myanmar Post**

The Postal Service history in Myanmar started with the opening of the Sittwe Post Office in 1827. Myanmar became a member of Universal Postal Union (UPU) on 4 October 1949. Myanmar Post has hundreds of years of operational experience and the most extensive network in the country. With the advent of technology, Myanmar Post needs to modernize its operation to make profits. On August 26 2016, the Myanmar Post invited interested parties to collaborate in providing financial services in far reaching places in Myanmar.

Under the overall direction of the Myanmar Post's Managing Director, the General Manager, is incredibly engaged and focused on the expansion of digital financial services. She is active and a good problem solver and clearly passionate to enable services, both for the citizens of Myanmar and for the financial sustainability of the postal service She has built a transaction tracking tool that allows her to analyse reports daily, and among the most knowledgeable Myanmar digital finance leaders (Cho, 2019).



Myanmar Post does not have the legal status to provide financial services by itself but can offer those services in partnership with other financial services providers. Myanmar Post offered domestic remittances service called “Domestic Express Money Order Service” since 3 June 1985. Currently, this service is exercised in 356 towns including Yangon and Mandalay cities. Myanmar Post is offering financial services in partnership with some financial institutions, including banks and digital financial Service providers such as CB Bank, AGD Bank, A Bank, MyKyat and OK Dollar, and payment aggregator @POST (run by 2C2P). Although the offer seems wide, the customers are not using any financial services from these financial service providers. With very few exceptions, postal clients are only using the airtime top-up service of these financial service providers. The volume of all other financial transactions is negligible. Because of the integration and settlement challenges, most of these FSPs are only present at a small percentage of post offices (Cho, 2019).

Myanmar Post offers domestic remittances service called “Domestic Express Money Order Service” since 3 June 1985. Currently, this service is exercised in 356 towns including Yangon and Mandalay cities. This service was already minimally used and is expected to fall further with the availability and increasing popularity of mobile money providers (Cho, 2019).

As mentioned, most clients are currently only using services for the purposes of airtime top-up, however, the growth of mobile wallet use cases and digital savings is expected to increase the need for trusted universal cash in/cash out agents. The profile of the current beneficiary of the financial services of Myanmar Post is the one driven by A Bank. A Bank has demonstrated that these customers are attracted because of the higher interest rate, being able to open an account at the post office, and being served by a specialized agent. It is not well understood yet which of these will be a good driver for people to use digital financial services at Myanmar Post (Cho, 2019).

### **3.3 Postal Saving System in Myanmar**

Postal branches may be used as savings mobilization (and other financial services) tools acting as agents for banks and other financial institutions. Myanmar Post, like many post offices around the world, previously offered postal accounts, particularly for low-income clients. With the introduction of cash certificates in the 1917 and Postal Savings Act (PSA) in 1948, Myanmar Post offered postal savings and

financial services for low-income people. Similar schemes were being offered through post offices around the world at that time. These initiatives ended in Myanmar when the PSA was repealed in 1992 when the Central Bank of Myanmar (CBM) removed the Myanmar Post's authority to offer accounts and financial services.

The postal saving system has a tremendous potential to play a crucial role in the economic development of Myanmar (Mastercard, 2018). The Myanmar Post has over 1400 branches (Aung, 2017) throughout the country, whereas the largest bank in Myanmar KBZ has only 550 branches (KBZ, 2019). Myanmar Post has recognized its potential contribution to the national economy based on its extensive geographical network and institutional trust among the public, and developed relationships with multiple banks and mobile money providers, acting as cash in and cash-out agents for a few financial service providers, and it has a unique and important role as an independent entity in the market. Myanmar Post partnered with various players, including A Bank, to provide agent banking and mobile financial services. Among Myanmar Post's various partners, A Bank offers postal saving services (Cho, 2019).

### **3.4 Postal Savings of a Bank**

A Bank's pioneering initiative to offer savings products to individuals using the post office branches in collaboration with Myanmar Post. The initiative offers the following savings schemes.

#### **Fixed deposit account**

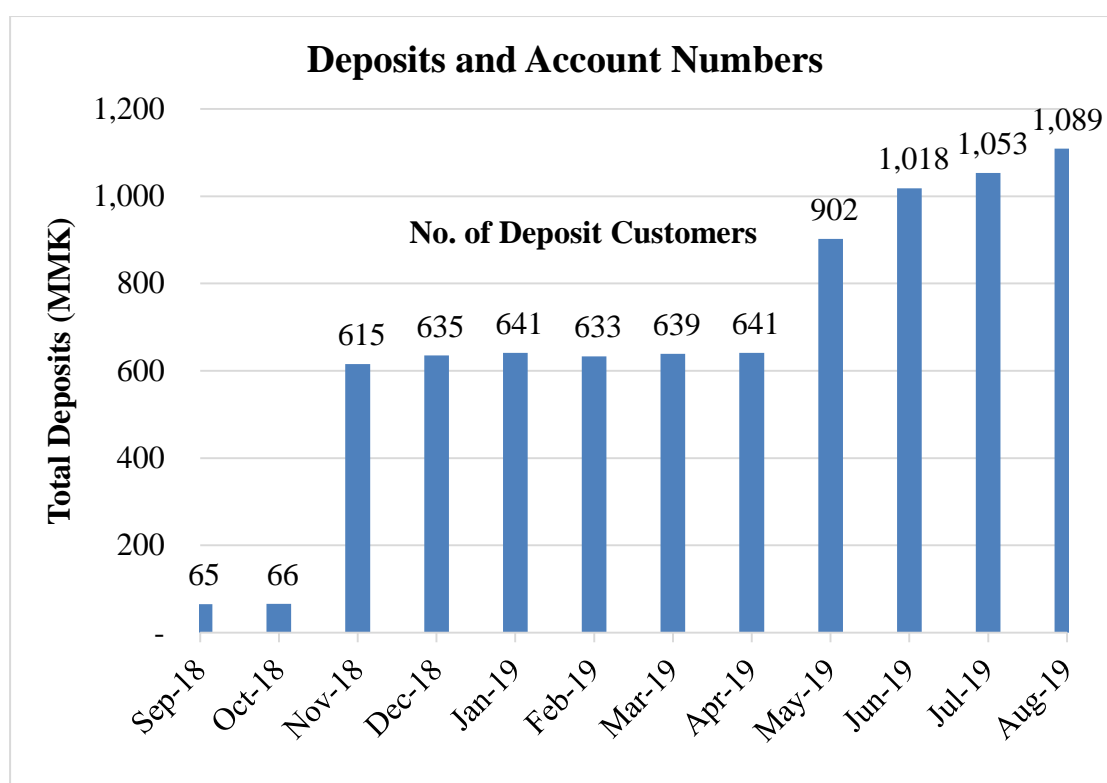
- An account with a minimum amount of MMK100,000 could be opened and there is no limit. 8.8% interest on a one-month deposit, 9.25% on a three-month deposit, 9.5% on a six-month deposit, 9.75% on a nine-month deposit and 10% on a single year deposit.
- **Savings deposit account:** Accounts may be opened as a person to two or more individuals, children, private, religious or economic organizations or organizations with a minimum amount of MMK1,000. An annual interest rate of 8.8% is offered, the highest in the market.

A Bank has installed a teller connected real-time through a Virtual Private Network (VPN) with its core banking system. The funds are temporarily kept at the branch of Myanmar Post and later deposited at Myanmar Economic Bank (MEB).

There is a daily settlement between MPS and A Bank, through an account held at Myanmar Economic Bank.

Due to budget and regulatory constraints, A Bank has been able to open only six postal savings branches to date, in the townships of Ahlone, Sanchaung, Yankin, Innsein, Myaungmya, and Phyu, offering savings and fixed deposit accounts. The number of new postal savings customers increased from 65 to 1089 in 11 months, despite no advertising or promotion (see Figure 3-1). Half of the existing postal saving customers have actively made deposits using postal savings.

**Figure (3.1) Deposit and Account Number of Postal Savings Accounts at a Bank**



Source: A Bank

According to A Bank's estimates, the successful deployment of postal savings on a national scale will deliver postal savings and related financial services to four million customers at 500 post offices over the next five years<sup>2</sup>. The average deposit made to a postal savings account is expected to be 30000 MMK within three years. This is based on the average monthly savings of Myanmar citizens ranging from 30000-42000 MMK (Gatti, 2018).

<sup>2</sup> Interview with A Bank management.

## **CHAPTER IV**

### **THE ANALYSIS OF CUSTOMER ATTITUDE TOWARDS POSTAL SAVINGS**

This chapter examines the findings of the data collected from the respondents. The socioeconomic profile and financial information of respondents provide insights into the saving behavior of costumers of postal savings. Detailed analysis of the customer attitude towards postal savings is also discussed in details.

#### **4.1 Research Design**

149 respondents were randomly selected from 1,089 postal savings customers to deliver 99 confidence level and 10% confidence interval. Questionnaires were given to a random selection of postal savings customers by a bank staffs in the branch or during their monthly customer visiting program. The study was conducted from mid-September to mid-October 2019.

The questionnaire was divided into four sections—(A) socioeconomic profile, (B) attitude inventory, and (C) challenges and motivations in using postal savings. Section (A) provides socioeconomic background information of respondents. Section (B) aims to understand the cognitive, affective and behavioral components of customer attitudes. Section (C) inquires why respondents choose postal saving over commercial banks and things that could be done to enhance the likelihood of consumers opening postal savings accounts. The findings and analysis of each section is discussed below.

## 4.2 Socioeconomic Profile of Postal Savings Customers

### Gender

Findings and analysis of the gender of the respondents are shown in Table (4.1) and summarized below.

**Table (4.1) Gender Distribution of Respondents**

<b>Gender</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Female	119	79.9
Male	30	20.1
<b>Total</b>	<b>149</b>	<b>100.0</b>

Source: Survey Data

Table (4.1) shows that 80% of the respondents are women, compared with 50% of the population as a whole. Traditionally, women are responsible for savings in households in Myanmar. Such behavior is reflected in the study.

### Age

The age distribution of respondents is shown in Table (4.2). The age of respondents was classified into four categories.

**Table (4.2) Age Distribution of Respondents**

<b>Age Group</b>	<b>No. of Respondents</b>	<b>Percentage</b>
18-24	9	6.0
25-40	57	38.3
41-65	79	53.0
65+	4	2.7
<b>Total</b>	<b>149</b>	<b>100.0</b>

Source: Survey Data

As indicated in Table (4.2), a majority (53%) of respondents were in the 41 to 65 age range, followed by those aged between 25-40 (39.6%). The respondents in the older age groups save more for retirement and for family needs. Those who are aged 65 years and more are least likely to save (2.7%) as they have limited income and are usually taken care of by their children.

## Employment Status

Table (4.3) describes the employment status of respondents. The employment status of respondents is categorized into six categories as “student”, “Unemployed”, “Self-employed”, “Government Employee”, “Private Company”, and “Part-time”.

**Table (4.3) Employment Status of Respondents**

Employment Status	No. of Respondents	Percentage
Student	2	1.3
Unemployed	3	2.0
Self-employed	15	10.1
Government Employee	116	77.9
Private Company	10	6.7
Part-time	3	2.0
<b>Total</b>	<b>149</b>	<b>100.0</b>

Source: Survey Data

Table (4.3) shows that the majority of respondents (77.9%) are government employees. The second (10.1%) and third (6.7%) largest categories of respondents are self-employed and private company employees respectively. Government employees have a stable income and have trust in post offices.

## Education

The educational background of respondents is divided into four groups as “Up to High School”, “Graduate”, “Postgraduate”, and “Illiterate”. The findings of the study are summarized in the table (4.4) below.

**Table (4.4) Educational Background of Respondents**

Education	No. of Respondents	Percentage
Up to High School	31	20.8
Graduate	113	75.8
Postgraduate	4	2.7
Illiterate	1	0.7
<b>Total</b>	<b>149</b>	<b>100.0</b>

Source: Survey Data

According to Table (4.4), more than 90% of respondents had either finished high school or graduated from a university compared with 89.5% for the total population. Less than 1% identified themselves as illiterate. It is found that education is an important factor in encouraging people to save.

### **Marital Status**

The majority of respondents are single while the two fifth of the respondents are married. The findings of the survey data are listed in Table 4.5 and explained below.

**Table (4.5) Marital Status of Respondents**

<b>Marital Status</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Married	59	39.6
Single	90	60.4
<b>Total</b>	<b>149</b>	<b>100.0</b>

Source: Survey Data

Table (4.5) shows that 60.4% of respondents are single while 39.6% are married. It is noteworthy that unmarried people save more than the married people in our sample. Unmarried people may be living with parents and incurring fewer expenses than married people.

### **Family Size**

The family size of the respondents are categorized into four groups as “1”, “2”, “3” and “4 and above”. The finds are presented in Table (4.6).

**Table (4.6) Family Size of Respondents**

<b>Family Size</b>	<b>No. of Respondents</b>	<b>Percentage</b>
1	2	1.3
2	23	15.4
3	47	31.5
4+	77	51.7
<b>Total</b>	<b>149</b>	<b>100.0</b>

Source: Survey Data

According to Table (4.6), 51.7% of respondents have more than four family members, 31.5% has three family members, 15.4% has two family members while 1.3% has only 2. It appears that those with most family members save more. It is also possible that unmarried people live with their parents and relatives, hence high number of family members even though they are single.

### Monthly Income

The monthly income of respondents are divided into five groups—“Up to 150000”, “150001-350000”, “350001-800000”, “800001-1500000” and “1500001 and above”. The results of the survey are described in Table (4.7).

**Table (4.7) Monthly Income of Respondents**

Monthly Income	No. of Respondents	Percentage
Up to 150,000	15	10.1
150,001-350,000	113	75.8
350,001-800,000	14	9.4
800,001-1,500,000	2	1.3
1,500,001+	5	3.4
<b>Total</b>	<b>149</b>	<b>100.0</b>

Source: Survey Data

Table (4.7) shows that majority of respondents (75.8%) said that they earn between 150001 MMK and 350000 MMK while only 1.3% earn between 800001 MMK and 1500000 MMK. This reflects the fact that the majority of postal savings customers are government employees whose salaries are generally in this income band.

### Monthly Savings

The monthly savings of respondents are divided into four groups, “Up to 30000 MMK”, “30001-90000 MMK”, “90001-150000 MMK”, “150001 MMK and above”. The findings are described in Table (4.8).



**Table (4.8) Monthly Savings of Respondents**

<b>Monthly Saving Amount in MMK</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Up to 30,000	94	63.1
30,001-90,000	38	25.5
90,001-150,000	11	7.4
150,001+	6	4.0
<b>Total</b>	<b>149</b>	<b>100.0</b>

Source: Survey Data

As shown in Table (4.8), the majority of respondents deposit up to 30000 MMK per month whereas only 4% said that they save 150000 MMK and above. This is inline with the amount of the average monthly savings of Myanmar citizens ranging from 30000-42000 MMK (Gatti, 2018).

### **Maturity of Savings**

In order to find out the maturity of savings, the respondents are grouped into four groups, “Up to 3 months”, “3-6 months”, “6-12 months”, and “1 year and above”. The results of the study are listed in Table (4.9).

**Table (4.9) Savings Maturity of Respondents**

<b>Maturity of Saving</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Up to 3 months	25	16.8
3-6 months	57	38.3
6-12 months	27	18.1
1 year +	40	26.9
<b>Total</b>	<b>149</b>	<b>100.0</b>

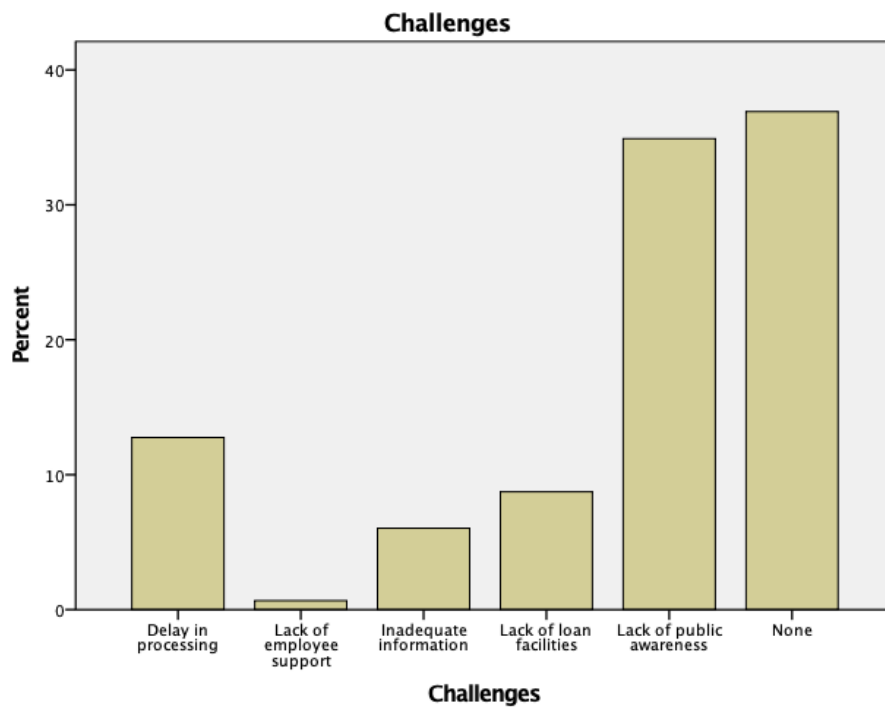
Source: Survey Data

As indicated in Table (4.9), the largest group of respondents (38.3%) said that they wait for 3 to 6 months before withdrawing their savings. The second largest group save for more than one year. The smallest group of respondents withdraw their savings before the maturity reaches three months.

### 4.3 Customer Experience in Using Postal Savings

As part of the questionnaire, the experience of customers are asked to find out what they think about the postal savings system of A Bank. The findings are presented in Figure (4.1).

**Figure (4.1) Experience of Postal Savings Customers (Challenges)**

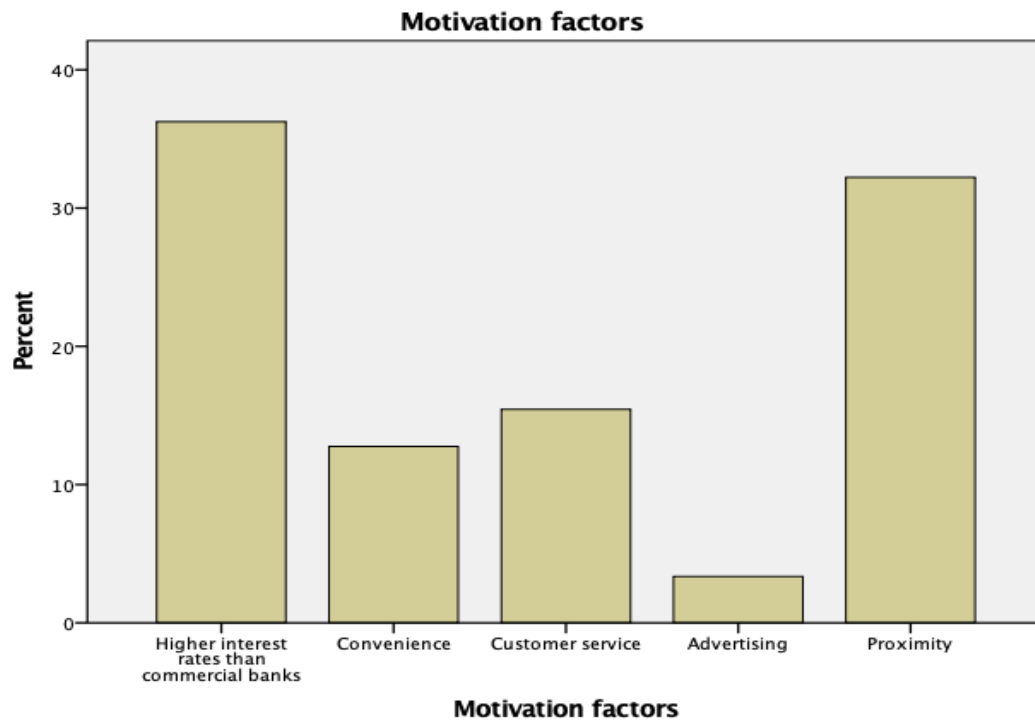


Source: Survey Data

Majority (37%) of respondents said they face no difficulty in using postal savings while 35% perceived a lack of public awareness for postal savings. 12.8% believes there is delay in processing. 8.7% thinks that lack of loan facilities is a challenge whereas 6% believes the information they are given is inadequate. A Bank's employees seem to be providing excellent service as only 0.7% think there is a lack of employee support.

Additionally, the motivation factors of postal savings customers are also identified. The findings are presented in Figure (4.2).

**Figure (4.2) Experience of Postal Savings Customers (Motivations)**



Source: Survey Data

The largest category (36%) chose postal saving due to higher interest rates than commercial banks, followed by proximity (32%), customer service (15%), convenience (13%), and advertising (4%). It is concluded that the high interest rates and proximity are the key drivers in choosing postal savings over commercial banks for the respondents. People felt more comfortable visiting post office than commercial bank.

#### **4.4 Reliability Test**

Cronbach's alpha,  $\alpha$  (or *coefficient alpha*), was developed by Lee Cronbach in 1951. It measures reliability, or internal consistency of multiple-question Likert scale surveys. These questions measure latent variables — hidden or unobservable variables like: a person's conscientiousness, neurosis or openness and are very difficult to measure. Cronbach's alpha indicates if the test that is designed is accurately measuring the variable of interest. The values that are higher than 0.7 are acceptable while those that are lower and or equal to 0.7 could not be accepted (Cronbach, 1951). Table 4.10 shows the reliability test for the key components of the study based on Cronbach Alpha. The Cronbach Alpha values of each attitude component as well as the overall attitude component shows that the data and findings of the study are reliable.

**Table (4.10) Reliability Test of Attitude Components**

Component	Cronbach Alpha	No of Items
Cognitive	0.8	7
Affective	0.7	6
Behavioral	0.9	8

Source: Survey Data

#### **4.5 Analysis of Customer Attitude towards Postal Savings**

The attitudes of customers consist of cognitive (knowledge, beliefs, experience), affective (emotions, feelings, prejudices) and behavioral (reactions, habits, intentions) components (Pickens, 2005). Most notable dimensions of each components are highlighted in the discussions for each attitude component below. The mean values of each component (maximum 5 denoting 100% of respondents absolutely agree and minimum 1 denoting 100% absolutely disagree) are shown in respective tables for each attitude component.

The cognitive component measures the knowledge, beliefs and experience of respondents in utilizing postal savings. The mean values of the cognitive component are well above the average value of 3. It is found that respondents believe postal savings offer higher interest rates than that of commercial banks (mean value 4.12). It is noteworthy that the respondents believe keeping money at the post office is safe (mean value 4.11). It appears that respondents are well aware of postal savings services (mean value 4.06). They also understand how postal savings works (mean value 4.03). Respondents said that they are financially literate mean value 4.03). Respondents believe that the postal savings hours are convenient for them (mean value 3.91). Respondents also said that they have been to the private bank but have not open a bank account (mean value 3.53).

**Table (4.11) Mean Scores of Cognitive Component**

		<b>Absolutely Disagree</b>	<b>Dis- agree</b>	<b>Neither Agree nor Disagree</b>	<b>Agree</b>	<b>Absolutely Agree</b>	<b>Mean</b>	<b>SD</b>
Cognitive	I understand how postal saving works.	1	7	6	108	27	4.03	0.69
	I am well informed of postal savings services.	1	5	7	107	29	4.06	0.66
	I am literate financially.	1	4	8	113	23	4.03	0.61
	I believe keeping money at the post office is safe.	1	3	3	113	29	4.11	0.59
	I believe postal saving offers higher interest rates.	0	5	6	104	34	4.12	0.63
	I have been to some of the private banks but never try to open bank account.	5	28	13	89	14	3.53	1.01
	Postal saving hours are convenient.	2	13	7	101	26	3.91	0.83
<b>Overall Mean (Cognitive Component)</b>		<b>3.97</b>						

Source: Survey Data

Affective component measures emotions, feelings and prejudices of respondents towards postal savings. The details of the finding of the study are shown in Table 4.12. Respondents feel that postal savings is more reliable at the time of crisis (mean value 4.03). They did feel more comfortable visiting a post office than a bank (mean value 4.01). Several respondents did not feel reluctant to go to the private banks because staffs at bank may look down on them for saving very small amount (mean value 3.17). Respondents also agree with the statement that postal savings is

good for the economic development (mean value 3.94). The respondents believed that loans facilities can be made available for community development (mean value 3.94). Postal savings is more secured than private commercial banks in times of crisis (mean value 3.84).

**Table (4.12) Mean Scores of Affective Component**

		<b>Absolutely Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree</b>	<b>Agree</b>	<b>Absolutely Agree</b>	<b>Mean</b>	<b>SD</b>
Affective	I feel reluctant to go to the private banks because staff at bank may look down on me for saving very small amount.	23	28	14	69	15	3.17	1.29
	I feel that postal saving is more secure than private banks.	3	14	7	105	20	3.84	0.85
	I feel that postal saving is more reliable at the time of crisis.	1	5	8	109	26	4.03	0.65
	I feel more comfortable visiting a post office than a bank.	1	6	7	112	23	4.01	0.65
	Postal saving is good for the economic development.	4	7	11	99	28	3.94	0.83
	Loan facilities are available for community development.	0	9	15	101	24	3.94	0.71
<b>Overall mean (Affective Component)</b>		<b>3.82</b>						

Source: Survey Data

With regards to the behavioral component, this study measures reactions, habits and intentions of respondents in using postal savings. Table 4.13 shows that the mean values of the components.

It is found that people save money for emergency funds (mean value 3.94). Respondents said that they choose postal savings over commercial banks due to higher interest rates (mean value 3.91). Respondents save money for generating regular extra income (3.85). Respondents save money for retirement (3.84). Respondents save money to build a house (3.68). It is found that respondents did not set aside a fixed amount of income for savings resulting in a mean value of 3.59. Respondents said that they save money for large amounts (mean value 3.81). Some respondents said that they save money in small amounts (mean value 3.73).

**Table (4.13) Mean Scores of Behavioral Component**

		<b>Absolutely Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree</b>	<b>Agree</b>	<b>Absolutely Agree</b>	<b>Mean</b>	<b>SD</b>
Behavioral	I choose postal saving over private banks because of higher interest rate.	3	7	12	106	21	3.91	0.77
	I set aside a fixed amount of my income for savings.	5	29	7	89	19	3.59	1.05
	I save large amounts.	6	9	11	105	18	3.81	0.88
	I save small amounts.	9	8	12	105	15	3.73	0.93
	I save money as emergency funds.	6	6	8	100	29	3.94	0.88
	I save money to build a house.	9	14	16	87	23	3.68	1.04
	I save money for regular extra income.	8	9	12	89	31	3.85	1.00
	I save money for retirement.	7	13	12	82	35	3.84	1.03
<b>Overall Mean (Behavioral Component)</b>		<b>3.79</b>						

Source: Survey Data

As summarized in Table (4.14), it is found that the average mean of the cognitive component is 3.97, affective component, 3.82 and the behavioral component, 3.79 respectively. The overall attitude of all three components is 3.86 indicating a positive attitude. Among the seven items of cognitive component, respondents very strongly believe that postal savings offers higher interest rates compared to that of the commercial banks. Respondents said they have been to some of the private banks but never try to open bank account but they do not respond very strongly towards that statement. Among the six elements of affective component, it is found that respondents felt very strongly that they feel more comfortable visiting a post office than a bank. The mean value of the least strong response is 3.17 where respondents felt reluctant to go to the private banks because staff at banks may look down on them for saving very small amounts. Among the items of behavioral component, it is found that respondents save money for emergency reasons. It is found that respondents do set aside a fixed amount of income to save but the mean score is not very strong towards that statement. Hence, the mean values of each component of attitude as well as overall attitude showed the overall positive attitude of respondents towards postal savings.

**Table (4.14) Overall Mean Scores of Attitude Components**

Cognitive Component	3.97
Affective Component	3.82
Behavioral Component	3.79

Source: Survey Data



## **CHAPTER V**

### **CONCLUSION**

The chapter discusses findings, recommendations and the need for further study. The chapter presents the findings and insights related to the current situation of A Bank's postal savings customers. This chapter gives insights into how A Bank's postal savings initiative could be successfully implemented on a national scale to potentially deliver basic financial services to those who live in remote places where there are no bank branches driving financial inclusion and economic development of the country.

#### **5.1 Findings**

The study found that the majority of postal savings customers are women who are responsible for savings in households in Myanmar. The respondents in the older age groups save more for retirement and for family needs. The majority of respondents are government employees. The second and third largest categories of respondents are self-employed and private company employees respectively. Government employees have a stable income and have trust in post offices. Education is an important factor in encouraging people to save. The majority of respondents deposit up to 30000 MMK per month and wait from 3 to 6 months before withdrawing the savings.

The mean values of each component of attitude showed the overall positive attitude of respondents towards postal savings. The findings of the analysis of the cognitive component reveal that majority of respondents felt keeping money at the post office is safe and believed postal saving offers higher interest rate. Respondents are well aware of postal savings services and understand how postal savings works. Respondents believe that the postal savings hours are convenient for them.

As for the affective component, most respondents felt that postal saving is more reliable in the time of crisis. Respondents feel more comfortable visiting a post office than a bank. Respondents also agree with the statement that postal savings is

good for the economic development. The respondents believed that loans facilities can be made available for community development. The analysis and discussion of the behavioral component show that some respondents said that they did not set aside a fixed amount of income for savings. It is found that people save money for emergency funds and choose postal savings over commercial banks due to higher interest rates.

## **5.2 Suggestions**

The experience from other countries indicated that if managed and promoted well, the postal savings can attract large numbers of customers and mobilize significant volume of deposits.

Positive attitudes towards postal savings shown by the existing customers, together with the success of postal savings programs in other countries, suggest that it may be possible for Myanmar to develop a large, thriving postal savings business. Postal savings customers perceive that there is a lack of public awareness, delay in processing and lack of public awareness. The following measures may be taken to improve these challenges. Additionally, these can also enhance the cognitive, affective and behavioral components of attitude.

As people believe that post offices are more trustworthy than private banks in times of crisis and think that using postal savings is convenient, different brand propositions would need to be tested, probably important and appealing values are “trust”, “building Myanmar”, “for the people of Myanmar” “convenience with branches everywhere”.

Considerations should be given to offering a Government led national savings program and a Government guarantee up to a certain level for post office savings to differentiate from commercial savings. Postal savings customers already trust the post offices. Having the assurance from the Government would improve the beliefs about the postal savings even more.

Policy makers may create an enabling regulatory environment to support the deployment of postal savings and provide ease of access to customers. Currently, there are regulatory limitations in the amount that the post offices can float resulting in customers’ inability to make withdrawal more than 50000 MMK. This will improve the experience of the postal savings customers.

It may be worth considering to offer value added bundles of products for example, savings plus life insurance to improve convenience and customer service.

Technological innovations could be leveraged for customers and to reduce operational cost.

Finally, the A Bank should design customer friendly, appropriate savings products. To Encourage people to save, and then save formally, they should be provided with more options. This will cultivate a savings habit for customers (behavioral component) of the attitude. The implementation of these measures may enhance the overall attitude of postal savings customers and facilitate accurate growth of postal saving network.

### **5.3 Need for Further Study**

The study was carried out among postal savings customers who might naturally have favorable bias. To really understand people's attitudes, a study needs to be conducted to get a comprehensive view of non-customers. However, it does give insights into the attitudes and motivations of customers and saving behaviors of Myanmar consumers. It is concluded that favorable attitudes will lead to greater mobilization of savings in Myanmar as indicated by the experience of the other countries.

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## Appendix A: Questionnaire (English)

### Customer Attitude of A Bank Postal Saving

#### QUESTIONNAIRE

This questionnaire is for my research investigating consumer attitude towards postal saving of "A" Bank. All responses are anonymous and will be used for academic purposes only. Thanks for taking part.

I am a master student at Yangon University of Economics and not associated with "A" Bank.

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#### A. Demographics, Socioeconomic and Financial Profile

Please select your gender.

- ☐ Female  
☐ Male

Please select your age group.

- ☐ 18-24  
☐ 25-40  
☐ 41-65  
☐ 65+

Please select your current employment status.

- ☐ Student  
☐ Unemployed  
☐ Self-employed  
☐ Government Employee  
☐ Private Company  
☐ Part-time

Please select your educational background.

- ☐ Up to High School  
☐ Graduate  
☐ Postgraduate  
☐ Illiterate

Please select your marital status.

- ☐ Single  
☐ Married

Please select the number of family members.

- ☐ 1  
☐ 2  
☐ 3  
☐ 4+

Please select your monthly income range.

- ☐ Up to 150,000

## Customer Attitude of A Bank Postal Saving

- ☐ 150,001–350,000  
☐ 350,001–800,000  
☐ 800,001–1,500,000  
☐ 1,500,001+

Choose your monthly saving amount.

- ☐ Up to 30,000  
☐ 30,001–90,000  
☐ 90,001–150,000  
☐ 150,001+

What is the maturity of your saving?

- ☐ Up to 3 months  
☐ 3–6 months  
☐ 6–12 months  
☐ 1 year +

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### B. Customer Attitude Inventory

	Absolutely Disagree	Disagree	Neither Agree nor Disagree	Agree	Absolutely Agree
<b>Cognitive Component</b>					
<b>Knowledge</b>					
1 I understand how postal saving works.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 I am well informed of postal savings services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 I am literate financially.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Beliefs</b>					
1 I believe keeping money at the post office is safe.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 I believe postal saving offers higher interest rates.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Experience</b>					
1 I have been to some of the private banks but never try to open bank account.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Postal saving hours are convenient.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Affective Component</b>					
<b>Emotions</b>					
1 I feel reluctant to go to the private banks because staff at bank may look down on me for saving very small amount.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Feelings</b>					
1 I feel that postal saving is more secure than private banks.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## Customer Attitude of A Bank Postal Saving

2	I feel that postal saving is more reliable at the time of crisis.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	I feel more comfortable visiting a post office than a bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Prejudices</b>						
1	Postal saving is good for the economic development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Loan facilities are available for community development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Behavioral Component</b>						
<b>Reactions</b>						
1	I choose postal saving over private banks because of higher interest rate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Habits</b>						
1	I set aside a fixed amount of my income for savings.					
2	I save large amounts.					
3	I save small amounts.					
<b>Intentions</b>						
1	I save money as emergency funds.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	I save money to build a house.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	I save money for regular extra income.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	I save money for retirement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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### C Challenges & Motivations

What are the problems in using postal saving? (Check all that apply)

- ☐ Delay in processing
- ☐ Lack of employee support
- ☐ Inadequate information
- ☐ Lack of loan facilities
- ☐ Lack of public awareness

What are your reasons for choosing postal saving?

- ☐ Higher interest rates than commercial banks
- ☐ Convenience
- ☐ Customer service
- ☐ Advertising
- ☐ Proximity

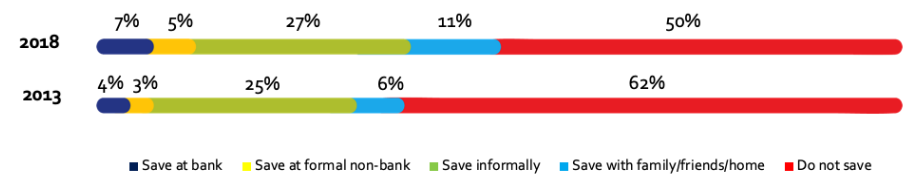
# Appendix B: Saving Landscape in Myanmar

## Savings Landscape in Myanmar

### Savings and investment

Savings across all categories increased

Saving Strand



Source: MAP 2018