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**FACTORS INFLUENCING CONSUMER BEHAVIOR ON
CHOICES OF BANKS IN MYANMAR**

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**A thesis submitted as a partial fulfillment towards the requirements for the
Degree of Master of Banking and Finance (MBF).**

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ABSTRACT

The objective of this study is to find out the factors influencing on consumer choice of banks in Myanmar. To meet with this objective, descriptive research type had been used along with the convenience sampling method and obtained primary data within time frame of the study. Structured questions were prepared to ask the total bank users 130 were selected from four banks: Kanbawza Bank Limited, Ayeyarwady Bank, Cooperative Bank (CB) and Yoma Bank. Five-Point Likert Scale was used to analyze the objective that influencing factors of consumer choice of banks. According to this study, the product and service factor is the most significant factor among all factors: social, cultural, personal, product and service, and psychological factors while choosing the bank by their customers. And it is also found that psychological factors stand the second important factor in this study. It is suggested that the banks should attract new customers and retained existing customers by improving safety and expanding their networks to achieve effectiveness while providing their banking services to their customers. Moreover, it also is suggested all banks to continuously upgrade information technology in providing their service with minimum time to solve some inconveniences, to fulfill consumer needs such as facilitating process in loan for business in line with international banking standard.

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LIST OF ABBREVIATIONS

Symbol	Description
ADB	Asian Development Bank
AGD	Asia Green Development Bank
ASEAN	Association of South East Asian Nations
ATM	Automated Teller Machine
AYA	Ayeyarwady Bank
CB	Cooperative Bank
CBM	Central Bank of Myanmar
CBD	Central Business District
CGI	Credit Guarantee Insurance
CHDB	Construction and Housing Development Bank
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
KBZ	Kanbawza Bank Limited
MAB	Myanmar Apex Bank
MADB	Myanma Agricultural Development Bank
MCB	Myanma Citizen Bank
MEB	Myanma Economic Bank
MFTB	Myanma Foreign Trade Bank
MI	Myanmar Insurance
MICB	Myanma Investment and Commercial Bank

MPT	Myanma Posts and Telecommunications
MPU	Myanmar Payment Union
POS	Point of Sales
SCPL	Seasonal Crop Production Loans
SPSS	Statistical Package for Social Sciences
SWIFT	Society for Worldwide Interbank Financial Telecommunication
UAB	United Amara Bank
SMID	Small and Medium Industrial Development Bank
SIM	Singapore Institute of Management
TFP	Trade Finance Program
YOMA	Yoma Bank Limited

CHAPTER 1

INTRODUCTION

Today banking industry is one of the most dynamic areas changing continuously with innovation due to the impact of technological advances and changing consumer expectations. Recently significant increasing competition in banking industry with exponential growth in deposits and assets, common ultimate goals of all players are focusing on profitability and products offering, convenience services mechanism and more branches with network expansion for all customers that should cover local and regional as well. Furthermore banks face more global challenging as increasing competition from non-banks that provide financial services in this industry. It leads to studies of the consumer behavior that consists of a set of activities that eventually drive the purchase decision a consumer takes, and to perform research matching with the banking industry. It is valuable to study activities of the consumers engaging in looking for a product or service to satisfy his or her needs or

wants, evaluating, obtaining, using, and disposing of it, in addition to related decision-making process.

Customer's needs, motives, and behaviors are needed to be studied but ignoring these will lead to wrong decisions, which might in turn lead to the organization's collapse. In light of this concept, considering investigating from the beginning to end of its activities will enable to draw suitable marketing strategies promising to the achievement of the target that benefits both the organization and its customers. In other words, the purchase goal is to satisfy needs and wants of his/her family members therefore consumers choices are associated with said satisfaction based on knowledge of customer behavior around the environment.

Due to increasing competition in banking industry, both banks and non-banks players are attempting to make customer satisfied by providing better products and services to meet the changing customer expectation driven by technology advances. Hence marketers spent a great deal of time finding the ways to retain the existing customers, and to know their potential customers who will become the new customers in future. Focusing on information about changing consumers' everyday behavior will be strategic tool that consumers will recognize the value behind a personalization solution and will be willing and able to pay for it.

In fact, according to Rojid, 2007, the first critical step to get improvements of customer satisfaction is to analyze how customers select suppliers and products as the first important step. Searching the consumer' black box (mind) was not easy job since they may not know themselves exactly what are the influencing facts their purchase due to the previous studies. Additionally, one consumer behavior expert was noted that our purchase has been may drive by ninety-five percent of the thought, emotion and learning they are occurring in the unconscious mind, without awareness. Furthermore, in 2006, Amstrong has described the central question for marketers. This question is that how will consumers respond their marketing efforts might use by the company.

Due to the theoretical background of studying the consumer behavior it is affected by a variety of factors so we will examine how that factors influence the consumers' choice when making decision to choose the banking products and services in Myanmar. After reforming in financial sector by allowing participation of private banks, all consumers in Myanmar have availability to access the most prominent features of banking products and services that are resulted from expanding services.

Innovation based on today's consumers' behavior can be seen in today's increasing banking services with advanced technology platform such as growing ATM machines and mobile banking payment, cards, debit cards, store value cards, etc.; and also e-money.

1.1 Rationale of the Study

Perception and behaviour of consumers those reside in Myanmar in choosing the banking products and services among banks are more exciting and crucial for all financial institutions including banks and non-banks in financial industry. Currently there are a total of 27 local banks in Myanmar consisting of four state-owned banks, three banks owned by municipal government, 10 semi-private banks and 14 privately owned banks. Country's central monetary authority is the Central Bank of Myanmar (CBM) who works to ensure price stability in the financial system.

Moreover, private banks play the leading role in terms of innovation such as introduction of debit cards, credit cards and co-branded cards or installation of ATMs by aiming to meet today's consumers' needs and wants due to their changing behaviour. So far some banks cannot provide to fulfil demanded consumers 'needs and wants; for instance - unable to provide card services as above while others can meet in line with international standard. In fact, all banks can survive only they can provide their banking products and services that must satisfy the demand and requirements for always changing consumers.

In 2003 according to Hogg, pressure has put on the bankers in a specified way; it is the change in consumer demands requirements of products and service; come up with new solutions. It is clearly shown that all banks should know which key factors are influencing on consumers' behavior to make final buying decision for strategic marketing otherwise the marketing efforts will not be efficient. Knowing the importance of consumers' behavior is more sophisticated than day to day marketing for all banks in today' severe competition environment.

There are so many types of consumers and different behaviours hence to understand consumer behaviour is the key factor that is needed to know.

All the factors that are considered by consumers making purchase decision to select bank are important but they are not equal due to the individual differences or market segments, and also within same market segment. Based on above reasons,

consumers' different value system significantly leads to consider and evaluate a number of factors for bank products and services studied by this paper.

1.2 Objectives of the Study

The objective of this study is:

To identify the factors influencing customer behavior on choices of banks in Myanmar.

1.3 Scope and Method of the Study

In this study the descriptive research type with the convenience sampling method was used to meet this study's objective and 27 local banks were focused. The data collected for this study was consisted of both primary data and secondary data. Secondary data were obtained from, articles, working papers, news and publication from mobile service payment providers and internet web sites. The structured questionnaires were designed and constructed for primary data collection. To get primary data using convenient and easy surveying, one branch each of four banks out of seven banks in Kyauk Ta Da Township was used. The sampling frame/scope was suitable sample size of 130 customers to whom the questionnaires were distributed for survey research to collect data. The allotment of these customers consisted of 33 each from Kanbawza Bank Limited (KBZ), Ayeyarwady Bank (AYA), Yoma Bank Limited (YOMA), and 31 from Cooperative Bank (CB) as respondents from population of thirty seven thousand. Questionnaires are distributed to these respondents. In addition to the basis of the above discussion it could be stated that determining the sample size involved a trade-off due to involvement of limited resources, time, cost and desired degree of precision.

1.4 Organization of the Study

This study is organized into five chapters. The chapter (1) explains the introduction, the rationale of the study, objective of the study, scope and method of the study, and the organization of the study. Chapter (2) consists of literature review about Consumer behaviour theory. Chapter (3) describes the background information of the Myanmar banking industry, Banking products and services and International

banking service. Chapter (4) contributes analysis of the factors influencing on consumer choices of banks in Myanmar. Chapter (5) is conclusion which consists of main findings and also presents the appropriate suggestion based on the results obtained.

CHAPTER 2

LITERATURE REVIEW

This chapter focuses on literature by different authors on factors influencing consumer behavior on the global perspective, Myanmar in general and Yangon in particular, with a view to understanding the various approaches as well as stimulating new ideas about the study area. The review covers several arguments and views postulated by various researchers across the world regarding the theoretical approach of the concepts of consumer behavior by different authors.

In this chapter two, theoretical background is the main part of the study since consumer behavior is defined by different authors across the world. This chapter presents consumer behavior theory and models, factors affecting consumer decision

making process and previous review of past studies that was factors influencing consumer choices of banks , Empirical review and conceptual framework of the study.

2.1. Definition of Consumer Behavior

It is observed that the consumer behavior' was defined by one 'official" that is the study of individuals, groups, organizations and the processes they use to select, use, and dispose of products, services, experiences. Otherwise ideas about needs and impacts their processes have on the consumer and society.

According to John Dudovskiy who was posted on website dated July 4, 2013, Consumer buyer behaviour is considered to be an inseparable part of marketing and Kotler and Keller (2011) that express of consumer buying behaviour. The expression of the consumer buying behaviour is the study of the ways of buying and disposing of goods, services, ideas or experiences by the individuals, groups and organizations in order to satisfy their needs and wants.

Moreover, Enis defined buyer behaviour in 1974; it is a process which through inputs and their use through process and actions lead to satisfaction of needs and wants. The following table has been depicted the example of previous research used to define consumer behaviour in this website.

There are many factors that have some level of effect on the purchase decisions of the customers. In 2010, Kumar said this behaviour referred to the buying behaviour of individuals and households consumers buying goods and services for personal consumption.

The specific aspects of consumer behaviour is that needs to be studied including the reasons behind consumers making purchases, specific factors influencing the patterns of consumer purchases are the marketers' point of view. In addition, analysis the changing factors within the society and others are needed to study also.

Consumer buying behaviour is itself is a complex, dynamic issue according to Blackwell et al (2006) and it cannot be defined easily and commonly. Hence, different researchers have defined the concept of consumer behaviour in different ways.

The definition formed by Solomon et al (1995) describes consumer buying behaviour as a process of choosing, purchasing, using and disposing of products or services by the individuals and groups in order to satisfy their needs and wants. The

similar definition of consumer behaviour was offered by Schiffman and Kanuk(2000). The behaviour was expressed by consumer when they select and purchase the products and services by using their available resources to satisfy needs and desires according to this definition.

Stallworth (2008) describes consumer purchasing behavior as a collection of activities involving the purchase and use of goods and services arising from the emotional and mental needs and behavioral responses of the consumers. In addition, Gabbot and Hogg (1998) stated that different activities and stages may be contained in the process.

For the term of consumer buying behaviour, the popular definitions have been proposed as follows.

Definition of consumer behaviour by Faison and Edmund (1977) is the assumption that people have series of needs which lead to drive state.

According to Kotler (1994), consumer behaviour is the study of how, what, when and why the consumers are buying the products and services offered.

Various definitions actually view consumers' buying behaviour as a process of selecting, after that purchasing and in the end disposing of goods and services which meet their needs and wants. However, there is a general consensus among the researchers and academics that this process is subject to continual change over time as the purchase characteristics of the customers change due to their physical and psychological needs.

However, the understanding of consumer buying behaviour as well as ways of choosing their products and service are important. This is the competitive advantage for the manufacturers and service providers over their competitors in several aspects. For example, they can set the right strategies toward matching audiences reflecting their needs and wants effectively using that knowledge from study.

The country's economy state will be contributed by the better awareness of consumer behaviour as well. If the consumers' buying behaviour is well understood, the quality of goods and products are very good and then they can increase the export potential of the country due to that competitiveness. In the same time that's country's domestic customers' base will become sophisticated due to high quality of domestic products and services.

In addition companies also engage in advertising and promotion activities to influence the consumers' purchasing decision. However, when they are doing these

activities, they need to consider other external factors that are beyond the control of the company. They are the ethnic culture, overall economic conditions of the country, politics, and technology.

In summary, it is clear that businesses will benefit for long term if the consumer buying behaviour is better understood through studying and identifying. However, despite the great efforts to learn and understand the buying behaviour of consumers, it is very difficult to pinpoint exactly why a consumer purchases and why they prefer one product or service over another one. Since they are human being, they cannot even be aware of themselves whether their decisions were based on emotional or rational belief.

2.2 Consumer Behaviour Models

To be successful in the market, a company must make all efforts to build and maintain strong relationship with its customers especially it is more challenging for the services' sector such as the banking sector. Thus, marketers need to understand that consumer behaviour concepts by deeply analysing different consumer models they can assess the information needed to identify and select target markets and help different marketing strategies like positioning and market segmentation. The study of consumer behaviour is, therefore, a very important due to knowing customers are not simple and their complex buying behaviour.

Since the subject of knowing consumer behaviour is complex due to human nature, the prediction of behaviour in a given situation in a desired manner is unlikely to be possible. This pursuit can lead the marketing efforts as well as the business to the ultimate results.

The study of consumer behaviour therefore seeks to understand how the consumers make decisions on how to spend their available resources in regard to purchase. Consumer behaviour helps the marketers to understand individuals in view of marketing so they can make better decisions to position themselves at competitive advantage in the market place playground.

Consumers make many buying decisions every day and researches were conducted by most large companies with the aim to find various what, where, how and how much questions regarding their purchasing even what they do with the impulse purchased though they don't need and consumed items. For this thesis the central question will be that of what are the factors consumers will respond to the

bank's marketing effort. The starting point is the stimulus-response model of buyer behaviour as studied in academic classes. It shows the absorption of the consumer's mind as well as certain response to which marketing and other stimuli exposed to them. The term for the mind of the consumers to which these efforts targeted is black box.

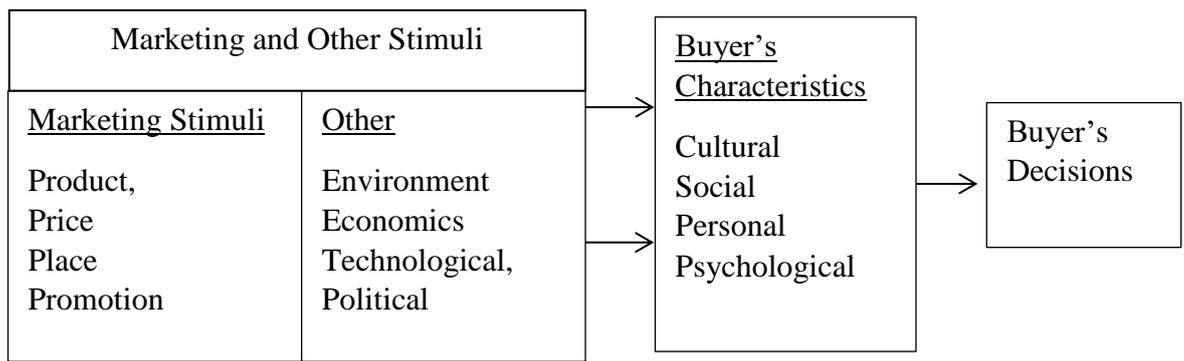
The marketer should study responses created inside the consumer black box that has two parts as shown in Figure 2.1 by responding to the stimuli. The first part is the characteristics influencing the way stimuli were perceived and reacted by he or she. The other part includes the buyers' decision process. (Gray Armstrong, 2006).

This below model Fig 2.1 shows that marketing and other stimuli enter the consumer's mind and stimulate certain responses. Hence the buyer's mind also known as black box is important for the marketers to figure out. The observable behaviour can be studied while psychological constructs are part of the thing that is impossible to know and should be left untouched. Stimulus for marketing consists of product, price, location and promotion. Other stimuli are the major forces and events in the buyer's environment like economic, political, technological, and socio-cultural factors. Such forces are the inputs of the black box of the buyer and the effects are the responses of the buyer that can be detected. The results include the choice of product, the choice of brand, the choice of dealer, timing of purchase and the amount of purchase. (Kotler, November 2006).

Consumers make many buying decisions every day, many big businesses ' research customer buying decisions were highly focused on finding answers to questions such as what consumers buy, where they buy, how and how much they buy, what they buy, and why they buy and how they dispose of what they bought and don't need. The central question for marketers is: how do customers respond to the bank's various marketing efforts? The starting point is the buyer behavior's stimulus-response model (Kotler, 2006).

The first part involves the characteristics of buyers that influence how they interpret and respond to stimuli. The other aspect is the decision process of the buyers. (Armstrong Grey, 2006). In this study, the consumer behaviour model to understand the buying behaviour of individual consumers and its extended stimulus-response model of behavioural processes in consumer decision making.

Figure 2.1 The Model of Consumer Behaviour



Source: Stimulus Response Model of Consumer Behaviour (Kotler, 1997)

The other models are economic, passive, cognitive, and emotional. The criticisms of the view are: in order to be rational, all the information on the available products should be available. Secondly, one must be able to rank any available alternative at the moment (John C, 1995).

Passive view model shows that buyers are essentially submissive to advertisers ' self-interests and advertising activities. Buyers are known to be impulsive and unreasonable consumers willing to give in to advertisers ' arms (Schoof, 1995). Cognitive perception model describes a customer as a problem solver for thought. Consumers are viewed here as either open to or actively looking for products and services that meet their needs and enrich their lives. It focuses on the mechanism by which customers in retail outlets are searching and analyzing information on selected brands. Consumers are also seen as processors of information, which then shape preferences and eventually reach purchase intentions (John C, 1995).

2.3 Previous Study and Conceptual Framework

In the previous study, David Kipngetch Chepkangor,2012, from a university of Nairobi, in Kenya studied how the cultural, social, personal, and product and service factors influenced the consumers choice of banks in Nakuru town. It was a thesis title “Determinants of Consumer Choice of Commercial Banks in Nakura Town”

In this study there are three social factors that may influence a consumer's choice of a bank namely; groups, family, role & status. Many small groups influence the behavior of a person. Groups of direct influence to which an individual belongs are referred to as membership groups and indirect reference community. Marketers need to find out and target those reference groups which influence a person, and create pressure to conform to the group.

That study showed that a cultural element had little impact on commercial banks' consumer choice. Given this conclusion, which does not agree with Kotler (2006), the findings partly agreed with his rationale that consumer behavior may differ based on his / her culture from one customer to another. Consequently, banks need to consider culture seriously as a factor that can help them gain or maintain their customers.

In general, social influences were also classified as having low effects on the commercial bank's consumer choice. That conclusion was in line with Churchill, (1995) who argued that consumers are often affected by reference classes that they do not belong to. Family members such as spouses or kids can also have a strong influence on buyer conduct.

That study suggested that the banks should therefore consider having goods that can be influenced by social factors, bearing in mind that their profit results can be affected at the same pace by this same low level of impact on consumer choice.

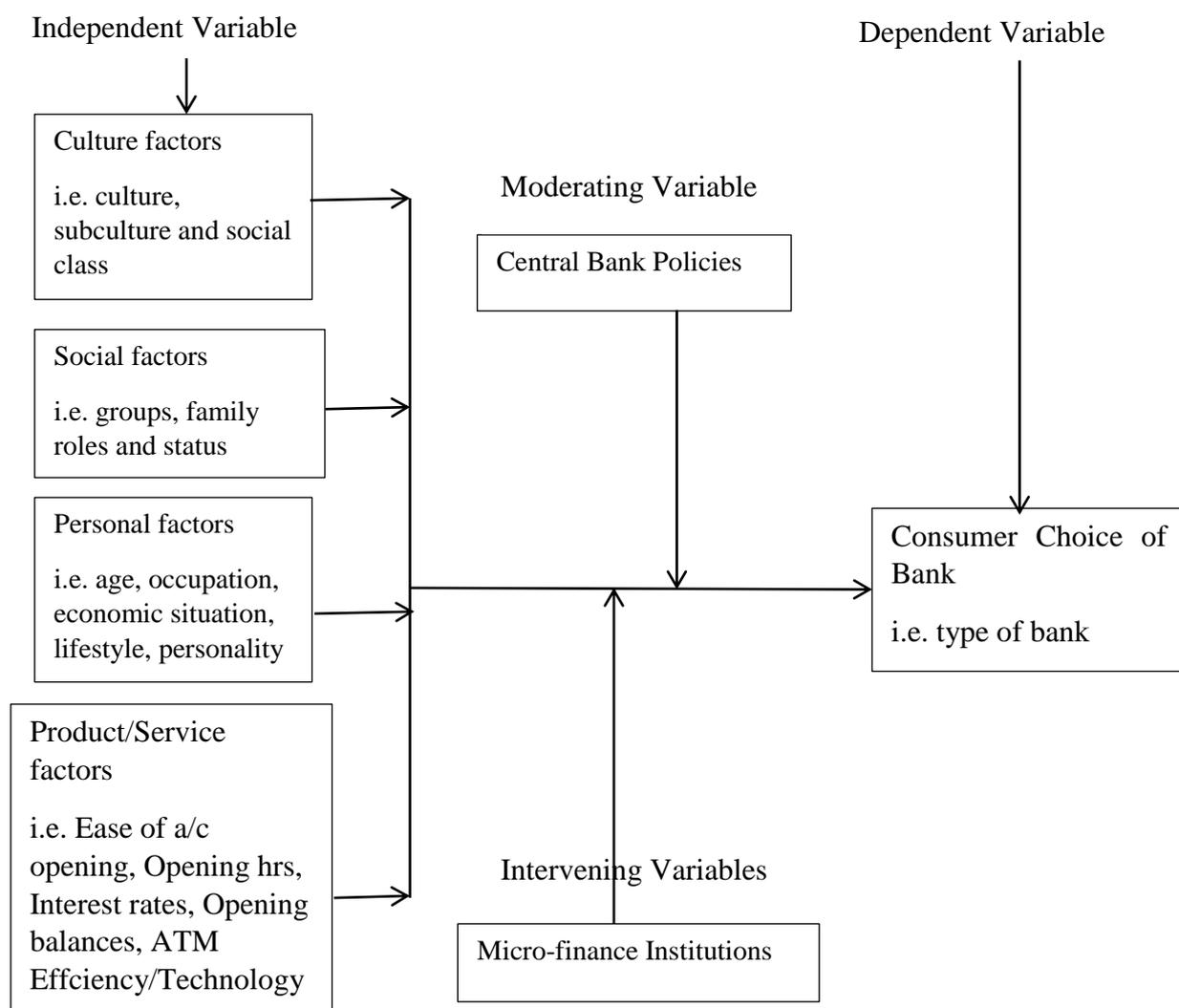
Furthermore, personal factors compounded primarily by stage of age and lifecycle, economic situation and occupation have a high impact on a bank's consumer choice. This has agreed with the argument that people change the goods they buy over their lifetime, and is largely determined at that time by the profession and economic situation (John, 1995). Therefore, marketers will evaluate and build appropriate goods and marketing plans to match these factors.

In addition, the bank products and services have a very high impact on commercial banks' preference of customers. Consumers are searching for products / services that are cheap and convenient, and how quickly they can access them. Bank product designers should understand the type of technology currently available to the world and try to optimize it by pleasing their customers.

The previous conceptual framework in Figure 2.2 shows the relationship between the independent variables and dependent variables. Cultural factors, social

factors, personal and product and service factors, all have influence on the dependent variable; consumer choice of banks.

Figure 2.2 Conceptual Framework of the Previous Study



Source: David, Kipngetch Chepkangor, 2012

2.4 Conceptual Framework of The Study

For this study, conceptual framework was created based on the scope and nature of industry by adapting the pervious study. In this study, factors influencing consumer behavior: social, cultural, personal, products and services factors and psychological factors are independent variable on consumer choice of bank that is dependent on these factors.

Marketers realized that consumers did not always react as suggested by marketing theory although the widespread adopting of marketing concept, thus the study of consumer behavior focuses on how individuals make decisions.

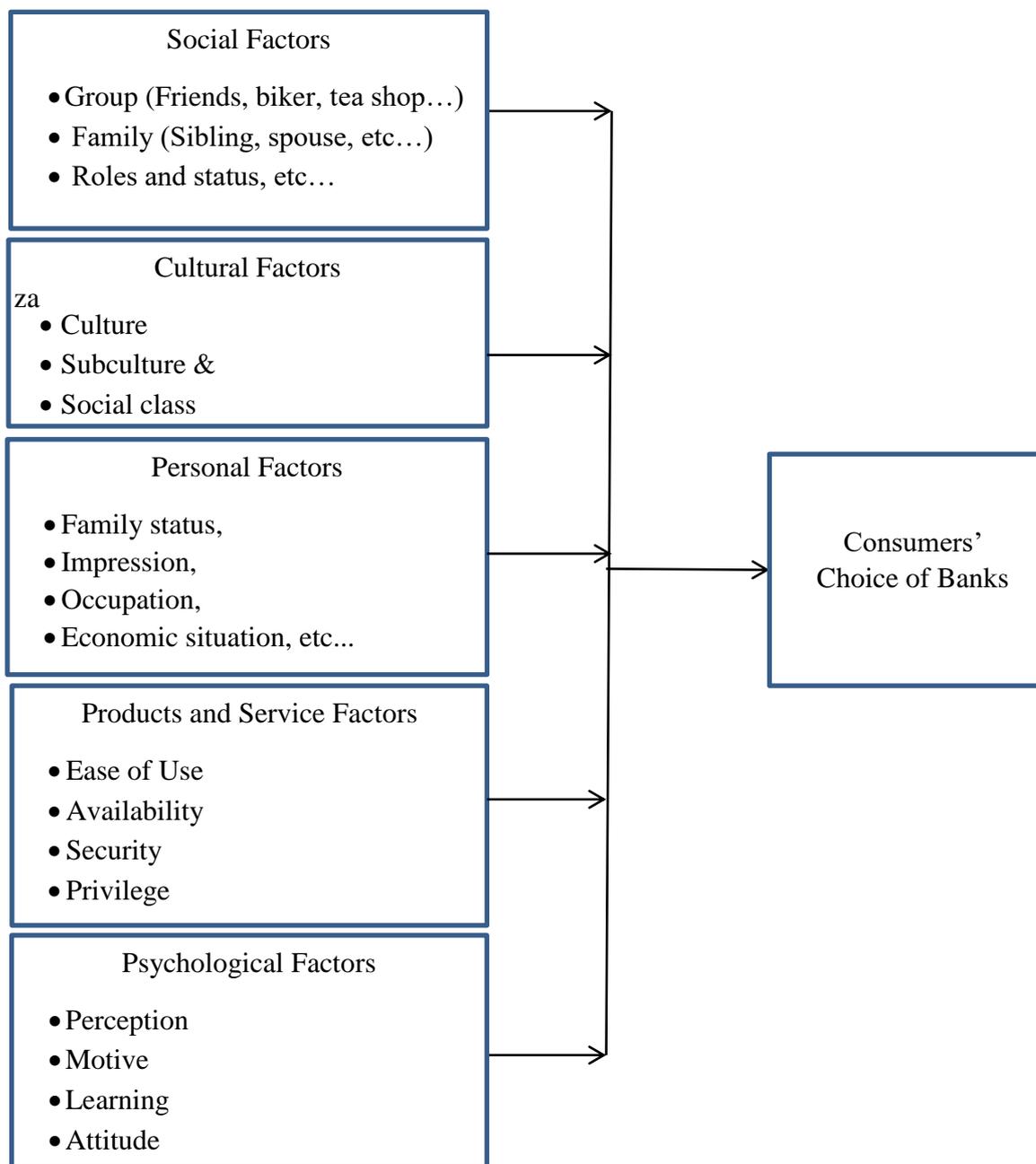
Study of individual in psychological means it is analyzing such as perception, motive, learning, attitude. Since later research discovered that it is likely to purchase by consumer impulsively and it is influenced by other factors on consumer's choice. So these psychological factors need to be studied and were included in this study.

Figure 2.3 Conceptual Framework of The Study

Factors influencing consumers' behaviour

(Independent Variable)

Dependent Variable



Source: Adapted by David Kipngetch Chepkangor "Determinants of Consumer Choice of Commercial Banks: A Case of Kenya Commercial Bank in Nakuru Town", Naibori, Kenya: University of Nabori, 2012

CHAPTER 3

BACKGROUND INFORMATION OF MYANMAR BANKING INDUSTRY

In this chapter discussion is made by three sessions. They are background information of banking industry in Myanmar, Banking products and services in Myanmar, and International banking service particular to Myanmar.

3.1 Background information of Banking Industry in Myanmar

Since 2011, Myanmar has adopted necessary reform in its banking system that represents 90% of all financial sector assets in 2016; by indicating banking sector is dominating in financial sector referred to the giz2016 Banking Report. Moreover, resulting from liberalization of the financial sector, re-emergence of private banks starting from 1992 is the one of the characteristics of the modern financial sector according to the banking report of giz2016. In fact, the Myanmar's banking sector plays a significant role in the development of a country's economy due to its contribution towards a large number of employment and its provision the necessary funds business agents who play a role to enjoy country's economic growth. On the other hand, the new laws have been passed since 2011 that includes a wide range of guidelines on commercial banks, state-owned banks, private enterprises, and foreign banks.

The Myanmar people had previously experienced banking and currency crisis in February 2003 that was a major bank run in private banking that can be assumed the citizens have less trust on the banking system compared to other countries the region. And most Myanmar people prefer to keep cash in hand, or buy property to secure their financial position based on their experiences and knowledge that would be influence them to make decision to become a customer of current banks in the country. According to Rohini Singh that posted by ASEAN Briefing dated 21st March, 2018, the Financial Institutions Law of Myanmar, passed in January 2016, that represented a major step towards modernizing the sector. The aim is to monitor and control both local and foreign financial institutions by regulations. It also attempted to level the playing field between private and state-owned banks and confirmed the CBM's regulatory powers over the banking sector.

It is described by Myanmar's Investment Outlook for 2018; Banks in Myanmar currently operate under the traditional system of banking, with cash being a primary component in everyday transactions. However due to digitization movement firms have good possibility to provide digital solutions. In addition Myanmar's economic reform calls for restructuring of state banks with possibility of welcoming international investors in the stake of state banks in the long run. This, along with the sheer size of the potential market, presents huge opportunities for foreign investors.

Nevertheless, some improvement in reducing cash transactions were noticed in the financial sector: 21 out of 28 banks joined the SWIFT system, whereby local banks can make financial transactions to foreign correspondent banks. Myanmar banks jointly formed the Myanmar Payment Union (MPU) in 2011 to become a national payment switch for Myanmar. Non-cash payments can be done through Automated Teller Machines (ATM), Point of Sale (POS) terminal and mobile banking. Starting with three state-owned banks and 14 non state-owned banks MPU became a public company in 2015 and membership increased to 23 out of 28. There are almost 1700 ATMs and 3,500 POS terminals in Myanmar for MPU cardholders. The cardholders are also accessible to 32 e-commerce website for online purchasing. The Central Bank of Myanmar was established on March 30, 2011 and one of the main responsibilities is acting as a banker for the financial institutions. The Central Bank of Myanmar, State-owned banks and domestic private banks made an implementation of the Banking Network gradually since January, 2008. The members use online system to do official banking transactions. The monitor of the financial stability of domestic banks is the Central Bank of Myanmar. Electronic Fund Transfer was the mean for transaction accounts among banks and this Network uses automatic clearing accounts. Moreover, the Certified Cheque System was introduced on January, 2008 for safety and efficient services for government settlement system referred to the CBM website.

3.2 Banking Products and Services in Myanmar

In this section Traditional Banking, Services of the Banking Sector, Mobile Financial Services, and Non cash payments are discussed.

3.2.1 Traditional Banking

The operation of Banks in Myanmar continues using the traditional banking system that involves cash as a primary component in every day.

Myanmar Banking Report described that banking activities: commercial banks are permitted to engage in are subject to any conditions and restrictions in the license. These activities include both, traditional activities like acceptance of deposits and lending, and other activities such as foreign exchange business, e-banking and mobile banking.

Apart from traditional lending, possibility of trade finance offering by several Myanmar banks to local businesses was on the rise. Recent economic reforms and the lifting of international sanctions have expanded the importance of trade for economic development in Myanmar, but importers and exporters encounter a number of financial constraints to doing business. Due to cash dependence that required person as well as cash-only basic, international payments had to use remittance channels in the past but recently letters of credit becomes useful in trade finance.

The traditional banking provides the basic function to public such as opening an account, depositing in fixed deposits, renewal of fixed deposits, tax deduction inquiry, inquiry about cheque status, request for a cheque book, request for a demand draft, stop payment of cheque, apply for auto, mortgage, home, equity, student or personal loans, receive investment product and service information, order travellers, cashiers, and regular cheques, Transfer funds between account within the bank.

In traditional banking transactions, the advantage is that it is no need any type of online security but only it just needs to keep bank papers of bank book safe. If customers have any problem related to the bank, he/she can go to the bank and solve his/her doubts. And it can get any information related to bank and if customers still have any doubts, he/she can immediately ask. Customers do not have to worry about their bank papers because they themselves keep safe not anybody else.

However, there are disadvantages of traditional banking service such as: customer's work any remain uncompleted, if the papers of bank are lost, they also may lose the right of their bank properties, in traditional banking, if employees are busy with their bank that they may not give their the proper answer, bank papers are not secured through traditional banking, in case of having any problem, every time customer have to rush to the bank.

3.2.2 Services of the Banking Sector

Myanmar's banking sector current status is in transition period according to the giz, Myanmar Banking Report (2018), the Myanmar banking sector largely relies on overdrafts and land or buildings as loan security. this practice resulted in low lending to small businesses and uncertain credit quality. Private Banks have been banned by the military regime until 1992. Domestic private banks' assets in 2017 were 48.5 trillion MMK (approximately 35.6 billion USD) and there are 27 domestic private banks in November 2018. The innovation and growth in Myanmar's banking sector are driven by Private Banks. But requirements of the new regulatory and higher assets concentration make most private banks struggled.

Though commercial loans such as term loans and overdraft facilities offered to businesses are restricted to 3-year and 1-year maturity respectively, banks are allowed to structure the maturity of consumer loan products offered to individuals based on the customers' needs and market demands. Since 2015, banks started developing more consumer loan products catering to specific customer needs, such as education loans, home loans and auto loans, as well as small-scale personal hire purchase, for instance, for mobile phones and laptop computers. Education Loans – SMID, CB and AYA banks started offering non-collateralized education loans around 2016 to graduate level students attending local private academic institutions. Education loans can cover up to 90% of the tuition fees with 13% interest rate per annum. In applying for such loans, students will have to prove that they have income or need a guarantor to sign the loan agreement for them. In July 2018, CB bank signed a memorandum of understanding with the Singapore Institute of Management (SIM) to provide overseas education loans to Myanmar students studying at SIM.

Domestic banks do not offer education loans to students from government universities, arguing that the tuition fees of government universities are significantly lower than those of private institutions; however, financial need is probably more prevalent among low-income students at government universities, especially those from rural areas who can't afford to pay accommodation and tuition fees.

Car Loans – Most banks offer personal auto loans under their hire purchase product scheme. In November 2016, the Myanmar government has imposed restrictions on the import of right-handed vehicles and old model cars; since then, vehicle prices have been rising steadily. But there still are demands for cars. The

market for new passenger cars has grown recently and several foreign car companies have opened assembly plants in Myanmar to produce latest-model cars. To fulfil the growing demand for cars, local banks have been offering auto loans with minimum down payments of 30% of vehicle value and loan tenure up to 5 years for new cars and 2 years for used cars. Auto loans can only be applied for cars purchased at a bank's authorized dealers with flat interest rates around 8.5% and amortized interest rates around 13% per annum.

Home Loans – Various banks currently offer home loans to retail customers, for example, Construction and Housing Development Bank (CHDB), KBZ, AYA, MCB and YOMA. Borrowers are required to contribute 30 to 50% down payment; loans are charged at 13% net interest rate and the loan duration is up to 15 years for apartments, and 25 years for land, buildings and condominiums. Although there is a growing demand for home loans in Myanmar, some banks are reluctant to launch home loan programs. One serious challenge is the lending interest rate cap at 13% that deters the banks from pricing long-term home loans in accordance with the higher risk associated with long-term lending. In addition, banks also find it difficult to structure products of 10 to 15 years maturity due to maturity mismatches.

In terms of value, loans for SME are smaller than those for normal business. Although it is still difficult for SMEs to access bank loans, there are more financing opportunities these days, especially through the help of international organizations. SMEs loans from most private banks require collateral, but some banks are trying to expand their SME financing towards unsecured cash-flow based lending. In June 2018, SMID bank launched its first-ever unsecured cash-flow based SME loan program that does not require collateral and credit guarantee insurance. CB, KBZ and SMID banks use the Credit Guarantee Insurance (CGI) provided by Myanmar Insurance (MI) to provide secured and unsecured loans to SMEs. Under the CGI loan scheme, SMEs pay the required annual interest rate of 13% to the bank and an additional 2 or 3 per cent insurance premium to MI, depending on whether they have pledged collateral or not. SMEs can get collateral free loans up to 20 million Kyats with a repayment period of one year. If CGI loans get defaulted, MI will cover 60% of the loan value for the lender. As of May 2017, a total of 84 CGI loans have been offered to SMEs (80 from CB bank, 3 from KBZ bank and 1 from SMID bank).

Commercial loan products usually come with additional services such as cash and liquidity management and business advisory services. About 70 percent of the

population of Myanmar are living in rural areas and most of them depend on the agricultural sector. The Myanma Agricultural Development Bank (MADB) is the largest agricultural lender in the country offers seasonal crop production loans (SCPL) and term loans. SCPLs cover the working capital needs of farmers at the beginning of the agricultural season and are divided into three categories: pre-monsoon, monsoon and winter loans, with monsoon loans constituting the biggest number of loans offered to farmers. Farm machinery loans require collateral but most MADB loans, do not. Farmers have to collectively guarantee for each individual loan in a group of three for example. The Myanmar Apex Bank (MAB) is leading agriculture financing among private commercial banks. It is also the first private commercial bank which extends loans to farmers for a period of up to three years.

Prior to 2012 trade financing was monopolized by state-owned banks. However services such as letter of credits are fee-based services given by local bank and in addition to letter of credits, bank guarantees, and interest-bearing services including import financing, and pre and post shipment export financing. Trade finance liberalization can provide more financing opportunities for Myanmar traders. However, there are still some limitations for both, foreign and local banks. Therefore, local exporters and importers, especially small and medium sized trading firms, find it hard to get local bank financing to promote their businesses in a sustainable way. To support local banks in trade finance, the Asian Development Bank (ADB) launched its Trade Finance Program (TFP) in Myanmar.

Myanmar banks offer fixed deposits, call deposits and current accounts. Deposit accounts are often tailored to serve different customers' needs, for instance banks can provide, minor deposit accounts, sailor accounts, wedding deposit account and foreign currency deposit accounts. Terms for fixed deposit accounts range from 1 month to 3 years, with annual interest rates offered between 8 and 10 per cent, while current accounts and foreign currency accounts generally do not bear any interest payments. Call deposit account interest rates are usually calculated based on the account's day-end balance. The annual interest rate on call deposits was around 8%, like the rate for fixed deposits. However, in January 2018, the Myanmar Bank Association as a coordinated measure among its member banks lowered to 2% but some banks still offers 4% or 6%.

Although the exact figures for remittances into and out of Myanmar are difficult to estimate as a large proportion is transferred through informal channels,

domestic and international remittances. This role is very important for Myanmar's economy and alleviation of poverty because people left poor rural areas and were migrating either to big cities or neighbouring countries for work and send back money to their families. Myanmar banks offer domestic inter-branch and inter-bank remittance services, telegraphic transfer and international fund transfer by SWIFT Code through corresponding banks. And also international transfers were made through third party remittance service providers. They are International Money Express, MoneyGram, Western Union, Xpress Money, etc. Recently, local banks use e-banking and mobile payment platform to improve their domestic remittance services.

Myanmar was first introduced to offline debit cards in 1996 by the Asia Wealth Bank, and by 2002, the Myanmar Mayflower Bank had installed 11 offline ATMs. The expansion of these cards and electronic payment services came to an abrupt end due to the 2003 banking crisis. Debit cards were started using from 2012 and three years later credit cards were followed. The Myanmar Payment Union (MPU) had a monopoly for issuing debit and credit cards for many years, but in January 2017, the government removed restrictions on international payment companies and allowed banks to issue co-branded cards with Visa, JCB, MasterCard and Union Pay International.

Today, local banks offer prepaid cards, debit cards and credit cards to the public. Certain monthly incomes are usually required for the customers to apply for Credit cards. Since the Credit Bureau is still in the process of establishment, credit information on new customers is not available and most banks tend to issue credit cards only to their existing customers. CBM was issued Directive for the interest rates on credit cards to be capped at 13% per year with Directive No. 11/2011). Additional service charges, such as joining fees and annual fees, are imposed for the Credit cards services.

3.2.3 Mobile Financial Services

Myanmar has the highest mobile phone penetration in the region with close to 95% penetration rate. Considering the huge unbanked population in Myanmar, with bank branches and services inaccessible in most rural areas, mobile financial services have become an important means for financial inclusion.

According to the directives and regulations issued by the CBM, there are two models for operating mobile financial services in Myanmar: Bank-led Mobile Banking Services and Mobile Financial Service Providers. Currently, there are five major bank-led mobile banking services in Myanmar they are Myanmar Oriental Bank, Myanmar Citizen Bank, AGD Bank, First Private Bank and Innwa Bank. Some banks also have their own branded e-banking platforms; AGD Pay (Asia Green Deveopment Bank), CB Pay (Cooperative Bank), KBZ Pay (Kanbawza Bank Limited), AYA mBanking (Ayerwaddy Bank) and MAB Mobile Banking (Myanmar Apex Bank). These platforms are linked with the respective bank accounts and can provide remittance services, cash in and out services, within bank person-to-person payments, mobile top-up and bill payment services

With the implementation of the national payment switch, Myanmar Payment Union (MPU), and the entry of Visa and MasterCard into the market, the number of credit and debit card issuance has also increased. However, only approximately 20% of Myanmar's population has a bank account and a mere 2% of them have debit or credit cards. The usage of debit cards to purchase goods and services remains low and cash is still the primary payment mode. The majority of card users only use their debit cards to withdraw cash from the ATM.

3.2.4 Non cash payments

The most popular service is Wave Money, covers over 85% of townships in Myanmar and within two years has grown its agent network to 28,000 agents. This level of coverage is very comprehensive compared to the size of the bank branch network of a mere 1764 branches. Myanma Posts and Telecommunications (MPT) is also preparing to launch its own mobile money service called MPT Mobile Money by 2018.

The bank account holders of the banks are offered the mobile money services through a network of agents which is the mobile money model adopted by the Central Bank of Myanmar. "mobile money" is also known as "branchless banking".

Since October 2012, our member banks have issued over 1.1 million debit cards, and we are preparing to issue credit cards this fiscal year. The CBM approved the issue of credit cards to the market in July 2015, which will boost the usage of cashless transaction by credit cardholders. When Myanmar Payment Union started operations in 2012, there were 17 member banks, and now there are 23 member banks

of which 15 members have already issued cards and installed ATM and POS (Point of Sales) in markets. Currently there are over 1,600 ATMs and over 3,000 POS devices in the market.

3.3 International Banking Service

The Myanmar Foreign Trade Bank (MFTB) was established under the FIML in 1990 and is the legal successor of the Foreign Department of the State Commercial Bank. MFTB specializes in international banking and has a worldwide network of over 263 correspondent banks in 54 countries. MFTB has foreign exchange accounts for the government as well as private customers.

The number of accounts has risen from 500 to over 80,000 in 2012 since 1990s resulting from the liberalization of economy in Myanmar. MICB, which is smaller than MFTB also provide services and is carrying out both domestic and foreign currency businesses. MFTB roughly made $\frac{3}{4}$ of foreign exchange transactions by value and MICB made the remaining $\frac{1}{4}$.

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

According to the Myanmar- business-guide by PwC that is posted on internet website, the number of bank branches in Myanmar has massively grown over 200% to 1,764 branches in August 2018, compared to 678 in 2014. It was also described that banks have implemented modern core banking systems using international software providers and it allows banks can expand their product offerings.

CHAPTER 4

ANALYSIS OF FACTORS INFLUENCING ON CUSTOMER CHOICE OF BANK IN MYANMAR

This chapter explains research design, respondents' profile, purpose of using bank products and services by respondents, and analysis influencing factors on consumer's choice of banks in Myanmar.

4.1 Research Design

This study is to find the factors influencing consumer behaviour choice of bank in Myanmar. In this study, the required data were collected through convenience sampling method survey. The sample size is 130 customers from the target population who are using local banks products services in Yangon.

As a survey instrument, a structured questionnaire was used and it organizes into three sections such as personal profile of the participants. The first section of the questionnaire asked the respondents regarding gender, age, education, occupation, and monthly income who are using local banks. The second section of the questionnaire the rate the relative influencing factors such as social, cultural, personal, products and services quality and psychological factors while choosing the a bank. They were measured by five point Likert scale rating method was used in this survey on the collected data to find the influence factors. Scale 1 was assigned to represent (not important i.e. not influence) and progressively assigned up to 5 that represents (very important i.e. much influence). These factors were based on literature and interviews with some regular bank customers, resourceful person and some opinion leader who are knowledgeable and have deeper experience in this area. The last section asked the respondents to find out the most important factors among the given factors as per second section, it was also used Likert scale rating method.

The study findings were analysed by Statistical Package for the Social Science (SPSS version 22 for windows) to use in calculating mean score in order to find out the significant factors influencing consumer behaviour on choice of bank.

A total of 130 questionnaires were distributed to bank customer respondents, and completed answers were collected and the response rate was found to be 100 per cent.

4.2 Profile of the Respondents

The profile of the respondents included the information about the bank customer respondent's demographics such as gender, age group, occupation, and income bracket of the respondents.

4.2.1 Gender of the Respondents

The figure below revealed that males comprised of 43 per cent and female 56.9 per cent of the respondents respectively. Among total numbers of respondents of 130 numbers, males are 56 numbers and females are 74 numbers correspondingly.

Table 4.1 Gender of the Respondents

Gender	Frequency	Percentage
Male	56	43.
Female	74	56.9
Total	130	100.0

Source: Survey data, 2019

It can be seen that there are female 74 per cent and male 56 per cent of represents of gender distribution in this study therefore financial and banking holding tasks are handled by much more female than male. Moreover Yangon represents to numerous for Myanmar therefore female number is more than male in current situation.

4.2.2 Age Categories of Respondents

The table 4.2 shows that the age group of the respondents based on the banking activities of customers in Yangon. It is found that that the majority of the age group bank customers are 20 to 30 years and followed by 30 to 45 years age group customers.

Table 4.2 Number of Respondents by Age Group

Age (in year)	Frequency	Percentage
Under 20	5	3.8
20 up to 30	81	62.3
30 up to 45	34	26.2
45 up to 60	6	4.6
Above 60	4	3.1
Total	130	100.0

Source: Survey data, 2019

It can be seen that the highest percentage rate is 62.3% of respondents who are middle age group of 20 up to 30 years and second highest percentage is 26.2% of respondents who are between 30 up to 45 years.

4.2.3 Marital Status of Respondents

As depicted in the figure below, among total respondents of 130 numbers, 82 numbers are single, 43 numbers are married, and 5 only are other category correspondingly.

Table 4.3 Number of Respondents by Marital Status

Marital Status	Frequency	Percentage
Single	82	63.1
Married	43	33.1
Other	5	3.9
Total	130	100.0

Source: Survey data, 2019

It is shown that the customer of single status is the highest percentage of bank users at 63.1 %. Therefore it is more than married customer that represented only 33.1%. However other marital status customers are few numbers due to very low percentage of 3.9.

4.2.4 Highest Education Attained by Respondents

The level of education is divided into four groups: the degree of master, degree of bachelor, under graduate and lower to higher education. These groups are depicted in Table 4.4

Table 4.4 Number of Respondents by Education Level

Education	Frequency	Percentage
Lower to higher education	8	6.2
Under Graduate	30	23.1
Bachelor Degree	79	60.8
Master Degree	13	10.0
Total	130	100.0

Source: Survey data, 2019

It is found that the largest bank customer is bachelor degree holder by holding the highest percentage of 60.8 and the second largest customer is under graduate including 23.1 per cent. And the fewest bank customers are lower education customer comprising 6.2 per cent and second fewest bank users are Master degree holder surprisingly.

4.2.5 Occupation of Respondents

The below table illustrates the composition of the respondents by their type of occupations such as student, company Employee, government employee, department head manager, above manager, self-employed and others.

Table 4.5 Occupation of the Respondents

Occupation	Frequency	Percentage
Student	3	2.3
Company Employee	82	63.1
Government Employee	5	3.8
Department Head	7	5.4
Manager	7	5.4
Above Manager	6	4.6
Self-Employed	12	9.2
Others	8	6.1
Total	130	100.0

Source: Survey data, 2019

It is found that majority; about 63.1% of the respondents are private employee followed by 9.2% who are self-employees. Next category is others who may be retired or jobless during survey which comprised of 6.1 per cent. Manager and department head level comprised of 5.4 per cent as same portion and followed by government employee with the percentage of 3.8. The last category is student including only 2.3 per cent.

4.2.6 Monthly Income of Respondents

The below table 4.6 shows the group of respondents within the range of their income such as under 2 lakh, 2 to 5 lakh, 5 to 10 lakh and 10 to 15 lakh per month. In such categories, 64 numbers of respondents' income is 2 to 5 per month that is the highest percentage of total respondents. The least number of participants is 6 whose monthly income is 10 to 15 lakh among total 130 respondents.

Table 4.6 Number of Respondents by Monthly Income

Monthly Income	Frequency	Percentage
Under 2 Lakh	27	20.8
2 up to 5 Lakh	64	49.2
5 up to 10 Lakh	33	25.4
10 up to 15 Lakh	6	4.6
Total	130	100.0

Source: Survey data, 2019

The table above illustrates that majority of bank users are income level 2 to 5 lakh mmk per month comprising 49.2 per cent of the respondents and followed by 25.4 per cent who have monthly income level 5 up to 10 lakh mmk. It is also found that under 2 lakh mmk monthly incomes level comprised fair percentage of 20.8 however last category is much more monthly income level 10 up to 15 lakh mmk who may invest in other industry.

4.3 Purpose of Using Bank Services

In this below Table 4.7 shows customers' purpose to use bank service that was analysed by respondents in this survey.

Table 4.7 Purpose to Use Bank Service

Purpose	Frequency	Percentage
Enjoy Interest from saving	56	43.1
To use debit/credit card services	34	26.2
To use card transfer	44	33.8
To Use Shopping at Mall/Supermarket	17	13.1
To get Loan/Borrowing for Business	19	14.6
To use Mobile Banking/Internet Banking	39	30.0

To use card withdrawal at ATM Machine	88	67.7
Others	6	4.6

Source: Survey data, 2019

The respondents are asked the purpose of using banking services describing in which the first column of above table that is analysed the customer objectives of using services. It is found clearly that most respondents intend to withdraw at ATM machine with card that composed of 67.7 per cent. Secondly, some customer want to enjoy the interest from their saving which comprising 43.1 per cent of the respondents and followed by 33.8 per cent of respondents have purpose to use cash transfer who may be business person or not sufficient time or not able to go time to go bank.

It can be seen some respondents have the purposes to use mobile banking / internet banking and to use debit/credit card by composing the percentage of 30 and 26.2 that lead to become the customer of their bank. It is shown that 14.1 per cent of respondents have the purpose to get loan from the bank who may be the business men or entrepreneurs who are trying to start small business. The last scenario is some customers who want to use shopping mall / super market etc.: by composing 13.1 per cent until now however it have potential to grow due to increasing technology and more attractive to customer who are changing taste over time.

4.4 Analysis of Influencing Factors on Customer Choice of banks

There are identified five influencing factors on consumer choice of bank that had been analysed with the descriptive statistics in the study. In this section, it will be interrogated the extent to which social, cultural, personal, products & services and psychological factors influencing the consumer choice of bank.

In this part, it is analysed the interrelationships among a large number of variables that intend to explain these variables in terms of their common underlying dimensions/ factors. Data reduction statistical analysis has been used in this study and designed aiming to simplify the correlation matrix that reveals a small number of factors that can be explained the correlation.

Hair et al., 2005 described that Correlation coefficients vary from sample to sample, much more so in small samples than in large. Hence, the reliability of factor is as well dependent on sample size. According to Jeromy, 2007, in order to get reliable solution, analysing the factor requires about 150 participants.

In order to identify constructs and investigate relationship among key interval, the factors are analysed and coefficient can be positive or negative. The direction of correction is either positive or negative. The variables move in inverse or apposite direction in a negative correlation. In a positive correlation, variables move in the same direction. A correlation coefficient measures the strength of the relationship. It is known for the Pearson correlation coefficient requirements to assume that the relationship between two variables is generally considered strong when r value is larger than 0.7.

4.4.1 Social Factors

The table 4.8 explains that the social factors regarding customer choice that comprised of general information about respondents. These demographic factors are to be analysed how they influence consumer choice of bank as per theoretical view. Due to the objective of this study is the following demographic factors are influencing consumer behaviour on choice of banks shall be examined and the key factors among them.

Table 4.8 Social Factors

No	Statement	Mean	Std. Dev
1	I think it is important to get the suggestion of my friends in groups (e.g. friends hanging out together in tea shop, karaoke, high school union etc. :) when I choose the bank.	2.87	.254
2	I think the idea of my family (parents, spouse, and sibling) is important when I choose the bank.	3.29	.239
3	It is important to maintain my role and status when I choose the bank.	3.30	.291
4	It is important to contact easily with respective officer when I choose the bank.	3.56	.012

5	The friendliness of bank personnel is important when I choose the bank.	3.91	.090
Average Mean Score		3.37	

Source: Survey data, 2019

These social factors have average mean value 3.37 and third important factors. In this factors, the friendliness of bank personnel (mean = 3.91) and can contact easily with respective officer (mean = 3.56) have the two highest means that indicates the most important factors in determining the customer choice of banks. After that, to maintain my role and status (mean = 3.30) and the idea of my family (parents, spouse, and sibling) (mean = 3.29) have the second two highest means respectively so they can be assumed important factors.

4.4.2 Cultural Factors

The second is cultural factors that identify the dimension based on their tradition, relevancy of their social class, existing ethnic group, religion and group's idea.

Table 4.9 Cultural Factors

No	Statement	Mean	Std. Dev
1	I think that I should consider my tradition when I choose the bank.	2.73	.407
2	It is important to consider if it is relevant or not with my social class when I choose the bank.	2.94	.351
3	It is important that I should consider whether there are members of my ethnic group or not such as Rakhine, Shan, Mon when I choose the bank.	2.32	.447
4	It is important to consider my religion should be associated with my choice of bank.	2.36	.530
5	I think it is important to be in line with the ideas of my groups, such as biker, runner, yoga, teashop regarding their values (maintain dignity, type of account, use for business transactions etc.) when I choose the bank.	2.67	.443
Average Mean Score		2.60	

Source: Survey data, 2019

The cultural factors have average mean value 2.60 and least important factor in this study. It indicates that would be not effect/important for customer whether there are members of my ethnic group or not (mean = 2.32) that is most obvious as not important factor in this study.

4.4.3 Personal Factors

Personal factors in Table 4.10 is third factor among these factors that explain the facts such as to keep their family status, to main impression, to meet requirement of occupation, to consider the economic situation, to match with their life style and to get loan for business in which the key factors influencing the consumer of banks to be analysed.

Table 4.10 Personal Factors

No	Statement	Mean	Std. Dev
1	It is important to keep my family status when I considering to choose the bank.	2.72	.364
2	I think it is important to maintain my impression in the society when I choose the bank.	2.53	.458
3	It is important to meet the requirement of my occupation when I choose the bank.	3.43	.200
4	It is important to consider the necessary of my economic situation when I choose the bank.	3.46	.156
5	I think choosing the bank is important to match with my lifestyle.	2.86	.424
6	It is important to get loan for my business in line with the procedure when I choose the bank.	.358	.180
Average Mean Score		3.09	

Source: Survey data, 2019

The personal factor has mean value 3.09 that is also important factor and after the social factor in this study. It indicates that to meet the requirement of my occupation and to consider the necessary of their economic situation is the obvious as an important factor while to maintain impression (mean = 2.53) that is not important factor in this study.

4.4.4 Products and Services Factors

The following Table 4.11 is described the fourth factor which including items related to the efficiency of service quality, speed, minimum waiting time, getting new technological services, secured connectivity, one stop banking services, account opening procedure, location, interest rate, number of branches, marketing, attractive features of products and services, available updated notification and quick response of query.

Table 4.11 Product/Services Factors

No	Statement	Mean	Std. Dev
1	I think the efficiency of service quality (e.g. easy to take my salary by ATM card, available cash transfer with mobile payment etc. :) is important when I making choice of bank.	4.02	.964
2	High speed such as cash transactions/withdrawal based on IT infrastructure is important for me when I choose the bank.	3.81	.035
3	I think minimum waiting time at bank is important when I choose the bank.	4.02	.141
4	It is important to consider whether I can get new technological services or based on innovation if I choose the bank.	3.87	.030
5	It is important to have secured connectivity/security when I choose the banks.	4.27	.930
6	The provision of one stop banking service is important for me in choosing bank.	4.02	.984
7	Easy account opening procedure is important when I choose the bank.	3.87	.991
8	My convenience such as near location, car parking area, customer waiting area is important when I choose the bank.	4.04	.991
9	It is important to have high interest rate for saving when I choose the bank.	4.02	.936
10	I think it is important to have many branches for customer when I choose the bank.	3.95	.917
11	It is important the bank to do good marketing (offer such as: promotion, special incentives) for customers when I choose the bank.	3.48	.115
12	I think it is important to provide the attractive features of products	3.91	.897

	and services (e.g. debit /credit card, mobile payment service functions) when I choose the bank.		
13	It is important the bank to provide customer with updated notification/information when I choose the bank.	4.01	.879
14	I think it is important the bank I choose has quick response to customer queries in solving problems.	4.16	.891
Average Mean Score		3.95	

Source: Survey data, 2019

It is shown that the product and service factor (mean = 3.95) indicating most important factor influencing customer choice of banks which is related to the efficiency of the service such as easy to take salary by ATM card, available cash transfer with mobile payment etc., speed, minimum waiting time, providing new technological services & innovative products, secure connectivity, one stop service, easy account opening procedure, convenience location, high interest rate, number of branches, good marketing, attractive products such as debit/credit card, mobile payment, updated notification and quick response on queries.

The very important factor is secured connectivity (mean = 4.27) and quick response on customer query (mean = 4.16) and the least important item is good marketing to customers (mean = 3.48) compare to others.

4.4.5 Psychological Factors

Table 4.12 Psychological Factors

No	Statement	Mean	Std. Dev
1	I think that trust of public regarding bank's reputation is important when I consider choosing the bank.	3.99	.023
2	It is important to feel secure for me when I choose to keep in bank.	4.05	.975
3	For me loyalty is important by keeping my money in same	3.14	.304

	bank as a life time customer.		
4	It important to persuade my family and friends to join the bank I used.	3.10	.263
5	I think it is important to be feel proud for putting my money in my current bank.	3.31	.346
6	It is important to be able to pay by using card (e.g. credit/debit card, linked mobile phone software) during my shopping time and restaurant when I choose to get service from bank.	3.68	.027
Average Mean Score		3.55	

Source: Survey data, 2019

The following Table 4.12 shows the psychological factors that are more sophisticate and stimulating than other factors regarding the customer buying decision and these plays critical role in the study. These analyse the respondent's traits, such as trust, feeling about secureness, loyalty, persuasiveness, feeling proudness and able to pay with card during shopping time it is difficult to attribute the real facts in this findings.

This is the second important factor since the average mean score (3.55) resulting from the answers due to the statements in the above table. In these statements, perceived good security for financial matters (mean = 4.05) and bank reputation (mean = 3.99) contributing in the average mean score.

4.5 Consumers Choice of Bank

The below table 4.13 depicts the extent to which the social factors, cultural factors, personal factors, products & services factors, and psychological factors were on consumers making decision to choose the banks. These are the independent variables of the conceptual framework of this study.

Table 4.13 Consumer Choice of Bank

No	Statement	Mean	Std. Dev
1	I choose the bank because my private data are protected	4.05	.974
2	I choose the bank because of the size and network is obviously stronger than others.	3.15	.129
3	I choose the bank because of positive comments by Social Media and popularity among us.	3.48	.108

4	I choose the bank because of word of mouth and buzzes.	3.89	.894
5	I choose the bank because of published financial data and trust worthy history.	3.45	.181
Average Mean Score		3.60	

Source: Survey data, 2019

It can be clearly seen from the above table that customer private data protection accounts for the mean value 4.05 and this factor is under the category of products and service factor. Among these factors, relatively important factor is psychological factor that decision by word of mouth (mean = 3.89) and overall average mean score is 3.60.

4.6 Factors Influencing on Consumer Choice of Bank

In this study, the relationship of independent variables i.e, social, cultural, personal, products & services and psychological and dependent variable (consumer choice of bank) is measured through Pearson Correlation test. Pearson correlation is a statistical test that assesses the strength of the relationship between two numerical data variables according to Saunder et al (2009). In the Pearson Correlation test, the significance level 0.05 means there is 95% of confidence level. Therefore, the hypotheses only can be accepted if the significant p-value is less than 0.05 according to the Malhorta (2010).

Multiple regressions analysis was applied to influence the factors on customer choice of banks by multiple regression coefficients analysis. To develop the multiple regression models, consumer choice of bank is used as dependent variable and cultural, social, personal, psychological and products and services factors are used as independent variables. The results of the analysis on the factors influencing are exposed as below.

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

The Table 4.14 depicted regression coefficient value and also indicated the individual contribution of each predictor, factors to find the effect of variables on

international banking services. The value of (VIF) is less than 10 therefore the serial correlation and multi-collinearity problems were not detected in this analysis.

The R Square value is 0.810 which indicates 81.0 percent of variation is due to independent variables these are five factors of cultural, social, personal, products & service factors and psychological on the customer choice of banks. Adjusted R Square is 0.81 and all other independent variables are constant.

To analyze the influencing, the customer behavior in choosing the bank, the multiple regression analysis is conducted, and the results are reported in Table 4.14.

Table 4.14 Analysis of Multiple Regression Coefficients

Variable	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	.232	.166		1.393	.166	
Social	.045	.041	.056	1.101	.273	1.874
Cultural	.068	.035	.122	1.921	.057	2.862
Personal	.056	.041	.082	1.363	.175	2.460
Product	.364	.052	.367	7.050	.000	1.836
Psychological	.404	.050	.480	8.046	.000	2.412
N	130					
Adjusted R ²	.810					
F value	110.797** (.000)					
Durbin Watson	1.709					

Source: Survey data, 2019

These results show that the coefficients for product & service factors and psychological factors are significant. These results show that the coefficients for product and psychological factors are significant at 1% level since the results p value are less than 0.01. Remaining factors such as social, cultural and personal factors are not significant.

Additionally, the product and services factor is highly significant on consumer choice of banks and positive relationship consumer choice of banks therefore the advancement of banking product and service is rapidly increasing together with the growing choice of banks by customer in Myanmar. As per psychological factor is the also significant in this survey, banks need to be aware the customers' concern regarding trust and make secure while providing their service in the banking industry.

CHAPTER 5

CONCLUSION

The last chapter summarizes the study in three main sections which are findings and suggestion regarding awareness and improving banking services for customer. The finding highlights the most influencing factors consumer behavior on choice of banks and how effect to its extend on today consumer in banking industry.

5.1 Findings

The questionnaires were distributed to the bank user respondents of 130 to find out the reaction to the five influencing factors of social, personal, cultural, product and service, and psychological. The questions consist of 3 parts where part 1 is demographic, part 2 is factors influencing on consumer choices of banks and part 3 focuses on consumer choice of banks.

From the finding the products and services factor and psychological factor are the most influencing factors on consumers buying decision in choosing which bank to use. In the remaining factors, the cultural factor has the least influence on consumers buying decision.

The influencing factors on consumer buying decision are not the same from country to country and place to place. This is due to the differences in available bank product and services depending upon the demographic variable.

5.2 Suggestions

The suggestions are presented according to the result of the research. Based on the responses of the respondents, the following suggestions from customers related to factors influencing consumer choice of banking in Myanmar.

‘And from the customers’ response, it is suggested on-line transaction and IT connection to be secure and faster due to finding regarding to products and service offered by banks. The connection failure and error should be aware that is related to the customer concern especially for not familiar with IT customer and elder bank users.

Banks should be more awareness to improve the services due to customer changing taste and fast improving banking industry environment. As it was found that

out of five factors influencing the consumer behavior, the cultural factor is the least influencing factor. So it is suggested the bank to focus and position their marketing efforts to meet the expectation of the social class of their targeted bank customers.

A personal factor is the fourth influencing factors indicating that the bank customers have least interest in getting business loan from their bank. Therefore Banks are suggested to enhance their speed and to provide better services to attract these customers to get the business loans by using aggressive marketing and advertising.

Since the products and services factor is found the most influencing factor on the consumer behavior, the banks should enhance their products and services more. To retain this type of customers and attract new, banks should mainly consider choosing convenient locations in order to satisfy their consumer. From the finding from the customer choices of banks, it is suggested to widen the network and to open more branches so the customer will be more convenient and use more of their products and services.

5.3 Need for Further Study

The respondents from this study exhibit their behavior in various and unexpected ways different from person to person due to the psychological factors. The results are not as accurate as expected so it is needed to expend the scope of study to get more accurate results. And to get more accurate result and to confirm the study regarding consumer behavior on choice of bank need more detailed studies should be carried out to help the banking industry.

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APPENDIX

QUESTIONNAIRES

The following questions ask your consent/views towards the choices of banks in Myanmar. Results are for partial fulfillment of Master of Banking and Finance, Yangon University of Economics, Myanmar. All information herein that the respondents provided in this survey questionnaire will be treated with utmost confidentiality. Please kindly answer all the questions in below survey questionnaire spread sheet. I am highly appreciated for your corporation by spending your precious time answering it.

* After reading each question please tick ✓ the radio button ○ of the choice that you made.

Part (1) Demographic profile Analysis

1. Gender

- Male Female

2. Age

- Age under 20 years Age 20 up to 30 Age 30 up to 45
 Age 45 up to 60 Age over 60

3. Marital status

- Single Married

4. Level of education

- Under High School High School Undergraduate
 Graduate Post Graduate (Master/PhD)

5. Type of Occupation and positions

- Student Private Company staff Government staff
 Head of Department above Manager Senior manager and above
 Self-employed / in business Others

5. Monthly income (Kyat)

- Less than 200,000 200,001 to 500,000 500,001 to 1,000,000
 1,000,001 to 1,500,000 Above 1,500,000

Part (2) (Information about factors affecting consumer’s choice of Banks in Myanmar)

This part contains statements regarding most influence factors of consumer choice of banks in Myanmar.

7. Using bank services to get following purposes? (Please tick more than one if you have more than one reason)

- | | |
|-----------------------------------------------------------------------|-------------------------------------------------------------|
| <input type="checkbox"/> To enjoy interest from Saving | <input type="checkbox"/> To get Loan/Borrowing for business |
| <input type="checkbox"/> To use debit/credit card services
Banking | <input type="checkbox"/> To use Mobile Banking/ Internet |
| <input type="checkbox"/> To use Cash Transfer
Machine | <input type="checkbox"/> To use Cash Withdrawal at ATM |
| <input type="checkbox"/> To use Shopping at Mall/Supermarket | <input type="checkbox"/> Others |

Please indicate in the following table, the level of importance of criteria you did consider when choosing the banks in Myanmar by ticking in a radio button under appropriate column.

Likert scales are assigned as follows:

Very Important=5 Important= 4 Neutral =3 Little Important = 2 Not Important = 1

***Note: there is only ONE answer possible for each statement.**

	FACTORS & ITEMS	Very Important	Important	Neutral	Little Important	Not Important
Q 8	Factor 1: Social Factors					
1	I think it is important to get the suggestion of my friends in groups (e.g. friends hanging out together in tea shop, karaoke, high school union etc. :) when I choose the bank.	<input type="radio"/>				
2	I think the idea of my family (parents, spouse, and sibling) is important when I choose the bank.	<input type="radio"/>				
3	It is important to maintain my role and status when I	<input type="radio"/>				

	choose the bank.					
4	It is important to contact easily with respective officer when I choose the bank.	<input type="radio"/>				
5	The friendliness of bank personnel is important when I choose the bank.	<input type="radio"/>				
Q 9	Factor 2: Cultural Factors					
1	I think that I should consider my tradition when I choose the bank.	<input type="radio"/>				
2	It is important to consider if it is relevant or not with my social class when I choose the bank.	<input type="radio"/>				
3	It is important that I should consider whether there are members of my ethnic group or not such as Rakhine, Shan, Mon when I choose the bank.	<input type="radio"/>				
4	It is important to consider my religion should be associated with my choice of bank.	<input type="radio"/>				
5	I think it is important to be in line with the ideas of my groups, such as biker, runner, yoga, teashop regarding their values (maintain dignity, type of account, use for business transactions etc.) when I choose the bank.	<input type="radio"/>				
Q 10	Factor 3: Personal Factor					
1	It is important to keep my family status when I considering to choose the bank.	<input type="radio"/>				
2	I think it is important to maintain my impression in the society when I choose the bank.	<input type="radio"/>				
3	It is important to meet the requirement of my occupation when I choose the bank.	<input type="radio"/>				
4	It is important to consider the necessary of my economic situation when I choose the bank.	<input type="radio"/>				
5	I think choosing the bank is important to match with my lifestyle.	<input type="radio"/>				
6	It is important to get loan for my business in line with the procedure when I choose the bank.	<input type="radio"/>				
Q 11	Factor 4: Product/Service Factor					
1	I think the efficiency of service quality (e.g. easy to take my salary by ATM card, available cash transfer with mobile payment etc. :) is important when I making choice of bank.	<input type="radio"/>				
2	High speed such as cash transactions/withdrawal based on IT infrastructure is important for me when I choose the bank.	<input type="radio"/>				
3	I think minimum waiting time at bank is important when I choose the bank.	<input type="radio"/>				
4	It is important to consider whether I can get new technological services or not based on innovation if I choose the bank.	<input type="radio"/>				
5	It is important to have secured connectivity/security	<input type="radio"/>				

	when I choose the bank.					
6	The provision of one stop banking service is important for me in choosing bank.	<input type="radio"/>				
7	Easy account opening procedure is important when I choose the bank.	<input type="radio"/>				
8	My convenience such as near location, car parking area, customer waiting area is important when I choose the bank.	<input type="radio"/>				
9	It is important to have high interest rate for saving when I choose the bank.	<input type="radio"/>				
10	I think it is important to have many branches for customer when I choose the bank.	<input type="radio"/>				
11	It is important the bank to do good marketing (offer such as: promotion, special incentives) for customers when I choose the bank.	<input type="radio"/>				
12	I think it is important to provide the attractive features of products and services (e.g. debit /credit card, mobile payment service functions) when I choose the bank.	<input type="radio"/>				
13	It is important the bank to provide customer with updated notification/information when I choose the bank.	<input type="radio"/>				
14	I think it is important the bank I choose has quick response to customer queries in solving problems.	<input type="radio"/>				
Q 12	Factor 5: Psychological Factor					
1	I think that trust of public regarding bank's reputation is important when I consider choosing the bank.	<input type="radio"/>				
2	It is important to feel secure for me when I choose to keep in bank.	<input type="radio"/>				
3	For me loyalty is important by keeping my money in same bank as a life time customer.	<input type="radio"/>				
4	It important to persuade my family and friends to join the bank I used.	<input type="radio"/>				
5	I think it is important to be feel proud for putting my money in my current bank.	<input type="radio"/>				
6	It is important to be able to pay by using card (e.g. credit/debit card, linked mobile phone software) during my shopping time and restaurant when I choose to get service from bank.	<input type="radio"/>				

Part (3) Consumers Choice of Bank

Q 13. Consumers Choice of Bank

Please give your opinion on the following factors that influence your decision making for choosing bank in Myanmar.

High Effect=5 Effect=4 Neutral=3 Low Effect= 2 Very Low Effect=1

Factors		High Effect	Effect	Neutral	Low Effect	Very Low Effect
1	I choose the bank because my private data are protected	<input type="radio"/>				
2	I choose the bank because of the size and network is obviously stronger than others.	<input type="radio"/>				
3	I choose the bank because of positive comments by Social Media and popularity among us.	<input type="radio"/>				
4	I choose the bank because of word of mouth and buzzes.	<input type="radio"/>				
5	I choose the bank because of published financial data and trust worthy history.	<input type="radio"/>				