

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE  
MASTER OF BANKING AND FINANCE PROGRAMME**

**IMPORTER ATTITUDE TOWARDS TRADE FINANCING IN  
INTERNATIONAL BANKING SERVICES OF ASIA GREEN  
DEVELOPMENT BANK**

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MBF Day 1<sup>st</sup> Batch**

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## **ABSTRACT**

This study investigates customer satisfaction on international banking service of trade financing in Asia Green Development Bank. Totally, there are 70 companies of trade financing in Asia Green Development Bank. Among them, the study focuses on service of 50 companies of trade financing in Asia Green Development Bank. The primary data collected by using questionnaires of 50 respondents who deal with the trade financing service in the international banking service in AGD bank were interviewed to know their satisfaction and working days of two weeks by using survey questionnaires collection. It is chosen based on simple random sampling method. To determine customers' satisfaction, the study uses tri component model in which customers' satisfaction. The service level is determined by customer satisfaction on three components namely cognitive, affective and behavioral, it is found that affective component on the tri component model is the weakest component. Thus it could be suggested that Asia Green Development should pay attention like that the other two factors. With regard to the cognitive factor is the most satisfactory on the responsiveness component. Based on the findings, the ways to improve importer attitude on service level of trade financing in Asia Green Development Bank such as training on emotional intelligence customer relationship management and improving management competency to improve their service quality are suggested.

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# TABLE OF CONTENTS

ACKNOWLEDGEMENTS

ABSTRACT

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ABBREVIATIONS

<b>CHAPTER I</b>	<b>INTRODUCTION</b>	<b>Page</b>
	1.1 Rationale of the Study	2
	1.2 Objective of the Study	4
	1.3 Method of the Study	4
	1.4 Scope and Limitation of the Study	5
	1.5 Organization of the study	5
<b>CHAPTER II</b>	<b>LITERATURE REVIEW</b>	
	2.1 Definition of Trade Financing	8
	2.2 Types of International Banking Services	11
	2.3 Tri-component Attitude Model	15
<b>CHAPTER III</b>	<b>BACKGROUND STUDY ON INTERNATIONAL BANKING SERVICE OF ASIA GREEN DEVELOPMENT BANK</b>	
	3.1 Profile of Asia Green Development Bank	18
	3.2 Trade Financing in International Banking Services	20
	3.3 Commitments to Customers	23
<b>Chapter IV</b>	<b>ANALYSIS ON CUSTOMERS ATTITUDE TOWARDS TRADE FINANCE IN INTERNATIONAL BANKING SERVICES</b>	

4.1	Research Methodology	24
4.2	Demographic Profile of Respondent	25
4.3	Background Characteristics of Importers	26
4.4	Importer's Attitude toward trade financing services	30

## **CHAPTER V CONCLUSION**

5.1	Finding and Discussion	40
5.2	Suggestions	41
5.3	Need for further Study	42

## **REFERENCE**

## **CHAPTER I**

### **INTRODUCTION**

Trade is essential for a country's economic development and engine of growth. For many developing countries, income level will be increase lower income to middle income, middle income to upper income level by trading. Trade is a significant percentage of national income and competitiveness in international markets has a huge bearing on their overall macroeconomic performance and development prospects. Developing the national trade policy is a complex process. It requires decision involving various levels of the government, companies and business associations consumer organization, trade unions and other members of civil society. Trade policy development to help achieve the best results. The effective trade policy is necessary for both importer and exporter. Therefore, the government undertakes economic reforms which the banking sector for international trade to play a role in all sectors of the economy.

Trade exists between regions because different regions have a comparative advantage in the production of some tradable commodity, or because different regions' size helps getting benefits of mass production. International trade is the exchange of goods and services between countries. This type of trade gives rise to a world economy. International trade involves business to business transaction. Trading globally provides consumers and countries the opportunity to be exposed to goods and services not available in their own countries. The world's market economies have become increasingly integrated. Imports and exports as a share of national output have risen for most industrial nations, while foreign investment and international lending have expanded.

In global marketplace, trade financing has been an important aspect. Trade financing makes import and export transactions possible for entities, ranging from a small business importing its first private-label product from overseas, to multi-national corporations importing or exporting large amounts of inventory around the globe each year. The significant advantages of trade finance are a relatively easy way to arrange short-term financing, supports business to focus on growth activities and the financing is

secured against the goods or backed by an insurance policy. So, every country is using the trade financing as banking service for growth of its international trade.

### **1.1 Rationale of the Study**

This study is mainly focus on the importer attitude towards trade financing in the international banking services. In Myanmar, banking sector is not well developed like other developed countries. The early period of 2012, after some commercial banks in Myanmar had been granted AD license to provide International bank services. The role of Local Bank services has been gradually improving and their products and services are varying.

Nowadays in Myanmar, banks are playing an important role in the economic development and consequently, banking sector development can contribute to the economic development of country and private banks are now on the increase. We use more modernize banking facilities with worldwide to connect the expansion of banking services such as money transfer, guarantee, foreign exchange, international payment and etc.

Without banks, the international finance and import-export industry would not exist. Banks are able to be reliable transfer of funds and translation of business practices between different countries and different customs all over the world. The global nature of banking also makes possible the distribution of valuable economic and business information among customers and the capital markets of all countries. Banking also serves as a worldwide barometer of economic health and business trend. Import and export operations in Myanmar are easier and more profitable. In international commercial procedure, sellers and buyers under the sale get the best conditions for themselves.

Myanmar financial sector consist of state-owned banks, private banks, other financial insurance institution, foreign bank's branches and foreign representative offices. Banking services are surrounded with conditions of uncertainly and customer trust and confidence are of great importance for banks to survive and be successful in banking sector. Therefore, it is necessary for commercial banks to establish a trusted long-term relationship with customers for successful business and becoming well recognized name in the industry.

Oil and Natural gas are the main export in Myanmar. Other exports include vegetables, wood, fish, clothing, rubber and fruits. Myanmar's main export partners are China, India, Japan, South Korea, Germany, Indonesia and Hong Kong. Exports in Myanmar is nearly 1,179 USD Million in October of 2018. Myanmar main imports fuel, vegetable oil, vehicle, pharmaceutical products, construction equipment, polymers, tires and machinery. Myanmar mainly imports partners are China, Japan, India, Indonesia, Germany, France and Hong Kong. Imports in Myanmar is nearly 1,489 USD Million in October of 2018. Importer is more than exporters in Myanmar. Myanmar exports of goods and services as percentage of GDP is 19.96% and imports of goods and services as percentage of GDP is 27.99%.

Asian Development Bank(ADB) and the Government of Myanmar signed an agreement on Trade Financing Program (TFP) in September 2015. This program help increase Myanmar's international trade. The ADB will guarantee trade finance instruments such as letters of credit, issued by local banks. Under the agreement, the ADB will also provide credit facilities and technical assistance to Myanmar banks, and will help local banks form relationships with international banks. It will also help to strengthen bank's capacity to use new trade finance tools.

Among private banks, it is very interesting to study Asia Green Development Bank which is using modern information and communication technology (ICT) in providing their financial services to their customers but others are using traditional ways. Under the management and direction of the board of directors Asia Green Development Bank has been able to position itself as one of the most known and reliable banks in Myanmar. Asia Green Development Bank have so many branches and it is one of the well-known for its varieties of financial services including international banking services and trade facilities.

Asia Green Development Bank Limited is providing trade financing service to customers for international trade. In, addition, Asia Green Development Bank Limited is expanding bank branches throughout the country and its profits are on the increase. Its popularity is also rising to be interesting and to be studied.

Base on the result of this study, Asia Green Development Bank can review and evaluate their trade financing in international banking services are efficient and effective for their customer and are performing the high level services quality among the other commercial banks.

This thesis attempts to touch the international banking services, trade financing of Myanmar importer's attitude and the related effects.

## **1.2 Objectives of the Study**

The objectives of this study are as follows:

- To study the trade financing service in Asia Green Development Bank.
- To analyze the importer attitude towards trade financing service.

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

This study analyzes customer satisfaction on tri component attitude model rendered by trade financing in international banking services of AGD bank. This thesis is focus on international banking service and effect of this service in importer attitude. The respondents of this study consist of customers who deal with trade financing in international banking services of AGD Bank. In this study, the respondent was selected on working days of two weeks using survey questionnaires collection. After the ascertaining of the validity, the data was analyzed to reach at conclusions regarding the importer who used the trade financing in international banking services of AGD bank recently being operated in 2013 and so the scope of this thesis is limited to period from 2016 to 2018 and 50 companies of trade financing in international banking service were randomly selected from the importer of trade financing in international banking service of Asia Green Development bank. The tri component model measured and investigated from the importer's attitude.

## **1.4 Method of Study**

A questionnaire composed of questions related to different aspects of customer satisfaction was designed based on tri components attitude model. Primary data is collected through sample survey. The customer population used in this study was limited to customer coming on trade financing in international banking services. Using

systematic sampling technique, 50 companies of trade financing in international banking service were randomly selected from the importer of trade financing in international banking service of Asia Green Development bank. And the data are obtained from the sample companies by using well-structured questionnaires.

Respondent were asked to rate their satisfaction to the item of overall satisfaction. 5 Likert-type scale rate ranged from strongly disagree, disagree, neither agree nor disagree, agree and strongly agree. These three attributes of tri components attitude model include Affective, Behavioral and Cognitive.

Secondary data is received from collecting data from all relevant books, documents, articles, journals, published and unpublished research works and online articles that are found to be available.

## **1.5 Organization of the Study**

This study consists of five chapters: Chapter (1) mentions introduction of the rationale, objectives, scope and limitation of the study and method of study. Chapter (2) presents description of literature review which covers theoretical background on Trade, Banking Sector included Trade Financing service; (3) mentioned an overview of International Trade and Banking Service in Myanmar, Chapter (4) includes study on Importer's Attitude towards Trade Financing in international banking services of Asia Green Development Bank and Chapter (5) concludes with findings and suggestions.

## **CHAPTER II**

### **LITERATURE REVIEW**

This Chapter focuses on the literature review on the importance of trade financing and the attitude of importers on international banking services on bank of theoretical background. Trade is an international changing of commodities, inputs and technology which promotes welfare in two ways. It extends the market of a country's output beyond national frontiers and may ensure better prices through exports.

Importing makes available commodities, inputs and technology which are either not available or are available only at a higher price, thus taking consumers to a higher level of satisfaction. Two of the concept in the economics of international trade are specialization and comparative advantage. It seems readily apparent that countries can benefit from trade if each country does something better than the other.

International trade is support for the development of economics and wealth of societies. National governments are well benefits from the international trade. Credit and credit insurance is help to the importers differing expectations when the payment systems. International banking is just like any other banking service. It takes place across different nations or internationally. To put in another way, international banking is an arrangement of financial service by one bank of one country to the another country. Mostly multinational companies and individuals use this banking facility for transacting. International banking facility provides flexibility to the multinational companies or individuals can deal with include euro, dollar, pounds, sterling, and rupee. The companies having headquarters in other countries can manage their bank accounts. It is avail financial services in other countries through international banking without nay hassle.

International banking provides accessibility and ease of doing business to the companies from different countries. An individual or companies can use their money using around the world. It is a freedom to transact and use their money to meet any requirement of funds in any part of the world. International banking is a necessary tool for trade business and activities. There are many banks offering international banking services, but it is necessary to choose a bank that adept in providing the required international services and products that the business which the nature of the business is

the import and or export of good. International banks offer many products and services that enhance any global company's business.

Finance is the backbone of a business. Finance is crucial to the success and failure of a business. Many Start-up, business's and organization see success as well as failure's just because of their finance. Finance is a wide term, it not only includes getting money or arranging money for a business but also its management, effective and efficient utilization. Many business's does not even start because they are not able to arrange finance, while other's those who have they fail because they fail to utilize the available finance to the fullest.

The character of international banking services is different from domestic bank. Foremost, international banking services have the imports of their client by arranging trade financing.

Import financing has various forms of credit options. It is allow international traders in particular to solve their cash-flow problems. It is also referred to as trade, stock or inventory finance depending on the regional context. It could be any form of credit facility that allows an import trader to gain access to cash reserves needed to further business objectives and grow their firms.

Import financing is the capital that is used to bring goods into the country. Import transaction can be a significant burden on a company's cash-flow because the delays and complications often involved mean money is paid out long before the goods are delivered. As well as the cash-flow burden, changing freight rate and import tariffs add costs and uncertainty to the transaction.

Importing has many benefits such as lower price, higher quality goods and gaining a competitive advantage. However, there are just as many challenges associated with doing business overseas, such as long payment terms, having to buy large volumes and over-trading (doing more business than available funds can support). All of which can lead to the business performing poorly or even failing.

Benefits of using Import Financing: There are numerous reasons why you should use import finance to grow your business. There are improve negotiation capacity, prevent cash flow problems, increase gross profits, provide convenient repayment terms, risk mitigation and makes a trader competitive.

## **2.1 Definition of Trade Financing**

The global trade financing market are started after Lehman bankruptcy in 2008, often at rates comparable to declines in the value of trade. In many cases, trade finance subsequently rebounded quickly. The global financial crisis demonstrated that trade financing is a broad concept that encompasses various products, mechanisms, and players.

The World Bank is an international financial institution that provides loans to developing countries for capital. The World Bank's official goal is the reduction of poverty. Its decisions must be guided by a commitment to promote foreign investment, international trade, and facilitate capital investment. The World Bank comprises two institutions: The International Bank for Reconstruction and Development (IBRD) lends to governments of middle-income and creditworthy low-income countries. The International Development Association (IDA) provides interest-free loans called credits and grants to governments of the poorest countries.

Trade financing represents the financial instrument and products that are used by companies to facilitate international trade and commerce. Trade Financing is also a short to medium term working capital solution which uses the security of the stock or goods being imported as a guarantee. Trade financing makes it possible and easier for importers and exporters to transact business through trade. Trade financing is an umbrella term meaning it covers many financial products that banks and companies utilize to make trade transactions feasible. The function of trade financing is to introduce a third party of transaction to remove the payment risk and supply risk. Trade financing provides the exporter with receivables or payment according to the agreement while the importer might be extended credit to fulfill the trade order. Trade financing is different than conventional financing or credit issuance. General financing is used to manage solvency or liquidity, but trade financing may not necessarily indicate a buyer's lack of funds or liquidity. Trade financing may be used to protect against international trade's unique inherent risks, such as currency fluctuations, political instability, issues of non-payment, or the credit worthiness of one of the parties involved.

A few of the financial instrument used in trade financing are lending lines of credit, letters of credit, factoring, export credit or working capital, insurance. Some 80 to 90 percent of world trade relies on trade financing. (World Trade organization-WTO).

Trade financing is more than regular lending. It refers to innovative financial products and services that assist importers and exporters to fulfill their financing needs. It is a source of working capital for many traders in need of financing to procure, process or manufacture products before sale in future. It is important for individual traders and firms trading internationally, because it can shape competitiveness of their contract terms. Trade financing is therefore important for any country as it facilitates international trade. As international trade increase, so does the importance of trade financing.

A common solution to this problem is for the importer's bank to provide a letter of credit to the exporter's bank that provides for payment once the exporter presents documents that prove the shipment occurred, like a bill of lading. The letter of credit guarantees that once the issuing bank receives proof that the exporter shipped the goods and the term of the agreement have been met, it will issue the payment to the exporter. With the letter of credit, the buyer's bank assumes the responsibility of paying the seller. The buyer's bank would have to ensure the buyer was financially viable enough to honor the transaction. Trade financing helps both importers and exporters build trust in dealing with each other and thus facilitating trade. Trade financing allows both importers and exporters access to many financial solutions that can be tailored to their situation, and often, multiple products can be used in tandem or layered to help ensure the transaction goes through smoothly.

Another benefit from the trade financing, reducing the risk of nonpayment and non-receipt of goods, trade financing has become an important tool for companies to improve their efficiency and boost revenue. Trade financing helps companies obtain financing to facilitate business but also it is an extension of credit in many cases. Trade financing allows companies to receive a cash payment based on accounts receivables in case of factoring. A letter of credit might help the importer and exporter to enter a trade transaction and reduce the risk of nonpayment or non-receipt of goods. As a result, cash flow is improved since the buyer's bank guarantee payment, and the importer knows the goods will be shipped. Trade financing ensures fewer delay in payments and in shipments

allowing both importers and exporters to run their businesses and plan their cash flow more efficiently. Think of trade financing as using the shipment or trade of goods as collateral for financing company growth.

Advantages and disadvantages of Importing are importing raw materials and goods is one of the paths of increasing the profit margins. There are number of benefits in importing the goods, such as high quality, low prices, and benefits related to the international trade. An importer can have the comparative advantage which means lower prices (Jones, 2006). Also the importer can have the much cheaper products from the foreign market due to low labor cost, low taxes etc. in terms of quality, the importer can have the higher quality goods and produce the finished goods with high quality and extend the business profit margins. In some countries, government provides the support to the importer for developing the trade relations (Nelson and Winter, 2007).

Government provides the information of the manufacturers and producers in the foreign country so that the importer can purchase the high quality and low price goods. Also due to the government involvement reduces the transaction risk. An importer can access to the regionally exclusive resources and cheap labor for producing the goods. These resources are required in the manufacturing process that have specialized skills and can be sound in certain countries. For example, in electronic items, Japanese people are highly efficient and manufacturer in UK use the labor from Japanese market for producing goods. The importing of resources includes everything starting from labor to technology (Fortanier, 2008).

Some other problems can also be increased due to import of goods such as conflict in the domestic values due to the acceptance of social values. The domestic industries can also be crippled due to the import of the countries where the wages are low and the domestic industries are unable to compete since they cannot lower down their prices of goods than the cost of goods and also they have the obligation to the worker union (Hertner and Jones, 2007).

Overview of Trade Financing Products are inter-firm or supply-chain financing, open account, traditional bank financing, investment capital, working capital, pre-export financing, payment mechanisms and liquidity: letter of credit (LC), supplier credit, buyer

credit, factoring and forfaiting, Risk Management (Advancement payment guarantee, performance bonds, refund guarantees, hedging, export credit insurance and guarantees, and export credit guarantees.

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

There are many types of international banking services: Letter of credit (LC), TT (Telegraphic Transfer), Guarantee, Money Changer, A/C opening and foreign exchange.

### **Letter of credit**

A letter issued by a bank to another bank (especially one in a different country) to serve as a guarantee for payments made to a specified person under specified conditions. An import letter of credit is an unconditional undertaking, given by a bank (the issuing bank) at the request of their customer (the applicant or import) to pay the beneficiary (or supplier) against stipulated documents, provided all the terms and the conditions in the letter of credit are complied with.

A letter of credit is a payment method used to discharge the legal obligations for payment from the buyer to the seller, by having a bank pay the seller directly. Letters of Credit are issued and formatted under the guidelines of the Uniform Customs & Practice for Documentary Credits, or the UCP 600, that is issued by the International Chamber of Commerce (ICC). Using one is fairly straightforward, both for businesses selling and those buying goods and services. One of the parties, usually the importer, will contact a bank to serve as an intermediary and to guarantee to the seller that the goods will be paid for according to the agreement. All parties involved need to agree to the terms and sign the contract. This lowers the risk of doing business significantly, as Letters of Credit are legally binding documents that are acknowledged by 175 countries worldwide.

Letters of Credit are useful to any business that trades in large volumes, both domestically, and cross-border. They are important to ensure the cash flow of a company and lowers the risk of default due to non-payment from the end customer. Additionally, a LC can benefit companies that structure their business around e-Commerce or services. International traders or wholesale producers of goods are the primary users of Letters of Credit. These types of company need to be certain that they will not suffer losses from selling to overseas buyers that they are unfamiliar with. In the unfortunate case that the recipient of the goods is unwilling or unable to pay the seller, the LC is activated, and

under the terms of the agreement, the bank will be obliged to cover the missing payment. After the intermediary completes the payment, the bank will deal with the buyer according to the domestic law of the country where the buyer is located.

The names of LC types are: Irrevocable LC, Revocable LC, Stand-by LC, Confirmed LC, Unconfirmed LC, Transferable LC, Back-to-Back LC, Payment at Sight LC, Deferred Payment LC and Red Clause LC.

The main disadvantage of using an LC compared to other methods is the relative cost of insurance, that may increase the overall cost of doing business. Letters of Credit should be used primarily on large shipments that may influence the liquidity and cash flow of the company, as well as when doing business with international buyers and sellers. Additionally, an LC creates an issue for sellers, as the payment will be based on the documentation, and not the actual goods or services provided. Sellers need to be certain that the goods mentioned in the agreement are exactly as they are, with every minute detail included. Finally, the disadvantage for the buyer is that the payment is connected to the documentation and not the actual provision of goods and services. Buyers need to ensure that all received products are exactly per specifications and have no flaws or damages before they create the necessary documentation that proves that they have received the goods.

Letter of credit is used for avoiding payment risk and for higher value transactions. It is fairly a safe method of payment unless there are some restrictive clauses. However, it is an expensive method both to the seller and buyer because the bank charges are high and for every amendment there are charges levied by the bank.

### **Telegraphic Transfer (TT)**

T/T stands for telegraphic transfer, a form of bank transfer. It is one of the simplest forms of international transfers. In traditional international trade, it's risky for buyers to pay using bank transfers because their money goes into the suppliers' bank account directly before they are able to receive their order.

TT, Telegraphic Transfer of money was effected by a cable message service from one bank to another to transfer money. Before introduction of Telegraphic Transfer, money had been transferred directly between banks via a Telex message sending directly from one bank to another. TT payment was very popular prior to existence of electronic

payment networks. Telegraphic transfer is operated by cable message and TT is treated one of the other electronic fund transfers.

TT transfer is usually used for advance payment of smaller values. It is used in international trade when one knows the seller very well, is well established and has already built up trust in the market. Normally, you will see sellers of spices, low value machinery and low value agro-products asking for advance payment. in full. Hence, it makes sense to use TT method for payments as the charges are less compared to other methods though it may be very risky.

### **Guarantee**

A financial guarantee is a non-cancellable 'promise' backed by a bank or insurer to underwrite a contract and make payments to a recipient if its terms are not met. Guarantees provide firms with security by ensuring that their capital will be repaid in the event of issues with the fulfilment of a contract they are engaged in. Given trade finance deals are often conducted between companies in jurisdictions which are remote from or unfamiliar to those involved, guarantees can provide both lenders and participants with the security required for them to engage in profitable international trade ventures.

Although the core concept of a guarantee remains the same however they are used, there are several types of guarantee which banks can provide to businesses to secure their financial operations in different contractual situations. In trade finance, guarantees have three common uses.

First, guarantees can provide security to importers providing part payment or deposits to international suppliers that the finance they provided is secure in the event of the supplier failing to fulfil that contract. This product, called an advance payment guarantee, is provided by a third party (such as a bank) to the party at risk (the importer). Second, guarantees can also protect importers against the risk that a supplier will not fully fulfil the terms of a contract because of errors, delays, or lack of quality. Instead, banks secure importers' financial outlay against these risks using performance guarantees, which underwrite penalty fees or compensation payments made in contracts for failure to fulfil them. Finally, in jurisdictions where financial institutions cannot directly assume guarantees (such as the United States), banks within those jurisdictions

will typically offer guarantee obligations through other mechanisms, such as standby letters of credit (SLCs).

### **Types of Guarantee**

In the event that there is failure to deliver the services or goods to the Buyer, the bond can be 'called' and the Buyer can receive financial compensation from the bank. A Bid or Tender Bonds: A Tender or Bid Bond is usually for between 2% and 5% of the contract value, and the aim is to guarantee that the contract will be taken up if it is awarded. In the event that the contract is not taken up, then there will be a resultant penalty for the value of the Bond. The Tender Bond usually commits both the Seller and its Bank to joining in a Performance Bond if the contract is granted. A Tender Bonds will serve to not permit the submission of frivolous tenders.

Performance Bonds: Performance Bonds guarantee that a product will be of a certain standard and a penalty is payable if they are not. The amount that is payable will be around 10% of a stated percentage of the contract price. This will usually be issued when a Tender Bond is cancelled. The Bonds act as financial guarantees and have no warranty that a bank will complete on a contract in the event that the customer fails to do so. A performance bond is usually issued by a bank or insurance company to guarantee satisfactory completion of a project by a contractor. When there is a task where a payment and performance bond required then it will need a bid bond, to bid for the job. At the point where the work is awarded to the winning bid, a payment and performance bond will be needed as security of the job completion.

Advance Payment Bonds: This will provide protection to the Buyer when an advance or progress payment is made to the Seller prior to completion of the contract. The Bonds undertake that the Seller will refund any advance payments that have been made to the Buyer in the event that the product is unsatisfactory. This is typical in large construction matters where a contractor will purchase high-value equipment, plant or materials specifically for the project. The bond will protect in the event of failure to fulfil its contractual obligations e.g. due to insolvency. They will usually be on-demand bonds, meaning that the value set out in the bond is immediately paid on a demand, without any need for preconditions to be met. This is in contrast to a conditional bond where there is

only liability if there is a breach of contract (or certain event has occurred as set out in the bond).

Warranty or maintenance bonds: These provide a financial guarantee to cover the satisfactory performance of equipment supplied during a specified maintenance or warranty period. The undertaking is by a bond issuer to pay the buyer an amount of money if a company's warranty obligations for products that are provided are not met and the amount will often be as a stated percentage of the export contract value. A warranty bond may be conditional or unconditional. If conditional, it may be a condition of the contract that a warranty bond is purchased before a buyer makes the final payment. In the event that obligations are not met, the buyer can call the warranty bond (requesting payment). The bond is returned by the buyer at the end of the warranty period if the product that is provided has met the specifications. A guarantee is issued by a bank on the instruction of a client and is used as an insurance policy, to be used when one fails to fulfil a contractual commitment.

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

Service is activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Services industries vary greatly. The government offer services through courts, employment services, hospitals, alone agencies, military services, police and fire department, postal service, regulatory agencies and school. The private nonprofit organization offer service through museums, charities churches, colleges, foundations and hospital. A large number of business organization offer services-airline, transportation service, bank, hotels, insurance companies, consulting firms, medical and law practices, entertainment companies, real estate firms, advertising and research agencies and retailers.

Customer satisfaction refers to how satisfied customers are with the products or services they receive. the tri component attitude model states that attitudes are composed of three components, a knowledge (cognitive) component, feeling and emotional (affect) component and the action (conative) component. The knowledge or the cognitive component comprises the cognitive processes that lead to the formation of attitudes. The knowledge or cognitive component of the tri component model consists of customers' knowledge about the products or service offering.

Customer attitudes are formed on the basis of experiences as well as information received from personal as well as impersonal sources of information that are retained in one's memory. These get shaped by beliefs and opinions, where the customer begins to perceive that the attitude object (person, situation or thing) possesses certain attributes and acts of behavior would lead to outcomes. The beliefs and opinions get repeatedly reinforced, and finally give rise to attitudes. This knowledge component leads to emotional component.

Attitudes can be defined as evaluations of ideas, events, objects, or people. Attitudes are generally positive or negative, but they can also be uncertain at times. For example, sometimes we have mixed feelings about a particular issue or person. Regardless, attitudes are an important topic of study for social psychologists because they help determine what we do - what we eat, how we vote, what we do with our free time, and so on. Every attitude has three components that are represented in what is called the **ABC model of attitudes**: A for affective, B for behavioral, and C for cognitive. (Leon G. Schiffman and Laslie Lazar Kanuk)

**Cognitive Component:** Beliefs a consumer has about an attitude object. The knowledge and perceptions we have about the object Based on personal experience with the object and information from various sources (e.g., opinions of others, ads, articles, etc.) This knowledge and perceptions commonly take the form of beliefs.

**Affective Component:** The way a consumer feels/emotion about an attitude object. A consumer's emotions or feelings about a particular product or brand. A reaction to the cognitive aspect of the attitude. Our emotional state may amplify positive or negative experiences, which then have an effect on our attitude.

**Behavioral Component:** Person's intention to do something with regard to an attitude object. It is concerned with the likelihood or tendency that a consumer will undertake a specific action or behave in a particular way regarding the attitude object Frequently treated as a consumer's intention to buy. (Del I.Hawkins, Roger J Best and Kenneth, 1998)

## **Chapter III**

### **BACKGROUND STUDY ON INTERNATIONAL BANKING SERVICES OF AGD BANK**

The financial system plays a significant role in the development of a country's economy. Current Banking Situation: Myanmar has (4) state owned banks, (9) semi-governmental banks, (14) private enterprises, (13) foreign bank branches, and (49) representative office of foreign banks. Due to the vast untapped potential of the financial sector, banks are becoming more competitive in developing their innovative services, such as online payment system, mobile banking and other related applications.

Myanmar remains a predominantly cash-based economy. The Myanmar people have less trust on the banking system compared to other countries in the region since they had previously experienced a banking and currency crisis. For this reason, most people prefer to keep cash in hand, or buy property to secure their financial position.

However, in the past couple of years, the financial sector took important steps to reduce cash transaction: 21 out of 28 banks joined the SWIFT system, whereby local banks can make financial transactions to foreign correspondent banks.

#### **3.1 Profile of Asia Green Development Bank**

Asia Green Development Bank is a private commercial bank in Burma (Myanmar). It was one of 4 private banks to commence operation in August 2010, the first new financial institution in the country since the establishment of Innwa Bank in 1997. Its head office is situated at Yangon, Burma. The bank announced it would become a public company when Yangon Stock exchange is formed in 2015. The AGD Bank's Head Office and first branch was successfully opened on August 6, 2010 in Nay Pyi Taw under the organization of Htoo Group of Companies. AGD bank is 100 percent owned and operated by Htoo Group of Companies which is engaged in trading, energy and mining, construction, agriculture, hotel, travel and tourism business. In February 18, 2013 with a new slogan 'We, all Myanmar will develop together'. AGD bank was converted to Public Company, share capital stands at 30.0873 kyats of 601,746 shares in the fiscal year.

AGD bank has been 77 branches across the country until June 2019. With establish an International Banking Department, authorized as Dealer and Money Changer Licenses 65 foreign exchange counters services to the general public.

The Bank's Management Board consists of 15 members. Executive Committee includes the bank's Chairman, Managing Director, Deputy Managing Director, Chief Financial Officer, 2 Executive Directors, 2 Deputy Executive Directors and 12 Heads of Departments. At the Bank's Head Office, there are 14 departments. The numbers of Bank employees are 2,480 at the end of November 2017. There are 5 committees such as Audit Committee, Credit Committee, Corporate Governance Committee, Remuneration Committee, and Procurement Committee.

Corporate objective of AGD bank are to providing fast, reliable and excellent banking services to local people, to facilitate trade and help individuals and business develop financially by giving loans, to update the commercial banks function (primary function, secondary function, general utility function) effectively and efficiently, to expand into online banking to allow customer gain access to faster and more secure financial transaction, to establish as a development bank while achieving progress in the area of commercial banking, to growing together with the local people by introducing and globalization services for their needs and wants.

Asia Green Development Bank Limited (AGD Bank) aim to deliver banking excellence through inspired and outstanding customer service, while offering innovative products and services that meets their clients' requirement. Myanmar is e-banking on several decades of fundamental changes. The future looks very different and it will be full of opportunities that will touch every aspect of the lives of the people of Myanmar. At AGD bank, their vision is to provide the vitally important banking infrastructure that will make a lasting and sustainable impact on this future, building the economic foundations for a progressive Myanmar.

AGD bank strive in everything they do to set their own unique industry-leading standard for banking excellence. They accomplish this by always focusing on future opportunities and translating these into a commitment to outstanding levels of service, delivered day after day to each and every customer, helping they fulfil their needs and achieve their aspiration.

They are committed and determined to lead the banking field in every product and service they offer to their customer. They provide innovative solutions, not only offering them what is available today but anticipating their needs for the future.

They treat their customers, staff and community with the utmost respect both as individuals for their ideas and future represent. They see employee development as a necessity and therefore recognize and reward outstanding performance.

They are committed to working within the rules, set by their regulators and own high standard. They always act transparently in all their dealings and relationships, both internally and externally. Their vision is to provide the vitally important banking infrastructure that will make a lasting and sustainable impact on this future, building the economic foundations of a progressive Myanmar.

They are committed to high performance, teamwork and ensure accountability by ensuring that AGD is a trusted source of efficiency, strength and security.

### **3.2 Trade Financing in International Banking Services**

The international banking services and operations of AGD bank are international money transfer, exchange rate, foreign currency deposit and other account, trade services, trade finance, money changer and so on. Trade finance department is undertaken its international activities with the sub-sections name foreign account section and foreign account transfers transactions section, foreign funds management section respectively.

#### **Telegraphic Transfer**

Telegraphic Transfer is undertaken by the international remittance section. Main important is that this transaction is based on the foreign currency transfer between importer and exporter not only in domestic transactions but also for overseas remittance transactions. AGD bank provides foreign remittances facilities to their customers by accepting foreign funds remittances from abroad and also remit funds to abroad through its Nostro account.

#### **Letter of Credit**

AGD bank provides letter of credit facilities to their customers by advising the letter of credit from abroad for customer's export cases and also issuing the letter of credit to abroad by SWIFT message for their customer's import case. Under letter of credit import section, would provide banking facilities to importers with regard to

opening of LC, remitting fund to foreign sellers and collecting proceeds of foreign bills on behalf of foreign banks. These facilities can also be conducted by 'Swift' upon request.

### **Guarantee**

Bank Guarantee is a written instrument issued by lending institutions to the beneficiary (to whom the guarantee is provided, generally seller) on behalf of the applicant (generally, buyer). As the name suggests, under it, the bank promises to pay a certain amount of money to the beneficiary in case there is a default by the applicant. It basically compensates the beneficiary (seller) if the applicant (buyer) fails to make payment for the same. The bank charges a fee from the applicant for undertaking such guarantee.

Trade financing is a bank service which is applied for the customers of importing companies. Trade financing service can be approved not only the lands and building but also the saving passbook by giving the collateral. Trade financing can be either short-term with a tenor of up to 360 days or medium/long-term with a tenor of up to 5 years. Trade financing consist of a base rate and a margin charged on the outstanding amount of the loan. Fees and commissions that will vary depending on the products will be charged. TT (telegraphic transfer) and guarantee fees will be charged as a percentage of the guarantee amount per annum and will vary depending on the risk involved.

A key consideration for any company is how it will incorporate debt in its capital structure while considering the parameters of its equity financing. Trade financing is loan based on the goods between the importers and exporter agreement transaction. And then analyzing the importer's credit history about importers loan application. The bank need to see that importers credit history that importer loan application. The bank need to see that importers in business for cash flow statement and other collateral documents. Later, the credit committee meeting of the bank making the decision, the trade financing amount, interest amount and cash marginal deposit amount.

Trade financing's interest rate is within 11 percent to 13 percent. A margin deposit is the initial amount of money a trader needs to put down in order to open a leveraged trading position. It can also be known as the initial margin, deposit margin or just as the deposit. Marginal deposit average amount for new customer is collected 70

percent or 80 percent of full marginal deposit amount. And then marginal deposit average amount for old customer is 50 percent or less amount of full margin deposit amount.

Without full margin is a type of trade financing service. Without margin or with reduced margin at the request of customers. This service is designed for customers that have been granted credit facilities and entitle the import and export provided that all goods imported comply with relevant national policies and regulations. This service reduces the occupation of corporate funds and allows for more trade opportunities. But customers are required to have sufficient outstanding line of credit and good record of contract performance, and to provide sufficient margin and collaterals as appropriate. If the trade contract bears the terms of overage and/or shortage in shipment, customers shall provide sufficient collaterals against the upward floating amount. The payment term shall conform to the sales cycles or processing cycle of the imported goods.

AGD bank provide the international banking services facilitate to their customers by accepting the foreign funds remittance from abroad and also remit funds to abroad through its Nostro account. Trade financing starting the year in 2013. But it not well develop after years. In budget year 2015-2016, the product changes of international banking services of AGD bank emphasize the financing of the trade.

**Table (3.1) Trade Financing in International Banking Service**

Budget Years	Number of companies	Amount (USD in million)
2015-2016	29	20.56
2016-2017	50	77.34
2017-2018	70	96.26

Source: Yearly Report (Asia Green Development bank 2018)

In Table (3.1), dealing importers of trade financing in international banking services of budget year 2015-2016 are 29 companies, budget year 2016-2017 are 50 companies and budget year 2017-2018 are 70 companies. In this figure (3.1), they are truly support to their valued customers.

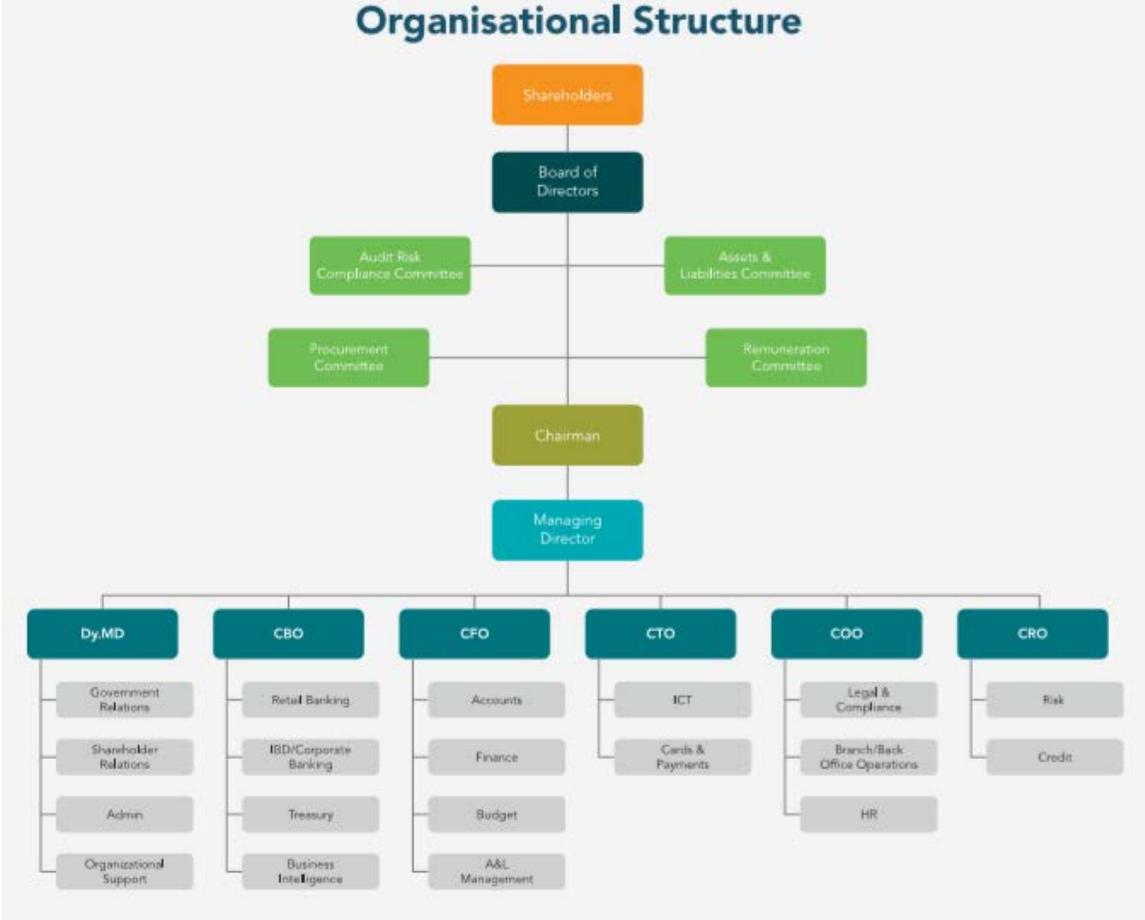
The trade finance department has grown from strength to strength, led by a highly qualified and talented management team and supported by enthusiastic staff on the frontline.

### **3.3 Commitments to Customers**

Bank staff always carefully study their customers' specific needs and wants in order to provide with the best solution. They aim to give their customer knowledgeable guidance to make their every tomorrow better. They believe that in order to be a successful bank, their ability to build sustainable relationships with their customers is crucial. They treat their customers with respect, honesty and will always deal with their customer in a fair, humble and professional manner. They are dedicated to being there for customer and to work hand-in-hand at any-time. Whether it is to celebrate their achievements or to work towards a more progressive future, they will always be close to their customer. They will anticipate and understand their customer needs by trying to understand what matters to their customer most in order to deliver personalized experiences.

Nowadays, competitive power of organization is the strong management team and good organizers. AGD bank has well organized through board of Director (BOD) and strong management team. BOD of AGD bank was organized with good business bankers and leaders. Trade financing department is operating international to its clients.

Asia Green Development Bank



Sources: Survey Data 2018

## **Chapter IV**

### **Analysis on Customers Attitude towards Trade Finance in International Banking Services**

This Chapter focuses on the importers attitude towards the trade financing in international banking services. Primary data is collected from 50 importer companies out of 70 importer companies of trade financing in international banking service by using structured questionnaire. This chapter reported demographic profile of customers, and customer attitude level of trade financing in international banking service.

#### **4.1 Research Methodology**

The methodology has been adopted to achieve designed objectives of the study and to analyze. It includes the research design, research questions data collection methods and data analysis techniques.

##### **(1) Research Design**

The research design focuses on importer attitude towards trade financing in international banking services of Asia Green Development Bank. Case studies place more emphasis on a full contextual analysis of events or condition, and their interrelations.

##### **(2) Research Question**

The research question focuses on importer attitude is examined by using the survey questionnaires. It is included analyzing on the demographic profile of respondent such as gender, material status, education is stated and attitude level which affective, behavioral, and cognitive of tri component model. They have a significant effect on importer attitude towards trade financing services in international banking services of Asia Green Development Bank.

##### **(3) Data Collection**

This study uses descriptive method base on primary data. Primary data was collected from survey questionnaires of Asia Green Development Bank. With convenient sampling method and secondary data is collected yearly annual report of Asia Green Development Bank, relevant website, lecture notes and previous research paper of MBF graduates. The respondent were importer companies of trade financing in international banking services. Sample is taken from 50 (71 percent) importer companies out of 70 importer companies.

#### (4) Data Analysis

After collecting the required data were analyzed by using the statistical package, the obtained data from the survey are processed and analyzed to conduct descriptive analysis. Since the data was qualitative in nature, content analysis was used to evaluate the response, draw conclusion and to drive recommendations. It is the systematic qualitative description of the composition of the objects or material of the study.

#### 4.2 Background Characteristics of Importers

This section represents the profiles of respondents deal with 50 importer companies of AGD Bank. It was found that survey included 20 numbers of male and 30 number of female. Table (4.1) states the result of analysis on the profile of respondents.

The first analysis the gender of respondents. From the result of the analysis on gender of respondents, it is found that there is 20 number of male respondents and 30 numbers of female respondents. In term of percentage, female respondents are 60 % and 40 % are male respondents.

**Table (4.1) Profile of Importer**

Variable	Categories	No. of Respondent	Percentage
Gender	Male	20	40
	Female	30	60
Age	21 to 30	8	16
	31 to 40	21	42
	41 to 50	14	28
	>50	7	14
Educational Background	Diploma	3	6
	Degree	32	64
	Master's Degree	12	24
	PhD	1	2
	Other	2	4
	Total	50	100

Sources: Survey Data 2019

Age of respondents are classified into five groups: age group 21 to 30 years, 31 to 40 years, 41 to 50 years and above 50 years. From the result of analysis on age of respondents, it is found that the age group of above 50 years include 7 number, 21 to 30 years include 8 numbers, 41 to 50 years include 14 numbers and the 31 to 40 years is the highest number of 21. In term of percentage, the age group between 31 to 40 years shares the largest with 42 percent while the age group above 50 years share the lowest in the study.

According to Table (4.1), education levels of the respondents have been classified into five groups Diploma, degree, master’s degree, PhD and other. The result of respondent educations had shown that people who studied from Degree received the highest percentage 64% and master’s degree received the second highest percentage 24 % and the lowest percentage of 6%, 4% and 2% are the diploma, other and PhD. There are no undergraduate customers and graduated from high school including in this study.

### 4.3 Background Characteristics of Importers

The characteristics as importers includes the importing company establishment, types of business, importing time and amount per month, dealing time with the bank, country-wise and using the type of international banking service of trade financing.

#### Operating years of Importing companies

In table (4.2), years of importer’s company establishment are classified into 5 groups: less than 5 years is 10 companies, 5 to 9 years is 13 companies, 10 to 14 years is 12 companies, 15 to 20 years is 8 companies and more than 20 years is 7 companies.

**Table (4.2) Operating years of Importing companies**

Operating years of Importing companies	Years	Percent
Less than 5 year	10	20
5 to 9 years	13	26
10 to 14 years	12	26
15 to 20 years	8	14
More than 20 years	7	14

Sources: Survey Data 2019

### **Business Types of Importers**

According to the table (4.3), business types of importers are differently their nature of trading. The main sector of importers is food, construction materials, household utilities, diesel and mogas, machinery and industry, RBD Plan Oil and other.

**Table (4.3) Business Types of Importers**

Types of Business	No. of Respondents	Percentage
Food	1	2
Construction Materials	15	30
Household Utilities	1	2
Diesel & Mogas	7	14
RBD Plan Oil	4	8
Machinery and Industry	12	24
Other	10	20
Total	50	100

Source: Survey Data 2019

In Table (4.3), the survey response to show 30% of respondents related business with construction material products trading is majority and then 2% of respondent food and household utilities products trading is minority. And then diesel and mogas, RBD plan oil and machinery and industry and other are 14%, 8%, 24% and 20%. In this analysis, construction materials and machinery and industry are the most participants in this study.

### **Import amount per month**

According to the table (4.4), all the respondent import amount per month are differently their nature of trading. The main sector of respondents is under USD-100,000, USD-100,000-USD-500,000 and over USD-500,000.

**Table (4.4) Number of Respondent by import amount per month**

Amount of Import per Month	No. of Respondent	Percentage
Under USD-100,000	13	26
USD-100,000 to USD-500,000	26	52
Over USD-500,000	11	22
Total	50	100

Sources: Survey Data 2019

In Table (4.4), the survey response to show 52% of respondents related business with USD-100000-USD-500000, 26% of respondents related business with under USD-100,000 and 22% of respondents related business with over USD-500,000. Regarding their business activities, there were also reflected in the performance standards of AGD bank and customer feedback.

#### **Frequency of Importing per month**

According to the table (4.5), all the respondents by time of imported amount per month are differently their nature of trading. The main sector of respondents is under 3 times, 3 to 6 times, 6 to 9 times and over 9 times.

**Table (4.5) Number of Respondent by Frequency of Importing per month**

Frequency of Importing per month	No. of Respondents	Percentage
Under 3 times	44	88
3 to 6 times	3	10
6 to 9 times	1	2
Total	50	100

Source: Survey Data 2019

As shown in the table (4.5), from the analysis of the study, it was found that there are 50% of respondent time of imported amount per month is under 3 times, 28% of respondent are transaction time of 3-6 times,14% of respondent are transaction time of 6 to 9 times,8% of respondent are transaction time of over 9 times.

### **Service Experience with AGD Bank**

According to the Table (4.6), show that how many years the respondent dealing with the trade finance service in international banking services of AGD bank into three group and they had tried to deal with AGD bank's services with long term relationship.

**Table (4.6) Number of Respondent by Service Experience with AGD Bank**

Service Experience with AGD Bank	No. of Respondent	Percent
Less than 1 year	14	28
1-3 years	33	66
4-6 years	3	6
Total	50	100

Source: Survey Data 2019

In table (4.6), the survey response to show where the customers believe the quality of banking services of AGD bank and the respondents were asked if they had been to deal with AGD Bank more than 1 years. There is the highest result in 66% of respondents who had deal with 1- 3 years and followed 28 % of respondent who had deal with less than 1 year.

### **Country of Imported goods**

According to the Table (4.7), show that show that the customers were doing their business connection with Asia, Europe, America and other countries.

**Table (4.7) Number of Respondent by Country of Imported goods**

Country	No. of Respondent	Percentage
Asia Countries	24	48
Europe Countries	17	34
North/South America Countries	3	16
Other Countries	6	12
Total	50	100

Source: Survey Data 2019

In table (4.7), the survey response to show where the customer business connection with Asia countries is the highest percentage 48 %, then followed Europe Countries is 34 %, other countries is 12 % and the lowest percentage is north/south America 6 % only.

### **Using trade financing service**

According to the Table (4.8), show that the respondent used in the trade financing service in international banking services of AGD bank into four group and they had tried to more dealing with AGD bank's trade financing services.

**Table (4.8): Using Trade Financing Service**

Using trade financing service	No. of Respondent	Percentage
Import LC Services	11	22
TT Services	32	64
Import LC and TT Services	6	12
Guarantee Services	1	2
Total	50	100

Source: Survey Data 2019

In table (4.8), the survey responses to show where the importers more useful in TT services is 64 %. The result show that the respondents choose Import LC services is 22%, the guarantee services is 2 % and both usage import LC and TT services importer's companies is 12 %. TT services of trade financing is the most use of trade financing international banking services.

### **4.4 Importer's Attitude toward Trade Financing Services**

The survey was designed to obtain feedback from importers on the level of customer services provided by AGD bank. In addition, a number of core questions were included to measure the key drivers of customer satisfaction by using the tri-component attitude Model. The core questions related to customer satisfaction about the overall quality of services received and the accessibility and timeliness of service, together with how customer felt about the way they were treated, the information provided to them and

**Table (4.11): Cognitive Component**

No.	Descriptive	Letter of Credit		TT		Guarantee	
		Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev
1	AGD bank's staff of trade finance department are more effective than other bank's services.	4.08	0.695	4.02	0.654	3.98	0.714
2	AGD Bank's staff of trade financing department have aim to give their customer knowledgeable guidance.	3.94	0.682	4.1	0.707	4	0.638
3	AGD bank's staff of trade finance department treat their customers with respect, honesty and professional manner.	3.82	0.774	4.02	0.844	3.88	0.773
4	About International Banking Services, this Bank has more reputation than other local banks.	4	0.782	4	0.808	3.92	0.778
5	Trade financing service of AGD bank is lower risk profile than doing in the traditional ways.	4.08	0.751	3.9	0.788	4.06	0.711
6	AGD Bank have change their trade financing policies into trade sector by competing other private banks.	4.32	0.712	4.24	0.743	4.3	0.707
	Overall mean Score	4.04	0.535	4.05	0.526	4.02	0.485

Source: Survey Data 2019

staff knowledge and competence. Banking operations are becoming increasingly customer dictated. The ability of banks to offer clients access to several markets for different classes of financial instrument has become a valuable competitive edge. Importer attitude is an important component of the relationship with their customers. Importer satisfaction on trade finance in international banking services of AGD bank is a mental state which results from the importer's comparison of expectations prior to a purchase with performance satisfaction after choosing the services. With the phenomenal increase in the country's population and the increased demand for banking services: speed, service quality and customer satisfaction on banking transactions are going to be key differentiator for bank's future success.

#### **4.3.1 Customer Attitude Level of Cognitive Component**

The dimension of cognitive intentions measures more knowledgeable, deal in a fair and competing with other private banks. The customer satisfaction upon believe component is shown in table (4.11).

##### **Letter of Credit**

According to the survey data in table (4.11), the system to show an average score of 4.04 and standard deviation 0.535. Therefore, if the score is greater than 3, respondent feel that they have received good system. According to the survey result, 'AGD Bank have change their trade financing policies into trade sector by competing other private banks.' is the highest ranking rate attitude at (4.32). It is highly possible that AGD bank provide safely business services to customers and the strategic value of improving modern banking services. Then 'Trade financing service of AGD bank is lower risk profile than doing the International Trade transaction in the traditional ways.' and 'AGD bank's staff of trade finance department are more effective than other bank's services with convenience, trustworthy and safety.' Received the high ranking of attitude at the same (4.08) respectively.

##### **TT (Telegraphic Transfer)**

In table (4.11), cognitive intentions measure lower risk profile about the AGD bank more effective than other banks, deal in a fair, humble and professional manner from surveyed institution. The customer satisfaction upon cognitive component.

According to the survey data in table (4.11), the system to show an average score of (4.05) and standard deviation 0.526. Therefore, if the score is greater than 3, respondent feel that they have received good system. AGD bank's trade finance services were competing other private bank, to give the customer knowledgeable guidance, more effective than other private bank and professional manner received high ranking (4.24), (4.1) and (4.02) respectively. Indicating that every customer has highest satisfaction from AGD bank's trade finance in Services in TT (Telegraphic Transfer).

### **Guarantee Services**

In table (4.11), cognitive intentions measure lower risk profile about the AGD bank, More effective than other banks, deal in a fair, humble and professional manner from surveyed institution. The customer satisfaction upon believe component. According to the survey data in table (4.11), the system to show an average score of 4.02 and standard deviation 0.485. Therefore, if the score is greater than 3, respondent feel that they have received good system. AGD bank's trade finance services were competing other private bank, lower risk than traditional ways and give their customer knowledgeable guidance received high ranking (4.3), (4.06) and (3.98) respectively. Indicating that every customer has highest satisfaction from AGD bank's trade finance in services in guarantee service.

Telegraphic transfer mean score gets the highest level in the assurance dimension of the cognitive component because AGD Bank have change their trade financing policies into trade sector by competing other private banks. The second highest level of affective component is letter of credit not many difference about the telegraphic transfer and the lowest level mean score is guarantee.

### **4.3.2 Customer Attitude Level of Affective component**

In this section, there are analysis using of 5 point Likert scale measurement on the importer attitude towards the trade financing in international banking services of AGD bank with total (6) items within the trade financing of international banking services. The dimension includes important factors of surveyed trade financing in international banking services of AGD bank such as how surveyed AGD provide it service, cost-effective,

**Table (4.9): Customer Attitude of Affective component**

No.	Descriptive	Letter of Credit		TT		Guarantee	
		Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev
1	AGD bank can serve with the good banking service in trade financing.	4.16	0.792	4.1	0.735	4.16	0.738
2	AGD bank provides the cash marginal deposit for the importers about trade financing .	4.1	0.735	3.96	0.698	3.86	0.728
3	AGD bank's trade financing interest rate are reasonable price to compare with other local bank's charges.	3.78	0.840	3.92	0.723	3.9	0.814
4	AGD bank provide quality customer services within a short period of time in trade financing.	3.8	0.808	3.88	0.689	3.96	0.727
5	AGD bank's staff of trade financing department are providing innovative solutions customer needs for the future.	4.02	0.845	3.86	0.947	3.86	0.947
6	AGD bank's trade financing services are accountability and transparency to every.	4.3	0.763	4.06	0.766	4.06	0.766
	Overall mean Score	4.03	0.564	3.96	0.446	3.97	0.516

Source: Survey Data 2019

interest is reasonable price for trade finance. Average comparing among the international banking services in order to determine importer attitude level on these component is shown in the following Table.

### **Letter of Credit**

According to the survey data in table (4.9), the system to show an average score of 4.03 and standard deviation 0.564. therefore, if the standard mean score is greater than 3, respondent feel that they have received good system. Among all, they are highly satisfied that AGD bank's trade finance services were are transparency, good banking service and cash marginal deposit received high ranking (4.3), (4.16) and (4.1) respectively.

Indicating that every customer has highest satisfaction from AGD bank's trade finance in Import LC Services. It is a core element of the financial infrastructure at the national as well as the international level.

### **TT (Telegraphic Transfer)**

The dimension includes important factors of surveyed trade finance in international banking services of AGD bank such as how surveyed AGD provide it service, transparency good banking service, cost-effectiveness. The customer attitudes concerning feeling component is stated in Table (4.9).

According to the survey data in table (4.9), the system to show an average score of 3.96. Therefore, if the score is greater than 3, respondent feel that they have received good system. AGD bank's trade finance services were are good banking service, transparency and (4.1) and (4.06).

Indicating that every customer has highest satisfaction from AGD bank's trade finance in Services in TT (Telegraphic Transfer). It is a core element of the financial infrastructure at the national as well as the international level.

### **Guarantee Services**

The dimension includes important factors of surveyed trade finance in international banking services of AGD bank such as how surveyed AGD provide it

service, cost-effective, interest is reasonable price for trade finance. The customer attitudes concerning feeling component is stated in Table (4.9).

According to the survey data in table (4.9), the system to show an average score of (3.97) and standard deviation 0.516. AGD bank's trade finance services were are good banking service, transparency and quality service within short period of time received high ranking (4.16), (4.06) and (3.96) respectively. Indicating that every customer has highest satisfaction from AGD bank's trade finance in guarantee services. It is a core element of the financial infrastructure at the national as well as the international level.

Letter of credit mean score gets the highest level in the assurance dimension of the affective component because AGD bank can serve with the good banking service in trade financing. Although mean scores of telegraphic transfer and guarantee are not more difference in the assurance dimension of the affective component.

### **4.3.3 Customer Attitude level of Behavioral Component**

The dimension of behavioral intentions measures more experience, responsive and provide the customer as per bank's announcements. The customer satisfaction upon behavior component is shown in table (4.10).

#### **Letter of Credit**

According to the survey data in table (4.10), the system to show an average score of 4.08 and standard deviation 0.610. therefore, if the score is greater than 3, respondent feel that they have received good system.

Among all, they are highly satisfied that the staffs were answered with the waiting time, provide the banking service as per bank announcement's and working within the rules received high ranking of satisfaction at (4.16), (4.14) and (4,12) respectively.

#### **TT (Telegraphic Transfer)**

The dimension of behavioral intentions measures more experience, being patient and working within the rules from surveyed institution. The customer satisfaction upon behavior component is shown in table (4.10).

**Table (4.10): Behavioral Component**

No.	Descriptive	Letter of Credit		TT		Guarantee	
		Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev
1	AGD bank's staff of trade financing department are more experience in the international banking services than other private banks.	3.98	0.844	3.9	0.735	4.04	0.856
2	The staff of AGD bank give the service to customer as being patient, enthusiastic and responsive.	4.06	0.739	3.8	0.782	3.94	0.682
3	AGD bank's staff of trade financing department are providing as per the bank's announcements .	4.12	0.848	3.86	0.782	4.02	0.714
4	The customer have the satisfaction about necessary question answered with the waiting time.	4.16	0.680	3.82	0.747	3.92	0.723
5	AGD bank's staff of trade finance department are always carefully study their customers.	4	0.857	3.84	0.791	3.98	0.795
6	AGD bank's staff of trade financing department are committed to working within the rules.	4.14	0.880	4.18	0.719	4.18	0.690
	Overall mean Score	4.08	0.610	3.9	0.521	4.01	0.556

Source: Survey Data 2019

According to the survey data in table (4.10), the system to show an average score of (3.9) and standard deviation 0.521. therefore, if the score is greater than 3, respondent feel that they have received good system. AGD bank’s trade finance services were won high standards, provide the customer as per bank’s announcements and specific best solutions received high ranking (4.18), (3.86) and (3.82) respectively. Indicating that every customer has highest satisfaction from AGD bank’s trade finance in Services in TT (Telegraphic Transfer).

### **Guarantee Services**

The dimension of behavioral intentions measures more experience, being patient and working within the rules from surveyed institution. The customer satisfaction upon behavior component is shown in table (4.10).

According to the survey data in table (4.10), the system to show an average score of 4.01 and standard deviation 0.556. therefore, if the score is greater than 3. AGD bank’s trade finance services were the staff are own high standards, more experience and provide the customer as per bank announcement received high ranking (4.18), (4.04) and (3.82) respectively. Indicating that every customer has highest satisfaction from AGD bank’s trade finance in Services in guarantee services.

Letter of credit mean score gets the highest level in the assurance dimension of the affective component because the customer has the satisfaction about necessary question answered with the waiting time. The second highest level of affective component is guarantee and the lowest level mean score is telegraphic transfer.

**Table (4.12) Tri components of importer’s attitude toward trade financing in international banking services of AGD bank**

No	Trade Financing in international banking services	Affective	Behavioral	Cognitive
1	Letter of Credit (LC)	4.03	4.08	4.04
2	Telegraphic Transfer (TT)	3.96	3.9	4.05
3	Guarantee	3.97	4.01	4.02
	Overall Mean Score	3.99	4.00	4.04

Source: Survey Data 2019

Conclusion, this is the tri component of importer's attitude towards trade financing in international banking services of AGD bank. It measures on the overall importer's attitude towards trade financing in international banking services concerning three components is stated on table (4.12).

According to the table (4.12), the overall importer's attitude towards trade financing in international banking services by tri component model was at highest score is (4.04) of cognitive components. Most of importers identified lower risk profile than doing the international trade transaction the traditional way and understanding the trade policies. The second highest mean score (4.00) of behavioral component of trade financing in international banking services of AGD bank. Most of importers identified the staff of AGD bank have skillful of their own high standard about the banking rules and satisfaction for the importer's question answered within the waiting time. Overall importer's attitude towards trade financing in international banking services, found that the affective intention component is weak status because the affective mean score is (3.99). Therefore, the bank providers should change their behaviors according to affective components dimension.

## **Chapter V**

### **Conclusion**

This study was taken to explore the importer's attitude towards trade financing in international banking services of AGD bank based on their satisfaction. importer's attitude is widely varied in accordance with the quality of banking services, customer care, interest price, knowledge and competent etc. The conclusion section has three parts. First part is finding and discussion which represent why the research paper was conducted, what aspect of the issues. The issues were considered that the outcome was and it consist of the finding of the trade financing in international banking services mostly used by AGD bank and what were the requirements to fulfill the customer's need in international banking services. The second part presents suggestions and the last part of this chapter mention about the suggestion for further study.

#### **5.1 Finding and Discussion**

Survey included 50 companies who are currently have trade financing in international banking services relationship with AGD Bank and randomly selected with the help of International Trade Department of AGD Bank. Samples possess different educational background and mostly possess higher educational background level. All of the respondents are from the importing who are doing trade financing in international banking services with AGD bank. No one who are nor related in this services is included in the study.

Based on result from the analysis of types of business, it is found that construction materials are most using product for the country. And then second goods are machinery and industry are using for the country. In the analysis, it is found that USD-100,000 to USD-500,000 within the import amount of under 3 times per month. In the analysis on the relationship with trade financing in international banking services, it was found that many of the importer have already had business relationship within 1 to 3 years with AGD bank.

As noted several times before, importers' satisfaction on service performance are very important for is AGD bank to survive and prosper in tough competitive banking sector. However, it has been found in the study that there are some weaknesses in the banking services from the importer or customer point of view. The findings explore that

although the AGD bank can perform its service relatively well in some dimension, they are weak in other dimension. It caused the difference between the service levels of international banking services of AGD bank. They may also be weak in providing different dimension and empathy. There are some interesting findings in terms of bank performance and service in the importer attitude.

By examining the tri-component attitude model towards trade financing in international banking services of AGD bank, it was found that cognitive component was the most vital factor. Most importer identified bank's trade financing in international banking services are more convenience, trustworthy, safety and etc. are the most important factor. The overall mean score is 4.04 is greater than that of the standard mean score 3, it can be said that many of customer possess positive attitude towards trade financing in international banking services of AGD bank.

Overall importers attitude of trade financing in international banking services, found that affective intention component was the weakest factor for the AGD bank. This changing highly tends to be negative to positive of importer's attitude. All of the issues are important factors to improve the private bank. Therefore, we do carefulness that behaviors for customers more satisfied in international banking services of AGD bank.

## **5.2 Suggestions**

After reviewing the result finding, some suggestions and recommendations are made for trade financing in international banking service of AGD bank and the staffs who are working in the area of international banking services. As suggested by the results of importers attitude on AGD Bank's employee should more politeness in dealing with customers. Therefore, the bank should periodically provide the training to the employees on personal grooming, communication skills, and performance improvement, so the staffs can attract to the customer and provide better services. In addition, the result of importer attitude toward belief, affect and behavior component AGD Bank should be provided for trade financing in international banking services to the countries around the world, AGD Bank should consistent in currency exchange rates and AGD Bank would be used more marketing activities for international banking services.

Moreover, the AGD Bank should consider not only to make improvement on the service area where it is currently weak but also to maintain the service area where it is

currently strong. To maintain the currently strong area of services, the management of the bank should incorporate the following suggestions into their consideration. For the AGD Bank's management, they should keep maintaining the currently strong areas of services by transfer of international banking services within a short period of time, training and reinforcing the employee about international banking services policies and regulations of other countries, customer focus and communication. In addition, the bank should always keep track on the performance of individual staff especially in the areas of reliability, convenient, secure and problem solving. Bank employees should always show their willingness to help the customers, so the customers feel that they are taken care by all staffs. This makes the AGD Bank differentiated from other financial institutions. Furthermore, the bank should focus on to extend correspondent network, consistent foreign currencies exchange rates and to adjust interest rate, so the bank can compete with other financial institutions and provide better services which can quickly reach to the highest customer's needs and wants.

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

This research is only emphasized the two objectives: to study the development of trade financing service in Asia Green Development Bank and to analyze the importers attitude towards trade financing service. It is done by interviewing with reasonable persons from the AGD bank and sending questionnaires to 50 selected importers company whose are used trade financing in international banking services of AGD bank. The constraint in here is that time limitation and some data are to be kept confidential and not meant for publishing. And it is not very accessible data could be revealed in this paper. This study is somewhat limited in scope and it doesn't completely cover for trade financing in international banking service of AGD bank. Since the lifestyle and attitudes of people are always changing, the assessment on importer attitude should be made in continuous basic. Therefore, in the future similar studies should be conducted. Moreover, future studies should include more banks to be able to reflect the whole industry of banking business in Myanmar. With more banks doing research on their consumer behaviors. They will have better understand on the needs and wants of their customers which will in turn help them to offer the right service to the right customers. With better research and consumer knowledge in place, banks will be able to help the whole banking

industry develop and the stakeholders will benefit from providing standard or better services. Moreover, further researches should be conducted. So, it is recommended to do future researches such as analyzing the exporter attitude of bank, analyzing on import bill of bank, analyzing on bank LC procedures and analyzing on foreign remittance of bank etc.

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Dear Sir/Madan;

This attached questionnaire is a part of a study of Master of Banking and Finance at Yangon University of Economics. The objective of the research is to evaluate importer attitude level towards trade financing in international banking services.

### Part A: Company's Profile

Use Tick " / " in the box that best describes you.

1. Gender
  - (        ) Male
  - (        ) Female
  
2. Age Group
  - (        ) 21 to 30
  - (        ) 31 to 40
  - (        ) 41 to 50
  - (        ) > 50
  
3. Level of Education
  - (        ) Diploma
  - (        ) Degree
  - (        ) Master's Degree
  - (        ) PhD
  - (        ) Other
  
4. Years of Importer's Company Establishment
  - (        ) Less than 5 year
  - (        ) 5 to 9 years
  - (        ) 10 to 14 years
  - (        ) 15 to 20 years
  - (        ) More than 20 years
  
5. Category of Imported Materials
  - (        ) Food
  - (        ) Construction Materials
  - (        ) Household Utilities
  - (        ) Diesel & Mogas
  - (        ) RBD Plan Oil
  - (        ) Machinery and Industry
  - (        ) Other
  
6. Amount of Import per Month
  - (        ) Under USD-100,000
  - (        ) USD-100,000 to USD-500,000
  - (        ) Over USD-500,000
  
7. Time of Import per Month
  - (        ) Under 5 times
  - (        ) 5 to 10
  - (        ) 11 to 15
  - (        ) Over 15

**Part B: Customer's International Banking Services Practices**

8. How long have your company been doing Trade Financing Services of this bank?  
 Less than 1 year  
 1-3  
 4-6
9. Which country did your company do business for international banking services?  
 Asia Countries  
 Europe Countries  
 North/South America Countries  
 Other Countries
10. Which International banking Services do you use in this bank?  
 Import LC Services  
 TT Services  
 Import LC and TT Services  
 Guarantee Services

**Part C: Customer's Attitude towards Trade Financing in International Banking Services  
 ( Letter of Credit)**

Use Tick "/" on one answer.

(1) Strongly Disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly Agree

	Affective<Feeling>	1	2	3	4	5
1	AGD bank can serve with the good banking service in trade financing.					
2	AGD bank provides the sufficient loan amount (cash marginal deposit) for the importers about trade financing.					
3	AGD bank's international banking charges ( trade financing interest rate) are resonable price to compare with other local bank's charges.					
4	AGD bank provide quality customer services within a short period of time in trade financing.					
5	AGD bank's staff of trade financing department are providing innovative solutions, not only offering the customer what is available today but also anticipating the customer needs for the future.					
6	AGD bank's trade financing services are accountability and transparency to every who deals with the bank's services.					

	Behavioral<Behaviors>	1	2	3	4	5
1	AGD bank's staff of trade financing department are more experience in the international banking services than other private banks.					
2	The staff of AGD bank give the service to customer as being patient, enthusiastic and responsive.					
3	AGD bank's staff of trade financing department are providing the banking services and products to customers as per the bank's announcements .					
4	The customer have the satisfaction about necessary question answered with the waiting time.					

5	AGD bank's staff of trade finance department are always carefully study their customers' specific needs and wants with the best solution.					
6	AGD bank's staff of trade financing department are committed to working within the rules, set by their regulators and own high standards.					

	Cognitive<Belief & Knowledge>	1	2	3	4	5
1	AGD bank's staff of trade finance department are more effective than other bank's services with convenience, trustworthy and safety.					
2	AGD Bank's staff of trade financing department have aim to give their customer knowledgeable guidance in international banking services.					
3	AGD bank's staff of trade finance department treat their customers with respect, honesty and always deal in a fair, humble and professional manner.					
4	About International Banking Services, this Bank has more reputation than other local banks.					
5	Trade financing service of AGD bank is lower risk profile than doing the International Trade transaction in the traditional ways.					
6	AGD Bank have change their trade financing policies into trade sector by competing other private banks.					

**Part D: Customer's Attitude towards Trade Financing in International Banking Services (TT Service)**

Use Tick "/" on one answer.

(1) Strongly Disagree (2) Disagree (3) Neatral (4) Agree (5) Strongly Agree

	Affective<Feeling>	1	2	3	4	5
1	AGD bank can serve with the good banking service in trade financing.					
2	AGD bank provides the sufficient loan amount (cash marginal deposit) for the importers about trade financing.					
3	AGD bank's international banking charges ( trade financing interest rate) are resonable price to compare with other local bank's charges.					
4	AGD bank provide quality customer services within a short period of time in trade financing.					
5	AGD bank's staff of trade financing department are providing innovative solutions, not only offering the customer what is available today but anticipating the customer needs for the future.					
6	AGD bank trade financing services are accountability and transparency to every who deals with the bank's services.					

	Behavioral<Behaviors>	1	2	3	4	5
1	AGD bank's staff of trade financing department are more experience in the international banking services than other private banks.					
2	The staff of AGD bank give the service to customer as being patient, exthusiastic and responsive.					
3	AGD bank's staff of trade financing department are providing the banking services and products to customers as per the bank's announcements .					
4	The customer have the satisfaction about necessary question answered with the waiting time.					

5	AGD bank's staff of trade finance department are always carefully study their customers' specific needs and wants with the best solution.					
6	AGD bank's staff of trade financing department are committed to working within the rules, set by their regulators and own high standards.					

	Cognitive<Belief & Knowledge>	1	2	3	4	5
1	AGD bank's staff of trade finance department are more effective than other bank's services with convenience, trustworthy and safety.					
2	AGD Bank's staff of trade financing department have aim to give their customer knowledgeable guidance in international banking services.					
3	AGD bank's staff of trade finance department treat their customers with respect, honesty and always deal in a fair, humble and professional manner.					
4	About International Banking Services, this Bank has more reputation than other local banks.					
5	Trade financing service of AGD bank is lower risk profile than doing the International Trade transaction in the traditional ways.					
6	AGD Bank have change their trade financing policies into trade sector by competing other private banks.					

**Part E: Customer's Attitude towards Trade Financing in International Banking Services  
(Guarantee Service)**

Use Tick "/" on one answer.

(1) Strongly Disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly Agree

	Affective<Feeling>	1	2	3	4	5
1	AGD bank can serve with the good banking service in trade financing.					
2	AGD bank provides the sufficient loan amount (cash marginal deposit) for the importers about trade financing.					
3	AGD bank's international banking charges ( trade financing interest rate) are reasonable price to compare with other local bank's charges.					
4	AGD bank provide quality customer services within a short period of time in trade financing.					
5	AGD bank's staff of trade financing department are providing innovative solutions, not only offering the customer what is available today but anticipating the customer needs for the future.					
6	AGD bank trade financing services are accountability and transparency to every who deals with the bank's services.					

	Behavioral<Behaviors>	1	2	3	4	5
1	AGD bank's staff of trade financing department are more experience in the international banking services than other private banks.					
2	The staff of AGD bank give the service to customer as being patient, enthusiastic and responsive.					
3	AGD bank's staff of trade financing department are providing the banking services and products to customers as per the bank's announcements .					
4	The customer have the satisfaction about necessary question answered with the waiting time.					

5	AGD bank's staff of trade finance department are always carefully study their customers' specific needs and wants with the best solution.					
6	AGD bank's staff of trade financing department are committed to working within the rules, set by their regulators and own high standards.					

	Cognitive<Belief & Knowledge>	1	2	3	4	5
1	AGD bank's staff of trade finance department are more effective than other bank's services with convenience, trustworthy and safety.					
2	AGD Bank's staff of trade financing department have aim to give their customer knowledgeable guidance in international banking services.					
3	AGD bank's staff of trade finance department treat their customers with respect, honesty and always deal in a fair, humble and professional manner.					
4	About International Banking Services, this Bank has more reputation than other local banks.					
5	Trade financing service of AGD bank is lower risk profile than doing the International Trade transaction in the traditional ways.					
6	AGD Bank have change their trade financing policies into trade sector by competing other private banks.					