

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

**CUSTOMER ADOPTION ON CARD SERVICES OF  
PRIVATE BANKS IN MYANMAR**

**SEIN HLAING TUN  
(MBF – 4<sup>th</sup> BATCH)**

**DECEMBER, 2018**

# **CUSTOMER ADOPTION ON CARD SERVICES OF PRIVATE BANKS IN MYANMAR**

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

**Supervised by:**

**Submitted by:**

Dr. Daw Tin Tin Htwe  
Professor  
Department of Commerce  
Yangon University of Economics

Sein Hlaing Tun  
Roll No. 10  
MBF-4<sup>th</sup> Batch

**December, 2018**

## **ABSTRACT**

The study aimed to analyze customer adoption on using card services in selected private banks. To do this study, the total 100 numbers of card users of private commercial banks (KBZ,UAB and AYA) in Yangon are selected randomly. Those card users are from the U.S. Embassy Yangon. The card users involve from the years 2017 to 2018 in current period. This study uses both primary and secondary sources. To collect primary data, card survey was conducted among 100 local employees (25%) of U.S. Embassy with well-structured questionnaires. To collect the secondary data, information are fetched from various sources of MPU face book page, previously printed research papers, internet web sites, local economic journals and newspapers. Descriptive and convenient sampling method is mainly used in the study. To identify the customer adoption of card users, Five Point Likert-Scale is used in the study. This study analyzes the customer adoption on card services for the four dimensions (benefit of card use, cost of card, perception on card service and service support).

## ACKNOWLEDGEMENTS

First of all, I would like to express my sincere gratitude and Prof. Dr. Tin Win, Rector of the Yangon University of Economics, for his concern and encouragement to the participants of MBF Programme.

My heartfelt thanks also go to the Prof. Dr. Daw Soe Thu, Head of the Department of Commerce and Programme Director of Master of Banking and Finance Programme, Yangon University of Economics, for her encouragement and guidance through the course of my study.

My deepest gratitude goes to my supervisor Dr. Daw Tin Tin Htwe, Professor, Department of Commerce, for her valuable advice, guidance, assistance and kind support during the preparation and writing of this thesis.

I would also like to specially thank my respectful professors and lecturers who imparted their time and valuable knowledge during the course of my study at the Yangon University of Economics, and my friends and all personnel who contributed in various ways to my thesis.

My special thanks go to my friends and colleagues of local U.S. embassy employees for their support and assistance on answering my survey questions without hesitance by providing the necessary data and information needed in this study.

Finally, I absolutely thank my family for their continuous support and patience throughout the course of this study. I want to say huge thanks to my friends and colleagues of MBF 4<sup>th</sup> Batch for all the support, contribution and encouragement during two years of course study and in achieving this thesis.

# TABLES OF CONTENTS

	<b>Page</b>
<b>ABSTRACT</b>	<b>i</b>
<b>ACKNOWLEDGMENTS</b>	<b>ii</b>
<b>TABLES OF CONTENTS</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>v</b>
<b>LIST OF FIGURE</b>	<b>vi</b>
<b>LIST OF ABBREVIATIONS</b>	<b>vii</b>
<b>Chapter 1: INTRODUCTION</b>	<b>1</b>
1.1 Rationale of the Study	2
1.2 Objectives of the Study	3
1.3 Scope and Method of the Study	3
1.4 Organization of the Study	3
<b>Chapter 2: THEORETICAL BACKGROUND</b>	<b>4</b>
2.1 Historical Background of Debit and Credit card	4
2.2 Definition of Debit and Credit Card	4
2.3 Advantages and Disadvantages of Using the Bank Cards	5
2.4 Importance of Customer Service for Customer Satisfaction	10
2.5 Figure 2.5 Conceptual Framework of the Study	11
<b>Chapter 3: OVERVIEW ON CARD SERVICES OF PRIVATE BANKS IN MYANMAR</b>	<b>14</b>
3.1 History of Debit and Credit Cards in Myanmar	14
3.2 Types of Cards issued by Selected Private banks	16
3.3 Cost of Cards	20
3.4 Security of Cards	21
<b>Chapter 4: Analysis of Customer Adoption on Card Services</b>	<b>23</b>
4.1 Research Design	23
4.2 Respondents' Profile	24
4.3 Respondents' Card Usage Experience	25

4.4 Analysis of Customer Adoption on Card Services	29
<b>Chapter 5: CONCLUSION</b>	<b>37</b>
5.1 Findings	37
5.2 Recommendations	39
5.3 Need for Further Studies	40
<b>REFERENCES</b>	<b>41</b>
<b>APPENDIX</b>	

## LIST OF TABLES

<b>Table No.</b>	<b>Title</b>	<b>Page</b>
(3.1)	Credit Card Service Charges of Private Banks	17
(4.1)	Demographic characteristics of respondents	24
(4.2)	Types of cards by card issuers	25
(4.3)	Respondents' Frequency of Card Usage (Monthly)	26
(4.4)	Respondents' Lifespan of Card Usage	27
(4.5)	Reason for Card Usage	27
(4.6)	Problem frequently faced Using Card	28
(4.7)	High Personal Usage of Card	28
(4.8)	Intention of Usage	29
(4.9)	Ease of Use	30
(4.10)	Perceived Usefulness	30
(4.11)	Security of Cards	31
(4.12)	Trust on Card Services	32
(4.13)	Service Support	33
(4.14)	Customer Adoption on Card Services	34
(4.15)	Regression of Customer Adoption on Card Services	35

## LIST OF FIGURE

<b>Figure</b>		<b>page</b>
2.1	Conceptual Framework of the Study	13



## **LIST OF ABBREVIATIONS**

AWB	-	Asia Wealth Bank
AYA	-	Ayayarwady Bank
CBM	-	Central Bank of Myanmar
EMV	-	Europay Master Card and Visa
JCB	-	Japan Credit Bureau Card
KBZ	-	Kanbawza Bank
LC/TT	-	Letter of Credit / Telegraphic Transfer
MOB	-	Myanmar Oriental Bank
MICB	-	Myanmar Investment Commercial Bank
MFTB	-	Myanmar Foreign Trade Bank
MEB	-	Myanmar Economic Bank
MUB	-	Myanmar Universal Bank
MPU	-	Myanmar Paying Union
POS	-	Post of Sale
UAB	-	United Amara Bank
WOM	-	Word of Mouth

## **CHAPTER (1)**

### **INTRODUCTION**

Nowadays, card services are getting popular among the users of private banks issuing various types of cards such as traveler cards, ATM cards directly connected with saving and current accounts, debit and credit cards starting from 2011 when shopping at stores and supermarkets as well as purchasing the air tickets for travelling within Myanmar and abroad, but card services had been used in the United States since 1950s. People are starting to use cards issued by banks and brands, and are finding it increasingly convenient as the number of stores that take cards increases in Myanmar. Last year, card use for big-ticket purchases in malls became routine. As many as 6000 shops now accept credit card payments, although most are concentrated in Yangon downtown shopping centers. Private banks believe card use could rise by 30 percent over the next year, if people can be persuaded to make the switch from heavy dependency on cash to using card services.

Now, the banking sector led by the Central Bank of Myanmar is looking into initiating the cashless system such as giving permission to private banks to issue debit and credit cards through MPU or direct link cards like Visa, Master, UPI and JCB. The need for effective utilization of information and technology in the banking system is crucial to develop the banking services. On 23 November 2012, Japan Credit Bureau (JCB) signed an agreement on the use of its payment system at the Myanmar Banks Association and CUP followed suit the next day. Within this agreement holders of international bank cards with agreements with either JCB or CUP will be able to use them in the automatic teller machines of the member banks of the Myanmar Payment Union. On 18 August 2017, AYA bank introduced its first JCB-MPU co-brand card to be able to use both locally and internationally. There are ten semi-governmental banks and fourteen private banks which are the driving forces towards development and modernization of the banking sector.

Some private banks are leading in the sales and marketing sector for issuing and distribution of debit and credit cards with the assistance of international cards services like Visa and Master as well as in the technological innovations (introduction of international used debit and credit cards, and implementation of mobile and internet banking).

## **1.1 Rationale of the Study**

Using card services is one of the alternatives for electronic payments. A credit card/debit card is a small plastic card issued to users for payment purpose. It allows its holder to buy goods and services based on the holder's promise to pay for these goods and services. The issuer of the card creates a turning account and grants a line of credit to the user from which the user can borrow money for payment to a merchant. It also used for the cash advance to the user. A continuing balance of debt subject to interest charged allowed to consumers by credit cards. Cash card and credit cards are different, which can be used like currency by the owner of the card. Most credit and debit cards are issued by private banks.

Various kinds of cards including debit and credit cards in collaboration with Myanmar Payment Union or linked with international cards like Visa, Master, UPI and JCB are now issued by private banks available for public in Yangon and other big cities in Myanmar. There are two main types of card on offer at private banks – “secure” cards, for which the owner must have savings of equal value to the card’s spending limit, and “unsecure” cards, which require a guarantor such as a friend or a relative to provide proof of savings and income. Private banks issue card services of three types – Silver/Gold, Classic and Platinum depending on the card user requirement and level of card users’ income. The duration of card use is 30 or 45 days depending on the card issuing private banks. Interest will not be charged when the due payment is regular made and paid from the card users. Interest will charge and increase on a daily basis starting from beyond the overdue date. Additionally, carrying a credit/debit card may be a convenience to some customers as it eliminates the need to carry any cash for most purposes.

Credit and Debit cards were usually designed as emergency cards, they are available to be used when suddenly unplanned expense or essential need of purchase comes across. Expanding card services beyond Yangon and other major cities will need more investment from private banks. Developing the card system throughout the various parts of Myanmar will take time and investment but more people are using cards and card services market is developing and promising. People do understand the advantages, so usage will increase as private banks offer more services and ATMs become more widely available.

This study will broadly identify the card services provided by private banks and evaluate the effectiveness of services to card users of private banks in Myanmar. The result of the study will benefit the card users and card service providers as well as improve the usage of the various types of cards issued from local and international banks and financial institutions.

## **1.2 Objectives of the Study**

The main objectives of the study are as follows:

1. To identify the card services provided by private banks in Myanmar.
2. To analyze customer adoption on card services of private banks in Myanmar.

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

This study targeted the U.S. Embassy staff. There were 400 local employees in the U.S Embassy. Out of the total employees, 25 % of them were randomly selected and asked to answer the survey questions. Survey questions were created using structured questionnaire and were conducted to determine the customer adoption of 100 card users of private banks by asking survey questions and doing interviews with some personnel from private banks. As a secondary data, were collected from private banks, their websites and Facebooks, MPU Facebook, local business papers, relevant text books and other thesis papers.

## **1.4 Organization of the Study**

This study was organized into five chapters. Chapter one includes rationale, objectives, scope and method and organization of the Study. Chapter two is consisted of theoretical background of card services. Chapter three includes Overview on card services of private banks in Myanmar. Chapter Four analyzed customer adoption on card usage and users' satisfaction on card services. Chapter Five describes conclusion of the whole study with findings, recommendations and need for further studies.

## **CHAPTER (2)**

### **THEORETICAL BACKGROUND**

The chapter seeks to explain literature done on the card industry to provide the foundation of the study. It will explore studies on debit and credit card usage and needs fulfilled by the card services and customer satisfaction with the debit/credit cards. The chapter will be divided into five sections as global history, definition of cards, benefits of card usage, disadvantage of using cards, effect of customer service on card users and customer perception on the relationship between service quality on information provided and received. The first section consists of the evolution of debit and credit cards and the usage in the early stage of card services.

#### **2.1 Historical Background of Debit and Credit Cards**

Payment cards have changed the way that we pay for goods and services and today, most consumers pay for at least half their purchases with a payment card. The forerunners of payment cards are a long way from the sophisticated and widely-accepted cards that we are now accustomed to but, none-the-less, laid the foundations for the convenience and ease-of-use that we now enjoy.

In the early 1900s, oil companies and department stores issued their own proprietary cards, according to Stan Sienkiewicz, in a paper for the Philadelphia Federal Reserve entitled "Credit Cards and Payment Efficiency." Such cards were accepted only at the business that issued the card and in limited locations. While modern credit cards are mainly used for convenience, these predecessor cards were developed as a means of creating customer loyalty and improving customer service, Sienkiewicz said. The first bank card, named "Charge-It," was introduced in 1946 by John Biggins, a banker in Brooklyn, according to MasterCard. When a customer used it for a purchase, the bill was forwarded to Biggins' bank.

The bank reimbursed the merchant and obtained payment from the customer. The catches: Purchases could only be made locally, and Charge-It cardholders had to have an account at Biggins' bank. In 1951, the first bank credit card appeared in New York's Franklin National Bank for loan customers. It also could be used only by the bank's account holders.

The Diners Club Card was the next step in credit cards. According to a representative from Diners Club, the story began in 1949 when a man named Frank McNamara had a business dinner in New York's Major's Cabin Grill. When the bill arrived, Frank realized he'd forgotten his wallet. He managed to find his way out of the pickle, but he decided there should be an alternative to cash. McNamara and his partner, Ralph Schneider, returned to Major's Cabin Grill in February of 1950 and paid the bill with a small, cardboard card. Coined the Diners Club Card and used mainly for travel and entertainment purposes, it claims the title of the first credit card in widespread use. (Jennifer-Rosenberg, 2016)

Visa Card was introduced in the mid-1970s. River banks of the Bank of America created an association that came to be known as Master Card. The American Express Company, also known as Amex, is an American multinational financial corporation headquartered in Three World Financial Center in New York City. The Company was founded in 1850 and is one of 30 components of the Dow Jones Industrial Average (Down Jones, 2013). The company is best known for its credit card, charge card and traveler's check business. In 2016, credit cards using American Express network accounted for 22.9% of the total dollar volume of credit card transactions in the US( Como-reanu, 2017). As of December 31, 2016, the company had 109.9 million cards in force, including 47.5 million cards in force in the United States, each with an average annual spending of \$17,216 (American Express Company, 2016).

## **2.2 Definition of Debit and Credit Cards**

In many countries, the use of debit cards has become so widespread that their volume has overtaken or entirely replaced cheques and, in some instances, cash transactions. The development of debit cards, unlike credit cards and charge cards, has generally been country specific resulting in a number of different systems around the world, which were often incompatible.

Since the mid-2000s, a number of initiatives have allowed debit cards issued in one country to be used in other countries and allowed their use for internet and phone purchases. Unlike credit and charge cards, payments using a debit card are immediately transferred from the cardholder's designated bank account, instead of them paying the money back at a later date. Debit cards usually also allow for instant

withdrawal of cash, acting as an ATM card for withdrawing cash. Merchants may also offer cashback facilities to customers, where a customer can withdraw cash along with their purchase.

Credit card is a payment card issued to users as a system of payment. It allows the cardholder to pay for goods and services based on the holder's promise to pay for them. The issuer of the card creates a revolving account and grants a line of credit to the consumer ( the user ) from which the user can borrow money for payment to a merchant or as a cash advance to the user ( Schneider, 2009). Before acquiring a credit card, it is essential for one to shop around for a credit card that has features which matches their needs. According to the FDIC – Division of Supervision and Consumer Protection (2008), credit cards have various features that relate to cost. One of the features of credit cards includes.

A debit card (also known as a bank card, plastic card or check card) is a plastic payment card that can be used instead of cash when making purchases. It is similar to a credit card, but unlike a credit card, the money comes directly from the user's bank account when performing a transaction.

Some cards may carry a stored value with which a payment is made, while most relay a message to the cardholder's bank to withdraw funds from a payer's designated bank account. In some cases, the primary account number is assigned exclusively for use on the Internet and there is no physical card ( Woods, Frank & Sangster, Alan, 2008).

A credit card may have multiple annual percentage rates. It could have a different rate for purchases, another for cash advances and yet another for balance transfers. A credit card could also have a tiered annual percentage rate where different rates are applied to different levels of outstanding balance. A credit card could also have a fixed or variable annual percentage rate. Explanation of the most common features of a credit card including types of credit cards, fees, grace period, interest rate and finance charge (Lucia & Kim, 2009).

## **2.3 Advantages and Disadvantages of Using the Bank Cards**

When using the card services, some people get the advantages of using the banks, but some experience difficulties which are disadvantages of card usage. So, there are two categories of advantages and disadvantages of using the bank cards.

### **2.3.1 Advantages of Using the Bank Cards**

A debit/credit card can be a more convenient way to pay for purchases and a means for postponing payment in cash without the need of carrying a lot of cash. Debit and credit cards are quicker and might be cheaper to use than checks. They're useful for everyday expenses and can be used over the phone and internet. Credit or charge cards can offer an interest-free period of up to 30 to 45 days, dependent on which card issuer you use. Most cards are globally recognized - using cards for foreign travel purchases may give you better exchange rates. Cardholders has ability to monitor expenditure as it can specify which employees receive cards and set different credit limits for each card. Cash can be withdrawn from ATMs using debit/credit cards.

However, card issuers may levy a commission and - if given on credit - interest is payable from the day the cash is withdrawn. With a bank or credit card, you pay one bill each month, no matter how many purchases you make. Itemized monthly statements can help with your accounting and administrative procedures.

For individuals, debit and credit cards are an important part of everyday life. Whether purchasing gas and groceries or reserving a hotel and rental car for an upcoming vacation, credit and debit cards represent a convenient and secure form of payment for consumers. Benefits ranging from damage protection on purchase to the ease of disputing suspicious charges or fraudulent activity make cards an attractive form of payment.

Debit/Credit cards are not only important for individuals and businesses; they are an important aspect of continued economic growth. Cards play a crucial role in the life cycle of increased consumption and production by offering merchants a guaranteed method of payment and providing consumers with a way to bridge the gap between pay checks in times of emergency.

The self-employed have benefited from debit and credit cards in the same way other consumers have. Cards provide a convenient payment mechanism and easily



accessible methods for borrowing funds to start or expand a business. They also enable the self-employed to choose among a larger group of lending banks than would be available for other types of loans. Cards offer additional benefits for consumers. Based on the type of card users have, users may qualify for rewards such as cash back or discounts on purchases, trip cancellation insurance, and air miles. With a little comparison shopping, users can find a card that offers rewards to fit their lifestyle. In depth analysis of using cards shows a means of settlement for goods and services, the challenges experienced when using a card as a means of settlement and how these were being addressed. Most cardholders are content with the mode used to pay off their bills with the bank when they were due for payment.

Many credit card customers receive rewards, such as gift certificates, cash backs or frequent flyer points, as an enticement for card usage. Rewards are usually pegged on acquiring a service or item using the card, which may or may not include cash advances, balance transfers, or other special uses. Depending on the type of credit card, rewards will ordinarily cost the issuer between 0.25% and 2.0% of the spread. Networks such as MasterCard or Visa have increased their charges to allow issuers to fund their reward schemes. With a competitive and fractured environment, rewards points dramatically cut into an issuer's bottom line, and rewards points and related incentives must be managed carefully to ensure a profitable portfolio.

### **2.3.2 Disadvantages of Using the Bank Cards**

Even though card issuers can usually set maximum spending limits on consumers' cards, be aware that they are giving consumers the opportunity to spend bank's money unchecked. Card users could also experience the disadvantages of using cards for purchases such as the two major drawbacks: card fraud and debt. Card fraud means consumer may find fraudulent purchases appearing on his/her statement if the card details are discovered or revealed and this is due to a consumer's negligence, the issuer's bank will be liable for the payments.

Debt can be tempting to overextend itself and build up debts with the convenience of a plastic card and the time lapse between purchase and payment. Debit cards mostly connected to the customer's bank saving account, it cannot be exceeded over the balance amount existed in the account. A credit card will have an interest rate

of 7% and 36% in the U.S., depending largely upon the borrower's credit history and the bank's risk evaluation method.

Majority of Americans have no understanding of the terms of their credit cards which made the banks to profit for the consumer mistakes. America reviewed the credit card regulation to protect consumers with little effect. Cardholders also have expectation on their ability to pay. People who usually accumulate debt on their card are better off choosing a card with a cheap interest rate even if the annual fee is large.

They found out that cardholders who have expectations of paying off their debt at the end of every month, but do not end up doing so were more likely to use cards with high interest rates and less likely to use cards with a higher one-off annual fee. These findings show that people who are more subject to unrealistic optimism will be more prone to select cards that are not suited to their needs. Thus, cardholders need to provide the necessary sufficient information to enable to make informed choices when selecting credit cards.

When a customer becomes severely delinquent on a debt (often at the point of six months without payment), the debt may be declared a charge-off by the creditor. The debt will be listed as such on the debtor's credit bureau reports (Equifax, for example, lists "R9" in the status column to denote a charge-off.) Charge-offs are considered to be written off as not collectible. For banks, fraud and bad debts are merely part of the costs of trading (Humphrey, Pulley, & Visalia, 1996). However, the debt would still be legal binding, and the creditor may attempt to recover the full debt within the time periods permitted under law, which is usually 3 to 7 years. This includes contacts from internal collections staff, or more likely, an outside collection agency. If the sum due is large (usually over \$2,000), there is the prospect of arbitration or lawsuit (Humphrey, Pulley, & Visalia, 1996).

In relative numbers the values lost in bank card fraud are minor, calculated in 2006 at 7% worth of transactions (7 basis points). In 2004, in the UK, the cost of fraud was over £500 million. When an unauthorized duplicate made or a card is stolen, most card users will reimburse partial or full charges that the customer has suffered for commodities they had not purchased. These refunds may be at the expense of the merchants in some cases, especially where the merchant cannot claim sight of the card such as mail order cases. Credit card companies generally guarantee

the merchant will be paid on legitimate transactions regardless of whether the consumer pays their credit card bill. Most banking services have their own card services that handle fraud cases and monitor for any possible attempt at fraud.

Employees that are specialized in doing fraud monitoring and investigation are often placed in Risk Management, Fraud and Authorization, Cards and Unsecured Business. Fraud monitoring emphasizes minimizing fraud losses while making an attempt to track down those responsible and contain the situation.

Card fraud is a major dollar crime that has been around for many decades, even with the advent of the chip based card (EMV) that was put into practice in some countries to prevent cases such as these. Even with the implementation of such measures, credit card fraud continue to be a problem (Inbusinessinfo., 2017).

#### **2.4 Importance of Customer Service for Customer Satisfaction**

Effect of customer service is an important part of every business especially for card services. Benefits of good customer service include repeat and more customers, more sales and issues of more cards, and better cash flow for card users and private banks (Merchantpro Express, May 2016).

Bank staff at the card department is also expected to be polite when handling the customers. Customers expect that the employees from the card service department will be polite with them even if the customer is making a complaint. They do not expect compulsive language, to be against or to be rejected bitterly. Another expectation of the customer is that they will be treated with respect. Customers expect to be treated with respect irrespective of the nature of their complaint or their income level.

Customers also expect that the organization will keep their promise. Customer expect that when a customer service representative or customer complaint call center makes a promise, it will be kept ( David, 2006).

In these days, all the organizations are realizing the significance of customer centered philosophies. One of the key challenges of them is how they manage customer service quality, which holds a great importance to customer satisfaction (Bowen & Chen, 2001). Service quality involves a comparison of expectations with performance: it is a measure of how well the service level delivered matches customer expectations on a regular basis.

Service quality has been recognized as a function of consumer expectations towards the service transaction and process, and of output quality they perceived themselves to have achieved. The ultimate goal of service quality measurement is to assist bank managers in ensuring service quality and customer satisfaction (Webster, 1988). Measurement is a necessary step towards implementing any action plan.

## **2.5 Previous Studies**

Even though there were a lot of previous studies and researches mentioned below concerning conceptual framework for customer perception and adoption, nine of them were extracted to construct the own conceptual framework for customer adoption of card services.

Durkin (1970-2000) indicated that issuers are essential to make available all relevant information regarding credit card at the time of issuing credit card. Another group of researchers pointed out that informational barrier impede the ability of credit card customers to obtain a competitive interest rate through search (Calem, Gordy, & Mester, 2005). By manipulating message proximity and message source, they showed that authority-plus-contrast-plus-scarcity was the most persuasive combination. Estefani and Bergstein (2006) suggest that consumers will evaluate an experience by taking into account prior perceptions, and these perceptions will significantly impact their views and resulting assessments.

Their research shows that 17 perception levels create a bias in the consumer's mind which may dilute the negative effects of a bad experience. Similarly, a negative bias will adversely affect a consumer's account of the experience, which may be judged more unfavorably than deserved.

Devlin, Worthington, & Gerrard (2007) showed that credit card issuers must offer discount for promotion. Gan, Maysami, & Koh (2008) reported that people's lack of understanding or minimal information of industry is one of the major dilemmas in the credit card market.

The most interesting result was revealed from this study was that more women than men felt it was prestigious to use credit cards. Since credit card debts have caused several socioeconomic problems in many countries, the problem has received

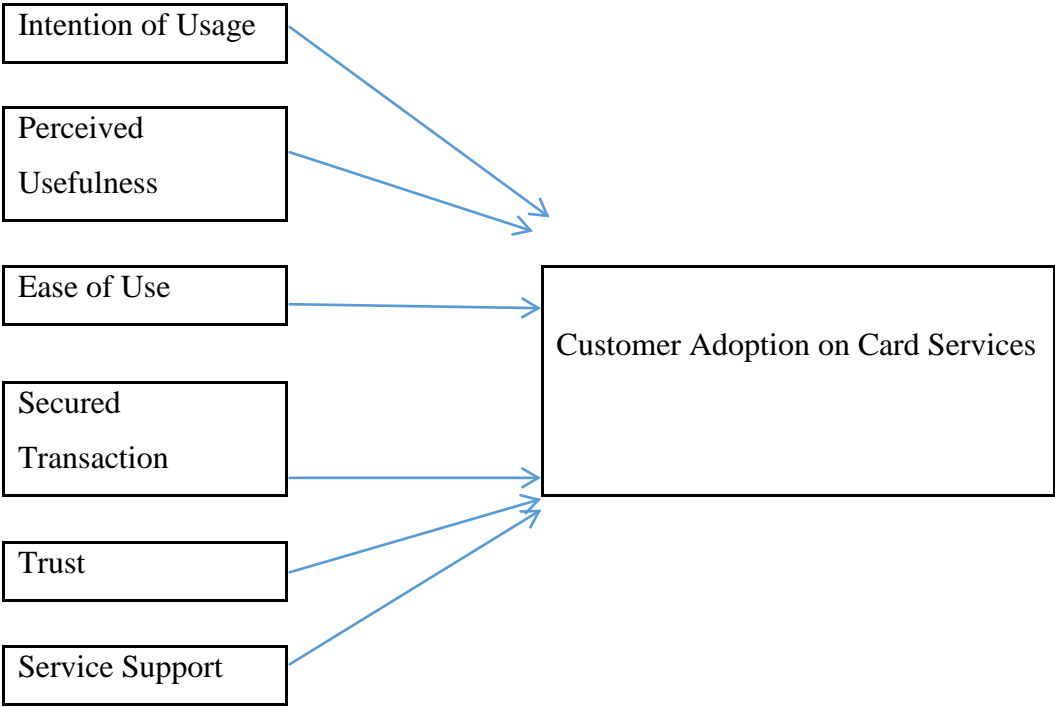
more attention of media, public policy makers and academics in recent years (e.g., Erdem, 2008).

Atthaphol (2010) examined relationships between both Bangkok debt and credit card holder attitudes towards the intention to use credit cards. Results show that credit card attitudes to be directly related to the likelihood of credit card use. Further, study revealed those individuals who did not pay monthly balances in full, as well as those who had multiple cards, were shown to have more positive attitudes towards credit cards. Moreover, education level and the length of working experience are the most important variables that associate with the intention to use credit cards.

Maya & Rofi (2011) showed that there was a positive attitude towards the use of credit cards among overall respondent, while the perceived usefulness had the highest contribution toward positive attitude to use of credit cards. Further the study pointed out that there was a strong intention to continue used credit cards, where the highest intention was the desire to finance routine expenses with credit cards. Additionally, researchers found that since respondents have been using credit cards wisely, the use of credit cards would provide supports and will not cause to financial problems in the future. Shu & Cheng (2012) examined the way to improve consumer attitudes toward using credit cards for online purchases. This lack of information affects adoption and usage of credit cards all time.

This study on U.S. Embassy staff card usage were based on the own conceptual framework adapted from Malaysian Website Experience Satisfaction survey framework. This research finds the factors such as intention of usage, perceived usefulness, ease of use, secured transaction, trust and service support.

**Figure 2.1 Conceptual Framework of the Study**



## **CHAPTER (3)**

### **OVERVIEW ON CARD SERVICES OF PRIVATE BANKS IN MYANMAR**

This chapter presented the overview on card services of private banks in Myanmar. There are three sections such as history of cards in Myanmar, types of debit and credit cards issued by selected private banks and costs of card services.

#### **3.1 History of Debit and Credit Cards in Myanmar**

Myanmar Payment Union (MPU) is a Myanmar financial services corporation headquartered in Yangon, Myanmar. It provides bank card services and a major card scheme in Myanmar. MPU was founded on 15 September 2011 with total of 16 members from both state and privately owned banks, and expanded to 23 members as of 19 Jan 2017. When it first started, its purpose was to provide the ATM and POS (Point of Sale) switching services among the banks. MPU cards have been issued since 14 September 2012. As a result, all bank card holders can withdraw and check their balances and remittances to and from their fund at any ATM at any of the participating banks. MPU cards have been issued since 14 September 2012. As a result, all bank card holders can withdraw and check their balances and remittances to and from their fund at any ATM at any of the participating banks (MPU Website and Facebook, 2017).

With the direction of the Central Bank of Myanmar, Myanmar Payment Union was organized on 15 September 2011 in Yangon by state owned and private banks. On 23 November 2012, Japan Credit Bureau (JCB) signed an agreement on the use of its payment system at the Myanmar Banks Association and CUP followed suit the next day. Within this agreement holders of international bank cards with agreements with either JCB or CUP will be able to use them in the automatic teller machines of the member banks of the Myanmar Payment Union. On 18 August 2017, AYA bank introduced its first JCB-MPU co-brand card to be able to use both locally and internationally (MPU Website and Facebook, 2017).

As the financial law liberalization of central bank of Myanmar in 2015 upon the debit and credit card issuing, card users involve from the year 2016 to current year 2018. Myanmar has changed rapidly in all the sectors of political, legal, economic sector since 2011, new era of democracy government.

In banking sector also changed rapidly, the four new banks emerged, the entry and opening of foreign banks' representative office, liberalization of central bank of Myanmar. The Central Bank of Myanmar has already granted banking license to (26) domestic private banks and (6) foreign banks to operate as commercial banks or development banks.

In the far more advancement of development of market economy, the new banking laws, the Central Bank of Myanmar Law and Myanmar Agricultural and Rural Development Bank Law were enacted 1990. At 1990, issuing card Foreign Company of American Express, Master, Visa, Diner and JCB was to distribute debit and credit card to Myanmar acquiring system MFTB and MICB only, but not distribute to private banks in Myanmar. In 1993, private banks ( AWB, YOMA and MUB) issued cards to customers until 2003 before U.S. sanction.

During this period, debit and credit card were widely used. At 2003, due to U.S. sanctions imposed on Myanmar and 2003 Bank Crisis, agreement and contracts between MFTB, MICB banks and these cards (American Express, Master, Visa, Diner and JCB) had automatically stopped. The Financial Institutions of Myanmar Law recognized MEB as an existing state-owned commercial bank. There have been developing private commercial named Myanmar May Flower Bank, Myanmar Universal Bank and the Asia Wealth Bank were established with the government release in financial laws. Up till now, there are 26 number of private commercial banks. The development of traditional financial services of accepting savings and helping to finance the businesses includes serving insurance, international trade payment service, e-banking facilities and others.

The Financial Institutions of Myanmar Law allows other private sector to operate the domestic commercial banking, the investment of development banking, the finance companies and the credit societies with the approval of the Central Bank of Myanmar.



The Central Bank of Myanmar allowed the banking licenses to four new banks in 2010: Asia Green Development Bank Limited, Ayeyarwaddy Bank Limited, United Amara Bank Limited and Myanmar Apex Bank Limited.

The Central Bank of Myanmar has granted the money changing business licenses to the private banks since October, 2011 and also granted the authorized dealer licenses to the private banks to inaugurate an interbank foreign exchange market since November 2011 and the foreign currency remittance services to the private Authorized Dealer banks. The Foreign Exchange Management Law was enacted in August 2012. This Law removes all exchange restrictions and eliminates multiple currency practices.

The central bank of Myanmar also shortlisted the 25 foreign banks, which advance to the next round to the bidding process to grad a license to operate in Myanmar. The Central Bank of Myanmar recently allowed 11 foreign companies to do insurance services in Myanmar. The presence of foreign banks within the Myanmar Banking system will overall enhance institutional strength, and will make headway into a banking system that is currently monopolized by four state owned banks. Although the international banks may face supervisory and managerial challenges, it is by far one of the most important steps towards the transformation of the financial sector of this country. The Central Bank of Myanmar has granted the credit card issuance licenses to the private banks since July 2015(Myanmar Investment Law, 2017).

### **3.2 Types of Cards issued by Selected Private banks**

During the year 2012, Central Bank of Myanmar released its financial regulations in issuing debit cards (Prepaid Card). During the year 2013, Central Bank of Myanmar, Private commercial banks are trying to grow banking services in terms of its size in nation-wide with MPU Debit Card. In 2015, Central Bank of Myanmar released its financial regulations in issuing MPU Credit Card. Private commercial banks are trying to grow banking services in terms of wide with MPU Credit Card. Foreign Credit Card ( VISA, MASTER, JCB, American Express and UPI ) credit card agreed contract with (UAB, KBZ and AYA) Banks.

In 2016, Private Bank (UAB, KBZ and AYA) banks issue the credit cards in conjunction with foreign previously mentioned cards. MPU debit and credit cards

issue from UAB, KBZ and AYA in Myanmar. These kinds of credit cards are Classic Card, Gold Card and Platinum Card. Banks in Myanmar, UAB, KBZ and AYA issue different kinds of debit and credit card such as MPU, Union Pay, JCB, Master and Visa cards. Currently Master Credit card cannot be available in AYA bank.

**Table (3.1) Credit Card Service Charges of Private Banks in Myanmar  
(Myanmar Kyats)**

<b>Description</b>	<b>Classic Card</b>	<b>Gold Card</b>	<b>Platinum Card</b>
Minimum Monthly Income	150,000	1,000,000	2,000,000
Issue Fees	10,000	15,000	50,000
Annual Fees	30,000	60,000	100,000

Source: Bank's Card information pamphlet 2017

Table (3.1) mentioned three different kinds of credit cards: Classic, Gold and Platinum. The customer whose minimum monthly income of MMK 150,000 can apply for Classic Card, Minimum monthly income MMK 1,000,000 can get Gold card and Minimum monthly income of MMK 2,000,000 can apply for Platinum card. The card issue fees are MMK 10,000/, MMK 15,000/ and MMK 50,000 for Classic, Gold and Platinum card. The banks charge the annual fees of MMK 30,000 for Classic Card, 60,000/ for Gold Card and 100,000/ for Platinum Card.

### **UAB Card**

United Amara Bank was first established in Myanmar in 2010. As a new generation bank, it is one of the fastest growing institutions in Myanmar with a focus on safe and secure banking and cultivating a passion for customers. In 2013, a principal license was obtained from VISA and MasterCard for the acquiring business.

UAB bank offers three types of card depending on a customer's income. United Amara Bank (UAB) Limited announced the launch of its first suite of credit

cards with Visa in Myanmar on 12 September 2017. Three types of Visa Credit Card are offered; Classic, Gold and Platinum. Total number of credit card up to now is 75,580 cards including all credit cards.

Classic card holders can spend between 500,000 kyats and 1,000,000 kyats, Gold card holders can spend 1,000,000 to 4,000,000 kyats, and Platinum cardholders up to 5,000,000 kyats. UAB credit and risk committee is scrutinizing customer's applications because it is a risky area for banking industry. To analyze the application, credit committee will take two weeks application process. Bank customers do not need to pay interest on purchases with credit cards within 45 days, if not settle the debt within credit term and customer has to pay 1.08% interest on the amount outstanding.

### **AYA Card**

AYA debit cards issued to customers connected to the customers savings and current accounts collaboration with Myanmar Payment Union(MPU). They can be spent depending on the levels of saving and current accounts but cannot exceed the balance amount in those accounts. Spending of AYA cardholders is the same as UAB Bank. Requirement for credit card application are stated that "we will provide credit card service for regular income customers".

There is no deposit needed for the credit card holders. Based on the credit cardholders' regular income amount, the card's credit amount would be different. There is no specific income requirement for debit cardholders, but credit card applicants must earn 150,000 and above. In the year of 2017issuing credit card from AYA bank and total number of credit card up to now estimate (120,048) cards including all credit cards. Classic card holders can spend up to 500,000 kyats.

The credit card is provided into three types platinum, gold and silver. Platinum card holders must has to earn 2,000,000 kyats or above, Gold card 500,000 or above while Silver card holders must have a minimum of 150,000 kyats.

Credit cardholders can spend up to 2.5 times their monthly salary, but the maximum credit amount is limited 5,000,000 kyats for any credit card holders. Half of the money spent, or the full amount of spent credit has to be repaid within 50 days from the activated day.

There is no interest within 50 days, but after that the interest rate will be 1.08% per month AYA bank in partnership with MPU has already provided approximately 50,000 credit cards but the former cardholders can change the upcoming new cards without registering for a new one.

### **KBZ Card**

Spending of debit and credit cardholders is the same as UAB and AYA banks. Banks are specifically careful in scrutinizing customers' applications. In the year of 2017 issuing credit card from KBZ bank and total number of credit card up to now is nearly estimate (140,258) cards including all credit cards. Classic card holders can spend up to 500,000 kyats.

The credit card will be provided in three types, platinum, gold and classic. Platinum card holder has to earn 2,000,000 kyats and above, Gold card 500,000 kyats and above while classic cardholder must have a minimum of 150,000 kyats. Credit card holders can spend up to 2.5 times of their minimum monthly income levels, but even so credit cards are a risky business for the bank. At the start of last year, though many credit cards had been issued but most operated like debit cards – some requires funds in an account and others pre-payment. But this year has seen the return of true credit cards that allow customers make purchase with no funds or collateral necessary. Visa credit card is a kind of unsecured personal loan provided through a 'plastic card' which can be used for payment of goods and services or cash withdrawal.

There are two types of Visa credit card issued by KBZ bank i.e. Platinum and Classics. KBZ Visa is a contactless method of payment – the latest technical revolution in Visa payments. It is simple, secure and quick payment method.

The technology enables card holders to 'tap' their card on a contactless POS terminal to make transactions up to the amount set by merchant's acquiring bank, rather than 'swiping or dipping' their card into POS terminals. Minimum 10% of the money spent or the full amount of spent credit has to be repaid within 50 days from the activated day.

There is no interest within 50 days, but after that the rate will be 1.08% per month KBZ in partnership with MPU has already provided approximately 60,000 credit cards but the former card holders can change the upcoming new cards without

registering for a new one. The cards have a tiny antenna embedded into the chip which securely transmits payment instructions to and from a specially adapted POS terminal.

### **3.3 Costs of Card**

Issuance of debit cards can only cost customers from 4,000 to 8,000 kyats depending on the type of card and issuing banks but there is no annual fees for debit cards and the issue fee will be one time cost. The expiry dates of debit cards can vary from 3 to 5 years depending on the banks. On the contrary, application of credit card will cost customers both issuing and annual fees. The expiry dates are the same as debit cards.

Credit card companies must send cardholders a notice of 45 days before they can increase or change certain fees. This includes annual fees, cash withdrawal fees, late fees, withdrawal transaction fees and interest fees. The majority fees are for late or overdue payments, charges that result in exceeding the credit limit on the card (whether deliberately or by mistake), called over-limit fees, this over-limit fee is 13% and late fee is 1% transaction fees collected one transaction MMK 3,000 kyats (KBZ pamphlet, 2017).

Transaction in foreign currency is as much as 3% of the amount. Exchange rate loading fees collect USD 3 at any amount cash withdraw. A few financial institutions do not charge a fee for this, Membership fees (annual or monthly), sometimes a percentage of credit limit (sometimes there might not be reported on the customer's statement even when applied).

The variation of exchange rates applied by different credit cards can be very substantial, as much as 10% according to a Lonely Planet report in 2009. Following the guidelines below will help you maintain a good score or improve credit score: watch the credit utilization ratio. Keep credit card balances below 15-25% of your total available credit, Pay accounts on time, and if you have to be late, don't be more than 45 days late, don't open lots of new accounts all at once, check your credit score about six months in advance if you plan to make a major purchase, like buying a house or a car that will require you to take out a loan.

This will give you time to correct any possible errors and if necessary, improve your score. If you have a bad credit scores and lots of flaws in your credit history, don't despair. Just start making better choices and you'll see gradual improvements in your score as the negative items in your history become older. (For more insight, check out 5 Keys to Unlocking a Better Credit Score).

Paying off every month gives a revolving line of credit, which is very useful. It works as short-term financing where card users take the money upfront and then pay later so you do not pay any interest or fees. Ultimately, one has to be an educated consumer as credit card companies want their fair share of profit from transactions involving these handy sheets of plastic. If they cannot get that profit, through fees they will work to get them from interest rates. In some cases, it can cost more to use a credit card than people may actually spend using the card.

Economic stimulates, card use are not only important for individuals and business; they are an important aspect of continued economic growth for the country. For individuals, cards are an important part of everyday life.

Whether purchasing goods and groceries or reserving a hotel and rental car for an upcoming vacation, cards represent a convenient and secure form of payment for consumers staying out of cash theft and fraud. Cards offer additional benefits for consumers. Based on the type of card users possess, users may qualify for rewards.

### **3.4 Security of Cards**

The Central Bank of Myanmar has required local banks to upgrade the card payment technology, as a step toward integrating the payment system with the ASEAN region. all the payment cards issued by local banks will have to be upgraded to EMV standard, as a measure to strengthen security. Currently, Myanmar banks are issuing debit and credit cards which are classified as non-EMV chip cards. Therefore, these cards will be switched to the EMV standard which offers more protection, and all local banks will finish phasing out the old cards by 2020.

According to information from JPMorgan Chase, EMV chip technology is becoming the global standard for credit card and debit card payments. Named after its original developers (Europay, MasterCard and Visa), this technology features

payment instruments such as smart cards and mobile phones with embedded microprocessor chips which store and protect cardholder data. This standard, also commonly known as “chip and PIN” or “chip and signature”, have more sophisticated encryption and is primarily designed to prevent fraudulent transactions. EMV cards are also harder to clone. In order to implement this nationwide upgrade, Myanmar Payment Union (MPU), which was established together by 23 local private banks, signed a deal on February 7 with Unionpay International (UPI).

In the ASEAN region, Singapore, Malaysia, Indonesia, Thailand and Vietnam have implemented the EMV payment system, and are also using the Asian Payment Network (APN) system. The APN is set to become a common standard for ASEAN members. Among all the 10 ASEAN member states, UnionPay cards have also been widely accepted. The people in Myanmar, Singapore, Malaysia and Thailand use UnionPay cards frequently in domestic consumption as well as when travelling overseas. The APN was an initiative launched in 2006 by ASEAN member countries, namely Singapore, Malaysia, Indonesia and Thailand, in coordination with their respective central banks. The initiative was organised as a private sector response-and-dialogue partner to the then-ASEAN Pay Steering Committee, a body comprised of representatives from central banks in ASEAN.

The APN and the committee were tasked to establish common standards and formulate a framework for efficient and reliable cross-border payment services across the region. The APN brings together payment operators from the four ASEAN members, with the Philippines and Vietnam subsequently joining. Some other non-ASEAN Asian electronic payment operators have also taken part. The initiative has established standards for cross-border automated teller machine (ATM) cash withdrawals, balance inquiry and funds transfers (Myanmar Times newspaper, 2017).

## **CHAPTER(4)**

### **CUSTOMER ADOPTION ON CARD SERVICES OF PRIVATE BANKS IN MYANMAR**

This chapter analyses the results from the analysis of customer adoption on card services from private banks (UAB, KBZ and AYA) in Yangon. This consists of research design, respondents profile, Respondents Card Usage Experience and Regression analysis of customer adoption on card services.

#### **4.1 Research Design**

This study identifies the customer adoption of card users of private banks in Yangon. To support the assessment, the required data were collected through survey. As a survey instrument, structured questionnaires were used. The questionnaire includes three main parts of demographic profile analysis, usage of cards and customer perception towards card services. Analysis of customer adoption on card service is presented by correlation and regression analysis.

The survey consists of respondent profiles, usage of card, intention of usage, easiness of card use, expectation and perception of customer satisfaction on using the card service, cost of card, information received and quality of service provided by the private banks in Myanmar. The first part includes the questions on the demographic analysis of the customers, such as gender, age, marital status, education, occupation and monthly income. The second part includes usage of cards, reasons for card use, using card duration, type of card use, mostly used purchase and issues of card usage frequently faces while using cards as well as high personal image. The third part includes perceived of usefulness in card usage, cost effectiveness, ease of use, safeness of card use, trust and customer perception.

The third part includes 6 factors in total 20 items. The first part is made up of 30 pairs of five-point Likerrt Scale (ranging from “strongly disagree=1” to “strongly agree=5”), which measures the perception and expectation of customer adoption of card users of private banks in Myanmar.



As a sampling method, the simple random sampling was card users from the U.S. embassy in this study. 100 card users of private banks who are local employees of U.S. Embassy were selected in this study. The chosen card users were requested to complete the questionnaire. All 100 customers responded to the questionnaires. After collecting the required data, the data were analyzed by using the SPSS version 22.

#### 4.2 Respondents Profile

This section presents the profiles of selected 100 customers of the card users from private banks in Yangon. The profiles of respondents cover the Gender, Age, Marital Status, Education, Occupation, Monthly Income are summarized as follows.

**Table (4.1) Demographic Characteristics of the Respondents**

Variable	Types	Respondents	Percent
Gender	Male	44	44
	Female	56	56
Age	Under 20 years	21	21
	20 to 30 years	15	15
	30 to 40 years	19	19
	40 to 50 years	27	27
	Above 50 years	18	18
Marital Status	Single	39	39
	Married	61	61
Education	High School	6	6
	Under Graduate	20	20
	Graduate	25	25
	Post Graduate	16	16
	Master/PhD	33	33
Occupation	Government	96	96
	Company	4	4
Monthly Income (Myanmar Kyats)	Less than 200,000	10	10
	200,000 – 500,000	23	23
	500,000 – 1,000,000	19	19
	1,000,000 – 2,000,000	17	17
	Above 2,000,000	31	31

Source: Survey Data, 2018

As shown in Table (4.1) above, there are 56 females and 44 males out of 100 card users contributed to the survey. For the respondents' Age group, five parts of age group included namely 'Under 20 years', '20 to 30 years', '30 to 40 years', '40 to 50 years' and 'Above 50 years'. Nearly 30% of respondents are in the age group of '40 to 50 years' and 21% of respondents are in the group 'Under 20 years'. The smallest number of respondents is in the group of '20 to 30 years'.

Most of the respondents are married persons reach to 61 percent out of 100 users and the rest are single people. Concerning educational background of the respondents, mostly are graduates and master degree holders who responded to the survey by showing 25 and 33 percent of the sample. The survey was conducted to the card users in the U.S, Embassy, who are local employees are recognized as government employees of the U.S.

Most of them are under government employee type and very few are staff of the contractors like cleaners and gardeners. Therefore, the number in the table shows 96 and 4. According to the monthly income item of the sample survey, there are 31% of the total 100 employees who earn above two million kyats as they are senior and supervisor level staff. The salary less than 200,000 kyats are cleaners and gardeners who are lowest paid staff.

### 4.3 Respondents' Card Usage Experience

This section contains three different kinds of private banks which issue the cards used by the respondents. The following tables demonstrate the respondents' card usage experience such as types of cards issued by card issuers, usage of card, monthly usage, lifespan of card services, reason for usage, problem frequently faced using card and perception on high personal image using card.

**Table (4.2) Types of cards by card issuers**

<b>Card Type</b>	<b>Respondents</b>	<b>Percentage</b>
KBZ	48	48
AYA	35	35
UAB	17	17
TOTAL	100	100

Source: Survey data, 2018

Table (3.2) shows that most of card types the respondents using is KBZ which is nearly 50% of the total 100 card users. Second largest card type the respondents use is AYA and A few respondents use the UAB card.

Table (4.3) measured the respondents' frequency of card usage on a monthly basis.

**Table (4.3) Respondents' Frequency of Card Usage (Monthly)**

<b>Types</b>	<b>Respondents</b>	<b>Percentage</b>
1 – 3 times	30	30
4 – 6 times	25	25
7 – 9 times	17	17
10 times and above	28	28
Total	100	100

Survey Data, 2018

Table (4.3) mentioned the respondents' card usage experience measuring how many times per month the card users do transactions, how long they have been using the card service, the purpose of the card use and the problem they mostly faced while using cards. As per respondents' frequency of card usage variable, 25 percent of the respondents used the cards at least 4 to 6 times on a monthly basis. 28 percent of the respondents use the cards ten times and above per month in their daily life. Still there is 30% who are using card 1 to 3 times per month. It can conclude that respondents use cards at 4 times and more of card frequency of usage monthly.

Table (4.4) indicates the respondents' lifespan of card usage how many years the respondents have been using the cards in their daily life.

**Table (4.4) Respondents' Lifespan of Card Usage**

<b>Types</b>	<b>Respondents</b>	<b>Percentage</b>
Less than 1 year	16	16
1 year – 3 years	25	25
4 years – 5 years	31	31
6 years – 7 years	6	6
Above 7 years	22	22
<b>Total</b>	<b>100</b>	<b>100</b>

Source : Survey Data, 2018

The respondents can be assumed that they are using card service more than one year and have a good experience in using the cards by looking at the percentage shown in the table (4.4). A few respondents (16%) who has less than one year experience has less experience in using the cards.

The table (4.5) shows that the respondents' reason for card use in terms of shopping, purchase of food stuff and Groceries, booking the tickets and online shopping.

**Table (4.5) Reason for Card Usage**

<b>Types</b>	<b>Respondents</b>	<b>Percentage</b>
Salary	8	8
Shopping Mall/Supermarket	47	47
Restaurant	15	15
Booking Hotel/Flight ticket	18	18
Online Shopping	12	12
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Survey Data, 2018

According to the sample table of (4.5), the main purpose for usage of card service is for purchase of goods and food stuff at the shopping mall and supermarket (47%) but also at the restaurant (15%), on booking the hotel and flight tickets (18%) as well as on the online shopping (12%).

Also for employees, card service is useful for issuing and drawing salary in which the payroll corresponding banks deposited the salary directly to the card. It can conclude that the majority of card users in the survey use cards for making payment transactions rather than their salary withdraw.

The table (4.6) indicates the problem the respondents usually faced when they use the cards for their purchase and payment.

**Table (4.6) Problem frequently faced Using Card**

Type	Respondents	Percentage
Internet Connection	57	57
POS Machine availability	22	22
Shopkeepers' skills to process payment transaction	12	12
Shop preference more on cash than card payment	12	12
Others:	9	9
Total	100	100

Source: Survey Data, 2018

The problems currently faced when using card are mostly( 45% and 22%) due to poor internet connection and limited number of POS machine availability in everywhere using the card services as some shop owners just want to see cash, shown in the table (4.6). There are a few other problems of shopkeepers' unskillfulness of handling the card usage for processing the payment transaction.

The table (4.7) mentioned the perception on gaining high personal image by using the cards.

**Table (4.7) Perception on high personal image using card**

Type	Respondents	Percentage
Yes	70	70
No	30	30
Total	100	100

Source: Survey Data, 2018

The survey sample by table (4.7) also showed about whether or not getting high personal image by using the card service. 70 percent of the total respondents chose “Yes” and 30 percent “No”. It is concluded that most of the respondents get high personal image using the cards.

#### 4.4 Analysis of Customer Adoption on Card Services

**Table (4.8) Intention of Usage**

No.	Variable	Mean Value	Standard Deviation
1	Using card service would improve my performance	3.15	0.266
2	Using card service saved my time	3.65	0.122
3	Using card services to be advantaged	3.56	0.833
4	Card services are always available any time the whole day	3.18	0.833
	Overall Mean	<b>3.38</b>	

Source: Survey Data, 2018

The result of the table (4.8) showed the “Using card service saved my time” is the most important fact for the intention of usage having the highest mean score of 3.65 and small standard deviation 0.122. The second highest is “Using card service to be advantaged” factor which gets mean score of 3.56 and the overall mean score is 3.38.

Although the factor “Using card service would improve my performance” earns the lowest mean value of 3.15, there is not much difference among the variables of the table (4.8) the intention of usage and it can be assumed that all the factors of table (4.8) and intention usage indicates the card users have and possess the intention of usage and perceived usefulness leading to the customer adoption on card services and connected to the conceptual framework in Figure (2.5) of the chapter two.

**Table (4.9) Ease of Use**

<b>No.</b>	<b>Variable</b>	<b>Mean Value</b>	<b>Standard Deviation</b>
1	Learning how to use card services is easy	2.86	0.888
2	It would be easy getting salary through the card	3.42	0.075
3	Cash withdraw from ATM using card is more convenience than visiting bank	2.90	0.798
4	It is easy to process the transactions when using the cards	3.54	0.904
	<b>Overall Mean</b>	<b>3.18</b>	

Source: Survey Data, 2018

As a result of Table (4.9), the variable factor “It is easy to process the transactions when using the cards” has the strongest mean score of 3.54 and second biggest one is “It would be easy getting salary through the card” having the mean score of 3.42 that provide the importance message for ease of use for the card users are easy and skillful for handling and processing the transactions using cards and the overall mean score is 3.18 which is less difference among the factors as well. Also, the other two factors “Cash withdraw from ATM using card is more convenience than visiting bank” and “Learning how to use card services is easy” can also hugely impact ease of use which is the most critical indicator for current and potential card users’ adoption on card services directly connected to willingness and ease of card use in Figure 2.5 conceptual framework.

**Table (4.10) Perceived Usefulness**

<b>No.</b>	<b>Variable</b>	<b>Mean Value</b>	<b>Standard Deviation</b>
1	Using card service would improve my performance	3.15	0.266
2	Using card service saved my time	3.75	0.122
3	Using card services to be advantaged	3.60	0.833
4	Card services are always available any time the whole day	3.18	0.833
	<b>Overall Mean</b>	<b>3.42</b>	

Source: Survey Data, 2018

The result of the table (4.10) showed the “Using card service saved my time” is the most important fact for perceived usefulness having the highest mean score of 3.75 and small standard deviation 0.122. The second highest is “Using card service to be advantaged” factor which gets mean score of 3.60 and the overall mean score is 3.42. Although the factor “Using card service would improve my performance” earns the lowest mean value of 3.15, there is not much difference among the variables of the table (4.10) the perceived usefulness and it can be assumed that all the factors of table (4.10) and it indicates the card users have and possess perceived usefulness and willingness leading to the customer adoption on card services and connected to the conceptual framework in Figure (2.5) of the chapter two.

**Table (4.11) Security of Cards**

<b>No.</b>	<b>Variable</b>	<b>Mean Value</b>	<b>Standard Deviation</b>
1	Bank card security is safe and prevented from fraud by hackers	3.12	0.967
2	Card use create less fraud and reduce the burden of carrying cash	3.40	0.340
3	Card service system safely maintain customer information and data	2.68	0.875
4	Card service system has privacy and confidentiality	3.25	0.921
	<b>Overall Mean</b>	<b>3.13</b>	

Source: Survey Data, 2018

As a result of Table (4.10), the most important factor “Card use create less fraud and reduce the burden of carrying cash” has the strongest mean score of 3.40 and small standard deviation of 0.340 that provide the importance message for security of cards for the card users not to worry about facing fraudulent action by the hackers and avoiding the difficulty of carrying a lot of cash on hand.

The second most important one is “Card service system has privacy and confidentiality” has the mean score of 3.25. The overall mean score is 3.13 that indicate the other two variables are also important for the security and privacy of customer information. Generally, all the factors are very crucial for secured transaction (in Figure 2.5 conceptual framework) of card services causes the motivation towards the customer adoption of card services.



**Table (4.12) Trust on Card Services**

<b>No.</b>	<b>Variable</b>	<b>Mean Value</b>	<b>Standard</b>
1	I am not worried about hacker invasion to my cards	2.97	0.967
2	Services provided by card department are reliable	3.21	0.584
3	Card customer service staff are honest	3.00	0.985
4	I believe card service is more convenient, reliable, secure and useful	2.95	0.744
	Overall Mean	<b>3.03</b>	

Source: Survey Data, 2018

As per result of table (4.11), the variable “Services provided by card department are reliable” has the strongest mean score of 3.21 and small standard deviation 0.584. The smallest mean score is 2.95 for the variable factor “I believe card service is more convenient, reliable, secure and useful than manual transfer and payment”.

The overall mean score is 3.03. The second largest mean score is for “Card customer service staff are honest” earning the mean score of 3.00. By looking these two variables, the trust on the adoption of card services heavily relied on the facts – reliability of card service department and customer service staff honesty which could contribute to and secured transaction and the service support measure factor of Figure 2.5 framework. If the customers’ trust is high on the performance of card service department and staff can create the adoption of card services.

**Table (4.13) Service Support**

<b>No.</b>	<b>Variable</b>	<b>Mean Value</b>	<b>Standard Deviation</b>
1	Availability of ATM Machines is easily accessible at the public areas	3.07	.320
2	Banks take responsibilities if customer loses the card	2.86	0.856
3	Private banks provide sufficient information of card services to their card users	3.15	0.846
4	Card service system has wide range of products provided(e.g. remittance, mini-statement and withdraw)	3.42	0.375
	<b>Overall Mean</b>	<b>3.12</b>	

Source: Survey Data, 2018

Due to a result of table (4.12), the most critical factor “Card service system has wide range of products provided (e.g. remittance, mini-statement and withdraw)” has the largest mean score 3.42 and small standard deviation 0.375 and second most important is “Private banks provide sufficient information of card services to their card users having the mean score of 3.15. The overall mean score is 3.12.

Those two factors directly recommend the service support which is the part of conceptual framework in Fig 2.5 and would endorse the customer adoption on card services.

**Table (4.14)Customer Adoption on Card Services**

<b>No.</b>	<b>Variable</b>	<b>Mean Value</b>	<b>Standard Deviation</b>
1	I prefer card service as it can avoid carrying the cash	3.95	0.833
3	I am overall satisfied with card services provided by private banks	3.20	0.964
	I would highly recommend card use to my friends	3.70	1.000
4	My friends and relatives use cards	3.85	0.869
5	As I am a customer, I intend to continue using the card service	3.60	1.025
	<b>Overall Mean</b>	<b>3.66</b>	

Source: Survey Data, 2018

According to the outcomes of the table (4.13), the two most important factors impacting on the adoption of card services are “I prefer card service as it can avoid carrying the cash” and “My friends and relatives use cards” having the mean scores of 3.95 and 3.85. The overall mean score is 3.66 that means the strong support for the card service as it can reduce the dependency on carrying the cash and usage. Even though the factor “ I am overall satisfied with card services provided by private banks” has the lowest mean score 3.20, the difference among the variables seems too low and all the variables are all contributed to the adoption on card services.

**Table (4.15) Regression (Customer Adoption on Card Services)**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.486	.165		43.966	.000
	I would highly recommend card use to my friends	1.279	.116	0.335	25.410	.000
	I am overall satisfied with card service provided by private banks	0.248	0.920	0.271	7.258	0.002
	My friends and relatives use cards	0.954	0.112	.047	11.405	0.006
	As a customer, I intend to continue using cards	1.151	.087	0.186	12.748	0.004
	I prefer card service as it can avoid carrying the cash	1.452	.108	1.003	7.265	0.003
Adjusted R <sup>2</sup>		0.639				
F Value		95.58**				

Dependent Variable: Adoption on Card Services

Source: Survey Result, 2018

As shown in the Table (4.14), it shows that the adjusted coefficient of determination adjusted R<sup>2</sup> is 0.639. The variable factors ‘I would highly recommend card use to my friends’, ‘I am overall satisfied with card service provided by private banks’, ‘My friends and relatives use cards’, ‘As a customer, I intend to continue using cards and ‘I prefer card service as it can avoid carrying the cash’ are the impacts of customer satisfaction and attitudes towards the adoption on card services. The

model explains 63.9 % of the variation of customer adoption on card services is explained by the factors such as recommendation of card use by the respondents based on survey results, overall satisfaction on card services provided by private banks, friends and relatives' usage of cards upon recommendation, intention of continuing card use and preference of card service that create avoidance of cash carry on hand. The value of F-test, the overall significance of the models came out highly significant at 1% level.

Each variable has the average significant level of 0.000 to 0.006 showing the higher degree of significant level means that the variable factors has a positive relationship with the adoption on card services with the five factors of measurement – intention of card usage, perceived usefulness, ease of use, secured transaction and service support which are the main motivation factors for customer adoption on card services.

## **CHAPTER (5)**

### **CONCLUSION**

This chapter includes the findings and discussions from the customer adoption and perception on using the card services of private banks in Myanmar suggestions and recommendations for private banks. It also includes the limitation of the study on customer satisfaction.

#### **5.1 Findings**

In this study, the main objective was to analyze the customer adoption on card services of private banks. Most of the respondents are female and many of the respondents are using cards from KBZ bank, second mostly use are from AYA bank and a few others hold cards from UAB. Among those cards, AYA cards are easy to apply and application requirement for card claim is less rigid than KBZ and UAB.

Many of the customers are satisfied using card services because it is very convenient when cash on hand shortage occurs and carrying a lot of cash can create fraud and harm from the outsiders and shop keepers. Card users are also satisfied with the type of cards they are using (Silver, Gold or Platinum) that are mentioned their income level. Expectation of customer is tactfully use the cards for the purchases goods and food stuff from the shopping mall and supermarkets as well as restaurants. But the huge discount for the goods and services are only on the platinum card type which requires the customer income level of above MMK 2,000,000. For the Silver (Classic) and Gold card user can also enjoy 3000 or 5000 Kyat coupon if those customer spend above the minimum limit (mostly at least 50,000Kyats) the merchant set forth.

The result of the table (4.8) showed the “Using card service saved my time” is the most important fact for the intention of usage having the highest mean score of 3.65 and small standard deviation 0.122. The second highest is “Using card service to be advantaged” factor which gets mean score of 3.56 and the overall mean score is 3.38.

As a result of Table (4.9), the variable factor “It is easy to process the transactions when using the cards” has the strongest mean score of 3.54 and second biggest one is “It would be easy getting salary through the card” having the mean score of 3.42 that provide the importance message for ease of use for the card users are easy and skillful for handling and processing the transactions using cards and the overall mean score is 3.18 which is less difference among the factors as well. Also, the other two factors “Cash withdraw from ATM using card is more convenience than visiting bank” and “Learning how to use card services is easy” can also hugely impact ease of use which is the most critical indicator for current and potential card users’ adoption on card services directly connected to willingness and ease of card use in Figure 2.5 conceptual framework.

The result of the table (4.10) showed the “Using card service saved my time” is the most important fact for perceived usefulness having the highest mean score of 3.75 and small standard deviation 0.122. The second highest is “Using card service to be advantaged” factor which gets mean score of 3.60 and the overall mean score is 3.42. Although the factor “Using card service would improve my performance” earns the lowest mean value of 3.15, there is not much difference among the variables of the table (4.10) the perceived usefulness and it can be assumed that all the factors of table (4.10) and it indicates the card users have and possess perceived usefulness and willingness leading to the customer adoption on card services and connected to the conceptual framework in Figure (2.5) of the chapter two.

As a result of Table (4.11), the most important factor “Card use create less fraud and reduce the burden of carrying cash” has the strongest mean score of 3.40 and small standard deviation of 0.340 that provide the importance message for security of cards for the card users not to worry about facing fraudulent action by the hackers and avoiding the difficulty of carrying a lot of cash on hand. The second most important one is “Card service system has privacy and confidentiality” has the mean score of 3.25. The overall mean score is 3.13 that indicates the other two variables are also important for the security and privacy of customer information.

Generally, all the factors are very crucial for secured transaction (in Figure 2.5 conceptual framework) of card services causes the motivation towards the customer adoption of card services.

As per result of table (4.12), the variable “Services provided by card department are reliable” has the strongest mean score of 3.21 and small standard deviation 0.584. The smallest mean score is 2.95 for the variable factor “I believe card service is more convenient, reliable, secure and useful than manual transfer and payment”.

The overall mean score is 3.03. The second largest mean score is for “Card customer service staff are honest” earning the mean score of 3.00. By looking these two variables, the trust on the adoption of card services heavily relied on the facts – reliability of card service department and customer service staff honesty which could contribute to and secured transaction and the service support measure factor of Figure 2.5 framework. If the customers’ trust is high on the performance of card service department and staff can create the adoption of card services.

Due to a result of table (4.13), the most critical factor “Card service system has wide range of products provided (e.g. remittance, mini-statement and withdraw)” has the largest mean score 3.42 and small standard deviation 0.375 and second most important is “Private banks provide sufficient information of card services to their card users having the mean score of 3.15. The overall mean score is 3.12. Those two factors directly recommend the service support which is the part of conceptual framework in Fig 2.5 and would endorse the customer adoption on card services.

In conclusion, the intention of use, ease of use, perceived usefulness, security of cards and service support all contributed to the customer adoption on card services of private banks in Myanmar.

## **5.2 Recommendations**

It is recommended that the private banks should introduce the marketing distribution of card services availability and benefits broadly as well as the social media and news channel need to cover more news about the card services in the market provided by private banks and the banks should promote their performance regarding the card services. Also, customer service staff from bank should be given more trainings to be skillful in providing more efficient problem solving and customer service.



In addition the study recommends that should adopt sending card information through secured social channels for public awareness and adoption. Banks should emphasize that the card customer service operatives are honest. Furthermore, it recommends that the banks should give customers a chance for making suggestion on areas of noted service failure. Therefore, it would recommend the banks should invest in consumers group to sensitive customers on credit card issues. The banks should also emphasize on soliciting information on social media sites to reach target audience, that is, more potential card customers.

### **5.3 Need for Further Studies**

This study is mainly focused on the usage of card factor, card security and trust factor, the card cost factor and customer information response factor. And this study only focused on the card users of private banks in Yangon region. Future studies are needed for the regional areas outside Yangon where there are a lot of different card types using. Another need for future studies is to study on more advanced cards like contactless system initiated by Visa card as this study does not cover it.

There are also need for study on the POS machines outlets availability in Yangon with comparison to the regions for the wider distribution of card use among new customers who are not yet try to use cards. This study is only on the users' side and it does not cover the perception and adoption from the shop or outlet owner side since the successful distribution of card usage culture is hugely relied not only on card users but also on the payment receivers.

## REFERENCES

- (1) Estefani and Bergstein (2006), Consumers Expectations and Culture in India
- (2) INBUSINESSINFO (2017), Advantages and Disadvantages of Using payment cards for purchases.
- (3) IDOSI Publications (2011), World Applied Sciences Journal 13 (3): 453-459
- (4) IDEMIA, June 2018, the Number One Provider of EMV in the US.
- (5) Macro-think Institute 2016, Determinants of Customers' Attitude towards Credit Card Usage: Lessons Learned from Academics in Sri Lanka
- (6) Shu, W., & Cheng, C. Y. (2012). How to improve consumer attitudes toward using credit cards online: An experimental study. *Electronic Commerce Research and Applications, 11*(4), 335-345.
- (7) Ucal, M. O., Neil, M. L., & Çankaya, S. (2011). Effects of gender on credit card usage among University students in Turkey. *African Journal of Business Management, 5*(22), 9023-9030.
- (8) Woods, Frank & Sangster, Alan, 2008, Business Accounting I, Volume I.
- (9) Xiao, J. J., Noring, F. E., & Anderson, J. G. (1995). College students' attitudes toward credit cards. *Journal of Consumer Studies and Home Economics, 19*, 155-174.
- (10) Yahaya, S., & Haji-Othman, Y. (2014). Determinants of attitude of customers towards usage of Islamic credit card: A Study of Graduate students of Kolej University Insaniah. *European Journal of Business and Management, 6*(32), 145-152.

## **QUESTIONNAIRES**

The following questions are asking your consent/views towards the card services of private banks. Results are for partial fulfillment of Master Degree Program. Please choose a (√) sign to indicate your preference. I am thankful of your patient participation of answering the questions below.

### **Part (1) Demographic profile Analysis**

#### **(1) Gender of Respondents**

Male

Female

#### **(2) Age of Respondents**

Under 20 years

20 to 30 years

30 to 40 years

40 to 50 years

Above 50 years

**(3) Educational Qualification**

- High School
- Under-Graduate
- Graduate
- Post-Graduate
- Master/Ph.D

**(4) Occupation of Respondents**

- Student
- Banker
- Government
- Company
- Non-profit
- Own Business

**(5) Marital Status of Respondents**

- Single
- Married

**(6) Income per Month(MMK)**

- Less than 200,000
- 200,000 – 500,000
- 500,000 – 1,000,000
- 1,000,000 – 2,000,000
- Above 2,000,000

## **Part (2) Usage of Cards**

### **(7) How many years are you using card services?**

- Less than 1 year
- 1 year – 3 years
- 4 years – 5 years
- 6 years – 7 years
- Above 7 years

### **(8) What kind of cards are you using?**

- Debit Card (ATM card)
- Credit Card
- Both

### **(9) How many times do you use card per month?**

- 1 – 3 times
- 4 – 6 times
- 7 – 9 times
- 10 and above

### **(11) Why do you use card services (debit or credit)?**

- Salary
- Cash Withdraw at ATM
- Shopping Mall/Supermarket

Restaurant

Booking for Hotel/Flight ticket

Online Shopping

**(12) Users in using the cards for the purpose of :**

Regular Use

Emergency Use

**(13) Are you getting high personal image?**

Yes

No

**(14) What issues do you face while using cards?**

Internet Connection

POS machine availability

Skills to receive card receipt payment from shops

Shop preference more on cash than card payment

Others:

**Part (3) Questionnaire on Customer Perception towards Debit and Credit card services of Private Banks**

Please indicate the levels of agreement on each of the following statement by selecting a ( √ ) mark in the appropriate box.

**( 15 ) Perceived of Usefulness**

Index : 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

No.	Survey Description Items	1	2	3	4	5
1	Using card services would improve my banking performance.					
2	Using card services save my time.					
3	Using card services to be advantaged.					
4	Card Services is useful in my daily life.					
5	Private Banks provide useful card services					
6	By using cards is more efficient.					

**(16) Cost effectiveness of card use**

Index : 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

No.	Survey Description Items	1	2	3	4	5
1	Card interest rate is competitive compared to other offering in the market					
2	Late payment fees are not higher					
3	Using card services to be advantaged.					
4	Card joining and annual fees are more affordable to other loan interest rates					
5	The penalties are not very high					

**( 17 ) Perceived Ease of Use**

Index : 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

No.	Survey Description Items	1	2	3	4	5
1	Learning how to use card services is easy for me.					
2	It would be easy for us by getting the salary through the card.					
3	Cash withdraw from the ATM machine by using the card is more convenience than visiting the bank.					
4	Card services are always available at any time the whole day.					
5	Availability of ATM machines is easily accessible at the public areas.					
6	It is easy to process the transactions when using the cards.					
7	Using card service is fast and convenient for payment transaction.					

**( 18 ) Safety-ness of Usage**

Index : 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

No.	Survey Description Items	1	2	3	4	5
1	Card Services system safely maintains the customer information and data.					
2	Bank takes responsibility if customer loses the cards.					
3	Customer withdrawn amount and ATM's issued amount are always accurate.					
4	I am worried about using cards as other people may be able to access my cards.					
5	Bank card security is safe and prevented from fraud by hackers					
6	Card use create less fraud and reduce the burden of carrying cash					



**( 19 ) Capability (Self-efficacy)**

Index : 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

No.	Survey Description Items	1	2	3	4	5
1	Card service system has wide range of products and services provided. (e.g. remittance, mini-statement, withdraw and deposit, etc...)					
2	Card services information from Bank's website is up to date.					
3	The services provided by card department are reliable.					
4	Card services system has the privacy and confidentiality.					
5	I am satisfied with using card services for payment.					
6	card service provide excellent quality encouraging individuals to repeat purchases					

**( 20 ) Trust**

Index : 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

No.	Survey Description Items	1	2	3	4	5
1	I trust the technical security system of card services.					
2	I am not worried about hacker invasions to my cards.					
3	I trust private banks will keep my personal information confidential.					
4	I believe card service is more convenient, reliable, secure and useful than manual payment and transfer.					
5	I am sure that private banks provide sufficient and enough information of card services to their card users.					
6	Card Customer service staff are honest					

**( 21) Customer Perception**

Index : 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

No.	Survey Description Items	1	2	3	4	5
1	I am overall satisfied with card services provided by private banks.					
2	Using card services is a smart idea.					
3	I have a positive feeling about using card services.					
4	I prefer card services because it can avoid carrying the cash.					
5	As a customer, I intend to continue using cards					
6	I would highly recommend card use to my friends					
7	My friends and relatives use cards					
8	I found card use to be very convenient					