YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE PROGRAMME

COMPETITIVE FORCES AND ATTRACTIVENESS OF SELECTED PRIVATE BANKS IN MYANMAR

NANG KHAM PHAWNG

(MBF-DAY- 1st BATCH)

DECEMBER, 2019

COMPETITIVE FORCES AND ATTRACTIVENESS OF SELECTED PRIVATE BANKS IN MYANMAR

A thesis submitted to the Board of Examiners in partial fulfillment of the requirement for the degree of Master of Banking and Finance (MBF)

Supervised By	**Presented By**
Professor Dr. Daw Tin Tin Htwe	Ma Nang Kham Phawng
Professor	MBF II - 48
Department Of Commerce	MBF (1st Batch)
Yangon University of Economics	Yangon University of Economics

December, 2019

ABSTRACT

The study is aimed to focus on Porter's five forces that have an influence on the attractiveness of the private banking industry. The objectives of the study are to identify the extent of the competitive forces of the private banks in Myanmar, to assess the attractiveness of the private banking industry and to analyses the effect of the forces on the attractiveness of the private banks in Myanmar. The primary data was collected from 50 respondents from five selected top banks. The questionnaires were structured with 5 points Liker scale. The descriptive method and multiple Linear Regression are used. Industry attractiveness is measured by the firm's profitability and market share. The study found that the bargaining power of customers and the presence of substitute products are positively affecting the attractiveness of the banking industry. Therefore, to maintain a level of profitability in the industry, the high level of management in banks should constantly analyze the competitive forces faced by the industry so that they can implement or formulate a competitive advantage from other peers.

ACKOWLEDGEMENTS

This thesis reflects the contributions and support of many people. First and foremost, I would like to express my heartfelt gratification to Professor Dr. Tin Win, Rector of Yangon University of Economics, for his kind permission to write this thesis.

I also would like to thank Dr. Daw Soe Thu, MBF Programme Director and Professor (Head), Department of Commerce for her kindly guidance and encouragements to write this thesis.

Additionally, I am greatly thankful to my supervisor, Dr. Tin Tin Htwe, Professor, Department of Commerce, for her valuable supervision, advices, patient, and encouragement in preparing and writing this thesis.

I thank all the respondents who took time amidst their very busy schedule to complete my questionnaires.

I am deeply grateful to my family and friends for inspiration, unwavering encouragement and material support to ensure I completed the study.

TABLE OF CONTENTS

LIST OF TABLES

LISTS OF FIGURES

LIST OF ABBREVIATIONS

ASEAN	-	Association of Southeast Asian Nations
ATM	-	Automatic Teller Machine
CBM	-	Central Bank of Myanmar
FIM	-	Financial Institutions of Myanmar
GDP	-	Gross Domestic Product
MARDB	-	Myanmar Agricultural and Rural Development Bank
MICB	-	Myanmar Investment and Commercial Bank
MEB	-	Myanmar Economics Bank
PBUB	-	People’s Bank of Union of Burma
POS	-	Point of Sale System Machine
RBI	-	The Reserve Bank of India

CHAPTER I

INTRODUCTION

Competition is one of the main external factors affecting most economics companies. It occurs when the same customer is served by two or more related firms. The demand of industry is the importance of the economic activities of the applicants and the capability to share their resources, called profit (Hax & Malijuf 1983). The business world faces an exceptional rate of change, innovative technology and the entry of a large number of new competitors. The organization's key focus is to maintain profits over time. Organizations must constantly adjust to their environment in order to attain this goal. In a hastily varying environment, having a competitive advantage over peers is the most significant for the organization. Competitive advantage refers to the capability of a company to excellently produce goods or services compared to other organizations or competitors. Organizations are constantly changing their activities to certify persistence (Porter 1980). These companies improve and implement competitive strategies to succeed. Competitive strategy is a distinctive method that companies aim to use to succeed in each industry area and attract customers and resist the amount of competitiveness (Ansoff 1985).

Michael E.Porter (1998) described the state of competition in an industry as based on five basic competitive forces; the threat of new entrants; competition among competitors; buyer bargaining power; supplier bargaining power; and the threat of substitute goods. Each industry has a distinctive structure, and the more threats it presents to industrial forces, the less attractive it is to the industry. A clear understanding of market forces helps companies create and identify coherent strategic approaches to find ways beyond rivals to meet customer needs and win competition. Not all five forces are equally important in any particular industry, and the structure of these five forces does not eliminate innovation in order to find new ways to deal with competition from industry. Nevertheless aiding managers pay attention to the consistent productivity of an industry structure that has existed for a long time by Cook (1995).

The government has adopted many new laws in recent years, including the law on foreign exchange management in 2012, the law of Myanmar's Central Bank in 2013, and the law of financial institutions in 2016. Such laws establish independence from the central bank and set realistic standards for banking and the rapidly developing banking sector in Myanmar. This is attributable to the liberalization of politics and the economy. There has been a significant increase in foreign banks and private banks in Myanmar as a result of changes in banking regulations.

Increased competition is one of the challenges presented by a competitive climate. Each business has the highest competition in the changing environment. And therefore, the bank must assess the degree of competition and determine how change in the five forces gives rise to a new strategic response. Porters ' famous five competitive positioning model forces provide a simple yet effective method for assessing and analyzing the organization's competitive strength and situation in a given industry(Porter 1980). Therefore, the firm is in great need of recognizing the powers and enforcing or transmitting a strategy that distinguishes firms from others to maintain the productivity at all times.

1.1 Rationale of the Study

The banking sector in Myanmar now consists of 4 state-owned banks, 27 domestic private banks and 13 branches of foreign banks. In addition, 49 local offices of foreign banks accounted for the lists on the website of CBM. Private Banks play a leading role in innovation (for example, debit card launch, credit cards and co-brand cards or ATM installation). Banks play a vital role in meeting consumer expectations in this situation. In particular, the development of the banking sector has become one of the main goals of recent reforms; given the role played by a productive financial sector in private sector growth. In the banking sector in Myanmar, new trends are emerging in recent years. And more digitized transfer (e.g. CB Pay, KBZ Pay, Wave Money, etc.). Because of this significance, private banking plays an important role in Myanmar's rapid economic growth.

One of the keystones of competitiveness and industry analysis is to prudently study the competitive practice to determine the core sources of competitive forces and their strength in the industry. This critical step is crucial because banks cannot develop an effective strategy without understanding the specific competitive nature of the sector. Porter claims that the stronger each of these forces, the lower the capacity of established companies to make higher prices and proceeds. In Porter's case, a strong competitive force can be considered a threat and a weak competitive force can be considered an opportunity. The strength of the five forces can change over time, as can the conditions of the industry.

1.2 Objectives of the Study

The study's main objectives are

1. To assess the attractiveness of private banking industry in Myanmar.
2. To identify the extent of the competitive forces of the private banks in Myanmar.
3. To analyses the effect of the forces on attractiveness of the private banks in Myanmar.

1.3 Scope and Methods of the Study

The study was focused on the competitive factors faced by private banks in Myanmar. In this study, the primary data was collected from the selected 5 banks of 50 respondents. The questionnaires was structured with 2 section with 5 points liker scale statistics tools from 1= strongly disagree to 5= strongly agree and distributed to the 50 respondents with the designation level of manger and above executive. The descriptive method is used in this study and evaluated the linear regression by Statistical Package for the Social Sciences (SPSS) version 25.Both primary and secondary data were used in this study. Secondary data was collected from various published sources such as Myanmar Central Bank websites, journals, articles, relevant manuals, and survey reports and a website, etc.

1.4 Organization of the Study

This research paper was comprised of five chapters. Chapter 1 introduces the introduction to the study, the rationale of the study, objectives of the study and scope and methods. Chapter 2 presents the literature review of the study. Chapter 3 includes profile of the private banks in Myanmar. Chapter 4 examines the analysis on competitive forces of Myanmar private banking Industry. Chapter 5 includes the finding, recommendations and need for further study arising from the study.

CHAPTER II

LITERATURE REVIEW

The first section of this chapter describes the competitive concept and industry attractiveness. The second section includes the Porter's five forces model as well as the conceptual framework developed for the research objective. This chapter discuss the five forces influencing on the attractiveness of the industry.

2.1 Concept of Competitive

Competition means trying to conquer at the detriment of competitors in everyday language. Competitive companies compete with each other when pursuing prices that are different rather than constant (Warren Nutter, 1976). The world is constantly changing and to certify their success, the company must persistently change its operations. Analysis of the industry is a philosophy capturing the factors that determine the sector's long-term profitability. Rowe et al. (1994) describes the study of the market as an environmental review to assess which external factors have a direct impact on the enterprise and which strategic measures to achieve this competitive advantage are appropriate. Companies tend to use advanced technologies and innovative techniques in a highly competitive market (Zahra and Covin, 1993). On the financial services market, the increasingly competitive environment puts pressure on the development and use of alternative channels of distribution.

2.2 Porter's Five Forces and Industry Attractiveness

There are many factors that define the level of competition in the industry. Many categorizations are developed to classify these capabilities. Porter's Five Forces were developed and used by Michael Porter in 1979 and were first published in the Harvard Business Review. Porter (1979) identified five powers that will determine the essence and reach of competition in the industry. They are Supplier bargaining power, Buyer bargaining power, presence of substitute products, Industry rivalry and Newcomer threats. The industry's structure and position in the company is the basis for Michael Porter's data on competitive strategy. In any sector, the five powers describe the laws of competition. Competition strategies must come from a thorough understanding of the rules of competition. It can be understood that the five forces defined by Porter provide a framework for analyzing the competitive nature of the industry and helping to understand and evaluate the industry's profitability. In other words, the attractiveness.

Moreover, for state holders to generate new revenues and meet their needs, organizations must constantly strive to develop their products and services through marketing innovation and creativity. This will play a very important role in gaining a competitive advantage, particularly in the highly competitive banking sector, through fierce restructuring and capital mergers (Business Monitor International, 2012).

2.3 Porter's Five Forces Model

Porter's Five Forces is a model that defines and analyzes five competitive forces influencing each market and helping to identify the weaknesses and strengths of an industry. This model was published by Michael Porter in 1979 at Harvard Business School. The five forces are threat of substitute products or services, threat of new entrant, competition among existing firms, bargaining power of suppliers and bargaining power of customers.

2.3.1 Threat of Substitute Products or Services

Substitute products are products that seem to be different. But may meet the same needs as other products to the customers. When the switching cost are low, substitutes can place a price ceiling on products (Lee.Bolman1997). The main concern will be the price variable. Price to customers willing to pay for a product partly depends on the available of substitute products. The absence of close substitute products in the case of chicken egg and duck egg means the consumers are comparatively insensitive to price and demand is inelastic to price. Having the close substitute products means that customers will switch to substitutes in response to the price increase.

The threat of substitutes in an industry affects the competitive environment of firms in the industry and influences their ability to make profits (Sanderson, 1998). According to Porter (1998), the availability of a close substitute threatens the profitability of an industry because consumers can choose to buy the substitute instead of the product of the industry. On the other hand, Hill et al (2001) argued that the availability of close substitutes can make a sector more competitive and reduce the profit potential of firms in the sector.

Several factors determine whether there is a threat to substitutes in the industry. First, if consumer switching costs are low, which means that it is unlikely to prevent consumers from buying alternatives rather than industrial products, the threat of alternatives is high. Second, if alternative products are cheaper than industry products (so there is a ceiling on the price of products in the industry), so the threat of alternative products is high. Third, if the quality of the replacement product is the same as or better than that of the industrial product, the threat of the replacement product is high. Fourth, if the function, attributes, or performance of the replacement product are equal to or better than the product in the sector, there is a high degree of threat to the alternative (Harrison et al.Et al., 2008; Thompson and Strickland, 1989; Thompson et al., 2008).
If alternatives are more expensive, of lower quality, and if their functions are not comparable to those of industrial products, and consumers have high switching costs, the threat of alternatives is low (Walker, 2004). Subsequently, if there are no products that can replace the products in the industry, the threat of the replacement product is low (Porter, 1985). In Porter Five Force's industry analysis, the low threat of substitute products has made the industry more attractive and increased the profit potential of the industry's businesses, and the high threat of substitute products has made the industry less attractive and reduced profit potential of companies in the Industry (Harrison Et al., 2008).

2.3.2 Threat of New Entrants

The threat of new entrants means that new competitors can erode the profits of established companies in the industry. The magnitude of the threat depends on existing barriers to entry and the combined response of existing competitors. The fewer barriers to entry, the greater the threat of new entrants. If the new company, despite the small size of its operations, can operate with low capital investment and operate efficiently, it is likely to be a threat. The main barriers to entry into new markets include patent and trademark recognition. High capital requirements also create barriers to penetration due to the need to invest large amounts of money to compete or risk (Bateman & Snell, 2004).

Government Policies - Competition between businesses is governed by local government laws and policies. Governments indirectly play a role in influencing barriers to entry. There are many forms of restrictions, such as national standards, copyright regulations, security and restrictions on raw materials (Porter, 1998). The governmental policies may differ from one region to another: As the government pulled out of the business, which resulted in more flexible regulation. The more flexible regulation means the removal of government controls over industrial operations. In the process of liberalization, the remaining risks will be eliminated and the affected areas will be reorganized. This can lead to integration, rejection or outsourcing (Downes, 1998).

2.3.3 Competition among Existing Firms

The most powerful in the five competitions is the competition between competitors. How sellers use weapons to compete for a stronger position in the market and gain a competitive advantage among their competitors (Thompson and Strickland, 2007). The intensity of the industry refers to the level at which firms in the industry compete with each other and have limited opportunities for profitability (Thurlby, 1998). If competition is intense, competitors will try to achieve profitability and each other's market share (Porter, 1980a), this will reduce the potential profitability of all firms in the industry (Pearce and Robinson 1997. Harrison et al, 2008).

In seeking an advantage over its competitors, a company can choose between several competitive moves: Price changes - increase or decrease prices to obtain a temporary benefit; improved product differentiation - improved functionality, implementation of innovations in the manufacturing process and in the product itself. Companies can also reposition themselves from the "old ways" as perceived by their customers. Companies in the sector that differentiate their products from others will have a unique opportunity to attract customers at a higher price. Creatively, companies should explore the use of distribution channels, such as vertical integration or the use of an innovative distribution channel for the industry.

The financial services sector has been around for many years and it is already open to almost anyone who wants banking services... Banks attract customers beyond competing banks by offering lower financing, preferential interest rates, and alternative investment services. The banking industry is trying to decide who can provide the fastest and best service possible, but this is leading to a decrease in bank yields. We may be inspired to pursue projects at high risk. The market is likely to continue to grow in the long term. Big banks may choose to take over or combine with another bank rather than sell and advertise capital.

2.3.4 Bargaining Powers of Suppliers

There are many strategic options for achieving high performance and success. It is an innovation in products and services, after-sales service, geographical expansion, and product differentiation, and promotion. When an industry is characterized by a balanced number of competitors, low growth rates, high fixed costs, and a lack of differentiation between products, the intensity of competition tends to increase. According to Cook (1995).

Refers to all sources of input required by the organization to provide goods and services. Strong suppliers can decrease the profitability of the sector by increasing prices or reducing the quality of goods and services offered. When the supplier's bargaining power is high; the market is dominated by a few powerful suppliers, and scattered suppliers are unable to replace products or services, with high conversion costs and the possibility of downstream integration.

Singh and Wah (1997) concluded that companies and their suppliers must maintain good relationships for their common interests. Leverick and Cooper (1998) found that organizations tend to abandon conflicting supplier relationships and prefer a more collaborative approach. The bargaining power of the supplier determines the cost of raw materials and other inputs. The power of suppliers can influence the relationship between small businesses and their customers by affecting the quality and price of the final product (Porter 2003).

Capital is a critical asset on any bank in the banking industry and there are four major capital providers in the sector. They are the deposit, loan, technology, and advances made by other monetary organizations to the client. So if the bank does not satisfy the depositor, they have the option to select other banks to move on. The borrower will easily switch to other banks as depositors become more interested in other banks. Therefore, the bargaining power of suppliers in the banking industry is high. Besides, suppliers ' impact on hardware and software, office equipment, paperwork, etc. is considered one of the factors.

2.3.5 Bargaining Powers of Customers

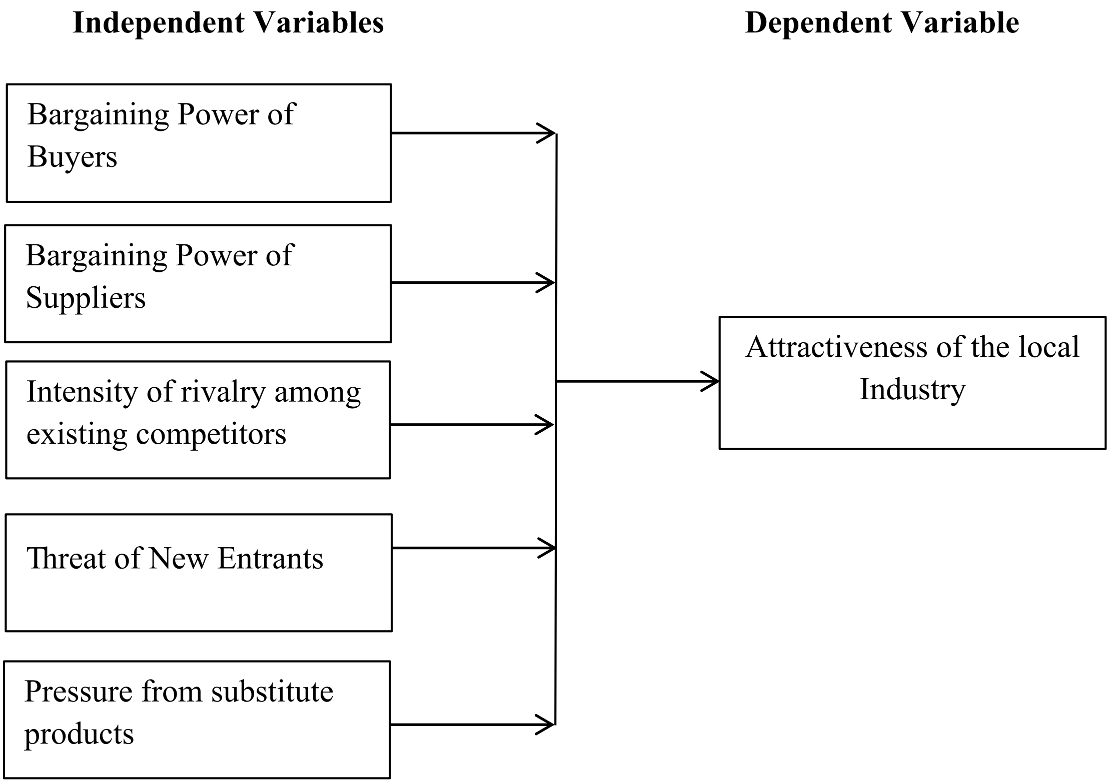
The more open the transaction is, the greater the power of the customer, partly because it reduces the cost of research and the choice of producers. In the banking sector, buyers have strong bargaining power because there are many companies in this sector. It is easy to find other suppliers in the industry. The power of the customer can be described as "the other side of a powerful provider" (Porter, 2008). If customers have strong market power, they can lower prices, obtain higher quality or force a wider range of services. These also decrease the productivity of the industry. If the customer is big, his bargaining power is high and he can easily switch suppliers, which is likely to be numerous (Slater & Olson, 2002). Customers are powerful in the banking industry, they can control almost every aspect of the company. Customers make money for the bank's stakeholders, without a loyal customer base the banking industry would be in a decline stage.

The power of the customer is high when the volume of the customer is high. Customers have complete information on demand, actual market prices, and equipment costs. Efficient customers can put pressure on their business by demanding lower prices, better quality services and even competing with their competitors. The strength of the purchasing power of customers depends on two factors, therefore, the sensitivity of the purchase price and the relative bargaining power. Price sensitivity is the extent to which buyers respond to changes in the prices of firms in the industry.

2.4 Previous Study of the Porter Five Forces

Catherine Wanjiru Muchiri (2010) studied with the research on the porter's five forces influencing the mailing industry in Kenya. Specifically, the study sought to determine how the attractiveness of the mailing business in Kenya is influenced by the bargaining power of suppliers, the bargaining power of customers, the entry of new players, the existence of substitutes, and competitive rivalry within industry players. The study established that the attractiveness of the mailing industry in Kenya is shaped by five basic competitive forces. The researcher constructed five independent variables with five forces and the dependent variable is the attractiveness of the local mailing industry. The researcher collected the primary data from 44 mailing operators which operated in Kenya. The result showed that the level of attractiveness in an industry is determined by its underlying economic structure.

Figure 2.1 The Conceptual Framework of Porter’s five forces Influence the Attractiveness of the Industry

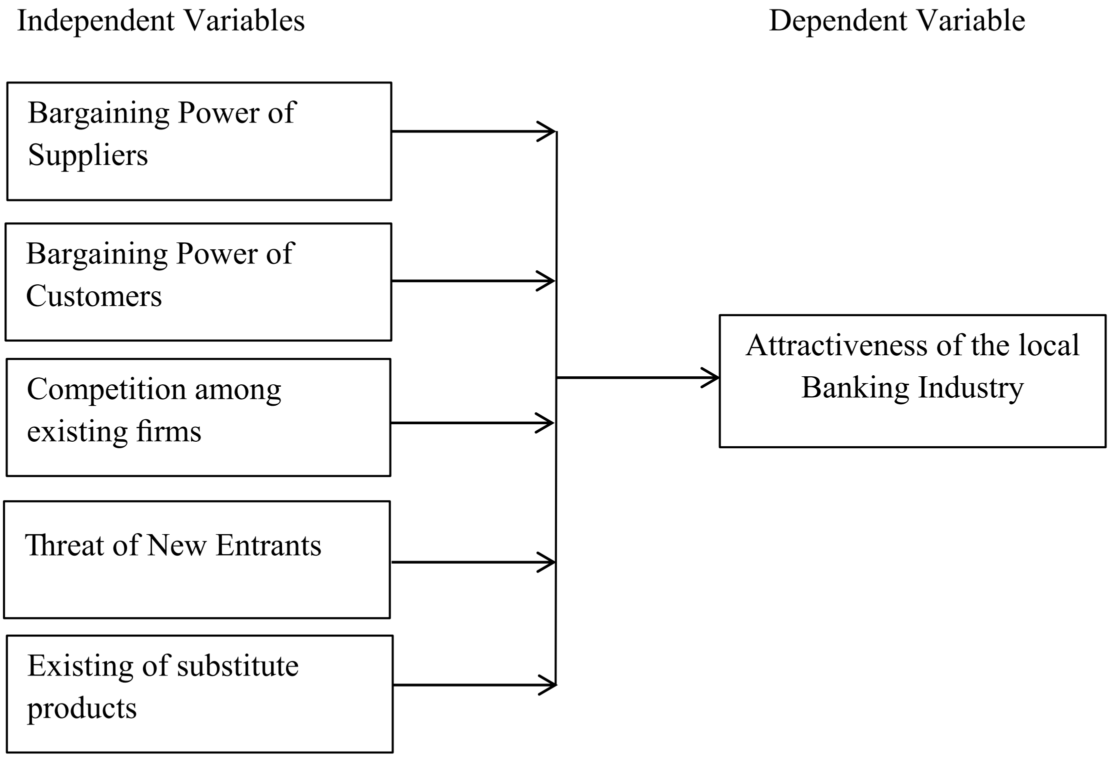


Source: Catherine Wanjiru Muchiri (2010)

2.5 Conceptual Framework of the Study

Based on the previous research, porter’s five forces are commonly used in assessing the attractiveness of any industry. This model can consider simple but yet very effective in analyzing the industry. Thus, the conceptual framework of this study has been adopted and structured with five forces independent variables: bargaining power of suppliers, bargaining power of customers, threat of new entrant variable, existing of substitute products and competition among existing firms and with the dependent variable of the attractiveness of the private banks in Myanmar.

Figure 2.2 Conceptual Framework of the Study



Source: Adopted from Catherine Wanjiru Muchiri (2010)

Under the five forces of bargaining power of suppliers, bargaining power of customers, competition among existing firms, the threat of new entrants and existing of substitute products, this study analyzed whether there were forces in the private banking industry. And the presence of these forces influences the attractiveness of the banking industry.

CHAPTER III

PROFILE OF BANKING INDUSTRY IN MYANMAR

This section comprise of the history of banking sector in Myanmar, the recent condition and the potential of growth in the banking industry and the challenges faced by the private banks in Myanmar.

3.1 History of Banking Sector in Myanmar

After the end of the third war between Myanmar and Burma in 1885, all Burma was colonized by the British. In 1886, the British nominated Myanmar as the province of India and the capital was Yangon. Therefore, at that time, the currency of Myanmar was the rupee, tied to the rupee, worth 1 pound and 6 pence. Since 1861, branches of foreign banks have been established in Myanmar. However, there is no central bank. As a result, the Reserve Bank of India (RBI), the central bank of India, was established on April 1st 1935, and it acted as the central bank for Myanmar as well until the Second World War.

Since 1962, Myanmar followed policies planned to transform the economic structure of the country into a centrally planned economy. In line with those policies, the Myanmar banking system was rationalized. In February of 1963, all private banks, including those owned by foreign nationals, were nationalized. After nationalization of all banks in 1963, all relevant financial acts were retracted and the People's Bank of the Union of Burma (PBUB) Act was enacted. All branches, as well as insurance, have been merged into one monolithic bank, namely the Union of Burma's People's Bank in 1969.

The People's Bank not only functioned as a central bank but also engaged in commercial, industrial, agricultural and small loans financing, savings, foreign exchange, and insurance operations. Myanmar's economic system has changed since late 1988 from a centrally planned economy to a market economy. In order to develop the banking system and improve the efficiency of financial activities in harmony with the change in economic policy, the structure of the banking system was transformed by the following new bank laws passed in 1990: Central Bank of Myanmar (CBM) Law, Financial Institutions of Myanmar (FIM) Law, Myanmar Agricultural and Rural Development Bank (MARDB) Law. In accordance with the new banking laws, the CBM has given banking license to local private banks to operate commercial banking activities and foreign banks to open representative offices in the country. The first domestic private bank opened in 1992.

With regard to institutional changes, the Myanmar Investment and Commercial Bank (MICB), established in September 1989, as a subsidiary of the MEB to provide foreign banking facilities as well as domestic banking and financial services to foreign and local investors, commercial business enterprises, business representatives and to exporters and importers in Myanmar, became an independent entity in September 1990. Some private banks introduced some new types of facilities (for Myanmar) such as Automatic Teller Machine (ATM) cards, credit cards in local currency, gift cheques, hire purchase, and Point of Sale (POS) System Machines. There were twenty private banks in Myanmar in 2003. Nonetheless, in 2003, a recession triggered by poor decision-making sparked too much risk taking and shady money lending practices by some banks. Two bank licenses were suspended because of their non-compliance with existing bank rules. In fact, for its money laundering activities, one bank was forced to close and legal action was taken against it. Such incidences led to stricter and tougher supervisory and regulatory actions being taken by the authorities and more limits on private banks. Several banks were able to operate normally only after 2007.

In 2010, as the banking system stabilized and returned to normal, as a liberalization measure, four new banks were given licenses to operate banking activities. As more reforms and liberalization take place in the banking system, banks can open even more branches across the country, making easier for the rural people to have access to the banks. The only thing that is hindering the rural peoples' access to banking services is their own lack of knowledge of banking and their willingness to receive those services. The present Myanmar banking system comprises 4 state-owned banks, 27 domestic private banks and 13 foreign bank branches. In addition 49 foreign bank representative offices.

3.2 Growth of Myanmar Banking Sector

In all countries, the financial services sector occupies a unique position in all sectors of activity. It plays a vital role in overall economic development by providing the necessary funds to the various economic entities (i.e., individuals and businesses) to enable growth in other sectors. It is also a key business sector, providing a large number of skilled and well-paying jobs. In terms of income, it can say that it is the largest department in the world.

Reform of the banking sector in Myanmar started in 2011 when the government allowed private banks to conduct foreign exchange transactions and set up national ATMs. The government approved the Foreign Exchange Management Act in 2012, followed by the 2013 enactment of Myanmar's Central Bank (CBM) Law. The latter founded the CBM's autonomy as all banks in Myanmar's licensing authority and regulator. Several other banking regulations followed. In 2014, nine successful bidders were granted a temporary license by the CBM, enabling them to conduct limited financial services in the country. Two years later, a license was given to four more overseas banks, increasing the total number of foreign lenders allowed to operate in Myanmar to 13. The addition contributed to the program more than MMK1.6 trillion (US$ 1.2 billion) in regulatory resources combined, tripling government revenue.

Myanmar's banking sector is developing and growing rapidly, Myanmar's Financial Institutions Law passed in January 2016 was a major step towards the sector's modernization. The legislation acknowledged the existing rules for financial institutions at home and abroad. It also tried to level the playing field between private and state-owned banks and confirmed the regulatory powers over the banking sector of the CBM. Throughout the 2016-17 financial year, the total assets held by the three largest banks rose by 34%, combined loan portfolios by more than 30% and deposits by nearly 40%. The country's GDP growth has recovered after a recent drop and is expected to remain about 7% in the medium term, infrastructure financing needs are huge, loans are urgently needed for small and medium-sized enterprises, and consumer credit demand is increasing. Larger domestic banks have undergone technological changes, major banking systems have been introduced and upgraded, operations have been digitized and mobile services have increased. Credit and debit cards have reappeared, and the bigger banks are beginning to provide creative consumer and SME lending items.

After numerous years of hasty growth and double-digit credit growth, Myanmar's banking sector experienced a number of obligatory reforms in 2017 and 2018. While foreign banks are still prohibited from participating in retail operations, a spate of recent directives has made positive progress towards liberalization, allowing foreign entities to provide financing for imports and exports, as well as lending to local businesses–a major step forward for growth in the sector. Financial inclusion has experienced strong mobile growth and support for policy making.

3.3 Challenges for the Banking Sector

The contribution of Myanmar's banking sector to the economy is limited compared to other ASEAN countries. Myanmar's 49 percent ratio of banking assets to GDP is the lowest among ASEAN peers. Beginning from a very low base, however, the banking sector in Myanmar is one of the fastest growing sectors in the country, a fact demonstrated by an asset growth rate of 18 percent over three years compared to about 10 percent in Vietnam. In addition to pure asset growth, factors such as low financial inclusion, with 30 million or 77% of the population remaining unbanked (without a financial institution account) and only 2% holding debit cards, highlight the need and potential for catch-up and expansion.

While these reforms are celebrated as breakthroughs in improving the underdeveloped financial sector in Myanmar, major concerns remain about the country's preferential treatment of state-owned banks with limited capacity and restrictions on foreign investment in the market. International banks work in the country through private banks joint venture arrangements or assist foreign investment firms. Legislation forbids them from engaging in local currency retail banking and direct loans. However, these banks are limited to one branch per bank and are expected to spend a total of US$ 75 million in paid-up capital. However, Myanmar's banks operate well below international standards. After a history of poor management under military rule until 2011, citizens continue to be wary of the banking system. This deep-rooted mistrust has made the development of a formalized banking structure a major challenge for the government. Several demonetizations that devastated the economy in the 1980s, followed by lack of government funding, only exacerbated national confidence; 70% of rural Myanmar is still unbanked, while only 2% of the population use debit cards.

Only the top 3-5 domestic private banks (and new foreign banks) are considered to have the minimum scale required to enter the market in the short and medium term, based on current market share and size. The amount of domestic banks holding capital (equity) also clearly reflects this. Banks in Myanmar suffer from the same limitations as the rest of the economy that they are supposed to help fund, and this is a lack of capital. By the end of March 2016, only five banks had more than USD 75 m of capital and two more than USD 100 m of capital. Six of them did not meet the new capital requirement of MMK 20 bn (~USD 16 m) in the New Financial Act.

The so-called "Big Three" dominates the market among the private banks. Combined, Kanbawza Bank (KBZ), Ayeyarwady Bank (AYA), and Co-operative Bank (CB) control about two-thirds of all loans, two-thirds of all deposits, and more than 50% of all branches of banks in the country. Also reflected in the growth of the banking branch network across the country is the domination of the top three private banks. Today, the top 3 banks own more than 50% of all branches in Myanmar and in the last two years they have opened eight times more branches than the rest of the domestic banks put together.

Focusing on domestic private banks, it becomes apparent that the recent shift in relative strength (state owned versus private banks) was driven primarily by the top three banks. In Myanmar, the top three banks hold more than 60% of the total banking market and in recent years have seen their own share rise. An asset concentration within the top banks is not an unprecedented trend in SEA with, for example, the top three banks capturing more than 50 percent of deposits in Thailand and Malaysia (Roland Berger, Myanmar banking sector report). Nevertheless, the very limited size of the overall banking industry is what is unique to the current situation in Myanmar and poses an additional challenge for smaller banks. Smaller banks may hope to catch additional volumes in expectation of a rise in absolute market size, which can allow them to receive a wide enough slice to survive. However, on a stand-alone basis, a few of them will be able to do so and stay competitive. It is important to remember that, despite experiencing significant growth, Myanmar is still in the early stages of development.

It is important to remember that Myanmar is still in the early stages of development, despite experiencing significant growth. There are about four bank branches in Myanmar accounting for 100,000 people, which is significantly lower than in ASEAN for their peers. However, although the bank's total branch number is limited and can be expected to rise with GDP growth.

CHAPTER IV

ANALYSIS ON THE EFFECT OF COMPETITIVE FORCES OF SELECTED PRIVATE BANKS IN MYANMAR

This chapter describes the study's interpretation and findings. The findings are described in line with the study's objective of assessing the attractiveness of the Myanmar private banking industry by applying the five-force model of Porter. The data were collected using questionnaires that were structured in two parts. The first section covered the private banks ' brief background information, while the second section covered Porter's five powers information.

4.1 Research Design and Data Collection

The population of the study comprised of 27 private banks according to the information from Central Bank of Myanmar. A sample of 20% was drawn from the population. The sample was drawn through the top five banks. Thus, this study targeted 5 operations of private banks in Myanmar, which are Myanmar's top banks, including KBZ, AYA, CB, AGD and Yoma. Using a standardized questionnaire, primary data was collected. The questionnaire consisted of two broad sections. The first section captured the company's background information while Porter's Five Forces model information was captured in the second section. The second section was further divided into five sub-sections focused on main dependent variables, namely: supplier bargaining power, consumer bargaining power, new player entry, alternative presence and competitive industry rivalry. The 50 questionnaire was distributed as a drop-and-pick process. The goal respondents consisted of manager level and above executives. The 1 to 5-point likert scale was used to evaluate the impact of forces on the banking industry's attractiveness. The data obtained is presented in tables by using Statistical Package for Social Science (SPSS) version 25.

4.2 Demographic Information

The first section in this study analyses the profile of respondent banks in the banking industry. This section includes the name of banks surveyed participating in the industry, years of establishments of banks, number of branches, and number of employees. The second section includes position of respondents respectively.

Organizations' Background

Table (4.1) includes the name of the respondent banks, number of years in operation, number of branches and number of products. The result shows that all 5 banks are operate nearly 10 years and others more than a decade 20 years in operation. AYA bank and AGD bank are 9 years in operations. But KBZ bank, CB bank and Yoma bank are 25 years, 26 years and 27 years respectively. Age may be an indicator of industry status. Numerous years of operation may indicate an accumulation of economies of scale may be an indication of a stable and promising industry.

In terms of number of branches of KBZ indicate the majority of operating channels with 500 branches, follow by AYA 285 branches, CB 226 branches, AGD 80 branches and Yoma 80 branches respectively. All banks are same in number of products with 12 products except Yoma with 11 products.

Table (4.1) Organizations' Background

Name of Banks	CB	Yoma	KBZ	AYA	AGD
Number of years in operation	27	26	25	9	9
Number of branches	226	80	500	285	80
Number of products	12	11	12	12	12

Source: Survey Data 2019

Job Position of Respondents

This section defines the position of respondents whose are working in banks and the number of employees of the banks. The respondents are in middle management level of the firms.

In Table (4.2), respondents were asked to answer for their degree of classification. In this sample, for questionnaires, there are five classification level groups. The result show that, there are top management level and middle management level. Top management level include DMD, AVP and Senior Manager. Manager level was the highest number of 24 respondents and senior managerial level was the second highest of 18 respondents. And the minimum number of respondents is above the level of the Senior Manager.

Table (4.2) Job Position of Respondents

Job Position Level	No. of respondents	Percentage
Deputy Managing Director (DMD)	1	2.0
Assistant Vice President (AVP)	2	3.9
Senior Manager	18	35.3
Manager	24	47.1
Assistant Manager	5	9.8
Total	**50**	**100**

Source: Survey Data, 2019

Number of Employee

The number of employee can be categorized into 6 groups. They are under 3000 employees, 3001 to 6000 employees, and 6001 to 9000 employees, 9001 to 12000 employees, 12001 to 15000 employees and 15001 to 18000 employees.

Table (4.3) Number of Employee

Number of Employees	No. of Respondents	Percentage
< 3000	10	20
3001-6000	10	20
6001-9000	20	40
9001-12000	-	-
12001-15000	-	-
15001-18000	10	20
Total	50	100

Source: Survey Data, 2019

Table (4.2) shows that 40% of the banks have between 6000 and 9000 employees which represent the majority when other group of number of employee represent 20% each respectively.

4.3 Analysis on Competitive Forces of the Banking Industry in Myanmar

The study's conceptual model was based on five independent variables namely bargaining power of suppliers, bargaining power of customers, Intensity of rivalry among existing competitors, threat of new entrants, and pressure from substitute products. The findings under this section seek to establish how each of the variables influence the attractiveness of the banking industry in Myanmar. The study's objective was to apply Porters five-force model to test banking industry attractiveness in Myanmar. Porter's model offers an evaluation framework to evaluate market strengths and competitiveness through supplier bargaining power, customer bargaining power, new entrants / entry barrier danger, presence of substitute products, industry competitive competition, and other stakeholders ' influence. Such factors are the key determinants of the competitiveness of the industry, with great influence on production costs, prices, level of competition, organizational policies and so on.

4.3.1 Competitive Rivalry

Industries are becoming more or less appealing overtime and competitive positions represent an ongoing battle between competitors. The choice of competitive strategy depends on the industry's competitiveness and deciding factors. Rivalry automatically sets in as each business in the industry crowds within the industry. Different companies see different opportunities for a better competitive position at different times**.** Table 4.4 presents finding regarding the factors that can be considered as degree of rivalry among existing firms in Myanmar.

Table 4.4 Competitive Rivalry

Particular	Mean	Std. Deviation
The competition of product and service innovation is intense in banking industry	3.86	0.99
The bank has to lower the service price to attract the clients from other banks	3.60	0.99
The clients have more option in choosing the bank services with different banks	3.92	0.69
Average	**3.79**	

Source: Survey Data, 2019

From the table 4.4, it is indicates that the following rivalry determinants exert more pressure and therefore strong determinants than others. The intense competition of products and service innovation score a mean of 3.86, the pressure to lower the price to attract more clients form other banks scored a mean of 3.60. According to the intensity of competitive in the industry the clients have more options in choosing the bank services with different banks with the mean of 3.92. The average mean is 3.79 indicates there is a threat of the competitive rivalry in the industry.

4.3.2 Bargaining Power of Suppliers

Suppliers are those who provide inputs that organizations need to provide goods and services. Suppliers can exert pressure on company profits by raising prices. They may also reduce quality of supplies thereby forcing the producers to either incur extra cost in improving the quality of their ultimate products or offer substandard products at cover prices and reduced profit.

Table 4.5 Suppliers Bargaining Power

Particular	Mean	Std. Deviation
The depositors are becoming significant supplier of the sector and vital role for banks.	3.84	0.95
The depositors have an influence in determination of the quality and value of the service/products that offer to them	4.04	0.72
The technical know-how from international institution is hard to obtain	3.82	0.96
The expertise employees in banking is hard to recruit	3.82	0.85
The suppliers that provide the technology/software system for banking innovation is scarce in the sector(Monopoly suppliers)	3.94	0.86
Average	**3.89**	

Source: Survey Data, 2019

The result shows that the majority of mean fell in the statement of the depositors have an influence in determination of the quality and value of the service scored a mean of 4.04. The depositors are becoming significant stakeholders of the sector and vital role with scored the mean of 3.84, the technical know-how from international institution is hard to obtain with the mean of 3.82, the recruitment of expertise employees in banking is hard with the mean of 3.82 and the suppliers that provide the technology/software system for banking innovation is scarce with the mean of 3.94.This may be interpreted to mean that respondents recognized suppliers have bargaining power over banking industry. The presence of depositors have an influence in determination the quality and price of the products exerts most pressure with a total mean of 3.89.

4.3.3 Bargaining Power of Customers

Customers are considered to be excellent at gathering market information on various factors, including pre-purchase prices and quality. Costumers tend to choose to get products / services of the highest quality at the most attractive prices. Customers also play each other's rivals in an attempt to buy lower prices. All of these are likely to reduce the company's profitability. Regards to determine the competitive conditions of bargaining power of bank clients whether the respondents have positive view of negative views on the given statement, the result is shown in the Table 4.6.

Table 4.6 Customers Bargaining Power

Particular	Mean	Std. Deviation
We offer the products/Services which are similar from other bank	3.82	0.94
The power of customers influence the price that we charge for banking services	3.76	0.96
The customers can easily switch to other similar banks as the cost for changing is low	3.88	0.96
The customers who are using banking services/products are limited in the market.	3.98	0.91
We experience changes in customer's demands from time to time	4.12	0.84
Average	**3.91**	

Source: Survey Data, 2019

The result show that the overall bargaining power of customer is moderate. The majority of determinants fell on the banks have experienced changes in customers' demands from time to time scored a mean of 4.12.The customers who are using the banking services and products are limited in the market with a mean of 3.98. As all the banks are offer the similar products, customers can easily switch to other banks scored a mean of 3.82 and 3.88 respectively. Moreover the power of customers influence the price that the banks charged for the services with a mean of 3.76. The average mean score is 3.91 shows that there is a customer bargaining power in the banking industry.

4.3.4 Existing of Substitute Products

Substitute products can influences costs and customers often switch from one product to another when both products approve the same quality**.** The finding represented in Table 4.6 indicates the determinants of the existing of substitute products. From the table below it is evident that there is a threat of existing of substitute in the industry. There are numbers of non-bank financial institutions which can offer substitutable products as banks with the score of 4.12, and allow customers can go to any banks with the score of 3.72. The switching cost is moderately low in changing the banks with the mean of 4.02. Moreover, the substitute products which are provided by non-bank financial institutions are attractively priced and better performance features scored a mean of 4.04.

Table 4.7 Threat of Substitute Products

Particular	Mean	Std. Deviation
There are numbers of non-bank financial institutions which can offer substitutable products as bank(e.g.microfinance,etc)	4.12	0.52
The customers can go to any banks as all the products are substitutable.	3.72	0.99
The cost for the customers to switch to other banks is low	4.02	0.71
The substitute products which are provided by non-bank financial institutions are attractively priced and better performance features	4.04	0.78
Average	**3.98**	

Source: Survey Data, 2019

4.3.5 Entry of New Players

Entry barrier checks entry velocity and magnitude. New entrants build new potential and jostle market share for every industry. Existing companies also respond negatively in business to new entrants while serving as barriers. The entry barrier, however, is the biggest challenge for new entrants**.** Table 4.8 presents finding regarding the factors that can be considered as key drivers to entry of new players in the banking industry in Myanmar.

Table 4.8 Threat of New Entry

Particular	Mean	Std. Deviation
High capital outlay/capital requirements	4.24	0.62
Industry growth/potential growth	3.86	0.83
Stringent Government regulation/policy	3.72	0.99
The industry's competitive level is high	3.98	0.76
Potential for high profitability in the sector	3.82	0.89
Average	**3.92**	

Source: Survey Data, 2019

The result show that the threat of new entry has positive impact on the banking industry. There is high capital outlay or capital requirements with a mean of 4.24 and the stringent of government regulation or policy with a mean of 3.72. Which indicates there is a barrier to entry the banking sector. And the majority of mean fall in industry growth or potential growth with 3.86 and the level of competition in the sector with a mean of 3.98. Follow by the potential for high profitability in the sector scored a mean of 3.82. And the average mean is 3.92 indicates there is a barrier in entry.

Table 4.9 Strength of the Five Forces

Forces	Mean	Rank
Existing of substitute products	3.98	1
Threat of new entrant	3.92	2
Bargaining power of customers	3.91	3
Bargaining power of suppliers	3.89	4
Competition among existing banks	3.79	5

Source: Survey Data, 2019

Table 4.8 shows that existing of substitute products exert more pressure in the private banking industry with the total average mean of 3.98 and rank as number 1 in term of five forces, followed by threat of new entrant with mean of 3.92, bargaining power of customers have 3.91 mean. Bargaining power of suppliers with an average mean of 3.89 and competition among existing firms with 3.79 mean.

4.4 Analysis on Attractiveness of Private Banking Industry in Myanmar

This section includes a research for analysis the aspects that effects the attractiveness of the banking industry. In this section, fourteen questions are used for analysis the aspects that influence the banks' profitability and other operational performance by five forces.

Table 4.10 Analysis on Attractiveness of Private Banking Industry in Myanmar

Particular	Mean	Std. Deviation
The important of suppliers towards the operational performance of your company is high.	3.92	0.877
The bargaining power of suppliers have an effect in your organization's profitability.	4.02	0.769
Customers have power over your company.	3.86	0.881
The bargaining power of customers effect the market positioning of the bank.	4.08	0.804
The bargaining power of customers effects your firm profit.	4.18	0.523
The entry of new players decrease the profit level within firm	3.82	0.962
The entry of new players decrease the market share within existing banks	4.24	0.517
The new entry pressure the price of your products/services which is charged to customers.	3.72	0.970
The existing of substitute products pressure the banks to increase the quality of services	3.90	0.735
The existing of substitutes decrease the profitability of the bank	3.72	0.991
The level of competition in banking industry decrease the profitability of the bank	4.02	0.685
The level of competition decrease the market share within existing banks	3.82	0.919
The level of competition influence the price of your products/services which is charge to customers	3.94	0.767
Average	**3.96**	

Source: Survey Data, 2019

Table 4.9 shows that the entry of new players decrease the market share of the existing firms scored a mean of 4.24 and the bargaining power of customers effect the firms profitability with a mean of 4.18.The bargaining power of suppliers also effect the organizations profitability with a mean of 4.02. Moreover, the existing of substitute products pressure the banks to increase the quality of services scored a mean of 3.90. The intensity of competition within the existing firm's decrease the profitability of the firms scored a mean of 4.02.Which indicates there are five forces in the banking industry and influence the attractiveness of the firms mainly on the profitability and operational performance.

Table 4.11 The Relationship between the Competitive Forces and Attractiveness of Private Banks in Myanmar

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.402	1.123		3.030	0.004
BargainingPowerofSuppliers	0.133**	0.065	0.050	2.038	0.048
BargainingPowerofCustomers	0.894***	0.217	0.391*	4.110	0.000
NewEntrants	0.122	0.309	0.046	0.395	0.695
Substitute	1.740***	0.249	0.485*	6.984	0.000
Competitives	0.162	0.318	0.041	0.509	0.613
R= .996[a] , R Square = 0.992, Adjusted R Square = 0.99, F =1145.349 (0.000[b])					
a. Dependent Variable: Attractiveness b. Note: * Significant at 10% Level, ** Significant at 5% level, ***Significant at 1% level.					

Source: Survey Data, 2019

According to Table (4.11), all independent variables are positive and r2 is 0.992 which indicates the five forces variation can well be explained by the variation of the attractiveness of the private banks.

According to the result, the p values of the bargaining power of customers and existing of substitute products are both 0.000 and consider to be significant at a 1% level. Indicates these two forces have a positive influence on the attractiveness of the industry. The p value of the bargaining power of suppliers is 0.048 and considered to be significant at a 5% level.

According to the linear Regression model, Substitute products with the standardized coefficient of 0.485 which indicate it has a positive influence on the attractiveness of the banking industry. This can also be explained as if there is an increase in forces of substitute products that (1.740) will affect the attractiveness of the industry, holding other constants. Consequently, the bargaining power of customers ($\beta_2 = 0.894$) has the second positive impact on the attractiveness on the industry, followed by competitive rivalry and new entrants.

CHAPTER V

CONCLUSION

This Chapter presents a summary of findings in chapter four. It also makes discussion as per the findings as well as suggestions for future research. Data was collected by use of structured questionnaire which was developed in line with objectives of the study. The main objective of the study was to apply the Porter's Five Forces in assessing attractiveness of Private Banks in Myanmar. These competitive forces are Bargaining Power of the Suppliers, Bargaining power of customers, Threat of New Entrants, Threat of Competitive Rivalry and Existing of Substitute Products.

5.1 Findings

Indicates these two forces have a positive influence on the attractiveness of the Industry attractiveness is commonly measured by the existing of Porter's five forces. If any of these forces presence in the industry can consider a threat and if not can consider being an opportunity for the existing firm. In Myanmar private banking industry, according to the result, it can be assumed that there is the bargaining power of suppliers. Depositors influence the determination of the quality and value of the services or products and becoming significant assets for the banking sector. Moreover, the technical know-how from the international institution and the expertise employees in banking are hard to recruit.

In terms of the bargaining power of customers, the banks offer the products and services which are similar to the others. Thus, customers influence the price that the banks charge for the services and customers can easily switch to other similar banks as the switching cost is moderately low. And the banks also experienced changes in customers' demands from time to time which will decrease the profit level within the firms and affect the attractiveness of the industry. As in the same industry, there is the threat of substitute products. There are numbers of non-bank financial institutions that can offer substitute products as banks and the substitute products which are provided by non-bank financial institutions are attractively priced and have better performance features. As the customers have an option to choose for the products which affect the firm's profitability.

About the rivalry in the banking industry between established banks, it could be said that the market conditions of competition are moderate. According to respondents from selected private banks in Myanmar, the competition of products and services innovation are intense in the industry and the banks have to increase the quality of services or lower the service price to attract the new clients. However, there are only 27 private banks in Myanmar and considered to be in minority governance, the competitive force is considered to be moderate. In terms of new entrant, it can be assumed that there is a barrier in the entry as the capital requirements for the banking operation in Myanmar is quite high and the government regulation is stringent.

Thus, in Myanmar, the private banking industry, the bargaining power of customers and existing of substitute products are strongly affecting the industry's attractiveness in terms of decrease the profit level of the firms as well as the operational performance.

5.2 Recommendations

To be substantially profitability in the industry, the banks should implement or seek for the competitive advantage from other banks by differentiate in quality of services or products. And to reduce the bargaining power of suppliers, banks should provide the training to the employees as well as the external training course which will improve the technical know-how of the banks' operation.

Regarding the substitute products, as the banking offer the same products. To attract more new clients and maintain the old clients, banks should plan or innovate the products to be more efficient and better performance than others banks. The barrier to enter in the banking industry is high in Myanmar duce to the strict in government policy and regulation. Nevertheless, as the banking industry is growing and the banks should constantly analyses the forces that have been effected the firms' performance and profitability in order to maintain in the high level of market positioning. By analyzing the competitive forces constantly will let the banks know what the position of banks in the market was and what kind of strategy that the management need to implement and improve to seek for the competitive advantage over peers.

5.3 Needs for Further Study

A further research should be undertaken to assess some of the banking industry's strategic approaches. Additionally, further research should be conducted to identify some of the challenges that affect private banking industry growth. The results from such studies will supplement the findings of this study, which will result in a deeper understanding of the banking industry from a multifaceted perspective and further research into the impact of five influences on competitiveness and risk factors affecting the banking sector.

REFERENCES

1. Ansoff, H. I. (1985). *Implanting Strategy Management*. Englewood Cliffs, NJ: Prentice/Hall International.
2. Cook, K. J. (1995). *Ama complete guide to strategic planning for small business*. Chicago: American Marketing Association.
3. GIZ. (2018). *Myanmar's Financial Sector: A Challenging Environment for Banks*, Annual Report.
4. Grant, R.N. (2012). *Contemporary Strategic Analysis, Concepts, Techniques, Applications*, 3rd Edition, Massachusetts: Blackwell Publishers.
5. Hax, A. & Mailuf. (1983).*The Strategy Concept and Process: A Pragmatic Approach*, 2nd Edition, Prentice Hall, New Jersey.
6. Muchiri, C.H. (October 2008). *The Application of Porter's Five Forces Model in Assessing the Attractiveness of the Mailing Industry in Kenya*, MBA Thesis Paper, School of Business, University of NARIROBI.
7. Malika, M.G. & James, K. (June 2016). *Strategic Resources, Competitive Advantage and Firms Performance*: A Research Agenda, School of Business, Kenyatta University
8. O.Abuor, S.N. (November 2014). *Application of Modified Porters' Five Forces Model in Assessing Attractiveness of Insurance Industry in Kenya*, MBA Thesis Paper, School of Business, University of NAIROBI.
9. Porter, M.E. (1980), *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, New York: Free Press.
10. Rowe et al. (1994). *The Impact of External Environment on Organizational Development Strategy*, MPRA Paper No.26303.
11. Schellhase.J. & Sun.L. (August 2017). *The Banking Sector in Myanmar: An Assessment of Recent Progress*, Report, MILKEN Institute.
12. Urbsiene, L., Monkeviciute, R. & Navikaite, U. (2014). *Analysis of the Attractiveness and Competitiveness of the Securities Market In LITHUANIA*, Vilnius University International Business School, Lithuania, ISSN 1392-1258,Vol. 93(3).
13. VDB loi. (2018). *Banking and Finance Myanmar Update*, Annual Report.

APPENDIX

Questionnaire for Competitive Forces of Private Banks in Myanmar

The questionnaire is meant to gather information regarding the application of Porter's five forces model in assessing the attractiveness of the private banks in Myanmar is conducted by Nang Kham Phawng (Master of Banking and Finance, Yangon University of Economic) under the guidance of Prof Dr. Daw Tin Tin Htwe (Department of Commerce). Kindly respond by ticking in the boxes provided or by writing a brief statement in the spaces provided. All the information provided will be kept strictly confidential and will only be used for the purpose of this study.

Section A: Background Information

1. Name of the Bank --
2. Number of years in operation --
3. Number of Branches --
4. Number of Employee --
5. Position in Bank --
6. Number of Products
   - ☐ Saving
   - ☐ Fixed Account
   - ☐ Current Account
   - ☐ Foreign Currency Account
   - ☐ Foreign Exchange
   - ☐ ATM Card
   - ☐ Credit Card
   - ☐ Mobile Banking
   - ☐ Internet Banking
   - ☐ Remittance
   - ☐ Loan
   - ☐ Hire Purchase
   - ☐ Others

Section B: Forces of Competition in the Private Banks in Myanmar

Part 1: Bargaining Power of Suppliers

7. The following factors are major determinants of supplier. Rate them on what extent you feel the factors determine suppliers power over your bank. (Suppliers are the depositors, who supply the primary resource of capital, and employees, who supply the resource of labor) 5=Strongly Agree, 4=Fairly Agree, 3=Neutral, 2=Disagree, 1=Strongly Disagree.

	1	2	3	4	5
a. The depositors are becoming significant supplier of the sector and vital role for banks.					
b. The depositors have an influence in determination of the quality and price of the service/products we offer to them.					
c. The technical knowhow from international institution is hard to obtain					
d. The expertise employees in banking is hard to recruit.					
e. The suppliers that provide the technology/software system for banking innovation is scarce in the sector. (Monopoly suppliers).					

8. The extent of suppliers influence the industry attractiveness based on following various aspects.

	1	2	3	4	5
a. Suppliers/depositors have power over your company.					
b. The important of suppliers towards the operational performance of your company is high.					
c. The bargaining power have an effect in your organization’s profitability.					

Part 2: Bargaining Power of Customers

9. The following are the major determinants of bargaining power of customer power. Kindly rate your statements by applying the following key: 5=Strongly Agree, 4=Fairly Agree, 3=Neutral, 2=Disagree, 1=Strongly Disagree

	1	2	3	4	5
a. We offer the products/services which are similar from others bank.					
b. The power of customers influence the price that we charge for banking services.					
c. The customers can easily switch to other similar banks as the cost for changing is low.					
d. The customers who are using banking services/products are limited in the market.					
e. We experience changes in customers' demands from time to time.					

10. The extent of customers influence the industry attractiveness based on following various aspects.

	1	2	3	4	5
a. Customers have power over your company.					
b. The customer bargaining power effects the market positioning of the banks.					
c. The customer bargaining power effects your firm's profit.					

Part 3: Entry of New Players

11. The following are the factor can be considered as key drivers to entry of new organizations in the banking industry in Myanmar: 5=Strongly Agree, 4=Fairly Agree, 3=Neutral, 2=Disagree, 1=Strongly Disagree

	1	2	3	4	5
a. High capital outlay/capital requirement					
b. Industry growth/potential growth					
c. Stringent Government regulation/policy					
d. The industry competitive level is high					
e. Potential for high profitability in the sector					

12. The extent of new entrants influence the industry attractiveness based on following various aspects.

	1	2	3	4	5
a. The entry of new players decrease the profit level within the firm.					
b. The entry of new players decrease the market share within existing banks.					
c. The new entry pressure the price of your products/services which is charge to customers.					

Part 4: Existing of Substitutes

13. The following are the major determinants of threat of substitute products. Kindly rate your statements by applying the following key: 5=Strongly Agree, 4=Fairly Agree, 3=Neutral, 2=Disagree, 1=Strongly Disagree

	1	2	3	4	5
a. There are numbers of non-bank financial institutions which can offer substitutable products as bank (e.g. microfinance, etc.)					
b. The customers can go to any banks as all the products are substitutable.					
c. The cost for the customers to switch to other banks is low.					
d. The substitute products which are provided by non-bank financial institutions are attractively priced and have better performance features.					

14. The extent of substitute products influence the industry attractiveness based on following various aspects.

	1	2	3	4	5
The existing of substitute products pressure the banks to increase the quality of services.					
The existing of substitutes decrease the profitability of the bank.					

Part 5: Competitive Rivalry in the industry

15. The following are the major determinants of competitive rivalry in the industry. Kindly rate your statements by applying the following key: 5=Strongly Agree, 4=Fairly Agree, 3=Neutral, 2=Disagree, 1=Strongly Disagree

	1	2	3	4	5
a. The competition of product and service innovation is intense in banking industry					
b. The bank has to lower the service price to attract the clients from other banks.					
c. The clients have more option in choosing the bank services with different banks.					
d. There are numerous private banks.					

16. The extent of competitive rivalry influence the industry attractiveness based on following various aspects.

	1	2	3	4	5
a. The level of competition in banking industry decrease the profitability of the bank.					
b. The level of competition decrease the market share within existing banks.					
c. The level of competition influence the price of your products/services which is charge to customers.					