

**YANGON UNIVERSITY OF ECONOMICS
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**THE IMPACT OF INFORMAL GROUP SAVING ON
HOUSEHOLD WELFARE
(A CASE STUDY IN TAUNGOO TOWNSHIP)**

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(EMBF- 6th Batch)**

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HOUSEHOLD WELFARE
(A CASE STUDY IN TAUNGOO TOWNSHIP,
BAGO REGION)**

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

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ABSTRACT

This study aims to identify the impact of informal group saving on household welfare especially in Toungoo Township. The objectives of these study are to identify the savings behavior of informal groups and, to examine the impact of informal group saving on the group members' household welfare. This research used both primary and secondary data to achieve the above objectives. The primary data were collected by two-stage random sampling technique and by the use of structured questionnaire. The Chi-Square regression model was used to analyze the impact of informal group saving on the group members' household welfare in Taungoo Township. The sample size is 110 respondents which was (5%) of households randomly selected from (3) quarters which was (10%) of urban area. The household welfare was categorized by physical assets, social capital and human capital. According to multiple regression analysis, the two variables (number of dependent and experience of membership) have significantly explained 9% of physical assets, the two variables (monthly saving and return from saving group) have significantly explained 8% of social capital and the two variables ((monthly saving and return from saving group) have significantly explained 9% of human capital. Further evidence from regression analysis showed that there is a significant association between participation in informal saving group and household welfare. It is therefore recommended that; the government and development agencies should encourage the development of informal saving group and the general community should be sensitized about the significance of savings.

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LIST OF ABBRELIATIONS

ASCA	Accumulated Savings and Credit Association
CBM	Central Bank of Myanmar
DAI	Development Alternatives Incorporated
FRD	Financial Regulatory Department
JV	Joint Venture
MOPF	The Ministry of Planning and Finance
MFI	Myanmar Financial Institutions
ROSCA	Rotating Savings and Credit Association
VSL	Village Savings and Loan
VSLA	Village Savings and Loan Association

CHAPTER (I)

INTRODUCTION

Money is something that is very important and essential to live. It's not just a piece of paper, but it has some meaning, a value that every person has to understand. Saving can be described as moving resources into the future from the present (Warneryd, K.E, 1999). Besides saving for retirement, saving money is essential for making money. The decision to save people is based on their economic situation and interests rationally. At both micro and macro level, savings are significant. These provide a secure future at the micro level, promote thrift, and help meet emergency needs without being burdened by crippling debt. The country benefits from savings at the macro level because they become the conduit to finance investment. To order to become resources that can be invested to productive assets, individual savings accumulate. Empirically, it has been found that investment in domestic capital is leading to higher, sustainable growth rates. The higher the investment, the higher the growth rate, but high investment requires high levels of savings (Myanmar Insider, 2018).

The accumulation of these savings would help the country to move forward on the economic front. Use foreign resources to fund projects does not achieve a sustainable growth rate. Given its stage of development and the need for domestic capital to fund basic infrastructure, savings are even more relevant in Myanmar than in the other countries. Myanmar provides restricted access to basic financial services until very recently. It explains the low structured savings rates in part. Many people in rural areas record no savings and save at home or with people they know (Myanmar Insider, 2018).

For the first time in Myanmar, a distinct microfinance field was established by The Microfinance Law (2011). Until 2011, a single institution, the United Nations Development Program (UNDP), legally allowed citizens in Myanmar's rural areas to provide micro loans and savings services. Myanmar Financial Institutions (MFIs) began the international pact for NGOs. The market has opened up to hundreds of international players and a variety of domestic players. There are primarily two savings options in the microfinance sector: mandatory and voluntary. People with low

income communicate with their financial needs with the informal saving groups. There are informal saving communities that have been around for hundreds of years in Myanmar. The saving ethic is alive and well in Myanmar, resulting in optimistic savings growth forecasts (UNCDF, 2015).

Still, Myanmar's people prefer to save outside of formal financial institutions, particularly those that serve MFI's target market. Reasons for informal savings include a wide spectrum of perceived drawbacks of having a bank account, with the main of them being the following: income is too small to justify depositing it into a formal account, poor trust in the banking system, low educational rates and out - of-reach bank branches (Trust, FinMark and UNCDF, 2013).

Myanmar's history is marked by many demonetizations that have led to Myanmar's people ' common perception that' money is for purchases, not savings.' (Chipchase, Jan, and others, 2014). According to the diagnosis of Making Access, 26 percent of Myanmar's adults save informally and mostly at home or in properties (livestock, jewelry, gold) or as savings group members (Chamberlain and others, 2014).

1.1 Rationale of the Study

People have been solving their money management problems in diverse ways for a long time. They have invented a variety of solutions to saving and borrowing that do not fall into the sphere of regulated formal institutions. People self-tend to save their money in informal service like savings clubs, savings clubs are managed by other people, e.g. religious or welfare organizations or paid commercial managers, and informal providers such as money lenders, pawnbrokers or deposit takers. Informal mechanisms are still the most important in many poor communities and development workers would do well not to dismiss them as inappropriate or exploitative as they are often vital to people's livelihood strategies. Promoting self-help groups (SHG) is now a very common development strategy. They may function as small village "banks" in their own right (or) provide a guarantee system for members to borrow from other institutions.

The SHG bank linkage model in India has become famous and the Village Savings and Loan Associations, initially promoted by CARE in Africa, have become

widespread. Another model, initially promoted by FINCA, is known as Village Banking. Many self-help groups remain small and informal; some create to federations as legal entities and thus move on to become formal member-owned institutions. Some donor interventions lead to the creation of community-managed loan funds, although it is rarely clear if these are meant to be temporary or permanent structures (Rural Finance and Investment Learning Centre Report, 2018).

DAI (2010) articulates that at the household level, analyses examine the kinds of livelihood activities that savings group members undertake, and their results in terms of asset accumulation. In general, savings and credit together should result in asset accumulation. DAI (2010) continues to argue that the group savings support the protection of income and better household management of income and assets across time, while credit from the group supports increases in income.

According to the study of Odokonyero Tonny, 2012 showed that Village Savings and Loan Associations (VSLAs) which are part of informal savings schemes are enhancing the Socio-Economic Status (SES) or welfare of rural households (participants) in Amuru district, Northern Uganda. The main aim of the current study is conducted with a focus to know the impact of informal group saving. And the effect of informal group savings on household welfare in rural area will be the central theme of this thesis, which aims at providing a thorough analysis of the relation between them. This research will focus on the scope of the study try to explore the impact of informal group saving members who live in Taungoo Township.

Taungoo is district level city in Bago Region, Myanmar, about 200 km from Yangon, to the northeastern end of the region. The major business in Taungoo is trading the crops and other products betel leaf, beans oil, sesame oil and betel nut. The area of the city is about above 1700 sq.km and it was composed with 27 quarters and 37 village groups with 57,460 households. The population in Taungoo was 262,056 (Toungoo Township Report, October 2017).

1.2 Objectives of the Study

The main objectives of this study are as follows:

1. To identify the saving behavior of informal groups in Taungoo Township.

2. To examine the impact of informal group saving on the group household welfare in Taungoo Township.

1.3 Scope and Methods of the Study

This research is carried out primarily to find the various options available to members of informal saving groups. The case study is conducted with primary data to be collected from Taungoo Township. There are 27 quarters in urban area in the Taungoo Township of Bago Region. Out of them, 10% of 3 quarters are randomly selected from 27 quarters and 5% of households are selected from these 3 quarters using Simple Random Sampling Method. The type of research in this study is descriptive. This has been used this research around the typically structured investigative questions. Primary data is collected by administering a detailed questionnaire and by conducting surveys. For this study secondary data is collected through various sources such as internet, social media, newspaper, journal, articles and crime reports.

1.4 Organization of the Study

This study includes five chapters. Chapter (1) is the introduction section which include rationale of the study, objectives of the study, scope, research design and organization of the paper. In chapter (2) theoretical background of the study that is described in the contents. Chapter (3) describes the background information of Taungoo Township. Chapter (4) contains the data analysis and the explanation of the primary data from the survey of Taungoo Township. Chapter (5) is conclusion where findings, suggestions and recommendations, and future studying.

CHAPTER (II)

THEORETICAL BACKGROUND

This chapter provides the literature review on the saving theories and research finding. There are importance of savings, theoretical review based on the informal saving group members, types of savings, group characteristics of informal saving group, previous studies and conceptual framework.

2.1 Importance of Savings

Economy, which is characterized as a part of income not consumed immediately but reserved for future consumption, investment or unforeseen contingencies, is considered an indispensable tool for economic growth and development. This position is expressed in the creation of capital through increased capital stock, with the effect of generating more and higher earnings on the limit of an economy. Rose (1986) sees the importance of past capital growth savings. According to Rose (1986), saving is an imperative for capital arrangement but likewise, a major determinant of credit spending based on the rule of scarcity, which suggests that 'when the former is small and unavailable, it becomes more costly to get.'

Both the classics and modern growth models suggest that savings are the key parameter and determinant of economic growth. That principle is supported by (World Bank, 1989), which found that third world countries with higher growth rates are those with higher savings rates on average.

Capital mobilized from domestic sources is very important for the development of a country, not only because it has a low cost, but also because it is sustainable and permanent. Adam (1985) believes that most of this domestic savings will come from rural areas, particularly in countries with a dominant rural environment, because there are greater potential for saving capacity and growth. Thillairajah (1994) and Padmanabhan (1988) share the same view, explaining the high marginal propensity to save because of the unpredictable economic conditions usually prevailing in these areas (unstable wages, harvest volatility, etc.).

In spite of these advantages, the majority of rural communities ' saving capacity in developing economies remains unmobilized, particularly with regard to the formal financial system on which an economy depends for growth (Nwankwo,

1994). A number of factors need to be addressed in order to allow an effective and sustainable mobilization of savings in general and rural savings in particular.

The factors are classified according to (Hussein & Thirlwall, 1999) into the capacity to save and save willingness. Whereas saving ability is affected by the level of per capita income, income growth, population, age, structure, and income distribution; on the other hand, saving willingness depends more on the financial system of the country through variables such as the level of financial deepening, and inflation. However, they conclude that the number, proximity and diversity of financial institutions (willingness to save factor) serving the different savers' needs have a dominant influence over the capacity to save's primeval factor. But it seems to be a strong link between the growth rates of financial circuits and how sustainable domestic savings can be mobilized by the creation and productivity of a country's financial system.

2.2 Types of Savings

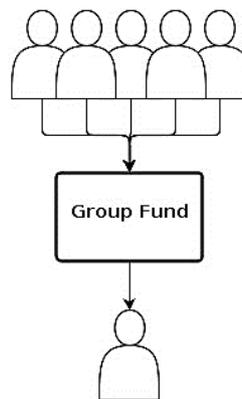
Savings vary according to purpose, pattern, borrowers' types, and organization. Myanmar culture is rich with well-functioning and productive, but informal, saving clubs, peer loan groups, revolving savings and credit associations, Buddhist saving and lending groups, funeral societies, etc. (Chipchase and others, 2015). It is clear that there are people saving to meet everyday needs, people saving to prepare for emergencies (medical emergencies, funerals), and people saving to fulfill a planned purchase (agricultural machinery, cars, household furniture, electronic equipment) (Gatti, Eleonora, 2016).

And savings habits depend on the various types of jobs. The Making Access Possible Diagnostic (2014) defined five groups of Myanmar adults with different approaches to savings: (1) farmers, (2) adults employed or owned by a formal business (companies deemed to be regulated / licensed to operate), (3) adults employed or owned by an informal business (companies deemed to be unregulated / unlicensed to operate), (4) Formal consumers (employees who are employed in the formal private sector or in the public sector) and (5) Informal consumers (adults who receive wages from the informal market, such as casual workers, farm workers and those who rely on remittances) (Chamberlain and others, 2014).

2.3 Informal Group Saving

An informal saving group is a social organization created to help community members raise money (individual or community level) for specific purposes. The two most common examples are Rotating Savings and Credit Associations (ROSCAs) or Accumulated Savings and Credit Associations ASCAs. ROSCA's function is to take monthly deposits from each group member and then give one group member the entire monthly sum. The monthly amount beneficiary is centered on a fixed cycle, ensuring that each client earns a large payout eventually. ASCAs also allow members of the group to participate regularly. The ASCA group fund is used to make loans that are paid back with interest rather than rotating payouts. Loans are either rendered to members of the group or to trusted third parties. The community fund and its interest earnings are returned to the original participants after a certain period of time (often six months to a year). (Invested Development Report, 2012).

Figure (2.1) Informal Group Savings



Monthly deposit from each member

Paid out to one member on a rotating basis

Source: Invested Development Report, (2012)

2.3.1 Informal Group Saving Characteristics

Groups have various names and missions crosswise over nations. Some classes have a similar structure and policy, regardless of name or purpose. Members are required to commit to the network fund a little month by month. Groups normally have 10 to 50 members and are represented by an exacting arrangement of rules that depend on the group's literacy, either composed or unwritten.

Saving is not new to people in rural communities in Myanmar called as “Su Jay” which is the Myanmar name for an informal group that operates as a rotating savings and credit association and is typically found in 'commercial' rural areas. The amount of savings was decided by the members depending on their capacity to save. Informal group saving is a group saving system developed in each saving group of ten or more group members. The high propensity for Myanmar's people to be true to their word and honor informal contracts is a key success factor in these informal savings groups. Development specialists who are in favor of saving as a development tool have commented positively that the cultural tradition of honoring one's debts (i.e., majjhima pairipada) means that saving at person and community level is a well-established cultural practice. Myanmar's informal savings groups have many features in common with the credit union movement's self-help group characteristics, such as a high level of confidence among group members, a high propensity for savings group members to honor contracts, and the fact that they are usually confined to a defined geographical area (Gatti, Eleonora, 2016).

2.3.2 Benefits of Informal Saving Group

Invested Development Report (2012) stated that there are five key benefits creates to informal saving group members which are (1) reducing pressure on free cash, (2) enabling access to funds for unexpected life events or large purchase, (3) restrained saving, (4) expanding the strength of social network (5) savings group is fun.

(a) Reducing Pressure on Free Cash

Cash flows are particularly volatile in emerging markets and cash on hand is subject to the strains of family members and friends. Specifically, women find that an unimportant or intoxicated husband restricts command over their cash. These conditions make it difficult to set aside a whole cash that is large enough to put resources into a bit of equipment that would boost a business buy home improvement materials, or make some other big purchase to create personal satisfaction. Savings allow members to exert pressure from husbands, friends, and companions on their free cash. Eventually, this empowers individuals to allocate their cash surplus to future purchases with the hope of enhancing their personal satisfaction.

(b) Enabling Access to Funds for Contingent Events

Approaching a financial savings system makes it possible to obtain a pool of resources if a crisis occurs or to save funds for a big purchase. Members will rely on their group members and the corresponding group store to easily apply for a credit line in case of unanticipated sickness. Eventually, group members need to refund the money or wind up paying indistinguishable amounts over a year from the off chance they earned the cash themselves, however taking part in a group provides extra adaptability and develops a hierarchical social structure. This control also helps members to save on large purchases, as the money is taken care of safely for extended periods.

(c) Restrained Saving

Participation in a group has the power to set savings goals and achieve them every month. The negative (financial and social) consequences associated with neglecting to achieve these goals render a remarkable motivating force to fulfill the monthly contribution. Maintaining this degree of order as an individual is significantly more troubling, making group membership even more engaging.

(d) Expanding the Strength of Social Networks

Working together towards a similar financial target as a community aspect that meets on a monthly basis makes solid bonds. In the Western world, it is common knowledge that they are more likely to get a job if someone they both know refers to a potential employer. This rule works in the creating scene on a similar route. Individuals can also use different group members to create opportunities for themselves in the future.

(f) Saving Group is Fun

The individual aspect of informal savings groups should not be ignored. Groups are formed by trusted friends or family and can often be a perfect excuse for socializing once a month. In comparison to just visiting a stuffy bank branch to make a deposit, savings groups now offer an increasingly accommodating way to set aside cash.

2.4 Theories for Saving Behavior

The study is embedded on two theories which are in line with the subject under investigation. The theories in focus are Rational Choice Theory and Sustainable Livelihood Approach Theory.

2.4.1 Rational Choice Theory

The concept of rational choice theory claims that people make rational choices using objective judgments and achieve results that are consistent with their own personal goals. Such findings are also related to the best self-interests of a person. Using the principle of rational choice theory, results are expected to give people the greatest benefit and satisfaction given the choices available. In this study, the theory will be used to find out whether the informal saving groups operating in Taungoo Township are treated to same exchange of economy. This theory is based on assumptions that individual selections are aimed at optimization of their pleasure or profit; they tend to act with rationality when making selections and that their behaviors are based on rational calculations.

2.4.2 Sustainable Livelihood Approach Theory

Chambers and Conway (1992), Elsevier and Lindenberg (2002) mostly derived definitions of livelihood security. In general, household livelihood security is defined, according to Frankenberger (1996), as adequate and sustainable access to income and other resources to allow households to meet basic needs (including adequate access to food, portable water, health facilities, educational opportunities, housing, time for community involvement and social integration, etc.). "Livelihood" is a broad concept that covers many components including income, management of resources and risk opportunities, social relationships and negotiation, and household and community management of social networks.

The idea of livelihood is quickly gaining popularity as a practical means of understanding the factors affecting the lives and well-being of people. It is made up of the resources, properties and activities required for livelihoods. A life will be sustainable if it can cope with and recover from stress and shocks and preserve or increase its potential and properties, both now and in the future, without sacrificing the foundation of natural resources (Carney, 1998).

This research used the prospect theory to accurately measure members of the informal saving community in Taungoo Township and their financial activities, such as the reversal of risk aversion or attitude effect and the recognition of risks in either gains or losses. If properly applied in economic transactions, an important use of prospect theory may directly or indirectly influence the expected value or the actual one. This theory applies to a number of economic issues that appear to be incoherent in the status quo bias, rationality, the premium stock problem, gambling, betting puzzles and endowment effect.

2.4.3 Livelihood Assets

According to Bebbington (1999), People require a variety of assets to achieve their self-defined goals, whereas no single capital endowment is adequate to yield the desired results on its own. Assets are of particular interest to academic research in order to decide if those who have been able to escape poverty have begun with a combination of capital and whether such a combination could be transferred to other living conditions. Livelihood assets include: human capital (educational skills, knowledge; labor and health skills), social capital (networks and networking, membership of associations/groups), natural capital (natural resource stocks/base land, water, forests, air quality, security against erosion, etc.), physical resources (basic infrastructure and consumer products needed to support livelihoods affordable).

2.4.4 Livelihood Outcomes

Livelihood outcomes are the accomplishments of livelihood approaches, such as increased income (e.g. cash), increased well-being (e.g., non-material goods, such as self-esteem, health status, access to services such as education, sense of inclusion), reduced vulnerability (e.g. enhanced resilience by increasing asset status), improved food security (e.g. increase in financial capital to buy food) and an increase in food protection. The findings provide us with an idea of how people are likely to respond to new opportunities and which performance indicators should be used to assess support activities (Serrat, 2008).

2.4.5 Household Welfare

According to Phusit (2006), socio-economic status (welfare) strategies can be divided into two major groups, namely income–metric measures and alternative approaches. Money–metric measures (income or expenditure) is a term that economists generally use as it is easy to measure in a monetary sense and is widely understood by the public. Practical issues associated with the accuracy of quantifying income or expenditure, however, have emerged, especially in developing countries, leading to a quest for non-monetary household welfare proxies. One of the alternatives is the use of the index of household assets.

2.5 Previous Studies

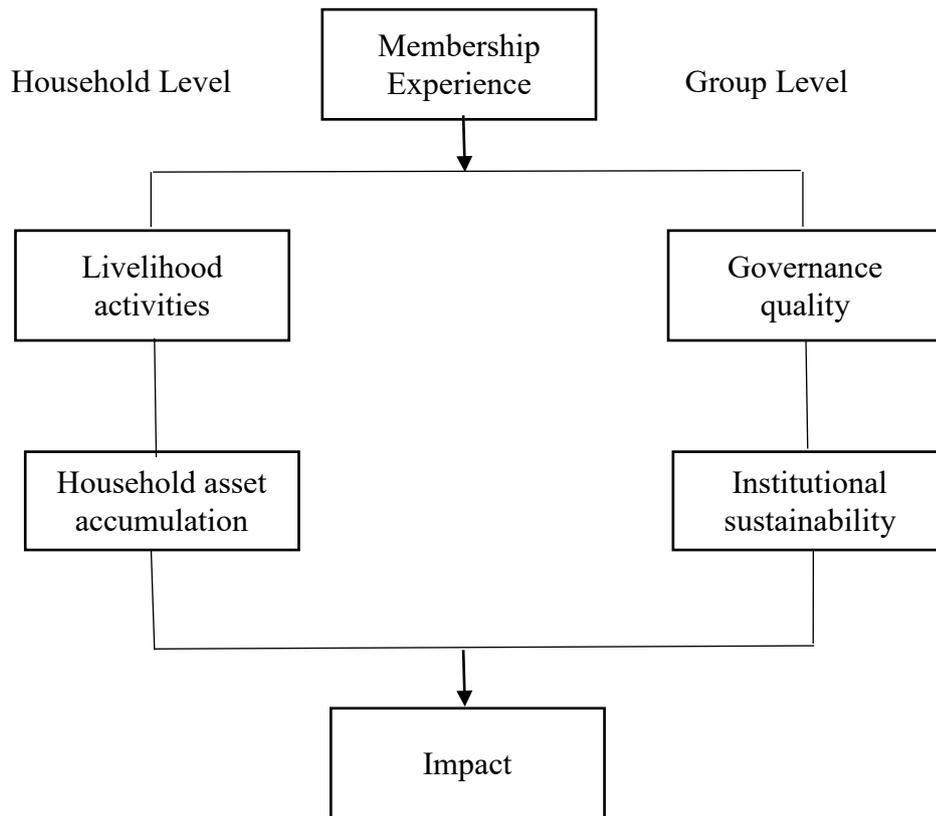
There are several studies regarding the impact of group savings at the households. This section presents a review of some related previous studies.

DAI (2010) articulates that, at the household level, exams analyze the types of livelihood practices that members of the savings group attempt, and their outcomes as far as the accumulation of assets. Generally, savings and credit should bring in the accumulation of assets. DAI (2010) continues to argue that group savings support income protection and better household income and asset management over time, while group credit supports income increases.

Impact studies at group level look at issues of social (community) governance and sustainability (such as indefinite group functioning), which in turn can be expected to lead to recurrent group replication, or some similar group, after the annual cash out. Good governance could also contribute to the spontaneous proliferation of new groups arising in different villages without preparation or help from outside.

Together, household and group success can be expected to have a high impact as large numbers of individuals gain access to a wider range of high-quality (financial) services and are thus able to take greater control of their future circumstances, possibly resulting from the process of poverty. DAI (2010) articulated and presented two distinctive and parallel strands relating to the household and group level impact of Group Savings and Loans as shown in the figure (2.2).

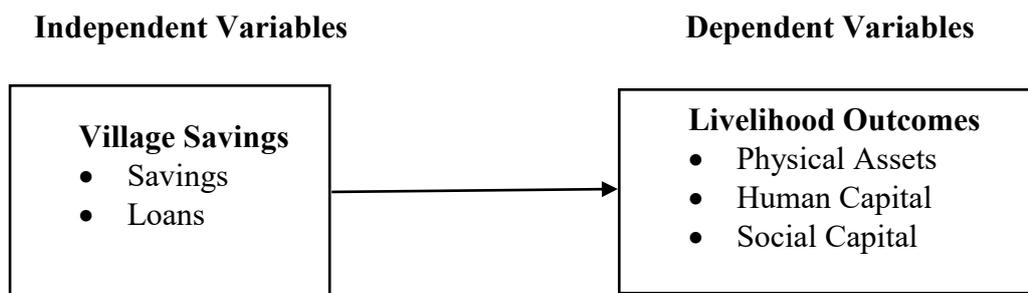
Figure (2.2) Conceptual Framework of the Previous Study



Source: DAI (2010)

Based on the conceptual framework of the above-mentioned in the figure (2.2), Odokonyero Tonny, 2012 showed that Village Savings and Loan Associations (VSLAs) that are part of informal savings schemes boost the socio-economic status (SES) or welfare of rural households (participants) in Amuru District, Northern Uganda. This is focused on the positive impact of Income Generating Activities revealed in the findings on; household income, asset accumulation, education and diversification / development. Therefore, the scheme (VSLAs) can be repeated in other rural areas in other parts of the country to help improve household welfare.

Figure (2.3) Conceptual Framework of the Previous Study



Source: Nyamongo Wycliffe Mochoge, 2016

Wycliffe Mochoge, Nyamongo (2016) showed that services offered by village savings such as savings frequency, obtaining a village savings loan together with a moderating variable, namely personal characteristics like age and a member's education level, can decide women's livelihood outcomes in Kisii County.

The study found that VSL groups have a significant impact on rural women's livelihood outcomes as they can lend money to many of their members to build permanent homes, buy motor vehicles, purchase land, medical expenses, and pay school fees. For the purpose of sustaining rural women's livelihoods, village savings and loan groups train their members on savings and loans benefits, which could enhance this trend's growth.

It is proposed that VSL groups play a key role in promoting the creation of permanent houses for members. Members living in decent village houses are likely to attract non-members to join financial groups because they represent the advantages of these financial groups. Education is a critical part of the nation's growth. For this reason, VSL groups should play a key role in raising awareness of the importance of education by providing funds to their members to enable them to continue their education and that of their dependents.

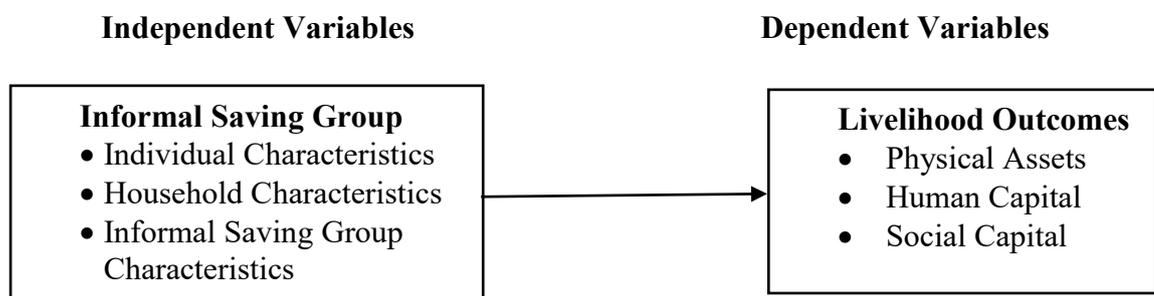
2.6 Conceptual framework of the Study

As discussed in the previous study section: Wycliffe Mochoge Nyamongo (2016) showed that services offered by village savings such as savings duration, obtaining a loan from village savings along with moderating variable namely personal characteristics that include a member's age and level of education, can decide women's livelihood outcomes in Kisii County. The study used these models as they require exploration into ways that a project or organization affects people's livelihood directly or indirectly and will therefore concentrate on the impact of village savings on physical assets, human capital and social capital and how they help transform women's lives in Kisii County.

The conceptual framework for the study is constructed by considering independence variables (number of family member, number of dependent, family income, expenses of the family, experience of membership, monthly saving, amount returned from group saving and distance to the nearest bank). These variables are

assumed to determine the impact of household welfare (physical assets, social capital and physical capital). To evaluate the increment in physical assets, (land, home, motorcar, motorcycle, electronic equipment, expand the business/ machinery for business, mobile phone, gold and jewelry/ cash in hand), to evaluate more develop in social capital, (donate more in the community, can cover the loan repayment and support/help more their friend/ relative), to evaluate more develop in human capital, (effort for children education, ability to cover medical care expenses and effort for career development) are used to measure in the study.

Figure (2.4) Conceptual Framework of the Study



Source: Own Compilation, 2019

CHAPTER (III)

BACKGROUND INFORMATION OF TAUNGOO TOWNSHIP

This chapter aims to provide the overview of savings, financial institutions, non-bank financial institutions, microfinance institutions, insurance sector and informal savings in Myanmar and also includes the backgrounds information of Taungoo Township.

3.1 Overview of Saving in Myanmar

Saving is one of the key factors in Myanmar, considering its development stage and the need for domestic capital to fund basic infrastructure. Over the past few decades, the domestic savings rate has been weak. Low incomes, a predominantly rural population engaged in farming and related activities, lack of education and alternative job opportunities meant that even survival was not a guaranteed saving, leave alone. Saving means postponing a current consumption segment for the sake of future consumption in the absence of a regular income flow. It seems to be so fitting for agrarian communities that one year can see a good crop, and one year later failed, or flood damage to the plant. Unfortunately, the poorer farmers rarely have any surplus. The same also applies to the urban poor, who can hardly meet the ends. (Myanmar Insider, 2018).

Savings therefore require a level of income slightly above the point of subsistence. When Myanmar grows and more employment opportunities emerge, income levels are beginning to rise. The common man has few constraints to save. The lower class barely raise enough to satisfy their basic food and shelter needs, which often also holds them under the debt burden. Because of the lack of save avenues to keep savings until recently, the middle class is not encouraged to save a bank distrust due to past history of losing savings, and very low returns have made people prefer to spend to save. When inflation rates increase, the savings rate decreases Myanmar provides restricted access to basic financial services until very recently. It explains the low structured savings rates in part (Myanmar Insider, 2018).

Savings have to become a practice and it is always difficult to take the first steps. For the sake of future consumption, it requires foregoing current consumption, cutting corners and spending less, and putting aside a small portion of income as soon as it is received, rather than waiting for the month to end and waiting to see how much remains. Whether putting this in a jar, under a pile of clothes or in a bank account, savings are a savior, as they help us tide over demand rather than being forced to borrow at phenomenal interest rates.

In encouraging the savings habit, government and financial institutions can play a major role. By attempting to spread financial literacy and educate the masses, putting away a small proportion of earnings, if the entire population follows, can amount to millions. It is important to highlight for those who have never saved how a small reduction in present spending will ensure that they have some money for future use on essentials.

The government also needs to offer some impetus to save, by facilitating the opening of bank accounts and offering higher interest rates, which will add to their even small savings. Once the banking system expands, other investment options can be offered to citizens, which are safe, convenient and easy to liquidate.

3.2 Financial Institutions in Myanmar

Under the Central Bank of Myanmar Law (1990), section (2) (g), “Financial Institution” means an enterprise established in the State, whose corporate purpose is intermediation on the money or capital market through the collection of financial resources from third parties for investment on their own account in credit operations, credit and public debt instruments, securities, or other authorized financial activities. This section describes Financial Institutions in Myanmar and their services.

3.2.1 Commercial Banks

The banking network at present consists of 4 state-owned banks, 13 foreign banks, 10 semi-government banks and 13 private banks. Current banking legislation in Myanmar has very strict parameters on the types and characteristics of products banks can offer. The Financial Institutions Law sets out the functions that banks can perform; however, the ability to perform each of these functions is subject to prior

approval of the Central Bank, which limits the range of savings products commercial banks are able to offer to their clients.

Overall, commercial banks currently offer few types of savings products: (1) Saving deposit account; minimum interest rate for saving account is 8 percent per annum, (2) Fixed deposit account; eligible for high interest rates are dependent on the length of the deposit. Fixed deposit terms are available at 1, 3, 6, 9, or 12 months, and earn higher interest rates the longer the tenor; 1-month 8 percent to 12 months 9.25 percent per annum depend on the bank's policy and (3) Call deposit account; this account accrues interest on a daily basis, based upon the daily account balance. The interest rate is determined by bank freely. (Example. KBZ Bank, AYA Bank and CB Bank 2 percent per annum but Yoma Bank 6 percent per annum).

There are four state-owned banks, the Myanmar Economic Bank, the Myanmar Foreign Trade Bank, the Myanmar Agricultural Development Bank and the Myanmar Investment and Commercial Bank. State-owned banks offer savings products on the same terms as commercial banks and are not officially required to play a role in savings mobilization; however, the bank attributes its accumulation of savings to its relatively large branch network and customer trust in state-owned banks. Overall, state-owned banks have been most effective in mobilizing savings by connecting them to credit (e.g. MADB) and by making an effort to get these services closer to rural customers through comprehensive branch networks. (e.g., Myanmar Economic Bank).

3.2.2 Non-Bank Financial Institutions/ Finance Companies

Finance companies are subject to the Financial Institutions Law (2016). According to the Central Bank, a finance company's three main functions are lending, hire-purchasing, and leasing. Just one financial company, Oriental Leasing Company Limited, had operated until January 2013. Established as a subsidiary of Myanmar Oriental Bank Ltd in 1996, its main activity is to hire mostly motor vehicles, agricultural machinery and electrical goods. The investment funds pooled under the trust fund scheme of the bank are the main source of funds for its operation for the Oriental Leasing Company. Between January 2013 and July 2019, there was licensing of additional (28) finance companies. Finance companies are not approved to accept public deposits. Nonetheless, they that obtain long-term loans from institutional

investors and foreign financial institutions that are subject to CBM approval. (GIZ, 2016).

3.2.3 Microfinance Institutions

Microfinance is primarily aimed at alleviating poverty in Myanmar. The country's microfinance beginnings date back to the mid-1990s when international NGOs (e.g. PACT, GRET, World Vision), most of them with United Nations Development Program (UNDP) support, began to provide microfinance services. Nevertheless, only in 2011 a legal framework was created for microfinance operations. The Ministry of Planning and Finance, through its Financial Regulatory Department (FRD), controls and oversees the microfinance industry. As of December 2018, (177) MFIs, namely NGOs, INGOs, local and international companies and joint ventures, have been operating under FRD regulation and oversight. (GIZ, 2016).

MFIs can be accepting deposit or accepting no deposit. Microfinance Business Supervisory Committee ordered MFIs to raise compulsory deposits under MOPF in 2014. The microfinance market primarily has two savings products: (1) Compulsory micro-savings; minimum interest rate for compulsory micro-savings is 15% per annum; and (2) Voluntary micro-savings; minimum interest rate for compulsory micro-savings is 10% per annum.

3.2.4 Insurance Services

Myanmar's insurance industry has a long history and has an eventful past. While the insurance industry flourished in the pre-socialist period, lasting until 1963, over the past decades insurance preferences and knowledge have almost vanished. Although private insurance companies in the country are allowed, their operations are still limited. And all private insurance undertakings shall use the same premium rates in order to avoid potentially adverse competition. Non-life insurance and life insurance services are now being provided by foreign JV partners.

3.2.5 Informal Savings

Myanmar's history is marked by many demonetizations that have led to Myanmar's people common perception that “cash is for transactions, not for savings” (Chipchase, Jan, and others, 2014). According to the Making Access Possible

Diagnostic, 26 percent of adults in Myanmar save informally and mostly at home or in properties (livestock, jewelry, gold) or as savings group members. (Chamberlain and others, 2014).

‘Gold jewelry is like having money in a bank account without bank fees,’ and when low-income people save in cash, ‘they do it for a very specific reason and they would even keep separate tins and clay pots in the household for different types of savings (Gregory-Smith, Judyth, Myanmar; A Memoir of Loss and Recovery). It is clear that there are people who save to cope with everyday needs, people who save to prepare for emergencies (medical emergencies, funerals), and people who save to fulfil a planned purchase (agricultural equipment, vehicle, household furniture, electronic equipment).

3.3 Background Information of Taungoo Township

This section describes the background information of Taungoo Township such as geographic and demographic characteristics of Taungoo Township. Geographic and demographics factors of Taungoo Township are delineated by the number of populations, occupation and education status to Township profile report of The 2014 Myanmar Population and Housing Census, Bago Region, Toungoo District, Toungoo Township Report (Department of Population, 2017).

3.3.1 Geographic & Demographic Situation

Taungoo is one of the township of Taungoo District in the Bago Region of the Republic of the Union of Myanmar. The altitude of Taungoo Township is located between 18° x 56’ N Latitude and 96° x 26’ E Longitude. The total area of Taungoo Township is 1,717.60 square Km². There are 27 quarters in urban area and 37 groups of villages in the Taungoo Township. It is bounded by Thandaung Gyi Township, Kayin State in the East, Oatwin Township in the South, Paukkhaung Township in the West, and Yaedashe Township in the North. It is situated at the above sea level 56 meter and has the wet weather between the highest temperature – 42.8°C and the lowest temperature 8.3°C.

According to the 2014 Myanmar Population and Housing Census Report, it reported that Taungoo Township had a population of 262,056 that was included 125,142 males and 136,914 females. In urban area, total population was 108,589 people (41.1%) and 153,467 (58.9%) residents located in rural area. There were

57,460 households in total. The population density was 152.6 persons per km. The census reported that the median age was 27.2 years, and a sex ratio of 91 males per 100 females. As per 2014 Myanmar Population and Housing Census Report, agriculture, forestry and fishing were the main economic activities within the township.

3.3.2 Economic Situation

It was found that agricultural, forestry, fishery, manufacturing and commerce were the main economic activities within the township. In Toungoo Township, the proportion of employed persons working in the industry of “agriculture, forestry and fishing” was the highest with 32.7%. The second highest industry was “wholesale and retail trade; repair of motor vehicles and motorcycles” at 13.8%. In Toungoo Township, 23.5 % of the employed persons were skilled agricultural, forestry and fishery workers and was the highest proportion, followed by services and sales workers with 20.9 %.

According to the 2014 Myanmar Population and Housing Census Report, in Toungoo Township aged 25 and over 21.2 % had completed primary school (grade 5) and 10.6 % had completed university/college education. Among aged 25 and over, 5.7% of the urban area population and 15.7% of the rural population had never been to school. There are 9 commercial banks and 19 microfinance companies as formal institutions and as informal institutions such as money lenders and informal saving group.

CHAPTER (IV)

ANALYSIS ON IMPACT OF INFORMAL GROUP SAVING ON THE HOUSEHOLD WELFARE IN TOUNGOO TOWNSHIP

This chapter includes the analysis on impact of informal group saving on household welfare in Toungoo township. This analysis is based on the survey data conducted in Toungoo township. There are five main parts in this chapter which are survey design, background characteristics of respondents, their savings behavior and the impact of saving on the household welfare.

4.1 Research Design

This study aims to analyse the impact of informal group saving on household welfare in Toungoo township. There are (27) quarters in urban area having a total population of 108,589 in Toungoo township. These quarters are classified by the number of household range and there are 3 groups; small size (186 to 500 households), the middle size (501 to 1,000 households) and large size (1,001 to 2,591 households) as shown in table (4.1).

Table (4.1) Number of Quarters

10% of quarters is randomly selected from (27) quarters

Size	Number of Households in Quarter	Number of Quarter	Sample
Small	186 - 500	10	1
Medium	501 - 1,000	8	1
Large	1,001 - 2,591	9	1

Source: Survey Data (2019)

Out of them, (1) quarter from each group is randomly selected from them and 5% of total households is selected from each quarter by using two-staged random sampling method. The (110) sample households are interviewed by using structured questionnaire.

Table (4.2) Number of Respondents

5% of household is randomly selected from these (3) quarters.

Quarter	No. of Households	Percentage	Sample Size of Households	No. of Member	No. of Non-member
Kyet Ti/ 4 th quarter	298	5%	15	12	3
Man/ 13 th quarter	582	5%	30	29	1
Kan Taw/ 11 th quarter	1305	5%	65	52	13
Total	2,185	5%	110	93	17

Source: Survey Data (2019)

4.2 Background Characteristics of Respondents

The first section in this study analyses the background characteristics of the respondents. The characteristics of respondents are divided into three: demographic characteristics, economic characteristics and informal savings group factors.

Demographic characteristics of respondents are classified into gender, age, marital status, educational level and occupation. The gender of distribution of the respondent showed that the female dominated in the informal saving group members with 71% against the male with about 29%. This result is in consonance with the norm of the study area where females are more willing to join the informal saving group for saving. The age of respondents is grouped into four classes which are under 25 years, 26 years to 35 years, 36 years to 45 years and over 46 years. From the table (4.3) both the informal saving group members and non-members' age are over 46 years. It's 46% of the respondents and it can also be said that most of the informal saving group member are aged people.

Table (4.3) Demographic Characteristics of Respondents

Characteristics	Member		Non-member	
	Number	Percent	Number	Percent
Gender				
Male	27	29	4	24
Female	66	71	13	76
Total	93	100	17	100
Age				
≤ 25	5	5	3	18
26 – 35	23	25	1	6
36 – 45	22	24	4	23
≥ 46	43	46	9	53
Total	93	100	17	100
Marital Status				
Single	28	30	7	41
Married	55	59	7	41
Divorced	2	2	-	-
Widowed	8	9	3	18
Total	93	100	17	100
Educational Level				
Read & Write only	1	1	-	-
Primary	16	17	4	24
Secondary	33	36	5	29
Passed Matriculation	11	12	4	24
Diploma	3	3	1	6
Degree	29	31	3	17
Total	93	100	17	100
Occupation				
Dependent	10	11	3	17
Shopkeeper	40	43	7	41
Government Staff	8	8	2	12
Employee	10	11	4	24
Business Owner	23	25	1	6
Others (Carrier)	2	2	-	-
Total	93	100	17	100

Source: Survey Data (2019)

The respondents of informal saving group member are classified their marital status and the largest of married 59% and single 30%. The selected respondents of informal saving group member respond about their education status and the results are classified in Table (4.3). Most of the informal saving group members are secondary education 36% and degree holder 31%. The respondents of the informal saving group members' occupation, it states that shopkeepers participate more in informal saving group with 43% because they received money for their earning from their small shop on daily basic and pay daily business transaction.

4.3 Household Characteristics, Expenditure and Income of Respondents

In table (4.5), the family members of the respondents can be classified into three categories which are one to three, four to six and seven to nine. Most of the respondents have few family members which state that one to three family members 43% and four to six family members 45% indicating that they can more effort for savings and to participate in informal saving group.

Also, the number of dependent from family member can classified into three groups no dependent, one to three and four to six. Among these, one to three dependents is 58% and no dependent is 34%. Majority of the respondents who participate in informal saving group have no children and no aged people. It shows that no children 53% and no aged people 65% which indicate there have less children and aged people, they may have less usage in medical expenses, education expenses and relative expenses. So, they can more effort to participate in informal group saving.

Table (4.4) Household Characteristics of Respondents

Characteristics	Member		Non-member	
	Number	Percent	Number	Percent
Number of Family Member				
1 – 3	40	43	5	29
4 – 6	42	45	10	59
7 – 9	11	12	2	12
Total	93	100	17	100
Number of Dependent				
Nil	32	34	4	23
1 – 3	54	58	11	65
4 – 6	7	8	2	12
Total	93	100	17	100
Number of Children				
Nil	49	53	7	41
1	26	28	3	18
2	15	16	5	29
3	3	3	2	12
Total	93	100	17	100
Number of Aged People				
Nil	60	65	11	64
1	17	18	3	18
2	13	14	3	18
3	1	1	-	-
4	2	2	-	-
Total	93	100	17	100

Source: Survey Data (2019)

Average Household Income per Month

According to table (4.5), most the respondents' average household income per month is between 200,001 to 500,000 MMK (47%) as nearly half of total respondents. On reviewing this data, highest income earners and middle-class earners; 500,001 and 800,000 are with 19% and 24% respectively. It reflects that more earners have to save

more money with the informal saving group. The non-member of informal group saving usually have average household income as nearly half of the respondents (47%) that is within the amount of 200,001 to 500,000 MMK (47%). The remaining earners class range is three class; below 200,000 MMK (29%), 500,001 to 800,000 MMK (12%) and 800,001 to 1,100,000 MMK (12%) respectively. There has no highest earner in the non-member respondents.

Table (4.5) Average Household Income of Respondents

Average Income of the family per month (MMK)	Member		Non-member	
	Number	Percent	Number	Percent
≤ 200,000	7	8	5	29
200,001 – 500,000	44	47	8	47
500,001 – 800,000	22	24	2	12
800,001 – 1,100,000	2	2	2	12
≥ 1,100,001	18	19	-	-
Total	93	100	17	100

Source: Survey Data (2019)

Percentage of the Household Expenses per Month

The below table (4.6) shows that the percentage of household expenses on income per month, The biggest usage amount of household expenses per month present with (7%) and the other class range zero percent to twenty percent of household expenses is (28%), twenty-one percent to forty percent of household expenses is (34%) and forty-one percent to sixty percent of household expenses is (29%) respectively.

Table (4.6) Percentage of the Household Expenses per Month

Percentage of the Household Expenses Per Month (%)	Member		Non-member	
	Number	Percent	Number	Percent
0 – 20	26	28	1	6
21 – 40	32	34	2	12
41 – 60	29	31	10	59
61 – 80	6	7	4	23
Total	93	100	17	100

Source: Survey Data (2019)

Percentage of the Education Expenditure per Month

Percentage of the education per month of the respondents are within the range between 0% to 40% per month. Table (4.7) shows average percentage of the education expenses per month of the respondents. It shows that average education expense per month of the informal saving group member used 0% to 30% and the non-member used 0% to 40%. Most the member respondents' average percentage of the education expenses per month is below 10 percent per month (86%) as over the half of total respondents.

Table (4.7) Percentage of the Education Expenditure

Percentage of the Education Expenditure Per Month (%)	Member		Non-member	
	Number	Percent	Number	Percent
Below 10	80	86	9	53
11 – 20	11	12	5	29
21 – 30	2	2	2	12
31 – 40	-	-	1	6
Total	93	100	17	100

Source: Survey Data (2019)

Percentage of the Healthcare Expenses per Month

According to the survey data, most of the member respondents have not use for healthcare expense where below 10 percent usage on health care expenses is (85%). As described in section (4.3), there have less children and aged people, they may have less usage in medical expenses, education expenses and relative expenses. So, they can more effort to participate in informal group saving.

Table (4.8) Percentage of the Healthcare Expenses per Month

Percentage of the Healthcare Expenses Per Month (%)	Member		Non-member	
	Number	Percent	Number	Percent
Below 10	79	85	13	76
11 – 20	11	12	2	12
21 – 30	2	2	2	12
31 – 40	1	1	-	-
Total	93	100	17	100

Source: Survey Data (2019)

4.4 Saving Behaviors of the Respondents

The study sought to find out whether the respondents have any savings and the findings are illustrated in table (4.9). From the results given (65%) of the non-member seemed not to be saving and as per the survey data, they chose that they have no more surplus for saving among the other reason.

Table (4.9) Saving Condition of Respondents

Response	Member		Non-member	
	Number	Percent	Number	Percent
Yes	93	100	6	35
No	-	-	11	65
Total	93	100	17	100

Source: Survey Data (2019)

Saving Methods of Respondents

Table (4.10) Saving Methods of Respondents

Respondents	Response	Bank		FIs		Cash at Home		Gold & Jewelry	
		No.	%	No.	%	No.	%	No.	%
Member	Yes	54	49	2	2	17	15	71	65
	No	39	35	91	83	76	69	22	20
Non-member	Yes	2	2	-	-	4	4	3	3
	No	15	14	17	15	13	12	14	12
Total		110	100	110	100	110	100	110	100

Source: Survey Data (2019)

4.5 Savings with Informal Saving Group

This section analyses the saving behavior of informal saving group. The behavior of respondents is measured by informal savings group factors; duration of membership, number of members, each member contribution and saving amount returned back from informal saving group. The respondents were also asked to indicate whether they had received any training on saving with an informal saving group. The results given by survey data that 100% of the respondents who were admitted that they had received training and signed an agreement with all members.

Duration of Membership

This study asked respondents to state the duration of which they have been members of their respective informal saving group. From the response given in figure 4.12, it can presume that most of the respondents (40%) have been group members for a period of 1 to 3 years. 31 percent said that their group membership have lasted for a duration ranging from 4 to 6 years. 18 percent were found to have been members of informal saving group for a period of 7 to 10 years. While 11% indicate that their membership in informal saving group have more over 11 years and have enough experience among the informal saving groups.

Table (4.11) Duration of Membership

Number of Years	Number	Percent
1 – 3	37	40
4 – 6	29	31
7 – 10	17	18
≥ 11	10	11
Total	93	100

Source: Survey Data (2019)

Size of Informal Saving Group

From the results given the number of members in informal saving group can be classified into 10 to 20 members, 21 to 30 members, 31 to 40 members and 41 members and above. Most of the member respondents are between 21 to 30 members group (60%) as over half of total respondents. As described in Table (4.12), 10 to 20 members (15%), 31 to 40 members (11%), and 41 members and above (14%) respectively.

Table (4.12) Size of Informal Saving group

Number of Members	Number	Percent
10 - 20	14	15
21 – 30	56	60
31 - 40	10	11
41 and above	13	14
Total	93	100

Source: Survey Data (2019)

Each Member's Contribution/Saving per Month

On the inquiry of the amount of which members save per month, the study established five ranges. Among these, below 150,000 MMK range saved by informal saving group member is (60%) as shown in table (4.13).

Table (4.13) Each Member's Contribution/Saving per Month

Each Member's Contribution/ Saving per Month (MMK)	Number	Percent
Below 150,000	60	65
150,001 – 300,000	15	16
300,001 – 450,000	2	2
450,001 – 600,000	4	4
600,001 and above	12	13
Total	93	100

Source: Survey Data (2019)

Returned Back from Saving Group

This section described the targeted saving amount by taking monthly deposits from each member of a group and then giving the whole monthly sum to one member of the group. Table (4.14) shows saving amount returned back from informal saving group.

Table (4.14) Returned Back from Saving Group

Total Saving Amount (MMK)	Number	Percent
Below 600,000	22	24
600,001 – 1,050,000	12	13
1,050,001 – 1,500,000	26	28
1,500,001 – 1,950,000	1	1
1,950,001 and above	32	34
Total	93	100

Source: Survey Data (2019)

Distance to the Nearest Banking Institution

It is essential for study to find out how far the banking institutions are from the members so as to establish whether it can be a reason for an increase in saving or a barrier. The results on this question are as indicated in Table (4.15). The findings provided show that the average distance to the nearest banking institution is 0.89

kilometer. The minimum distance to the banking institution is 0.65 kilometer and the future is 1 kilometer.

Table (4.15) Distance to the Nearest Banking Institution

Response	Number	Minimum	Maximum	Mean	Std. Deviation
Distance to the nearest banking institution (km)	93	0.65	1	0.8924	0.1299

Source: Survey Data (2019)

4.6 Relationship between Saving Group and Livelihood Outcomes

The Chi-Square Test is used in testing the selected variables to determine their significance in this research. The selected variables are gender, age, marital status, education and occupation under individual characteristics, number of family member, income of the family and expenses of the family under household characteristics and numbers of years/ participation in informal saving group, saving per month and amount returned back from informal saving group under the saving group characteristics.

Formula for the Chi-Square Goodness-of-Fit Test

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

with degree of freedom equal to the number of categories minus 1, and where

O = observed frequency

E = expected frequency

Association between physical assets and individual characteristics of informal saving group members, the result of Chi-square analysis indicates that marital status is the associated factor of physical assets increment and significant 10% level, χ^2 ((2, N=93) = 3.095, p = .079). And also, informal saving group members' education is associated with the increment of physical assets and the significant at 5% level, χ^2

((3, N=93) = 5.525, p = .043). The detail Chi-square analysis test result is described in appendix A.

Association between physical assets and household characteristics of informal saving group members, the result of Chi-square analysis suggests that family income of the informal saving group member is the associated factor of physical assets increment and significant 1% level, χ^2 ((2, N=93) = 15.421, p = .000). And, informal saving group members' monthly expenses is associated with the increment of physical assets and the significant at 5% level, χ^2 ((3, N=93) = 6.165, p = .046). The detail Chi-square analysis test result is described in appendix A.

Association between physical assets and saving group characteristics of informal saving group members, according to the Chi-square test, numbers of years/participation in informal saving group is the associated factor of physical assets increment and significant 5% level, χ^2 ((2, N=93) = 5.250, p = .022). And, informal saving group members' saving per month is associated with the increment of physical assets and the significant at 1% level, χ^2 ((2, N=93) = 12.366, p = .000). The result of Chi-square analysis suggests that amount returned back from informal saving group is the associated factor of physical assets increment and significant 1% level, χ^2 ((2, N=93) = 44.887, p = .000). The detail Chi-square analysis test result is described in appendix B.

Association between social capital and individual characteristics of informal saving group members, the result of Chi-square analysis indicates that age of the informal saving group member is the associated factor of social capital and significant 5% level, χ^2 ((2, N=93) = 4.315, p = .038). The detail Chi-square analysis test result is described in appendix B.

Association between social capital and household characteristics of informal saving group members, the result of Chi-square analysis suggests that family income of the informal saving group member is the associated factor of social capital and significant 1% level, χ^2 ((2, N=93) = 13.741, p = .000). The detail Chi-square analysis test result is described in appendix C.

Association between social capital and saving group characteristics of informal saving group members, according to the Chi-square test, numbers of years/participation in informal saving group is the associated factor of social capital

and significant 10% level, χ^2 ((2, N=93) = 1.968, p = .100). And, informal saving group members' saving per month is associated with social capital and the significant at 5% level, χ^2 ((2, N=93) = 4.669, p = .031). The result of Chi-square analysis suggests that amount returned back from informal saving group is the associated factor of social capital and significant 5% level, χ^2 ((3, N=93) = 10.637, p = .005). The detail Chi-square analysis test result is described in appendix C.

Association between human capital and individual characteristics of informal saving group members, the result of Chi-square analysis suggests that informal saving group members' education is associated with human capital and the significant at 10% level, χ^2 ((3, N=93) = 5.187, p = .075). The detail Chi-square analysis test result is described in appendix D.

Association between human capital and saving group characteristics of informal saving group members, the result of Chi-square analysis suggests that informal saving group members' saving per month is associated with human capital and the significant at 10% level, χ^2 ((2, N=93) = 2.193, p = .100). And also, the amount returned back from informal saving group is the associated factor of human capital and significant 5% level, χ^2 ((3, N=93) = 7.274, p = .026). The detail Chi-square analysis test result is described in appendix E.

4.7 Regression Analysis the Impact of Informal Group Saving on Household Welfare

In this study, regression analysis is applied in order to analyze the impact on household welfare. The three dependent variables (physical assets, social capital and human capital) are explained by eight independent variables such as number of family member, number of dependent, family income, expenses of the family, experience of membership, monthly saving, amount returned from group saving and distance to the nearest bank.

Analysis of variance is used to test the significance of the regression model as pertains to differences in means of the dependent and independent variables as shown in appendix F. The value of F is 2.163 and significant at 5%. Thus, the regression model is statistically significant with physical assets. Table (4.16) describes regression results among dependent variable (physical assets) and independent

variables (number of family member, number of dependent, family income, expenses of the family, experience of membership, monthly saving, amount returned from group saving and distance to the nearest bank).

Table (4.16) Regression Results for Physical Assets

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.558	.522		4.901	.000
Number of family member	.112	.065	.203	1.719	.089
Number of dependent	-.229**	.091	-.314	-2.524	.013
Monthly family expenses	.001	.006	.017	.137	.891
Monthly family income	.094	.119	.122	.791	.431
Experience of membership	.039*	.021	.198	1.852	.068
Monthly saving	3.596E-7	.000	.334	.478	.634
Return from saving group	-4.051E-8	.000	-.263	-.357	.722
Distance to the nearest bank	.006	.013	.054	.463	.645
N= 93, R= .413, R ² = .171, Adjusted R ² = .092, F= 2.163** (p value = 0.039)					

***, **, * Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Table (4.16) shows that the value of standardized coefficient for monthly saving (.334) is the highest among variables. It can be said the effect of monthly saving is the greatest impact on physical assets. The value of adjusted R² is .092 that reveals 9% of total variation in physical assets are explained by these two factors (number of dependent and experience of membership). These results suggest that these two variables have significantly explained 9% of physical assets. The regression coefficient of number of dependents is -.229 although negative, on physical assets. An

increase in number of dependent decreases in physical assets by 31.4% at 5% significance level. The regression coefficient of experience of membership is .039 at 10% significance level.

Analysis of variance is used to test the significance of the regression model as pertains to differences in means of the dependent and independent variables as shown in appendix F. The value of F is 1.983 and significant at 10%. Thus, the regression model is statistically significant with social capital. Table (4.17) describes regression results among dependent variable (social capital) and independent variables (number of family member, number of dependent, family income, expenses of the family, experience of membership, monthly saving, amount returned from group saving and distance to the nearest bank).

Table (4.17) Regression Results for Social Capital

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.329	.430		7.739	.000
Number of family member	-.053	.054	-.119	-.997	.322
Number of dependent	-0.50	.075	-.084	-.671	.504
Monthly family expenses	.000	.005	.005	.037	.971
Monthly family income	-.081	.098	-.128	-.823	.413
Experience of membership	-.006	.017	-.040	-.369	.713
Monthly saving	-1.342E-6**	.000	-1.522	-2.162	.033
Return from saving group	1.730E-7*	.000	1.373	1.850	.068
Distance to the nearest bank	.006	.011	.061	.523	.602
N= 93, R= .399, R ² = .159, Adjusted R ² = .079, F= 1.983 (p value = 0.058)					

***, **, * Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Table (4.17) shows that the value of standardized coefficient for return from saving group (1.373) is the highest among variables. It can be said the effect of return from saving group is the greatest impact on social capital. The value of adjusted R^2 is .079 that reveals 8% of total variation in social capital are explained by these two factors (monthly saving and return from saving group). These results suggest that these two variables have significantly explained 8% of social capital. The standard regression coefficient of monthly saving is -1.342 although negative, on social capital. An increase in number of monthly saving decrease in social capital by 15.22% at 5% significance level. The regression coefficient of return from saving is 1.730 at 10% significance level.

Analysis of variance is used to test the significance of the regression model as pertains to differences in means of the dependent and independent variables as shown in appendix F. The value of F is 2.124 and significant at 5%. Thus, the regression model is statistically significant with physical assets. Table (4.18) describes regression results among dependent variable (human capital) and independent variables (number of family member, number of dependent, family income, expenses of the family, experience of membership, monthly saving, amount returned from group saving and distance to the nearest bank).

Table (4.18) Regression Results for Human Capital

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.424	.472		5.134	.000
Number of family member	-.027	.059	-.055	-.467	.642
Number of dependent	.090	.082	.137	1.100	.275
Monthly family expenses	.006	.006	.125	1.002	.319
Monthly family income	.102	.108	.147	.952	.344
Experience of membership	.024	.019	.135	1.259	.211
Monthly saving	-1.864E-6***	.000	-1.917	-2.738	.008
Return from saving group	2.816E-7***	.000	2.025	2.745	.007
Distance to the nearest bank	-.005	.012	-.050	-.434	.666
N= 93, R= .410, R ² = .168, Adjusted R ² = .089, F= 2.124** (p value = 0.042)					

***, **, * Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Table (4.18) shows that the value of standardized coefficient for return from saving group (2.025) is the highest among variables. It can be said the effect of return from saving group is the greatest impact on human capital. The value of adjusted R² is .089 that reveals 9% of total variation in human capital are explained by these two factors (monthly saving and return from saving group). These results suggest that these two variables have significantly explained 9% of human capital. The standard regression coefficient of monthly saving is -1.864 although negative, on human capital. An increase in number of monthly saving decrease in human capital by 27.38% at 1% significance level. The regression coefficient of return from saving is 2.816 at 1% significance level.

CHAPTER (V)

CONCLUSION

This chapter describes conclusion of the study area of the impact of informal group saving on household welfare in Taungoo Township. This chapter includes findings, recommendations and needs for future research of the study.

5.1 Findings

Saving is one of the important factors in Myanmar, given its stage of development and a need for domestic capital to fund basic infrastructure. This study carries out a scientific investigation to establish the impact of informal saving on household welfare. To meet the objectives, this study sets out to analyze the role of informal saving group in enhancing the welfare of households in Taungoo Township.

Evidence from the study show that the individual characteristics (marital status and education), household characteristics (income of the family and expenses of the family) and group characteristics (experience of the membership, saving per month, and amount returned from group saving) are statistically significant and associated with increment of physical assets. Evidence also show that there is significantly associate relationship between individual characteristic (age), household characteristic (income of the family), group characteristics (experience of the membership, saving per month, and amount returned from group saving) and more effort for social capital. Further evidence shows that the individual characteristic (education), group characteristics (saving per month, and amount returned from group saving) are statistically significant and associated with increment of human capital.

According to multiple regression analysis, the two variables (number of dependent and experience of membership) have significantly explained 9% of physical assets, the two variables (monthly saving and return from saving group) have significantly explained 8% of social capital and the two variables (monthly saving and return from saving group) have significantly explained 9% of human capital.

Overall, the conclusion of this study is that, informal saving group is associate with the improvement of household welfare in Taungoo Township. The informal saving group can therefore be replicated to other rural areas in other parts of the country to contribute towards the improvement of household welfare.

5.2 Suggestion

It is not difficult to understand why most micro-savings are still outside the formal market. With extremely low incomes, informal savings groups can provide a means of saving. Informal saving communities developed in Myanmar as part of a hundred-year-old culture. The saving ethic is alive and well in Myanmar, contributing to optimistic savings growth forecasts. When wealth grows and savings group deposits increasing, the opportunity to offer larger and larger loan sizes increases, contributing to local business and community economies investment. Savings groups are common for various reasons, with confidence among peers cited as one of the most treasured reasons to stay in the informal sector. Values and security obviously play a major role in saving rural life, but as group activity and growth give communities more and more opportunities, cross-over with formal financial service providers begins. Building the capacity of existing saving groups to ensure their underserved organic growth, as these emerging saving groups evolve and gain confidence, they may reach out to financial institutions for loans larger than their own saving groups can provide. In this trust building trajectory and self-determined growth, savings groups will grow organically from informal to semi-formal to formal. Save the Children Myanmar runs a successful village saving and loan association system in Rakhine, one of Myanmar's financially underserved states. Likewise, the Association of Asian Credit Unions fosters self-reliant savings groups and builds their capacity to become registered saving and credit cooperatives. Informal savings groups have many impressive lessons to teach financial institutions as well as the regulatory environment. Resource ownership and community values ability are reported to be of extreme importance by savings groups. Chasing clients from a traditional financial service provider viewpoint is ignoring many of the reasons why savings groups prosper. Formal financial service providers need to learn how their organizations will align with the principles so respected by savings groups.

5.3 Needs for Future Study

This study only focused the impact of informal group saving on household welfare in Taungoo Township. The study area covers Taungoo Township only. Thus, the result for the study may not reflect the overall situation in Myanmar. Moreover, the survey was collected randomly selected households within Taungoo Township.

Therefore, if future study can be conducted on more sample size and the whole Myanmar areas, that thesis paper would be more perfect than this one.

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**Questionnaire for Impact of Informal Group Savings on Household
Welfare in Taungoo Township**

Quarter:..... Code No.....

Date of Interview:.....

Section A- Individual Characteristics

1. Gender (Tick option):

Male Female

2. Age:

25 and Below 26 to 35 36 to 45
46 and Above

3. Marital Status (Tick option): Single Married
Divorced Widowed

4. Educational Level

Read & Write Primary Secondary
Pass Matriculation Diploma Degree

5. What is the occupation?

Dependent Shopkeeper Government Staff
Employees Owner of the enterprise
Other (specify).....

Section B- Household Characteristics

6. Number of family member (yourself, spouse, children and other relatives)

.....

7. Number of Dependent (.....),

a. Children (.....),

b. Aged people (.....)

8. Average income of the family per month
- Below Ks 200,000 Ks 200,001-500,000
- Ks 500,001- 800,000 Ks 800,001- 1,100,000
- Above 1,100,001
9. Over average, percentage of the income do you spend as expenses on a monthly basic (.....%)
10. Over average, percentage of the income do you spend on education per month (.....%)
11. Over average, percentage of the income do you spend on health care per month (.....%)

Section C- Savings Behaviors

12. Do you have any saving?
- Yes No
- If Yes, continue to question 13. If No, skip 13 and go to 15.
13. Mode of saving?
- Bank Financial Institutions
- Cash at home Others.....
- (a) If others, please specify
- Gold and Jewelry Informal Savings
14. Did you participate in informal group saving?
- Yes No
- If yes, skip question 15 and go to section D - 16. If No, questionnaire is finished here.
15. Why did not save money? (Only for people who answer No in question 14)
- No more surplus for savings Do not believe in FIs
- Strong Financial Aids Good Cash Flow
- Other (specify).....

Remark. If the respondent's answer is (No) in question (13), questionnaire is completed here.

Section D- Participation in Informal Saving Group

16. Have you received any training on saving with informal group?

Yes No

17. Numbers of years of member's participation in group

Years: (.....) Months: (.....).

18. Total number of groups you belong to, if more than one

Number.....

19. Number of member in each group currently

Group (1)..... Group (2)..... Group (3).....

20. Value of each member's contribution (savings) per month per month

Group (1)..... Group (2)..... Group (3).....

21. Total saving amount returned back from the group

Group (1)..... Group (2)..... Group (3).....

22. How far is the nearest banking institution?

.....km

Section E- Livelihood outcomes

23. Has participation in Informal Savings Group enabled you to access to Livelihood outcomes?

Yes No

24. Based on the Likert scale of 1-5 where (1= No impact, 2= Few impact, 3=Some impact, 4=Large impact and 5=Very large impact), How do you agree with the following statements regarding the development of your

family with the effect of your participation in informal group savings group?

Sr.	Particular	(1)	(2)	(3)	(4)	(5)
(a)	Increase in Fixed Assets (eg. House, Land, Farm, Motorcar, etc)					
(b)	Increase in Household Assets (eg. aircon, refrigerator, motorcycle, phone, etc)					
(c)	Increase in Gold and Jewelry					
(d)	Expand your business					
(e)	Can cover the loan repayment					
(f)	Can donate more in your community					
(g)	Can support/help more your friend/ relative					
(h)	Better effort for children education					
(i)	Ability to cover medical care expenses					

25. Indicate whether Informal Savings Group have helped you to own at least one the following items of Physical Assets.

Yes

No

- a. Land/Home
- b. Motorcar/Motorcycle
- c. Electronic Equipment
- d. Expand your Business/ Machinery for Business
- e. Mobile Phone/Personal Use Property
- f. Gold and Jewelry/Cash in Hand

26. Indicate whether Informal Savings Group have helped you to effort at least one the following items of Social Capital.

Yes No

- a. Can donate more in your community
- b. Can cover the loan repayment
- c. Can support/help more your friend/ relative

27. Indicate whether Informal Savings Group have helped you to effort at least one the following items of Human Capital.

Yes No

- a. Better effort for children education
- b. Ability to cover medical care expenses
- c. Can effort for career development

Appendix A

The Chi-Square Test Result

Association between Physical Assets and Individual Characteristics of Informal Saving Group Members

Variables	Classification	Number	χ^2 value	P value
Gender	Male	93	2.428	.102
	Female			
Age (years)	35 years and below	93	.598	.439
	36 years and above			
Marital status	Single/Widowed/Divorced	93	3.095*	.079
	Married			
Education	Primary	93	5.525**	.043
	Middle			
	Higher			
Occupation	Not Employed	93	2.591	.107
	Employed			

***, **, *Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Association between Physical Assets and Household Characteristics of Informal Saving Group Members

Variables	Classification	Number	χ^2 value	P value
Number of Family Member	1 to 3	93	1.932	.381
	4 to 6			
	7 to 9			
Income of the family MMK	Less than 500,000	93	15.421***	.000
	Above 500,001			
Expenses of the family	0% – 20%	93	6.165**	.046
	21% – 40%			
	41% and above			

***, **, *Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Appendix B

Association between Physical Assets and Saving Group Characteristics of Informal Saving Group Members

Variables	Classification	Number	χ^2 value	P value
Experience of the membership	5 years and below	93	5.250**	.022
	6 years and above			
Saving per month MMK	Less than 300,000	93	12.366***	.000
	Above 500,001			
Amount Returned from Group Saving MMK	Less than 1,000,000	93	44.887***	.000
	1,000,001 to			
	3,000,000			
	Above 3,000,001			

***, **, *Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Association between Social Capital and Individual Characteristics of Informal Saving Group Members

Variables	Classification	Number	χ^2 value	P value
Gender	Male	93	.385	.535
	Female			
Age	35 years and below	93	4.315**	.038
	36 years and above			
Marital status	Single/Widowed/Divorced	93	.422	.516
	Married			
Education	Primary	93	.031	.985
	Middle			
	Higher			
Occupation	Not Employed	93	1.484	.223
	Employed			

***, **, *Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Appendix C

Association between Social Capital and Household Characteristics of Informal Saving Group Members

Variables	Classification	Number	χ^2 value	P value
Number of Family Member	1 to 3	93	1.480	.477
	4 to 6			
	7 to 9			
Income of the family MMK	Less than 500,000	93	13.741***	.000
	Above 500,001			
Expenses of the family	0% – 20%	93	2.100	.350
	21% – 40%			
	41% and above			

***, **, *Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Association between Social Capital and Saving Group Characteristics of Informal Saving Group Members

Variables	Classification	Number	χ^2 value	P value
Experience of the membership	5 years and below	93	1.968*	.100
	6 years and above			
Saving per month MMK	Less than 300,000	93	4.669**	.031
	Above 500,001			
Amount Returned from Group Saving	Less than 1,000,000	93	10.637**	.005
	1,000,001 to 3,000,000			
	Above 3,000,001			

***, **, *Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Appendix D

Association between Human Capital and Individual Characteristics of Informal Saving Group Members

Variables	Classification	Number	χ^2 value	P value
Gender	Male	93	1.454	.228
	Female			
Age	35 years and below	93	.870	.351
	36 years and above			
Marital status	Single/Widowed/Divorced	93	.227	.634
	Married			
Education	Primary	93	5.187*	.075
	Middle			
	Higher			
Occupation	Not Employed	93	1.484	.223
	Employed			

***, **, * Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Association between Human Capital and Household Characteristics of Informal Saving Group Members

Variables	Classification	Number	χ^2 value	P value
Number of Family Member	1 to 3	93	1.694	.429
	4 to 6			
	7 to 9			
Income of the family MMK	Less than 500,000	93	.155	.694
	Above 500,001			
Expenses of the family	0% – 20%	93	3.952	.101
	21% – 40%			
	41% and above			

***, **, * Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Appendix E

Association between Human Capital and Saving Group Characteristics of Informal Saving Group Members

Variables	Classification	Number	χ^2 value	P value
Experience of the membership	5 years and below	93	.045	.832
	6 years and above			
Saving per month MMK	Less than 300,000	93	2.193*	.100
	Above 500,001			
Amount Returned from Group Saving MMK	Less than 1,000,000	93	7.274**	.026
	1,000,001 to 3,000,000			
	Above 3,000,001			

***, **, * Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

Appendix F

ANOVA of Independent Variables and Physical Assets

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.409	8	1.801	2.163**	.039 ^b
	Residual	69.957	84	.833		
	Total	84.366	92			

***, **, * Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

ANOVA of Independent Variables and Social Capital

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.973	8	1.122	1.983*	.058 ^b
	Residual	47.524	84	.566		
	Total	56.497	92			

***, **, * Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)

ANOVA of Independent Variables and Human Capital

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.573	8	1.447	2.124**	.042 ^b
	Residual	57.222	84	.681		
	Total	68.795	92			

***, **, * Statistically significant at 1%, 5% and 10% level.

Source: SPSS Result (2019)