

YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE

**CUSTOMER RELATIONSHIP MARKETING AND
CUSTOMER LOYALTY IN
MYANMAR ORIENTAL BANK**

HAN WAI AUNG
MBF – 14
MBF DAY 1ST BATCH

DECEMBER 2019

**CUSTOMER RELATIONSHIP MARKETING AND
CUSTOMER LOYALTY IN
MYANMAR ORIENTAL BANK**

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

Supervised by

Prof. Dr. Aye Thu Htun
Professor
Department of Commerce
Yangon University of Economics

Submitted by

Han Wai Aung
Roll No. 14
MBF (Day) 1st Batch
2017-2019

ABSTRACT

This study is about customer relationship marketing and customer loyalty in Myanmar Oriental Bank. There are two main objectives: to identify the customer relationship marketing activities conducted by Myanmar Oriental Bank (MOB Bank), and to analyze the association between customer relationship marketing and customer loyalty in MOB Bank. Primary information was collected properly by using structured questionnaires from surveying 150 MOB Bank's customers at its headquarter, Shwebonthar and Lanmadaw branches in Yangon. Descriptive research method was used in the study. Relationship Marketing Theory was used to construct the conceptual framework. Key dimensions of relationship marketing such as trust, empathy, communication and commitment are analyzed whether variables are correlated with the bank's customer loyalty. The study found that all dimensions of customer relationship marketing are associated with customer loyalty of MOB Bank. Commitment has the strongest association with customer loyalty and empathy has the least association with customer loyalty. Customers believe on how MOB Bank is reliable on taking a good care on customer complaints and expect MOB Bank more to have some flexibility on its constricted internal policy and procedures. MOB Bank should develop more innovative products and value-added services with the assistance of trending technology to suit in today's customer lifestyles. Therefore, MOB Bank should put more effort to deliver superior customer experiences with genuine empathy through trainings of interpersonal communication, and establishing digital banking.

ACKNOWLEDGEMENTS

To the greatest extent, I would like deliver my utmost gratitude towards Rector Prof. Dr. Tin Win and Pro-Rector Prof. Dr. Nilar Myint Htoo of Yangon University of Economics for their kind permission and granting me this opportunity to undertake this study.

Furthermore, it would be my greatest honor to express my sincere appreciation to our Prof. Dr. Soe Thu, Programme Director of MBF and Head of the Department of Commerce, for her warm-hearted encouragement, sympathetic understanding, and wise advice throughout my whole school years.

Most importantly, I would love to convey full-hearted genuine appreciations to my supervisor Prof. Dr. Aye Thu Htun, Professor, Department of Commerce, Yangon University of Economics for her kind-hearted recommendations, constructive guidance, benevolent supervision, compassionate encouragement and skillful abetment the preparation and writing of this thesis all the time.

Additionally, I sincerely thank to my respected professors, associate professors, and lecturers for giving their time and sharing a great variety of knowledge of banking and finance during the study period of Master of Banking and Finance (MBF) Programme.

Particularly, I would like to thank MOB Bank and all respondents for survey questionnaires, for sharing valuable information and their help in writing this thesis. Finally, I wish to acknowledge the kindness, friendliness of my colleagues of MBF Day 1st Batch and extend my sincere gratitude to them.

TABLE OF CONTENTS

	Page
ABSTRACT	ii
ACKNOWLEDGEMENTS	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	vi
LIST OF FIGURES	vii
Chapter 1: Introduction	1
1.1 Rationale of the Study	2
1.2 Objectives of the Study	2
1.3 Scope and Limitation of the Study	3
1.4 Organization of the Study	3
Chapter 2: Literature Review	4
2.1 Relationship Marketing	4
2.2 Dimension of Relationship Marketing	5
2.3 Customer Loyalty	7
2.4 Previous Studies of Association between Customer Relationship Marketing and Customer Loyalty	7
2.5 Conceptual Framework of the Study	9
Chapter 3: Profile and Customer Relationship Marketing Practices of MOB Bank	11
3.1 Profile of MOB Bank	11
3.2 Organization Structure of MOB Bank	12
3.3 Types of Services at MOB Bank	12
3.4 Customer Relationship Marketing of MOB Bank	16
Chapter 4: Analysis on Association between Customer Relationship Marketing and Customer Loyalty in MOB Bank	20
4.1 Research Design	20
4.2 Profile of Respondents	20

4.3 Types of Products used in MOB Bank	23
4.4 Association between Customer Relationship Marketing and Customer Loyalty in MOB Bank	23
Chapter 5: Conclusion	30
5.1 Findings and Discussion	30
5.2 Suggestions and Recommendations	31
5.3 Limitation of the Study and Needs for Further Study	33
Appendix A: REFERENCES	34
Appendix B: QUESTIONNAIRES	42

LIST OF TABLES

Table No.	Description	Pages
3.1	Deposit Services Provided by MOB Bank	13
3.2	Card Services Provided by MOB Bank	13
3.3	Remittance Services Provided by MOB Bank	14
3.4	Loan Services Provided by MOB Bank	15
3.5	International Banking Services Provided by MOB Bank	16
4.1	Demographic Factors of Respondents	21
4.2	Types of Products used in MOB Bank	23
4.3	Customer Response on Trust to the Bank	24
4.4	Customer Response on Empathy to the Bank	25
4.5	Customer Response on Communication to the Bank	25
4.6	Customer Response on Commitment to the Bank	26
4.7	Overall Mean Score of Four Dimensions	27
4.9	Customer Loyalty on the Bank	28
4.10	Summary of Pearson Correlation Analysis	29

LIST OF FIGURES

Figure No.	Description	Pages
2.1	Conceptual Framework of the Study	10

Chapter 1

Introduction

In 2019, Central Bank of Myanmar (CBM) has officially announced that CBM will grant foreign banks to fully operate not only in wholesale but also in retail banking through their subsidiaries onshore. Myanmar's local banks will be facing competition in the coming years with foreign banks coming into the market. In the current moment, local banks are playing their part in the reform initiatives by seizing the opportunity to expand their branch network and introduce new financial products.

Customers are the most important factor in the service industry, especially in the banking community. The most important objective for any successful bank is to focus on improving the customer experience across different channels. In modern banking, multiple channels with technology advance are available for customers to interact with a bank, yet only the most user-friendly products are accepted by customers. Financial needs of the customers have significantly grown in recent years with fast growing Myanmar economy.

Marketing can make a big impact on customer retention and acquisition. Customers want a personalized long-term relation with the bank, built upon trust. Technology based banking services are still far away from the customers in rural areas while the young generation customers are excited to use the latest technology banking services. With many different customers are using the banking products, it is important to pursue strategic and dynamic plan of operations, in order to differentiate and better satisfy customers' needs.

The marketing of bank products has become a very difficult subject as it involves the knowledge of economics, sociology, psychology and also essential marketing ideas. Customers with different requirements are currently being approached with the same financial service, the same pricing, a standardized communications policy and an inflexible service delivery process. The traditional way of marketing is focus on the selling of products to customers and modern marketing emphasizes the identification and understanding the needs and wants of customers in the market to deliver the right goods and services more effectively and efficiently than the competitors.

The customer relationship marketing is particularly important to the service industries because of the intangible nature of service and their high level of customer

interaction. Business organizations are increasingly focusing on stronger customer relationships to accomplish long-term mutual benefits.

1.1 Rationale of the Study

Starting from November 2018, 13 foreign banks in Myanmar are able to lend to domestic firms in the local currency at the standard lending rate of 13 percent on collateralized loans and 16 percent on collateralized loans. Additionally, the regulator will grant more wholly owned retail banking licenses and more wholesale banking licenses to foreign representative office according to the latest announcement by the authority. Therefore, local banks in Myanmar are becoming more competitive. The entry of foreign banks can be disruptive, particularly in markets with weak institutions, an underdeveloped regulatory framework, and poor market infrastructure. Customer service has become so vital and significant to consider getting competitive advantages. With every bank is offering the same products without much room to compete on price, only the customer services are the competitive advantages.

The domestic banks managements are now exactly concentrating on better service quality to build positive standing for increasing profits. Therefore, marketing strategy is varied upon the different customer segments. Customer relationship marketing as a critical strategic option is very important if players in the banking industry are to achieve customer satisfaction which could influence customer loyalty and profitability. The theory of relationship marketing proves that to attract customers, it is very important to build a strong customer relationship, as well as encourage customer loyalty.

Myanmar Oriental Bank (MOB Bank) is the one of the most transparent banks in Myanmar. It has over 26 years of retail and corporate banking experiences. MOB has 46 branches in Myanmar and 14 branches in Yangon Region. With the current level of competitive market, MOB bank has the tendency to serve customers with high quality services.

1.2 Objectives of the Study

The objectives of this study are as follows:

- a) to identify the customer relationship marketing activities conducted by MOB Bank and

- b) to analyze the association between customer relationship marketing and customer loyalty in MOB Bank

1.3 Scope and Limitation of the Study

This study only focused on customer relationship marketing and customer loyalty in MOB Bank. It was conducted only on the MOB customers. There are total of 47 branches in the whole country and 16 branches in Yangon Region. Among 47 branches, the data obtained from the field survey was conducted only at Headquarter, Shwebonchar, Lanmadaw branches of MOB Bank. In this study, both primary data and secondary data was used. Primary data was collected by using questionnaires collecting on the sample size of 150 customers and secondary data was collected from the bank, its websites and other formal resources such as government press releases, reference books and previous research papers. Descriptive research method is used for the data collection.

1.4 Organization of the Study

This study is organized into five chapters. Chapter 1 is about the introduction of the study which includes background of the study, objective, definition of the terms. Chapter 2 exhibits the literature review on customer relationship marketing, customer loyalty, and previous studies of association between customer relationship marketing and customer loyalty. Chapter 3 includes the profile of MOB Bank and customer relationship marketing practices in MOB Bank. Chapter 4 explains the analysis on association between customer relationship marketing and customer loyalty in MOB Bank. In chapter 5, the findings, the suggestions and need for further study are presented.

Chapter 2

Literature Review

Five parts of literature reviews are included in this chapter. In the first part, it is about the literature reviews on the relationship marketing and the dimensions of relationship marketing are explained in the second part. The third part is literature review on customer loyalty. In the fourth part, the previous studies of the association of customer relationship marketing and customer loyalty are accumulated. The last part of this chapter is the conceptual framework of this study.

2.1 Relationship Marketing

Empirical studies on relationship marketing have been approached differently by many scholars yet they only pointed out the same fact: nourishing and sustaining mutual relationship among service providers, customers and other stakeholders. Jagdish N. Sheth (1995) defined the relationship marketing as the understanding, explanation and management of the continuous collaborative business relationship between providers and consumers. Initiating, preserving and enhancing relationships with customers and other parties are involved so that the objectives of each stakeholder involved are maximized. According to Leonard L. Berry (2004), relationship marketing is stated as a concept of absorbing, preserving and strengthening relation with customers in term of services perspective from 1983 to 2000. Moreover, Christian Gronroos (1994) emphasized relationship marketing as one of the major factors to be considered for essential value in marketing strategy of the business. The business is responsible for promoting relational process which can create new things or strategy, maintain a good relationship, and improve standard of services for the customers and other stakeholders as well (Kotler & Armstrong 2006).

By accumulating all the definitions from the abovementioned scholars emphasized banks, as the service providers anyway, require to establish a strong relationship and maintain a longer-term interrelation with their customers. It could be derived that not only success but also profitability could be obtained by simply acquiring customers by means of stimulating long-term and mutually beneficial relationships. Customers are always searching for better value-added services, lower costs, higher deposit rates, creative products with trending features, variety of banking access channels and expecting the bank could bring those things at first-hand.

Relationship marketing enables a bank to identify customer profiles, find out their needs, reveal the substantial areas, establish the necessary executions, to achieve customer satisfaction and competitive advantage, and hence yield the profitability from it (Woodcock, Foss & Stone, 2003).

Rashid et al. (2003) stated that relationship marketing in a financial institution as an approach to provide integrated process, quality people, valued information and updated technology that bring positive experiences every time interacting with the bank.

2.2 Dimensions of Relationship Marketing

Various studies have conceptualized the factors on relationship marketing, namely trust to be considered as a certain level of confidence while dealing mutually (Morgan and Hunt, 1994; Selnes, 1998; Wong and Sohal, 2002; Veloutsou et al., 2002), empathy as an important factor which measures positive understanding by service providers for the sake of customers' needs (Yau et al., 2000; Sin et al. 2002; Ndubisi, 2004; OluOjo, 2008), communication with customers for major factoring determinant (Crosby et al., 1990; Morgan and Hunt, 1994; Sharma and Patterson, 1999; Ndubisi and Chan, 2005; Palmatier et al., 2006;) and lastly commitment (Beatty et al., 1988; Grossman, 1998; Chan and Ndubisi, 2004).

2.2.1 Trust

Schurr and Ozanne, (1985) stated trust as the belief that word or promise is reliable and a party will fulfill its obligations in a relationship. Trust is defined as a willingness to rely on an exchange partner in whom one has confidence (Moorman et al., 1993). Generally, the strength and quality of a relationship rely on the level of trust – the higher the trust level, the stronger the relationship will be. Disregarding this obligation can seriously damage one's reputation and lead to many disadvantages. Indeed, one would expect a positive outcome from a partner on whose integrity one can rely on confidently (Morgan and Hunt 1994).

Trust exists when one party has confidence in another party's reliability and integrity (Hansen et al. 1999; Hwang, 1987) that are associated with some qualities like consistency, competence, honesty, equality, responsibility and benevolence (Adler & Kwon, 2002; Dwyer & Lagace, 1986; Larzelere & Huston, 1980; Moorman et al.1992).

2.2.2 Empathy

Empathy consists of caring, understanding and customized responsiveness to customers (OluOjo, 2008). Wherever two parties of interaction have an appreciation, caring and emotional sensitivity for each other, there exists empathy or concern. The ability to share, understand and feel another person's feelings in a relational situation can be categorized as empathy (Velnampy and Sivesan, 2012). According to Ndubishi 2004, empathy is characterized by looking people's facial expressions or body gestures or their tone of voice, that will immediately feature on their impression and how they should be treated in the manner they would like to be treated. Sin et al (2002) defined empathy to analyze a business relationship in way of enabling the interacting two parties to see the condition from the other's perspective, so that one could understand another's desires and goals. For example, the front office staff of a bank must be able place themselves in the customer's position in order to serve them accordingly and ensure satisfaction.

2.2.3 Communication

Communication is considered as an important aspect of constructive relationships (Morgan & Hunt, 1994) and an significant part of a relationship marketing approach (Duncan and Moriarty, 1997). The quality of effective communication is to the ability to provide timely and valued information as an interactive dialogue between the business and its customers in each time interval of consuming stages (Anderson and Narus, 1990). Communication assists in building trust by providing partners with a instrument that can be avoid and resolve disputes (Sin et al. ,2002). As a result, communication must be taken care in the early stages of contacting, knowing consumer preference, engaging the targets, convincing interested customers, and encouraging them to decide whether to purchase (Ndubisi and Chan, 2005).

2.2.4 Commitment

Commitment is staying strong and hoping an implicit or explicit anticipation that partners will continue the development of exchange into the future (Dwyer et al., 1987). Commitment is another important dimension of relationship and also defined as "a durable longing for staying in a respected relationship" (Moorman, Zaltman, and Deshpandé, 1992). It produces substantial mutual benefits (Farrelly & Quester, 2003). The progression of commitment starts with a simple force of the requirement from a

supplier to look for a potential buyer for its products, and the buyer's willingness to purchase that product what would satisfy his needs (Chattananon & Trimetsoontorn, 2009; Callaghan McPhail & Yau, 1995). In every society, commitment has effectively served to control corporate social behavior (Chiao, 1982) and contribute to remove any doubt, create confidence and form closer relationships (Hinde, 1997).

2.3 Customer Loyalty

The business which are able to retain its existing customers is the best performing one. (Ross B. et al., 2008. P. 151) Customer loyalty is customer's unchanged intention and willingness to some particular or specific products or services in the future (Jones, Earl & Sasser, 1995). It is also described as the customer's willingness to continue patronizing a firm's products and services over a long period of time and on the basis of repeated and preferably exclusive manner, and customer's voluntarily recommendation the firm's products to the neighborhood (Lovelock, 1996). Before acquiring new customers, it is necessary to take care of the existing customers first (Walsh, Groth & Wiedmann, 2005). According to Evans & Laskin, 1994; Peliter & Westfall, 2000; and Wulf, Schroder & Lacobucci, 2001, promoting customer loyalty to acquire customer values through establishing longstanding relationships is the main purpose of relationship marketing. Fornell, 1992; Reichheld, 1996; Lee & Cunningham, 2001; Andres, 2007 and Alrubaiee & Al-Nazer, 2010 stated that cultivating loyal customers is the most crucial driver of organizations for long-term financial performance, followed by increased sales, customer numbers, lower costs, and higher prices. Having loyal customers is low cost and cost effective (Ndubisi, 2005; Pfeifer, 2005; Stavros & Westberg, 2009).

2.4 Previous Studies of Association between Customer Relationship Marketing and Customer Loyalty

Customer relationship marketing is fundamentally based on the potential establishment of a sustainable relationship with customers. It is the cornerstone for gaining customers' loyalty (Dowling, 2002). According to Sukanta Baral & Bihari, 2009, the main purpose of relationship marketing is to put effort to satisfy the customers in such a manner who will become loyal to the company and would unlikely not to switch to competitors, thus, loyalty leads them to retain with the organization. As defined by Peng and Wang (2006), by presenting value to all the parties involved in the

relational exchanges, relationship marketing is defined as wide-ranged marketing activities directed towards augmenting customer loyalty. Empirical studies to a great extent have proved that the effects of relationship marketing on loyalty which affects customer retention (Bolton, et al., 2000; De Wulf et al., 2001; Verhoef, 2003). Findings, obtained by Luis Filipe Lages (2008), also showed that a significant relation is firmly bonded between relationship marketing along with its factors and customer loyalty. If business has a good relationship with its customers, the latter fosters better communication, improved mutual profit, increased customer satisfaction and molded loyalty (Petersen & Rajan, 1995).

The research of Mohammad et al. (2011) empirically examined the relationship marketing (namely trust, commitment, communication, and empathy) on customer loyalty in the banking industry. The results revealed that the all dimensions of relationship marketing were directly associated with customer loyalty and they had a significant effect on it. As a result, it can be drawn to conclusion that customer loyalty can be created, reinforced and retained by building trust, representing commitment to its providing service, effectively communicating with customers in a timely manner, refining empathetic factor, and establishing strong relationships between buyers and sellers.

Trust is about the acceptable level of confidence in interaction of partners' reliabilities and honesty, Liang and Wang (2006). Trust and loyalty for interacting partners in a relationship are an obligation without any expectation of reciprocity (Yau et al., 2000). Indeed, positive result would like be expected from each partner whose integrity can be relied on assuredly (Morgan and Hunt 1994). Several authors in their literature reinforced the importance of the relationship between trust and loyalty (Morgan and Hunt, 1994; Auh, 2005; Ball, 2004). Trust lead to long-term loyalty and link between two parties becomes stronger (Singh & Sirdeshmukh, 2000).

Empathy is about the attention and personalized consideration that a bank services for its customers (Parasuraman et al., 2002). Ndubisi (2006) and Ehigie (2006) reached the successful conclusion that empathy leads to customer loyalty, also supported by Kheng et al. (2010) and Auka et al. (2013). Empathy is characterized by looking expressions of the people face or body movement, or by hearing their tone of voice, which will have immediate response on how they feel and treat them in the manner they would like to be treated (Ndubisi, 2004).

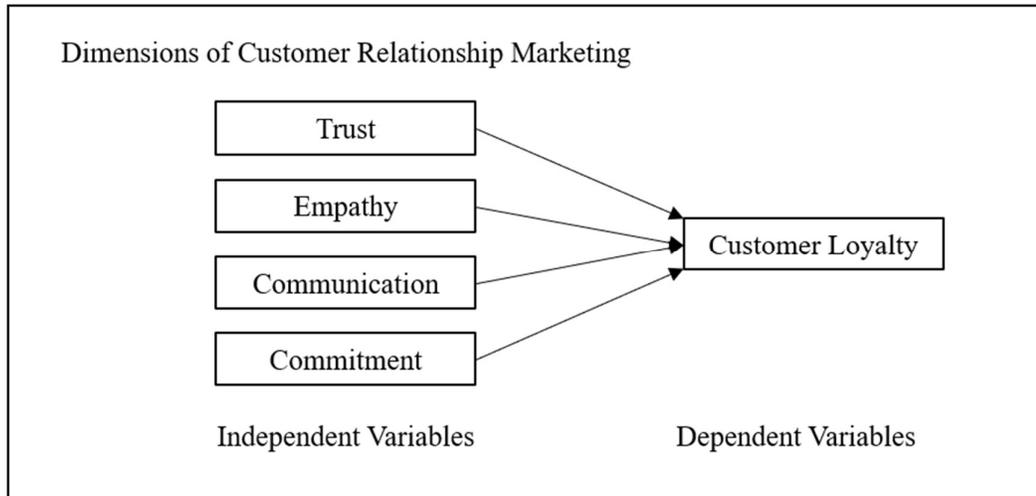
Good communications have positive impact on customer satisfaction, loyalty and trust. Communication is defined as a formal as well as informal exchanging and sharing of meaningful and timely information between customers and service providers (Anderson and Narus,1990). Today communication is viewed as an interactive dialogue between the company and its customers, which takes place during the pre-selling, selling, consuming and post-consuming stages (Anderson & Narus, 1990). Communication is an important part of a relationship marketing strategy (Duncan and Moriarty, 1997). An alignment among all marketing communication messages is required for continuance and improvements of long term mutually satisfying relationships with customers and stakeholders. Empirical evidence suggests that communication increases the level of trust between partners (Anderson and Narus, 1990; Anderson and Weitz, 1989; Morgan and Hunt, 1994). It also helps build trust by providing partners with a mechanism that can be used to resolve disputes (Sin et al. ,2002). In addition, it improves partners' ability to align their expectations and perceptions. When there is effective communication between an organization and its customers, a better relationship will result and customers will be more loyal.

Relationship between commitment and loyalty has been established by Luarn and Lin (2003). Many studies of relationship marketing such as Anderson and Narus, 1990; Anderson and Weitz, 1992; Kumar et al., 1995; Morgan and Hunt, 1994; Pritchard, Havitz and Howard 1999; Fullerton, 2003; Evanschitzky et al., 2006, have proven that significant interaction between affective commitment and customer loyalty are definitely manipulating each other.

2.5 Conceptual Framework of the Study

Dimensions of relationship marketing measure the degree to which a company engages in developing a long-term relationship with its customers meaning loyalty. A number of literatures revealed several dimensions that could influence relationship marketing towards customer loyalty. The conceptual framework was adapted from Mohammad et al. (2011) who conducted the role of relationship marketing in customer orientation process in the banking industry with focus on loyalty. The conceptual framework of this study is presented in figure (2.1).

Figure (2.1) Conceptual Framework of the Study



Source: Adapted from Mohammad Taleghani (2011)

In this conceptual framework, dependent variable is customer loyalty and independent variables are trust, empathy, communication and commitment.

Chapter 3

Profile of the MOB Bank and Customer Relationship Marketing Practices in MOB Bank

This chapter is divided into four parts. The first part is the profile of Myanmar Oriented Bank, the second part presents the organization structure of Myanmar Oriented Bank and the third portion presents types of services at the Bank. The last and final part is the customer relationship marketing practices at Myanmar Oriented Bank.

3.1 Profile of MOB Bank

Myanmar Oriental Bank (MOB) began its operation in 1993. It is owned and run by Chinese community in Myanmar. The founding members are well-experienced bankers retired from state-owned banks, major shareholders are from a Chinese Tseng family and its close relatives of business community. Before the 2002/03 Asian financial crisis, MOB Bank was in many ways a 'second tier' financial institutions after the top tier banks like Asia Wealth Bank, Mayflower and Yoma Bank. MOB currently has 47 branches across Myanmar and total assets of approximately USD 20 mil as of March 2018, of which total outstanding loans are expected to be around USD 800 mil. MOB lending exposures are mostly to traders (46%), manufacturing (25%), services (18%) and relatively small amounts to industry, construction and real estate. MOB Bank is usually having one of the highest gearing ratios (capital adequacy ratio) of any of the private banks in Myanmar, lowest non-performing loans (NPLs), one of the most transparent, regularly publishing its financial statements, reflecting its professional management and signifying its strong entrepreneurial focus to eventually become a joint venture with a foreign bank. MOB Bank was one of the first banks to be permitted to recommence operations following the 2002/03 crisis. MOB Banks has been serving its customers successfully in the domestic banking sector with stability for the past 26 years in Myanmar by not only conducting efficient and reliable financial services, but also promoting financial intermediation across the nation.

The variety of banking products are available through saving account for local residents in local currency, current account opening for US dollar, Euro and Singapore dollar deposits. Call deposit account is available for local residents with the certain amount of deposit to initiate and fixed deposits. In addition, the bank is providing other banking facilities and other non-banking financial assistance to facilitate the

convenience of its customers. As a proud pioneer member of the Myanmar Payment Union (MPU), MOB Bank has introduced automated teller machines (ATMs) and point-of-sale (POS) to enable the debit cards and credit cards in order to promote of very first electronic payment systems in Myanmar. Additionally, it has 64 international financial institutions of corresponding banking network worldwide and has also signed a Memorandum of Understanding with Western Union for the partnership agreement with which customers can easily transfer their money by using its associated network in 111 countries across the world through MOB bank.

Separately from its banking arm, MOB Bank has established the Oriental Leasing Company Limited (OLCL) as a wholly-owned subsidiary in 1995, extending its financial service to promote the customers' access to finance by acquiring households' movable assets and other durable consumer items to lease out to end users.

3.2 Organization Structure of MOB Bank

MOB Bank promotes corporate governance inside the institution according to international standards of compliance. There are 11 major shareholders in the organization in which includes 11 to 15 members of Board of Directors (BOD) including independent directors, followed by Audit Committee, Executive Committee and the Head of Department to control efficient and compliant organization. The chairperson is elected by the directors every 5 years by the decision from the Board and chairperson needs to see overall banking affairs, receive the remuneration and benefits with the conditions of service to be determined by the remuneration committee.

The directors, having the power to appoint directors to fill vacant positions at any time and from time to time, is elected through the shareholder meeting at the Annual General Meeting. As a private limited company (PLC), directors are compulsory not to hold one or more positions in the organization.

3.3 Types of Services at MOB Bank

Myanmar Oriental Bank (MOB) is providing financial services such as deposit, loans, cards, remittance, fund transfer services internationally and domestically, trustee, etc. MOB bank has collaborated with the international financial institutions such as International Finance Corporation (IFC), the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH or GIZ to improve the innovative financial services and then to comply the international standards.

As per MOB bank's purpose, the private commercial banking services are to distribute domestic financial resources, to enable investment businesses for economic growth, to encourage value-added banking services complied with the strong financial institution laws and principles, and to strengthen a profitable and growth banking structure in line with the country's market-oriented financial system.

(a) Deposits

The following table (3.1) describes the deposit services to both corporate and individual customers.

Table (3.1) Deposit Services Provided by MOB Bank

BUSINESS	PERSONAL
Current Deposit Account	Current Deposit Account
Saving Deposit Account	Saving Deposit Account
Fixed Deposit Account	Fixed Deposit Account
Call Deposit Account	Call Deposit Account
	Minor Account
	Uess Deposit Account

Source: MOB Bank's Website

The commercial banking services of MOB Bank are receiving demand deposit in local currency, time deposit, advancing short-term and long-term loans, the execution of domestic and oversea remittance services and facilitating other banking services. At all MOB Bank's branches, demand deposits (call deposit) and time deposits are accepted to promote domestic savings.

(b) Card Services

Table (3.2) displays the available card services of MOB Bank.

Table (3.2) Card Services Provided by MOB Bank

BUSINESS	PERSONAL
Card Acceptance Service	MPU Debit Card
	MPU Credit Card
	MPU/UPI Co-branded Credit Card

Source: MOB Bank's Website

MOB Bank provides complimentary debit card to each personal account which can be used at ATMs or Point-of-Sales (POS) for 24 hours. Individual who has minimal salary can apply MPU Credit Card with certain requirements by MOB Bank. MPU/UIP Co-branded Credit Card service is targeted for higher-salary employees and has two types, gold and platinum, of classes in credit line. For corporate clients, MOB Bank provides card acceptance service, Point-of-Sales (POS) and ATMs by the requested from businesses, such as restaurants, shop owners, hotels, etc.

(c) Remittance

Types of remittance services are mentioned in table (3.3).

Table (3.3) Remittance Services Provided by MOB Bank

BUSINESS	PERSONAL
Local Remittance	Local Remittance
International Remittance	International Remittance

Source: MOB Bank’s Website

For businesses, local remittance is available through MOB Bank’s branches network and other partnered bank branches, and international remittance is through corresponding banks for trade, non-trade and advance payment. In term of personal usage in remittance, it is available for locally and internationally through Western Union, DBS Online Bill Payment, and corresponding banks.

(d) Loans

In table (3.4), MOB Bank provides the following types of loans to public.

Table (3.4) Loan Services Provided by MOB Bank

BUSINESS	PERSONAL
Term Loan	Education Loan
Overdraft	
Bank Guarantee	
Vehicle Financing	
Assignment of Debts	
Education Loan	
Gold Financing	
Hire Purchase	
Deposit Financing	
Pledge Financing	
Hypothecation Financing	
Supply Chain Financing	

Source: MOB Bank's Website

MOB Bank, a private commercial financial institution, is providing short-term loans for traders and business capital requirement, and obviously for the supply chain financing for the goods. It has established crucial lending policies that the branch and line managers must abide by no matter what. The top four considerations of extending loans includes the due diligence of the customer, the track record of the repayment, the funding purpose and the collateral offered. The principles are conservatively to be complied so that the scrutiny of the financial soundness and liquidity of the bank is completely provisioned. MOB Bank is also trying to involve in the two-step loan program for SME financing from Japan International Cooperation Agency (JICA).

(e) International Banking Services

Table (3.5) displays the different types of international banking services in MOB Bank.

Table (3.5) International Banking Services Provided by MOB Bank

BUSINESS	PERSONAL
Foreign Currencies Account	Foreign Currencies Account
Foreign Exchange (FX)/ Currency Exchange	Foreign Exchange
Import/Export Letter of Credit	FCY Local A/C Transfer Service
Bill Collection	
Bank Guarantee (Local & Foreign)	
FCY Local A/C Transfer Service	
Trade Financing	
USD Credit Facility	

Source: MOB Bank’s Website

MOB Bank, operation for 26 years, is among the first batch of commercial private banks, authorized to operate foreign currency services in Myanmar. It has a lot of experiences of dealing in international banking services to customers with the wide range of products availability.

(f) Other services

MOB Bank is advancing its services by personalization of financial products for customers with variety of services, such as trustee, utility bill, payment order, internal draft & cheque purchase (IDCP), certified cheque and meter bill payment service for different townships in Yangon.

3.4 Customer Relationship Marketing of MOB Bank

To promote the customer relationship marketing systems and loyalty, Myanmar Oriental Bank (MOB) instructed all front branches or offices to focus on implementing innovative customer relationship marketing practices through various touchpoints such as call centers, websites, email systems and interactive kiosks across cities.

MOB Bank has classified their customers according to their types of business and amount of deposits to the bank. Retail customers comprise of small and medium

entrepreneurs who own small and medium businesses and deposit at bank, taking SME loans from the Bank. Corporate customers are the one who are taken part in corporation business and trading and the financial services includes lending amount to 500 million and above. They are also the bank founders who deposited amount to hundred million as well.

(a) Trust

MOB Bank is achieving customers' trust in term of its banking transactions, compliance system, accounting conducts and technology upgrade throughout its past 26 years. In 2016, Myanmar Oriental Bank (MOB Bank) modernized its core banking software Temenos' T24 of Swiss technology company and signed an agreement with New York Stock Exchange listed software company, VMware, for cloud solutions which improve customer experience and the security of accounts. For undertaking some security measures, a list of rules is attached near each branch entrance or exit that the motorcycle helmet, weapons, hazardous articles and masks are to be removed before entering the bank in the surroundings. Alarms, 24 hours security guards, and security cameras are installed on every entrance and exit of the bank in order to feel safe to the customers. Additionally, MOB Bank is adopting International Financial Reporting System (IFRS) with the assistance of GIZ to comply with the international standard of accounting and to improve the trustworthiness of accounting and transparency. In order to amplify the bank's reliability, the employees of the month are selected and awarded monthly in every branch to encourage better service for the customers. Customers' trust comes from seeing evidences of the bank's performance that MOB Bank achieved number of recognitions from international organizations like World Bank, International Finance Corporation (IFC), many foreign banks from various origins (namely United States of America, France, Italy, Germany, Switzerland, London, United Arab Emirates, Pakistan, China, India, Japan, Korea, Taiwan, Hong Kong, Singapore, Malaysia, Thailand, Indonesia and Vietnam), from different well-known business reporting firms such as best SME banks in 2016 by Capital Finance International and Century International Quality ERA award in 2017 by World Bank Group.

(b) Empathy

With the good experience of the bank, MOB Bank is providing the convenience and comfort to all of its customers with empathic manners. Every new employee is

required to take weeks probation and training of how to deal the bank's customers efficiently at all time with the purpose of delivering personal attention towards the clients exceptionally. Employees need to take alternative courses or trainings regarding compliance, orientations of new products launched or new system adopted, policy change, personal grooming, interpersonal dealing, code of ethics and conducts, etc within one year for better understanding on service delivery to all customers. MOB Bank starts its traditional banking operations from 9:30 am and stops at 3 pm for all transaction over the counters at all branches, yet other banking services, like trade financing, corporate banking, international banking and treasury activities, works until 5 pm in the convenience of customers who are having international transactions. In the consideration of customers' convenient payment, the repayments to some microfinance companies like KEB Hana Microfinance and AEON Microfinance are allowed to conduct through its banking system with the technical assistance of its technology partner Ongo. Partnership with Western Union, all customers can transfer their money to and fro each network points of Western Union through MOB bank's branch networks. MOB Bank periodically launched new products, such as education loans, automobile pledge loans, hire purchase, to facilitate the needs of customers. Automated teller machines, mobile banking and internet banking are also launched for 24-hours transactional banking services and if any problem occurred, the 24-hour call center was initiated to conduct customers' complaints. Employees must keep their workplace clean and tidy at all times. There are many facilities which will make the customers comfortable and convenient in their waiting time such as air con, soft drinks, coffee and water at the lobby.

(c) Communication

MOB bank itself cares for delivering reliable information in every mean of communication with customers. MOB officially announces its activities and new lines of products or services via its official Facebook page, its website, and sending short SMS message to its customers. Usually MOB Bank promotes its customers regarding awareness towards correct usage of banking products, card safety, password protection for mobile banking, phishing or fraud emails and caution of online shopping through false website links. In term of Anti-Money Laundering and Combating the Financing of Terrorism (AML & CFT), employees from MOB Bank must take compulsory trainings such as customer service, compliance, orientation of standard operating

procedure (SOP), and anti-money laundering, etc. Some trainings are required to pass the minimum scores and level tests. Also, employees are instructed to follow the telephone etiquette as an internal control that is answering the phone, greeting scripts, call holding scripts and closing scripts with taking their own responsibility to bring the customers to satisfaction. The follow-ups are consequently conducted once a customer has contacted the bank via emails, messages, or social media that it may not miss any gap of communication between customers and the bank. Beside the business activities, MOB Bank also conducts frequent activities of corporate social responsibilities to promote the bank itself and have a close communication with the public, for example, social events, scholarship program to the schools, investment fairs, donations to orphanages, disasters and hospitals, promotion lucky draws.

(d) Commitment

MOB Bank is one of the most committed financial institution among local banks in Myanmar. To prevent any error accounting, no fault transactions and inaccurate claims, the bank has invested millions of dollars to make sure customers' property safe and sound. It employed many experienced expatriates like new Chief Executive Officer who usually worked at many international financial institutions with high ranking officer, repatriates and well-experienced local officers to assure the bank's operation smooth and efficient to make sure its customers feel confident on its performance. In order to meet the customer demands, MOB Bank has partnered up with Visa as one of the first three banks in Myanmar to deliver its customers for international payment card services, Japan International Cooperation Agency (JICA) for the SME Financing program, International Finance Corporation (IFC) for trade finance facility of USD 5 million in 2014, International Finance Corporation (IFC) for technical advisory for SMEs and trade finance in 2014, International Finance Corporation (IFC) for convertible loan of USD 7 million to finance its SME customers in 2015. Moreover, it partnered up with Germany GIZ institution to technical assistance for financial reporting and compliance, IFC World Bank to upgrade its corporate governance, reporting, related party transaction and risk management to international standards and Taiwanese E.Sun Bank to strengthen its credit system, credit reporting and supervision system. In conclusion, these above facts are merely some indications of how much it is committed in the market not only to stipulate customers' needs but also to its better services.

Chapter 4

Analysis on Association between Customer Relationship Marketing and Customer Loyalty in MOB Bank

This chapter features the research design of the study at the first part, profile of respondents during the survey for the second part, the types of products available in MOB Bank and at the last part will be the analysis of association between relationship marketing and customer loyalty in MOB Bank.

4.1 Research Design

This study is mainly conducted at MOB Bank's Headquarter, Shwebonthar, Lanmadaw branches out of 17 branches in Yangon during last quarter of 2019 and primary data was obtained from the MOB customers by using questionnaires. The convenient sample size of 150 customers was used for the data collection and descriptive research method is used in this study. Questionnaires, used in the previous studies of relationship marketing and customer loyalty, were referred in this study such as the respondents' demographic factors, customer response on trust, empathy, communication, commitment, and loyalty. The analysis was conducted with the five-point Likert scale, strongly agree as the score "5", agree as "4", neutral as "3", disagree as "2" and strongly disagree as "1" respectively. When the mean value is between 4.21 and 5.00, respondents have utmost agreement with the provided statement. Likewise, 3.41 to 4.20 has positive opinion, 2.61 to 3.40 as neutral comment, 1.81 to 2.60 as negative remark and 1.00 to 1.80 as adverse disagreement on the given statement (Best, 1977 as cited by Yonas, 2013).

4.2 Profile of Respondents

Profile of respondents consists of six characteristics such as gender, marital status, age, and education level, occupational status, monthly income, relationship with the bank.

The following table (4.1) which presents the demographic factors of respondents by gender, marital status, age, and education level, occupational status, monthly income and relationship of respondents with the bank. The age distribution of 150 respondents during the survey and it is categorized into 4 groups. Educational levels are categorized in to 4 groups from high schoolers to Master degree holders. The

occupations are grouped into 4 types as students, self-employed, public and private employees and monthly incomes are listed down from 200,000ks to 1,000,000ks and above. Finally, the relationship with the bank is surveyed as 4 groups from under 2 years up to above 6 years.

Table (4.1) Demographic Factors of Respondents

	No. Respondents	Percentage
Gender		
Male	97	65
Female	53	35
Total	150	100
Marital Status		
Married	66	44
Single	84	56
Total	150	100
Age (In Year)		
Below 30	35	23
31 – 40	35	23
41 – 50	56	37
51 and above	24	16
Total	150	100
Education Level		
Highschool	0	0
Graduate	74	49
Post Graduate	50	33
Master and above	26	17
Total	150	100
Occupational Status		
Government Employee	25	17
Private Co. Employee	56	37
Self-employed	69	46
Student	0	0
Total	150	100

Monthly Income		
Below 200,000	0	0
200,001 – 500,000	20	13
500,001 – 1,000,000	69	46
1,000,001 and above	61	41
Total	150	100
Relationship with Bank (In year)		
Under 2 years	39	26
2 – 4 years	41	27
4 – 6 years	44	29
Above 6 years	26	17
Total	150	100

Source: Survey Data, 2019

During the survey, male respondents are nearly two times more than the number of females in which 65 percent are males and only 35 percent are females and among of those respondents, 56 percent of the respondents are single and 44 percent are married ones. In term of age specification, the age between 41 and 50 were representing the highest distribution with 37 percent, followed by both below 30 and 31-40 with the same percentage of 23 percent. The remaining 16 percent were the respondents of age 51 and above. The result of the survey regarding educational level is as followed that 49 percent of respondents are college graduated, 33 percent are post graduated and the remaining 17 percent are master and above level where there is no one at high school level during the survey.

According to the result of the survey, 46 percent of the respondents in MOB Bank during the survey are self-employed with their own businesses, 37 percent of private company employees, 17 percent of government service employees but there is no student in the respondents. In term of income status, middle income respondents are 46 percent of the survey who are earning between 500,001 and 1,000,000ks monthly. High income of earning above 1,000,000 are 41 percent of the respondents. 13 percent are respondents with monthly income of between 200,000 and 500,000ks. There is no respondent with monthly income below 200,000ks. The survey reports that 29 percent of the respondents are in touch with the Bank for 1 to 2 years, 27 percent are the respondents with the experience of 6 months and up to one year. Respondents with

under 6 months account for 26 percent and the least group of 17 percent are long-term relationship customers of over 6 years with MOB Bank.

4.3 Types of Products used in MOB Bank

When the survey is conducted to 150 respondents at the MOB’s branches, the following types of services, that respondents are utilizing during the survey, as shown in the table below. Deposit, loan, domestic remittance, bill payment, international remittance, ATM, foreign exchange and credit card are listed in the questionnaires.

Table (4.2) Types of Products used in MOB Bank

Products	No. Respondents	Percentage
Deposit	133	89
Loan	30	20
Domestic Remittance	56	37
Bill Payment	31	21
International Remittance	32	21
ATM	130	87
Foreign Exchange	130	87
Credit Cards	18	12

Source: Survey Data, 2019

According to the result of the survey, 133 out of 150 respondents are coming to branches for cash deposits which is accumulated for the highest number of the whole survey and it is followed by ATM users and foreign exchange services with 130 respondents. 56 out of 150 respondents are coming to branches for domestic remittance services. The remaining services of bill payment, international remittance and loan are moderately used by respondents. According to the survey, credit card users are least popular among other products and it has only 18 respondents in the group.

4.4 Association between Customer Relationship Marketing and Customer Loyalty in MOB Bank

Customer response of trust, empathy, communication, commitment, customer loyalty and summary of the correlation of relationship marketing dimension and customer loyalty are examined to the Myanmar Oriental Bank.

(a) Customer Response on Trust to the Bank

The following table (4.3) shows the mean and standard deviation for the customer response of trust to the bank service. “Trust” is measured with five questionnaires which are concerning of customer perspective on bank’s security, integrity, quality services, respect and reliability.

Table (4.3) Customer Response on Trust to the Bank

	Particulars	Mean	Standard Deviation
1	MOB closely monitors each transaction.	3.59	0.74
2	MOB has a good reputation and high integrity	3.41	0.81
3	MOB’s banking system is trustworthy	3.43	0.82
4	MOB’s services are consistent with quality.	3.41	0.71
5	MOB provides more reliable and better service	4.00	1.23
	Overall mean value	3.57	

Source: Survey Data, 2019

Respondents replied optimistically towards MOB providing more reliable and better service claiming that the highest mean value of 4.00 with its standard deviation of 1.23. With the second highest mean value of 3.59 with its standard deviation of 0.74, respondents answered that MOB bank is taking a close monitor on their transactions. The outcome mean value of the survey on the performance of MOB Bank is 3.43 with its standard deviation of 0.82. As per survey, two of mean values are 3.41 representing trust on MOB Bank’s reputation and integrity with standard deviation 0.81 and consistent quality service with standard deviation 0.71 respectively. The overall mean on trust is 3.57 which is above the average, and it means that customers have the satisfactory level of trust on the bank customer service.

(b) Customer Response on Empathy to the Bank

The means and standard deviations for the customer response of empathy to the bank service are shown in the following table (4.4). “Empathy” is measured with four questionnaires regarding the bank employees’ attention, operating hours, understanding of customers’ needs, and priority to customers.

Table (4.4) Customer Response on Empathy to the Bank

	Particulars	Mean	Standard Deviation
1	Employees' courtesy to the customers	3.47	0.94
2	Banking service hours are convenient	3.45	1.03
3	Employees' understanding on customers' needs	3.42	0.87
4	Customers are treated as priority	3.44	0.95
	Overall mean value	3.45	

Source: Survey Data, 2019

Employees' courtesy to the customers has the highest mean value of 3.47 with its standard deviation is 0.94. The survey result of banking service hours provided the second highest mean value 3.45 with the standard deviation of 1.03. That customers are treated as priority is the mean value of 3.44 with its standard deviation of 0.95. the result of employees' understanding on the specific needs of each customer is the lowest mean value of 3.42 with its standard deviations of 0.87. As a result, the overall mean value of customer response on empathy to the Bank is 3.45. It is above the average and respondents strongly agreed that the employees are at the satisfactory level of having empathy on the customers during the delivering its service.

(c) Customer Response on Communication to the Bank

The analysis on communication between respondents and the Bank is provided as the following table (4.5) with the particular mean values and standard deviations. "Communication" is measured with four questionnaires, specifically on social skill of bank employees with customers, frequent follow-ups, responsibility to complaints and how they maintain relationship with customers.

Table (4.5) Customer Response on Communication to the Bank

	Particulars	Mean	Standard Deviation
1	Interpersonal skills of employees in dealing with customers.	3.47	0.95
2	MOB Bank communicates with customers frequently	3.42	1.06
3	Responsibility of MOB to customers' complaints.	4.12	0.88
4	MOB's effort of keeping relationship with customers.	3.60	1.31
	Overall mean value	3.65	

Source: Survey Data, 2019

The highest mean value in the group is 4.12 with standard deviation of 0.88 is regarding MOB's responsibility towards customer complaints. The second highest mean value of 3.60 with its standard deviation of 1.31, is followed by the respondents' feedback on the MOB's efforts to maintain relationship with customers. In third place, respondents gave mean value of 3.47 with its standard deviation of 0.95 to bank employees' efficient social skills in dealing with customers. The lowest score of mean value of 3.42 and its deviation of 1.06 represented the MOB's frequent follow-ups. The overall mean value on communication is 3.65 and respondents have a strong agreement of having a good communication with the bank on the bank customer service.

(d) Customer Response on Commitment to the Bank

Breakdown for the customer response of commitment to the Bank is provided in the following table (4.6). "Commitment" is measured with five questionnaires which are the manner of bank's relationship with customers, how much the bank maintains relationship with customer, its follow-ups on customers' satisfaction, marketing for future services, and its free consultancy for existing customers.

Table (4.6) Customer Response on Commitment to the Bank

	Particulars	Mean	Standard Deviation
1	MOB considers customer relationship as most importance	3.43	0.96
2	MOB maintains a good relationship with customers	3.47	1.05
3	MOB's reassessment on customer's satisfaction	4.21	1.21
4	MOB's marketing of newly launched services or products	4.23	1.40
5	MOB's free advisory for existing customers.	4.19	1.36
	Overall mean value	3.90	

Source: Survey Data, 2019

The mean value, of MOB's marketing of newly launched services or products, is having the highest score with 4.23 and its standard deviation of 1.40. Second to it is 4.21 and standard deviation of 1.21 regarding MOB's reassessment on the customer's satisfaction of its services or products. The mean score of MOB's free advisory for its customers is 4.19 with its standard deviation of 1.36. The mean value of MOB's conservation on a good relationship with customers is 3.47 and its standard deviation

is 1.05. Lastly, the lowest mean value is 3.43 and standard deviation of 0.96 regarding MOB's consideration of customer relationship as most importance. Consequently, the overall mean on commitment has 3.90 and it is however above the average meaning that respondents have the positive opinion on the commitment factor of the bank.

(e) Overall Mean Scores of Four Dimensions of Relationship Marketing

To analyze the customer relationship marketing practices of the MOB bank, four dimensions have been used; trust, empathy, communication and commitment. The overall mean scores for those four dimensions have been shown in table (4.7).

Table (4.7) Overall Mean Score of Four Dimensions

	Dimensions	Overall mean values
1	Trust	3.57
2	Empathy	3.45
3	Communication	3.65
4	Commitment	3.90

Source: Survey Data, 2019

The overall mean score of MOB's commitment is the highest among other dimensions which is 3.90. The overall mean of Empathy is 3.45 and it is the lowest among the other dimensions.

(f) Customer Loyalty on the Bank

Customer loyalty on the Bank is analyzed as the following table (4.9). “Loyalty” is measured with four questionnaires regarding the first choice among the other banks, satisfactory of choice over MOB, loyalty strength to MOB and whether respondents would recommend the Bank to others.

Table (4.8) Customer Loyalty on the Bank

	Particulars	Mean	Standard Deviation
1	MOB is the first choice to use its products and services.	4.33	1.05
2	I will continue to use MOB service because I am satisfied with MOB’s services	4.50	0.93
3	I want to maintain relationship with MOB	3.46	1.44
4	Agree to recommend others on MOB’s products or services	3.45	1.45
	Overall mean value	3.94	

Source: Survey Data, 2019

Among the above outcomes, the respondents’ satisfaction on MOB services as the exclusive banking service provider is having highest mean value of 4.50 with its standard deviation of 0.93. The second to the latter is the mean value of 4.33 with its standard deviation of 1.05 that MOB Bank is the first choice. The mean value of customer perspective on continuous relationship with MOB Bank is 3.46 with its standard deviation of 1.44. The lowest among all other mean values is 3.45, its standard deviation of 1.45, and it is representing whether the respondents would recommend MOB Bank to others. Consequently, the overall mean on customer loyalty is 3.94 and it could be assumed that the respondents have agreed that they have somehow strong loyalty on the MOB Bank.

(g) Association between Customer Relationship Marketing on Customer Loyalty

In this section, the analysis of relationship was engaged on both between the variables of customer relationship marketing (trust, empathy, communication and commitment) and customer loyalty. Pearson correlation that assess the strength of those two relationships with two numerical variables and its significance level is 0.05 in the

Pearson Correlation test representing 95% of confidence level. Subsequently, the hypothesis can only be accepted if the significance P-value is less than 0.05 (Malhorta, 2010).

Table (4.9) Summary of Pearson Correlation Analysis

Factor		Customer Loyalty
Trust	Pearson Correlation	0.55***
	Sig (2-tailed)	.000
Empathy	Pearson Correlation	0.36***
	Sig (2-tailed)	.000
Communication	Pearson Correlation	0.45***
	Sig (2-tailed)	.000
Commitment	Pearson Correlation	0.84***
	Sig (2-tailed)	.000

Source: Survey Data, 2019

** Correlation is significant at the 0.01 level (2-tailed).

The table (4.9) demonstrates the correlation coefficient for between average customer loyalty (dependent) and average trust, empathy, communication, commitment (independent variables). After examined, the correlation coefficient between average trust, empathy, communication and average loyalty is moderately at 0.55, 0.36 and 0.45 respectively at the significant of 1% level. It could be concluded that direct relationship between loyalty and trust are taken place in this study but the relationship is moderate between 3 factors and loyalty. Correlation coefficient between average commitment and average loyalty is 0.84 at the significant of 1% and they are having a strong and direct relationship to each other according to the study.

Chapter 5

Conclusion

This chapter presents three main parts. The first part presents findings and discussion, the second part describes suggestions and recommendations, and the last part presents limitation of the study and the needs for further study.

5.1 Findings and Discussion

With the sample size of 150 respondents in three branches of MOB Bank, the profile of respondents includes demographic factors such as gender, age, educational level, occupational status, monthly income, relationship with the bank, types of products used in the bank, and the analysis on the customer response of trust, empathy, communication, commitment, and customer loyalty to Myanmar Oriental Bank are studied.

As per survey in the gender group, male respondents are almost two times of female ones, and nearly half of the respondents are married. With the information about the respondents' age group, majority of respondents have matured in their middle age of around 50 years. In term of education level among respondents, there is no high-school student during the study and mostly half of the respondents are graduated. In term of occupational status, the study stated that self-employed respondents are accounted the highest among the other types of job categories. Among the respondents, the contribution to the monthly income between 500,001 and 1,000,000 is the highest among the other monthly categories. With respect to relationship, respondents having 4 - 6 years relationship with the Bank are accounted the highest percentage among the other categories, it could be assumed that there are promising long-term customers in MOB Bank.

It could evidently be found in the survey that only three types of products are being used as common banking services, deposit, ATMs (automated teller machines) and foreign exchange which are generally majority of respondents.

Each questionnaire of the scales on marketing factors, overall bank customer loyalty is measured on five-point Likert scale and evaluated how much the respondents are agreed or disagreed with the provided questionnaires of four factors of customer perception on relationship marketing (trust, empathy, communication and commitment) of MOB Bank. In the study, four relationship marketing factors have been indirectly

measured, which are the respondents' trust level on the Bank, the empathy reward to the Bank, Bank's communication with the respondents, the commitment given by the Bank, and whether the respondents are loyal to the MOB Bank.

The findings are to support the viewpoints that relationship marketing dimensions can enhance the quality of a buyer-seller relationship and, in turn, increase customer loyalty. Customer's trust, empathy, communication and commitment are the antecedents of customer loyalty in the MOB Bank.

Regarding to the trust contribution by the customers, all respondents are appreciating the employee's attitude towards the customers. Because MOB Bank itself uses the new banking software from Swiss technology company Temenos' T24 and accounting system of VMware from top United States of America's software company, customers put their trust on the accuracy of every transaction and record. The customers are receiving SMS alert message for every transaction they are using with MOB Bank service, and 24-hour service center is launched to assist any problem occurred at any time. Therefore, MOB's banking system is believed to be reliable as well according to the survey. In term of the empathy factors, customers are most satisfied with the courtesy or reception of the employees of MOB Bank. The banking service hours has also satisfied customers due to the employee's good follow-ups even after banking hours and some business departments like trade, corporate banking and international departments are opened after 3 pm during weekdays. With regard to the communication of the factors in the relationship marketing, respondents are appeared to be most appealing with the responsibilities of MOB Bank as a whole when a customer complaint comes out, and they also appreciated the efforts of maintaining a good relationship with customers. In term of commitment factor, MOB Bank is strong in marketing of new launched products or services and evaluation of customer satisfaction that respondents are giving high scores over those factors.

5.2 Suggestions

Relationship marketing is a very much important influence that not only forces the customers to remain loyal with the organization, but also proves as a marketing mechanism through which more people are being attracted towards the organization. To retain and mature loyal customers, the bank should be trustworthy and show commitment, providing individualized attention to customers and must resolve conflicts in a manner that will eliminate unimportant loss and inconvenience to their

customers. Also, digital banking, internet banking and credit cards are very new products from banks so that only few people are having adequate information.

Based on the findings of this study, commitment of the banks significantly affects customer loyalty. The overall mean scores above average can be drawn into conclusion that current commitment of MOB Bank can fulfill the needs of its customer expectation of the customers in the study. MOB Bank should be more flexible in the internal procedure to meet the customer's needs in order to create and maintain loyalty.

In overall mean values of customer relationship marketing dimensions, empathy is the lowest of all yet it has a direct relationship with customer loyalty. MOB Bank already know plenty about their customers, but it requires to extend beyond financial details to understand what makes customers impulse, and show that they value their business that MOB Bank could be achieved by co-designing new services with customers, or studying their lifestyles and creating innovative products to suit in their daily-lives. Customers can go through multiple departments, especially in regulated industries like financial services and information is surely shared between departments, as well as delivering consistent answers will ensure that customers feel the integrity of MOB Bank. MOB Bank operates in a tight regulatory environment like all other financial institutions, with compulsory compliance steps in many processes that customers might distress among those complex procedures. As large users of technology, many banks have adopted the idea of agile development when it comes to software and digital projects. To succeed in a rapidly changing market, MOB Bank needs to be equally agile when it comes to the customer experience, trying new things quickly, evaluating the results and then deciding whether to proceed adaptable changes.

To maximize the effect of trust, the trusted relationship that MOB Bank have built with customers over 26 years should be its most important competitive advantage in the digital era. With the composition of improved data, advanced analytics and extended access channels, MOB Bank will have a substantial engagement in real time with customers to assist with the management of financial relationship. MOB Bank should be more active in public activities like advocacy on financial literacy, promotion of new products, publicize awards and introducing new management to the customers. It could advertise its investment portfolio and how it conducts security measures of cybercrime or frauds. Moreover, MOB Bank could consider to be a listed public company with a strong corporate governance mechanism and financial transparency to gain more customer trust.

5.3 Limitation of the Study and Needs for Further Study

In this study, the survey cannot make sure the respondents are corporate clients or personal users, and the number of respondents cannot represent the whole number of clients in MOB Bank. The area surveyed is only at the main branch and other two branches, excluding other service departments for example like international banking, corporate banking, treasury and trade financing due to the restricted allowance by MOB Bank. Another aspect to take in consideration in the further research is the sampling size. Since the population of the thesis was hard to estimate, limited in time frame and economical resources, the result might have been affected. In future research, the implications for sampling frame is to have a broader sampling who represents a larger sample from the population, not even as of the whole bank.

In addition, the study is limited to some factors of relationship marketing. Based on these limitations it is suggested to do further studies on the subject to including additional relationship marketing factors using sample drawn from different geographic area. Impact of relationship marketing of customer satisfaction in MOB, and relationship between customer satisfaction and customer loyalty should also be studied further to have wider implication on the bank.

REFERENCES

Textbooks

Christian Grönroos (1994), From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing, 1st Edition, Management Decision

Christopher H. Lovelock (1996), Services Marketing, 3rd Edition, Prentice Hall

Grahame Dowling (2002), Customer Relationship Management: In B2C Markets, Often Less is More, 3rd Edition, California Management Review

Herschel I. Grossman (1998), Producers and Predators, 3rd Edition, Pacific Economic Review

James Warren Peltier & J Westfall (2000), Dissecting the HMO - benefits managers Relationship: What to Measure and Why, 2nd Edition, Marketing Health Services

Joel R. Evans & Richard L. Laskin (1994), The Relationship Marketing Process: A Conceptualization and Application, 5th Edition, Industrial Marketing Management

Neil Woodcock, Merlin Stone, Bryan Foss (2003), The Customer Management Scorecard: Managing CRM for Profit, 1st Edition, Kogan Page

Oliver Yau (2000), Relationship Marketing the Chinese Way, 1st Edition, Business Horizons

Paul Simon Adler & Seok Woo Kwon (2002), Social Capital: Prospects for A New Concept, The Academy of Management Review

Philip Kotler and Gary Armstrong (2006). Principles of Marketing, 11th Edition, Pearson

Reichheld, F.F. (1996), The Loyalty Effect, 1st Edition, Harvard Business School Press

Thomas O. Jones and W. Earl Sasser (1995), Why Satisfied Customers Defect? 1st Edition, Harvard Business Review

Journals

Anderson, E. and Weitz, B. (1989), Determinants of Continuity in Conventional Industrial Channel Dyads, *Marketing Science*, Vol (8), No.4, pp 310-323

A Parsu Parasuraman (2002), Service Quality Delivery Through Web Sites: A Critical Review of Extant Knowledge, *Journal of the Academy of Marketing Science*, Vol (30), No (4), pp 362-375

Abdul-Muhmin, A. G. (2005), Instrumental and Interpersonal Determinants of relationship Satisfaction and Commitment in Industrial Markets, *Journal of Business Research*, Vol (58), No (5), pp 619-628

Al-Nazer, Nahla (2010), Impact of Relationship Marketing and Patronage Motivation on Clients' Loyalty towards the Organization, *International Journal of Marketing Studies*, Vol (2), No (1), pp 189-200

Amy Wong, Amrik Sohal (2002), An examination of the relationship between trust, commitment and relationship quality, *International Journal of Retail & Distribution Management*, Vol (30), No (1), pp 34-50

Ball, Dwayne (2004), The Role of Communication and Trust in Explaining Customer Loyalty, *European Journal of Marketing*, Vol (38), No. (9/10), pp 1272-1293

Christine Moorman (1992), Relationships Between Providers and Users of Market Research: The Dynamics of Trust Within and Between Organizations, *Journal of Marketing Research*, Vol (29), No (3), pp 314-328

Cleopatra Veloutsou (2002), Relationship Marketing, *European Journal of Marketing*, Vol (36), No (4), pp 32-49

Christine Moorman, Rohit Deshpandé and Gerald Zaltman (1993), Factors Affecting Trust in Market Research Relationships, *Journal of Marketing*, Vol. 57, No (1), pp 81-101

Claes Fornell (1992), A National Customer Satisfaction Barometer: The Swedish Experience, *Journal of Marketing*, Vol (56), No (1), pp 6-21

Chiung-Ju Liang & Stephen W. Wang (2008), Does online relationship marketing enhance customer retention and cross-buying? *Service Industries Journal*, Vol (28), No (6), pp 769-787

Dwayne Ball (2004), The Role of Communication and Trust in Explaining Customer Loyalty: An Extension to the ECSI Model, *European Journal of Marketing*, Vol38, No (9/10), 1272-1293

Fred Selnes (1998), Antecedents and Consequences of Trust and Satisfaction in Buyer-Seller Relationships, *European Journal of Marketing*, Vol32, No (3/4), pp 305-322

F. Robert Dwyer, Paul H. Schurr and Sejo Oh (1987), Developing Buyer-Seller Relationships, *Journal of Marketing*, Vol (51), No (2), pp 11-27

Francis Farrelly & Pascale Quester (2003), The effects of market orientation on trust and commitment: The case of the sponsorship business-to-business relationship, *European Journal of Marketing*, Vol (37), No (3/4), pp 530-553

Gordon Fullerton (2003), When Does Commitment Lead to Loyalty? *Journal of Service Research*, Vol (5), No (4), pp 333-344

Gianfranco Walsh, Markus Groth & Klaus Peter Wiedmann (2005), An Examination of Consumers' Motives to Switch Energy Suppliers, *Journal of Marketing Management*, Vol (21), No (3), pp 421-440

Jagdish N. Sheth, A. Parvatiyar (Eds.) (1994), The Evolution of Relationship Marketing, *International Business Review*, Vol (4), No (4), pp 397-418

James C. Anderson & James A. Narus (1990), A Model of Distributor Firm and Manufacturer Firm Working Partnerships, *Journal of Marketing*, Vol (54), No (1), pp 42-58

James G. Barnes (1994), Close to the customer but is it really a relationship? *Journal of Marketing Management*, Vol (10), No (6), pp 561-570

Jagdip Singh & Deepak Sirdeshmukh (2000), Agency and Trust Mechanisms in Consumer Satisfaction and Loyalty Judgments, *Journal of the Academy of Marketing Science*, Vol (28), No (1), pp 150-167

Kwang Kuo Hwang (1987), Face and Favor: The Chinese Power Game, *American Journal of Sociology*, Vol (92), No (4), pp 944-974

Kristof De Wulf, Gaby Odekerken & Dawn Iacobucci (2001), Investments in Consumer Relationships: A Cross-Country and Cross-Industry Exploration, *Journal of Marketing*, Vol (65), No (4), pp 33-50

Leonard L. Berry (2002), Relationship Marketing of Services Perspectives from 1983 and 2000, *Journal of Relationship Marketing*, Vol (1), No (1), pp 59-77

Leo Sin Y.M. (2002), Relationship marketing orientation: Scale development and cross-cultural validation, *Journal of Business Research*, Vol (58), No (2), pp 227-239

Lawrence A. Crosby (1990), Relationship Quality in Services Selling: An Interpersonal Influence Perspective, *Journal of Marketing*, Vol (54), No (3), pp 68-81

Leong Yow Peng (2006), Impact of Relationship Marketing Tactics (RMTs) on Switchers and Stayers in a Competitive Service Industry, *Journal of Marketing Management*, Vol (22), No (1), pp 25-59

Luis Filipe Lages (2009), Relationship Capabilities, Quality, and Innovation as Determinants of Export Performance, *Journal of International Marketing*, Vol (17), No (4), pp 47-70

Mark P. Pritchard, Mark E. Havitz & Dennis R. Howard (1999), Analyzing the Commitment-Loyalty Link in Service Contexts, *Journal of the Academy of Marketing Science*, Vol (27), No (3), pp 333-348

Monica Law, Y. H. Wong and Theresa Lau (2005), The Role of Trust in Customer Relationship Management: An Example to Financial Services Industry, *Asia Pacific Management Review*, Vol (10), No (4), pp 267-274

Mitchell A. Petersen and Raghuram Rajan (1995), The Effect of Credit Market Competition on Lending Relationships, *The Quarterly Journal of Economics*, Vol (110), No (2), pp 407-443

Moonkyu Lee and Lawrence F. Cunningham (2001), A Cost/Benefit Approach to Understanding Service Loyalty, *Journal of Services Marketing*, Vol (15), No (2), pp 113-130

Neeru Sharma, Paul G. Patterson (1999), The Impact of Communication Effectiveness and Service Quality on Relationship Commitment in Consumer, Professional Services, *Journal of Services Marketing*, Vol (13), No (2), pp 151-170

Nelson Oly Ndubisi & Chan Kok Wah (2005), Factorial and Discriminant Analyses of the Underpinnings of Relationship Marketing and Customer Satisfaction, *International Journal of Bank Marketing*, Vol (23), No (3), pp 542-557

Osayawe Ehigie B. (2006), Correlates of Customer Loyalty to Their Bank: A Case Study in Nigeria, *International Journal of Bank Marketing*, Vol (24), No (7), pp 494-508

Olu Ojo (2008), The Relationship Between Service Quality and Customer Satisfaction in the Telecommunication Industry: Evidence from Nigeria, *Broad Research in Accounting, Negotiation, and Distribution*, Vol (1), No (1), pp 88-100

Philip E. Pfeifer & Robert L. Carraway (2000), Modeling Customer Relationships as Markov chains, *Journal of Interactive Marketing*, Vol (14), No (2), pp 43-55

Paul H Schurr & Julie L. Ozanne (1985), Influence on Exchange Processes: Buyers' Preconceptions of a Seller's Trustworthiness and Bargaining Toughness, *Journal of Consumer Research*, Vol (11), No (4), pp 939-53

Peter C. Verhoef (2003), Understanding the Effect of Customer Relationship Management Efforts on Customer Retention and Customer Share Development, *Journal of Marketing*, Vol (67), No (4), pp 30-45

Pin Luarn & Hsin-Hui Lin (2003), A Customer Loyalty Model for E-Service Context, *National Taiwan University of Science and Technology*, Vol (4), No (1), pp 43-64

Robert M. Morgan, Shelby Hunt (1994), The Commitment-Trust Theory of Relationship Marketing, *Journal of Marketing*, Vol (58), No (3), pp 20-38

Robert Palmatier (2006), Factors Influencing the Effectiveness of Relationship Marketing: A Meta-Analysis, *SSRN Electronic Journal*, Vol (70), No (4), pp 136-153

Seigyoung Auh (2005), The effects of Soft and Hard Service Attributes on Loyalty: The Mediating Role of Trust, *Journal of Services Marketing*, Vol (19), No (2), pp 80-92

Seid Hussen Ali (2016), The Influence of Customer Relationship Marketing on Customer Loyalty, *Global Journal of Management and Business Research*, Vol (16), No (5), pp 56-66

Suhail A. Bhat, Mushtaq A. Darzi, and Shakir H. Parrey (2018), Antecedents of Customer Loyalty in Banking Sector: A Mediational Study, *Journal of Decision Making*, Vol (43), No (2), pp 92-105

Tom Duncan & Sandra E. Moriarty (1998), A Communication – Based Marketing Model for Managing Relationships, *Journal of Marketing*, Vol (62), No (2), pp 1-13

Tahir Rashid (2003), Relationship marketing: Case Studies of Personal Experiences of Eating Out, *British Food Journal*, Vol (105), No (10), pp 742-750

Taleghani, M., Gilaninia, S., & Mousavian, S.J. (2011), The role of relationship marketing in customer orientation process in the banking industry with focus on loyalty, *International journal of business and social science*, Vol (2), No (19), pp 155-166

Taleghani, M., Chirani, E., & Mirrashed, S.A. (2011), Conceptuality Approach to Relationship Marketing and Customer Loyalty to Banks, *Journal of Basic and Applied scientific research*, Vol (1), No (3), pp 2022-2025

Thirunavukkarasu Velnampy & Sivesan Sivanandamoorthy (2012), Customer Relationship Marketing and Customer Satisfaction: A Study on Mobile Service Providing Companies in Srilanka, *Global Journal of Management and Business Research*, Vol (12), No (18), pp 1-7

Thet Wai Phyo (2015), *A Study on the Effect of Relationship Marketing Practices in United Amara Bank Limited*, Yangon University of Economics Master of Banking and Finance Programme, Department of Commerce, Yangon University of Economics

Hnin Wuth Yi (2018): *A Study on Customer Satisfaction Level of AYA Royal Banking Services*, Master of Banking and Finance Programme, Department of Commerce, Yangon University of Economics

Pwint Thit Sa Report (2019): Transparency in Myanmar Enterprises, 5th Report, Myanmar Center for Responsible Business

Annual Report of MOB Bank (2017-2018)

Internet Websites

<https://www.mmtimes.com/business/16074-ifc-signs-second-convertible-loan-with-local-bank.html>

<https://www.mmtimes.com/business/19542-foreign-banks-slow-to-offer-support-say-local-lenders.html>

<https://www.mobmyanmar.com/about-mob/about-us/>

<https://ongo.com.mm/press-release/>

<https://www.kebhanamyanmar.com/keb-hana-microfinance-and-ongo-partner-to-use-ongos-services-in-myanmar/>

<https://www.irrawaddy.com/business/western-union-launches-partnership-with-burmese-banks.html>

<https://www.mmtimes.com/business/2881-visa-partners-with-three-myanmar-banks.html>

<https://www.fintechfutures.com/2016/06/myanmar-oriental-bank-in-banking-software-revamp/>

<https://oxfordbusinessgroup.com/analysis/cyberspace-race-banks-investing-new-technology-modernise-operations-and-differentiate-com-0>

<https://asia.nikkei.com/Economy/Myanmar-s-burgeoning-financial-sector-attracts-foreign-suppliers>

<https://cfi.co/awards/asia-pacific/2016/myanmar-oriental-bank-limited-best-sme-bank-myanmar-2016/>

QUESTIONNAIRES

Customer Profile and Customer Response on Customer Relationship Marketing and Customer Loyalty of Myanmar Oriental Bank

The following survey questionnaires were intended for academic purposes only and to fulfill Master of Banking Finance (MBF) Programme in Yangon University of Economics (YUEco) which is to analyze the association between customer relationship marketing and customer loyalty in Myanmar Oriental Bank. The provided information about the respondents will be remained strictly confidential.

Section 1: Customer’s Demographic Information (Please select each answer).

1. Gender: Male Female

2. Marital Status: Married Single

3. Age (Years):
 Below 30 31 – 40
 41 – 50 51 and above

4. Education Level:
 High School Graduate
 Post Graduate Master and above

5. Occupational Status:
 Government Employee Private Co. Employee
 Self-employed Student

6. Monthly Income:
 Below 200,000 200,001 – 500,000
 500,001 – 1,000,000 1,000,001 and above

Communication

	Particulars	Satisfaction Level				
		1	2	3	4	5
1	Interpersonal skills of employees in dealing with customers	1	2	3	4	5
2	MOB Bank communicates with customers frequently	1	2	3	4	5
3	Responsibility of MOB to customers' complaints	1	2	3	4	5
4	MOB's effort of keeping relationship with customers	1	2	3	4	5

Commitment

	Particulars	Satisfaction Level				
		1	2	3	4	5
1	MOB considers customer relationship as most importance	1	2	3	4	5
2	MOB maintains a good relationship with customers	1	2	3	4	5
3	MOB's reassessment on customer's satisfaction	1	2	3	4	5
4	MOB's marketing of newly launched services or products	1	2	3	4	5
5	MOB's free advisory for existing customers	1	2	3	4	5

Section 4: Customer's Response on Customer Loyalty on the Bank. Please circle one answer for each statement; 1 for strongly disagree, 2 for moderately disagree, 3 for neutral, 4 for moderately agree, and 5 for strongly agree respectively.

	Particulars	Satisfaction Level				
		1	2	3	4	5
1	MOB is the first choice to use its products and services	1	2	3	4	5
2	I will continue to use MOB service because I am satisfied with MOB's services	1	2	3	4	5
3	I want to maintain relationship with MOB	1	2	3	4	5
4	Agree to recommend others on MOB's products or services	1	2	3	4	5