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**FACTOR INFLUENCING FINANCIAL ACCESS OF
SMEs TOWARDS PRIVATE COMMERCIAL BANKS**

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ABSTRACT

This study attempts to analyze the factors influencing financial access of SMEs towards private commercial banks in Yangon region. There are many influencing factors to get financing from the private commercial banks by SMEs and these factors are important in growth and development of the SMEs. In this study, the seven influencing factors are considered which one relationship of enterprise with bank, collateral, capacity of SMEs, size of SME, business plan of SMEs, qualification of SME owner and financial transparency. There are eleven banks that receive SME loans in Myanmar, out of which three big banks will be selected and surveyed. The target population 30% of the SME owner by doing sample random sampling. Primary data are collected through research questionnaires on five-point likert scale with Google form and printed form. Descriptive research method, quantitative research approach and regression analysis were mainly used of the research methods in interpretation of the collected information. The study finds out the higher agreement of the selected influencing factors from SME owners with regards to access to finance. Based on the linear regression analysis result of the only four variables, namely collateral, capacity of SMEs, qualification of SME owner and financial transparency show significant variation in access to finance. The finding strongly recommends that SMEs should have a good understanding on collateral requirements, need to develop the capacity of SME by both in skillful employees and turnover, need to develop the management quality of the SME owner and need to have thorough and concise financial transparency to get access to finance from private commercial banks. The implication of the finding is that SME owners in Yangon region, stakeholders in SME industry and private commercial banks have a chance of understanding and identifying to promote access to finance by reviewing the influencing factors of financial access by SMEs to grow their businesses.

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CHAPTER I

INTRODUCTION

There are many different types of financial institutions where banks are one of them. Main services of banks include deposits, withdraw, lending, wealth management, currency exchange, and investment banking which are served to clients such as individuals, business and many other types of institutions.

Commercial banks are very common in Myanmar which has main products as deposit and loans. Deposit are accepted by clients and are returned upon request or after a certain period of time, whereas, loans are financed to individuals or different entities in different forms of lending. Private commercial banks provide loan and advance of various forms, such as SMEs working Capital Term Loan, overdraft loan, demand loan and Fixed Asset term loan.

As of current status in Myanmar, there are 31 domestic banks and 17 foreign branch bank running in Myanmar. This large range consists of four state-owned banks, three banks owned via municipal governments, eight semi-private banks that alternate privately then again are partly owned by, or cautiously associated with, authorities agencies, and 19 privately owned banks. Among the privately owned banks, the so-called “Big Three” dominate the market. Combined, Kanbawza Bank (KBZ), Ayeyarwady Bank (AYA), and Co-operative Bank (CB) manipulate about two-thirds of all loans, two-thirds of all deposits, and more than 50 proportion of all monetary organization branches in the country.

On 9 April, 2015, the authorities had enacted the small and medium sized Enterprise (SME) Development law (SME Law). Small enterprise are described as having between Kyat 50 million (US\$50,000) and Kyat 5 hundred million (US\$500,000) in capital or with between 30-300 employees. Medium enterprise employer are described as having between Kyat 50 million (US\$50,000) and Kyat 1 billion (US\$500,000) in capital or between 60-600 employees. (Myanmar, 2015) SMEs improvement coverage on December 2015 is detailed through aiming at seven precedence areas such as–Human resources, Technology development and innovation, monetary resources, infrastructure development, market access, suitable taxation and strategies and conducive commercial enterprise environment. SMEs play

a pivotal function for the improvement of use and consequently it is a precedence that SMEs are rendered with guide no longer solely in the growing international locations however additionally in developed countries. SMEs characterize the spine of Myanmar's economy, comprising ninety nine percentage of all groups and between 50 to ninety five percentages of complete employment. The state-of-the-art agreement will see JICA approve 15 billion yen (US\$143 million) really worth of loans as phase of the JICA SME Two-Step Loan program. This application was once installed with the aid of JICA SMEs in 2015 with the goal of supporting SMEs in Myanmar. Through the program, groups can follow for a mortgage of up to five hundred million kyat (US\$381,000) to buy machinery, construct factories, or to make different capital investments. Under the phrases of the agreement, eighty percentage of the mortgage have to be used for investments in fixed/capital belongings and the last 20 percentage for working capital. Eligible companies will want to exhibit a legitimate enterprise license in addition to submitting an income and loss stability sheet for the preceding three years and their future enterprise plans for the utilization of the loan. The mortgage can be paid over a length of one to 5 years and by means of monthly, quarterly, or annual payments, depending on the nature of the commercial enterprise and the applicant's' income. The baseline activity charge is set at 5.5 percentage per annum. JIAC SME is the lower interest rate in Myanmar and very convenience for small and medium enterprises.

In least-developed countries (LDCs), their role is considered even more important, since they offer the only realistic prospects to increase employment and value added. Many LDCs provide employment opportunities for the majority of population who live under the poverty line, so SMEs contribute not only economic but also social benefits by reducing crime rate and alleviating poverty.

1.1 Rationale of the Study

The SME Loan is a tailor-made made lending facility that is on hand to agencies for assembly working capital desires and to reap commercial enterprise goals. It is statically confirmed that SMEs performs a main position in economic system which can make a contribution in enhancing GDP in creating countries. Regardless of the significance of the SMEs position in economy, it is now not deniable that there are challenges in SME loans the place get entry to financing was once ranked as the primary assignment that forestall SMEs increase and development. (International Finance Corporation, 2013). According to a survey achieved via World Bank (World Bank, 2013), findings published that get entry to

finance by using SME's used to be ranked at the pinnacle as the important mission that hinders SME's increase and development. (Ongolo, 2013), SMEs debts to extra than 74% of the range of men and women employed in the u. s. Per yr. and they additionally make a contribution to extra than 18.4% of the country's GDP. Financing frameworks are extraordinarily in quick provide in CLMV economies. As a result, SMEs face inadequacy of funding sources even even though their contribution to country wide economies is very incredible nearly each lookup on SMEs suggests financing as one of the pinnacle issues this zone is facing. Such financing hassle retards SMEs competitiveness and similarly development.

SMEs in Myanmar are no longer exempted from this situation. Myanmar has its very own distinct financing problems, such as tight collateral requirement (only actual estate), trouble of mortgage quantity primarily based on appraised fee of collateral property (up to 50 percent), unavailability of long-term loans from the banks, and lack of worldwide funding corporations that furnish economic help to SMEs. Unfriendly and time-consuming strategies to manner mortgage purposes that are strictly managed through financial authorities and failure to undertake bendy and current credit score evaluation techniques and strategies come from the furnish side. Other systemic and institutional issues, such as macroeconomic administration and well-defined lending infrastructures, additionally have an effect on the capacity to finance SMEs in these countries. SMEs proprietors in Myanmar have to be counted on their non-public savings, dollars from relatives, and income from operation to amplify and improve their businesses. The measurement of enterprise growth is confined up to the extent of their reachable money from non-public sources. Or, they have to flip to casual sources of financing from backyard cash lenders. Consequently, SMEs pay greater prices of interest, which locations them below strain and leads to excessive failure rate. That is the purpose why financing things for SMEs in Myanmar. Financing troubles of Myanmar SMEs are alternatively a complex problem that has been in existence for a lengthy time now, in each demand aspect and grant side. These are additionally associated to the macroeconomic fundamentals of the use and influenced by using the degree of lending infrastructure in the country. Some of SMEs proprietor in Myanmar have relationship with financial institution however they don't apprehend about mortgage method and process. Some of the SMEs proprietor are additionally humans who choose to get a financial institution mortgage however are a ways away from banks and do no longer apprehend the bank's manner very well. The commercial enterprise of size, ability and Qualification of Business proprietors are appropriate for acquiring loans for SMEs, however enterprise plans and monetary transparency to gain loans are inadequate. Many SMEs proprietor in Myanmar

are doing commercial enterprise in accordance to usual way and are unable to alternate their records and commercial enterprise plans in accordance to the times. These elements are additionally the most important elements that prolong getting get right of entry to finance from a banks.

The above-mentioned factors are a barrier for businessmen in Myanmar to obtain SMEs loans. These factors also play a major role in obtaining loans in Myanmar. The fundamental cause of this thesis is to perceive which elements are influencing for monetary get admission to SMEs towards personal industrial banks

1.2 Objective of the Study

The objectives of the study are –

1. To identify the factors influencing financial access of SMEs toward private commercial banks.
2. To examine the effect of factors influencing on the financial access of SMEs

1.3 Scope and Method of the Study

This learn about focuses on aspect influencing economic get admission to of SMEs towards personal industrial Banks. Both main and secondary are used for this study. Primary records sources are descriptive questionnaires which are self – administered and completion type. Secondary statistics are received literature assessment and to gather samples, the secondary statistics was once gathered from reviews and tips of SME, IMB, GIZ, World Bank and JICA and from reference textbooks, applicable articles, journals, preceding lookup papers and net websites. Currently, there are eleven banks that acquire SME loans in Myanmar, out of which three massive banks will be chosen and surveyed. The goal populace 30% of the SME with the aid of doing pattern random sampling and questionnaires with 5 -point likert scale. This lookup is engaged to 200 SMEs proprietor in Yangon division which are involved to get monetary get right of entry to from three large non-public industrial banks. These SMEs proprietor are working from agricultural sector.

This study aims to identify which factor influencing for SMEs owner in Myanmar to get financial access from Private Commercial Banks.

1.4 Organization of the Study

There are five chapters in this study. Chapter (1) includes the introduction, rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter (2) describes the theoretical background and literature review of the study in which applicable theory and conceptual framework are explained. Chapter (3) overviews the background information of banks and SMEs in Myanmar. Chapter (4) analyzes the collecting data on the influencing factors of financial access by SMEs towards private commercial banks and Chapter (5) is concluded with the findings and discussions, suggestions and recommendations, and needs for further study.

CHAPTER II

THEORETICAL BACKGROUND

This chapter describes theoretical background of the study and it consists of the definition of banks, SMEs, Access to Finance. It includes about SMEs and its businesses and factors influencing by SMEs towards access to finance. The study is guided by the main research question “what are the factor influencing of financial access toward private commercial bank.

2.1 The Definition of SMEs

Definitions of SMEs are exclusive amongst the countries, both as a frequent indicator, such as variety of employees, or in the kinds of indications used, such as turnover and capital investment. Together with the variety of employees, the frequent standards are property or capital and revenue, which is the definition being income or turnover. Many economies set SME definition is with two criteria, one is worker range and the different is being belongings or capital and revenue. According to (General, 2013), in United Kingdom SMEs are described as agencies that have less than 250 personnel and annual income of much less than £50 million. Malaysia considers manufacturing companies to be SMEs with the employees fewer than 200 or income of much less than RM50 million (about \$12 million). There may additionally be specific standards for one-of-a-kind sectors. The People Republic of China (PRC) has 15 zone definitions, Japan has 4, and Singapore has 1. Some authorities companies inside the identical use may additionally use one of a kind definitions. (Phoo, 2019)

Figure (2.1) IFC’s Definitions and Loan Size Proxies for Micro, Small, and Medium-size Enterprises.

INDICATOR / SIZE OF THE ENTERPRISE	MICRO ENTERPRISE	SMALL ENTERPRISE	MEDIUM-SIZE ENTERPRISE
Number of Employees	< 10	10 < 50	50 – 300
Total assets	< \$100,000	\$100,000 < \$3 million	\$3 million < \$15 million
Annual assets	< \$100,000	\$100,000 < \$3 million	\$3million < \$15 million
MSME Loan size proxy	< \$10,000	\$10,000- \$100,000	\$100,000-\$1 or \$23 Million

Source: IFC open-source study (International Finance Corporation, 2015)

Under the Small and Medium Enterprises Development law (April 2015) in Myanmar, the Central Committee of Small and Medium Enterprises was established, and this Central Committee is responsible for drawing up policies for developing small and medium enterprises and providing SMEs guidance for obtaining technical and financial support through domestic and foreign organizations. Small and median enterprise development law defines as follows;

Figure 2.2 Definition of Small Enterprises

Sector	No. of employee	Capital	Tunover
Manufacturing	Up to 50	Up to 500 Million MMK	
Labour Intensive	Up to 300	Up to 500 Million MMK	
Whole Sale	Up to 30		Up to 100 Million MMK
Retail	Up to 30		Up to 50 Million MMK
Service	Up to 30		Up to 100 Million MMK
Other	Up to 30		Up to 50 Million MMK

Source: Small and Medium Enterprise Development Law (2015)

Figure (2.3) Definition of Medium Enterprises

Sector	No. of employee	Capital	Tunover
Manufacturing	More than 50 & up to 600	More than 500 Million & MMK & up to 1 billion MMK	
Labour Intensive	More than 300 & up to 600	More than 500 Million & MMK & up to 1 billion MMK	
Whole Sale	More than 30 & up to 60		More than 100 Million MMK & up to 300 million MMK
Retail	More than 30 & up to 60		More than 50 Million MMK & up to 100 million MMK
Service	More than 30 & up to 100		More than 100 Million MMK & up to 200 million MMK
Other	More than 30 & up to 60		More than 50 Million MMK & up to 100 million MMK

Source: Small and Medium Enterprise Development Law (2015)

2.1.1 Role of SMEs in World

In any nation, SMEs play very essential position in its monetary activities. They characterize over ninety percentage of agencies and account for 50 percentage to 60 percentage of employment in the world. In least-developed international locations (LDCs), their position is regarded even greater important, due to the fact that they provide the solely practical potentialities to amplify employment and price added.. (N.Suzuki, 2001)

SMEs make a contribution to employment boom at a greater charge than large companies (around 50 percentage to 70 percentage in growing countries, seventy two percentage in Japan, and sixty six percentage in EU). The non-public area specially SMEs, structure the spine of a market financial system and, in the long-term, can also furnish most of the employment in the transition economies.(Nabil.Y.Barakat, 2001) Cited the position of SMEs in the economic system of a kingdom as follows:

“All over the world, there is ample evidence that SMEs play an important role in the national economic development of any country. The achievement of Taiwan is a good example of the role that SMEs play in a nation’s economy with limited resources. Over the last decade, Taiwan has established itself as a world-class supplier for a wide range of electronic hardware products. SMEs in Taiwan have been at the heart of this impressive success. In 1993, SMEs accounted for 96 percent of the total number of companies, 69 percent of total employment and 55 percent of Taiwan’s manufacturing exports. Most of Taiwan’s current 400 electronic companies started as small businesses. They also provide the majority of entrepreneurship in any economy.”

(Ayyagari, 2003) reviewed the contribution made via SMEs to economies in seventy six countries, located a relationship between the contribution that SMEs supply to GDP and country wide income. They published that fifty one percentage of GDP used to be produced through SMEs in high-income countries, 39 percentage in medium-income countries, and solely sixteen percentage in low-income countries.

2.1.2 Role of SMEs

SMEs signify over ninety two percentage of complete commercial enterprise organizations and account for ninety nine percentage of the complete range of corporations in the personal manufacturing sector. Thus, a find out about on SMEs additionally skill a find out about on groups in the personal sector. The learn about of SMEs in Myanmar can discover corporations and the operational and economic difficulties confronted through the most important part of the personal area groups surroundings in Myanmar.According to the professional information launched with the

aid of the Ministry of Industrial (1) in 2004, there had been 43,435 registered companies in Myanmar, of which small enterprises (between 10 and 50 workers) accounted for 78 percent; medium enterprises (between fifty one and a hundred workers), 14.6 percent; and large enterprises (above one hundred workers), 7.4 percent. Thus, the blended SMEs represented 92.6 percentage of whole registered enterprises. This statistic additionally indicates that SMEs contributed eighty percentage of employment, sixty nine percentage of output, and sixty eight percentage of funding fee in the country. In 2004, there have been 18 industrial zones in Myanmar, with a complete of 8,794 industries (nearly 22 percentage of the complete registered industries) and 142,601 employees. This range reached to 21 industrial zones during the use of a at the give up of 2006, with a whole of 9,915 industrial enterprises. As of 2006, about 150,000 personnel labored in these zones. (Ministry of Information, 2007)

Industrial zones in Myanmar are made up of 57.48 percentage small enterprises, 25.24 percentage and medium enterprises, and 17.28 percentage giant enterprises. Thus, the blended whole of SMEs represents 82.72 percentage of the complete wide variety of companies in all of the industrial zones in Myanmar.

2.1.3 Problems and Constraints of SMEs

SMEs have restrained get entry to to finance because of lack of creditworthiness in the records which is usually unpublished (Monteiro, 2003). According to a find out about carried out via (Mira, 2013) in their learn about on challenges facing accessibility of deposit facilities among female owned corporations in Nairobi central commercial enterprise the find out about revealed that lack of information accessibility, inadequate talent and understanding level, lack of collaterals required and socio-cultural roles had a superb relationship on access to finance. (Mazanai, 2012) asserts that start-up SMEs are extra probable to be affected with the aid of informational asymmetry problems. SMEs face main challenges in getting access to less expensive finance, ordinarily due to the fact of the uneven data trouble between suppliers and demanders of dollars and the excessive transaction costs. In Myanmar, issues in infrastructure (weak transportation and telecommunications systems, vulnerable drainage and sewage systems, and constrained space), scarcity in spare components and uncooked materials, low degree of technology, inadequate machines and equipment, lack of capital, and scarcity in overseas forex are additionally noted as economic barriers. (Yin, Survey of Selected Manufacturing Firms in Myanmar, 1999) Moreover, susceptible infrastructure (particularly electricity shortage), lack of formal

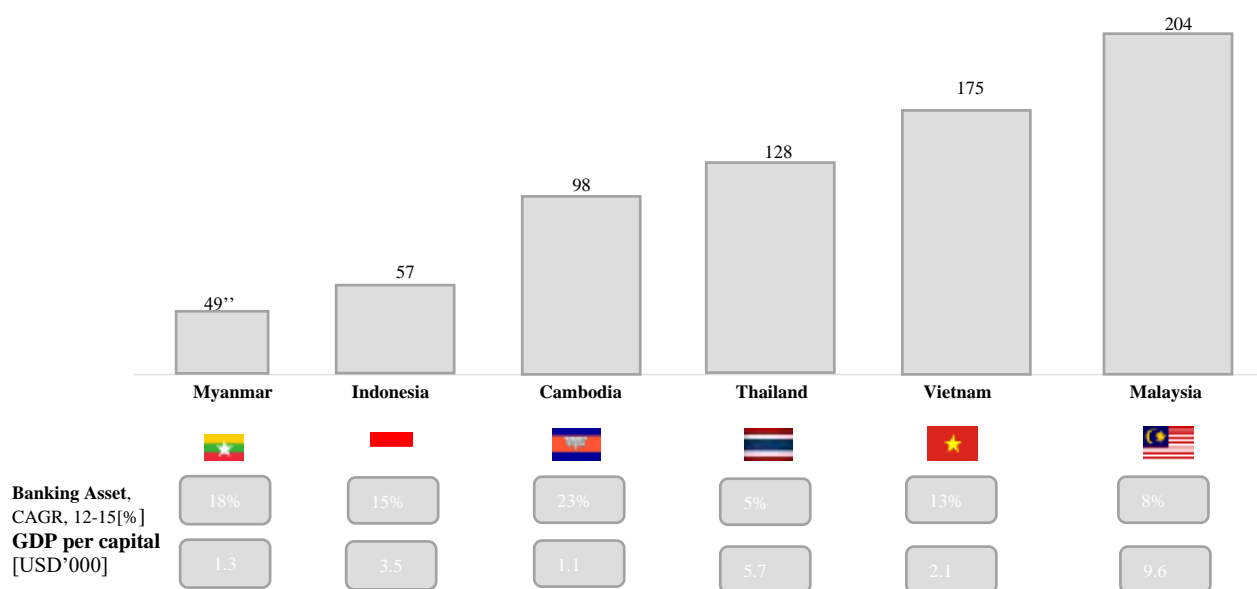
financing sources, lack of education and science advancement, out of date machineries and different equipment, bad product understanding and market development, lack of inter-firm linkages, and closely reliance on imported materials. These are the principal boundaries to SME development. Financing issues of Myanmar SMEs are alternatively a elaborate difficulty that has been in existence for a lengthy time now, in each demand facet and furnish side. These are additionally associated to the macroeconomic fundamentals of the use and influenced by way of the degree of lending infrastructure in the country. A survey carried out on 167 corporations positioned in Yangon and Mandalay in 2003 expose the restricted get entry to formal financing sources (only eight proprietors borrowed from state-owned banks and 22 proprietors from personal banks). Inability to get admission to formal zone financing is one of the constraints of personal area corporations in Myanmar (Kudo, Stunted and Distorted Industrialization in Myanmar, 2005) A survey carried out on the corporations placed in 5 industrial zones in the Yangon Area suggests that out of 182 pattern industries, solely seventy eight companies availed of financial institution loans (Kudo, Industrial Development in Yangon; The Case of Hlaing Tharyar & South Dagon Industrial Zones, 2002). The difficulties in financing worried excessive pastime charge and solely mortgaged non-permanent loans had been available. A comparable survey on chosen industrial zones in Yangon performed by using the writer in May 2007 additionally suggests that, from the 164 companies surveyed, 87 corporations stated that they did no longer avail of financing from outdoor sources. There is a face mission hassle and constrain of SME in Myanmar. In phrases of ranking, scarcity in electricity grant and insufficient financing from formal region pinnacle the list.

2.2 Role of the Banks in SME development

A bank is a financial institution that is licensed to accept checking and savings deposits and make loans. Bank also provides related services such as individual retirement accounts, certificates of deposits (CDs), currency exchange and safe deposit boxes.

There are two types of banks: commercial/retail banks and investment banks. In most countries, banks are regulated by the national government or central bank.

Figure (2.4) Banking-Assets-to-GDP Ratio (2015)



Source: Myanmar Banking Sector 2025: The Way Forward

Compared to other ASEAN countries, the contribution of Myanmar's banking sector to the economy is limited. Myanmar's banking-assets-to-GDP ratio of 49% is the lowest among ASEAN peers. However, starting from a very low base, Myanmar's banking sector is one of the fastest growing in the region, a fact highlighted by an asset growth rate of 18% over three years compared to approximately 10% in Vietnam. In addition to pure asset growth, factors such as low financial inclusion, with 30 million or 77% of the population remaining unbanked (without an account with a financial institution) and only 2% holding debit cards, underline the need and the potential for catch-up and growth. (Berger, Myanmar Banking Sector 2025: The Way Forward, 2016)

2.3 Access to Finance and SMEs

SMEs characterize over 92 percentage of complete commercial enterprise corporations and bills for 99 percentage of the complete wide variety of companies in the non-public manufacturing sector. Thus, a learn about on SMEs additionally skill a learn about on agencies in the non-public sector. The learn about of SMEs in Myanmar can discover groups and the operational and economic difficulties confronted with the aid of the important phase of the personal quarter companies' surroundings in Myanmar.

Small and medium companies (SMEs) share the largest section in Myanmar economic system in phrases of number, contribution to employment, output, and investment. Myanmar financial increase is for that reason completely based on the improvement of SMEs in the non-public sector. Today, the position of SMEs has emerged as greater critical in strengthening country wide aggressive benefit and the rapid financial integration into the ASEAN region. However, previous studies show that SMEs have to deal with a number of constraints that hinder their development potential, such as the shortage in power supply, unavailability of long-term credit from external sources and many others. Among them, the financing problem of SMEs is one of the biggest constraints. Such is deeply rooted in demand and supply issues, macroeconomic fundamentals, and lending infrastructure of the country. The government's policy towards SMEs could also lead to insufficient support for the SMEs.

Thus, focusing on SMEs and private sector development as a viable strategy for industrialization and economic development of the country is a fundamental requirement for SME development. This study recommends policies for stabilizing macroeconomic fundamentals, improving lending infrastructures of the country and improving demand- and supply-side conditions from the SMEs financing perspective in order to provide a more accessible financing for SMEs and to contribute in the overall development of SMEs in Myanmar thereby to sharpen national competitive advantage in the age of speedy economic integration.

Lack of steady definition, laws, and specific applications to finance SMEs are some of the obstacles to SME financing. (Bhd, 2005) Indeed, the SME financing trouble arises from each supply- and demand-side factors. Information asymmetry, which has been created via constrained know-how of finance and accounting, terrible tune record, and insufficient ability to put together complete and attainable commercial enterprise plans are demand-side issues coming from SMEs. These can be viewed as demand-side problems.

According to (Canton, 2012) , SME's faces a challenge accessing finance from banks due to lack of sufficient information required by the bank, and transparency hence

affecting their growth and survival. (Allen, 2012) SMEs globally are experiencing difficulty accessing finance this is because access to finance has become costly and their accessibility has drastically declined. (Zhou, 2015) In china private firms especially small firms, rely heavily on informal loans, trade credit, and internal finance. (Rambo, 2013) Brazil, Argentina, Chile, Uruguay, and Mexico have put in place strategies to support and encourage SMEs to access finance. In Europe Union countries, these strategies are protected by specific acts of SME's; in India the government develops a Micro and SME Development Act. Whereas, in Malaysia SME master plan was devoted and in USA Small Business Act (Charbonneau, 2013).

There may additionally be a lengthy listing of troubles or challenges for SMEs in ASEAN countries: bad infrastructure, greater price of substances and inputs, out of date technology, inadequate R&D, stiff competition, restricted knowledge, bad administration abilities of proprietors or managers, and insufficient financing support.

Access to formal zone financing tops the list. SMEs in ASEAN international locations closely matter on inside dollars and dollars from casual area for startup and development. But the felony and regulatory frameworks of many ASEAN nations are insufficient to furnish the proper infrastructure to facilitate SME lending from the formal sector. The lending infrastructures, such as safety for creditors, enforcement of contract and collateral rights, regulations dissolving business disputes and arbitration, and business laws, are now not comprehensive. This is compounded by way of strict prudential guidelines by way of financial authorities, inflexibility and unfriendly lending guidelines of business banks, and unduly complicated administrative procedure.

2.3.1 Current State of SMEs Financing

At present, the most customary and reachable shape of financing for SME proprietors is alternate credit score from suppliers, in particular from these in the equal line of business. In the buying and selling of rice, wheat, beans, and pluses, as nicely as in the distribution of customer items from manufactures to wholesalers and from wholesalers to retailers, the exercise of paying money down price is very rare. In customer items distribution, shoppers pay in money solely in the course of 2d transport of the products. In some cases, this 2nd shipping can be prolonged up to one month. In the equal vein, producers who distribute their merchandise on credit score time period additionally buy uncooked substances on deposit from their suppliers.

The common savings time period is one month in most businesses, however in some businesses, it can be longer. Businessmen in the equal line of commercial enterprise pretty be aware of every different so commercial enterprise transactions are completed with

the aid of mutual believe barring formal archives on receiving and turning in items and money payments. This exercise can even be determined in corporations the place the extent of transaction and the quantity of cash circulated is hefty, such as is bean and plus trading, gold and gemstones trading, etc.

From the point of view of banks, lending to SMEs is too risky. This is due to the fact of their bitter trip in the previous on giving loans to SMEs. According to a financial institution supervisor from the Myanmar Economic Bank (MEB), which is the greatest state-owned banks, made on hand a enormous quantity for loans to SMEs around 1996 when the personal area used to be in a growth the first time. At that time, banks did now not have adequate journey in offering loans to personal zone and had been no longer acquainted with lending techniques. Also, the policies by using the central financial institution have been rather satisfied at that time. Borrowing from banks even grew to become into a enterprise possibility between businessmen who desired to borrow and freelance retailers who had connections with the banks. This scenario resulted in many human beings arbitrarily putting up corporations solely with the intention of obtaining loans from banks.

Business proprietors may want to without problems get admission to financial institution loans with the assist of freelance sellers and via presenting their lands and structures as collaterals, even although they did no longer recognize something about banking procedures. The agent would solely make minor restore works on the exteriors of a collateral constructing to intentionally create a appreciation that the constructing used to be extra precious than its proper value. He or she would then take pics of the building, fill out the mortgage software form, and put up it to the banks with different fundamental documents. The owners, as nicely as the dealers themselves, had no intention to pay each the main and activity of their financial institution loans. Their goal was once solely to get a financial institution mortgage as an awful lot as feasible on the collateral property whose real cost was once very low.

Because of the aforementioned difficulties, the formal supply of financing is now no greater on hand to most of SMEs in Myanmar. The authorities gives no one of a kind financing software for SMEs at present, even although there was once a syndicated mortgage software to make specific loans to the organizations in industrial zones. It used to be no longer as profitable as predicted due to complex mortgage utility strategies and many enterprise proprietors did now not be aware of about this program. There is no association for factoring, stock financing, export and import financing, leasing and special-purpose cars on financing schemes for the personal area and in particular for SMEs. Even as banks would choose to provide mortgage offerings in such areas, the central financial institution does now not permit

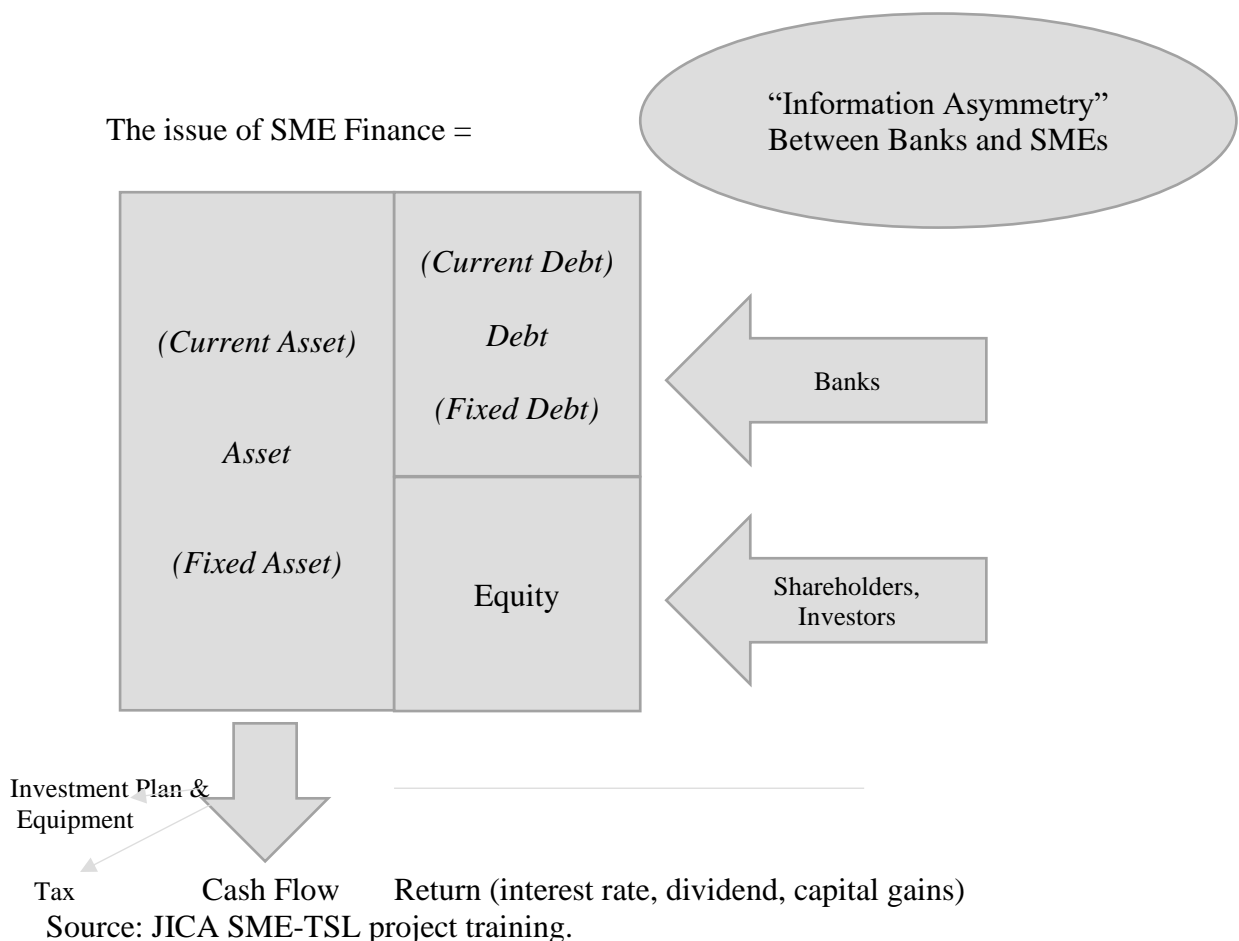
them to do so, in accordance to the current guidelines and regulations. Only two potential types of lending techniques—trade credit score and collateral-based (asset-based financing)—are adopted in the existing setup of SME financing in Myanmar.

2.3.2 Information Asymmetry between Banks and SMEs

Working capital refers to a firm’s momentary belongings or cutting-edge belongings indispensable for the day-today clean jogging of the firm. The money waft of SMEs can be affected with the aid of overcapitalization and overtrading. Overcapitalization takes place the place the SME has immoderate stocks, debtors, and money stability and very few creditors. Overcapitalization lowers price of return on investments for SMEs. Overtrading takes place when an SME does a great deal extent of alternate too shortly with little long-term capital.

Adequate administration of money go with the flow through SMEs is consequently key for the survival of SMEs in any growing economy. To get to recognize the true economic steadiness and money drift for the SMEs are very challenging prompted the unsuccessful on the deposit decision.

Figure 2.5 Information Asymmetry in Financing SMEs

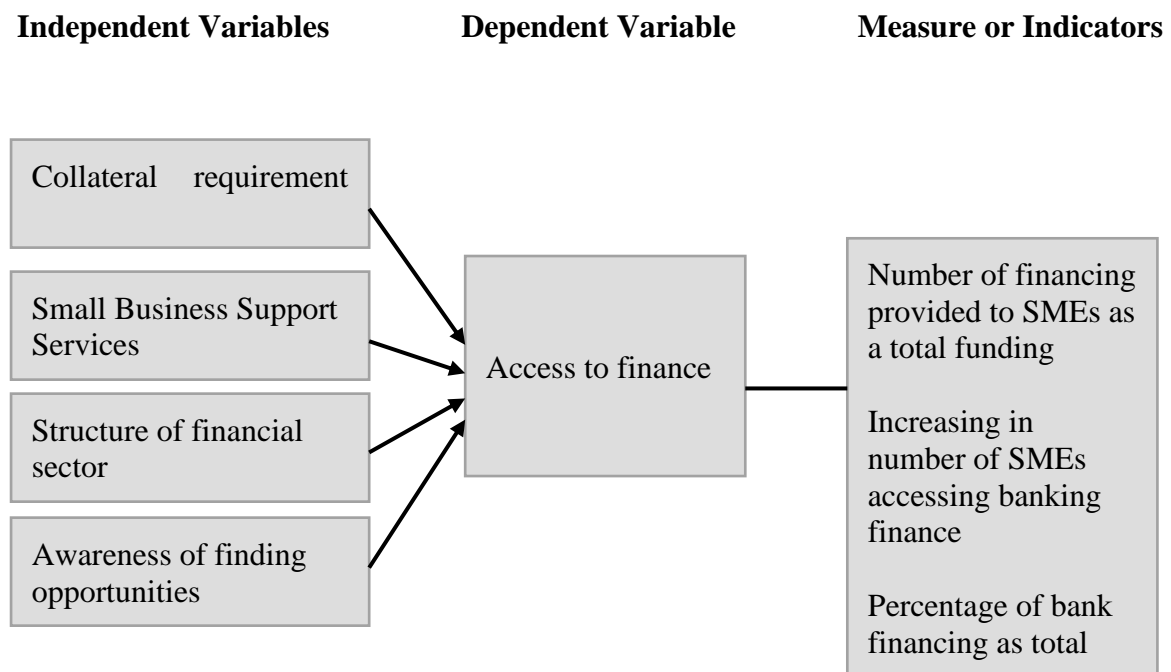


2.4 Previous Research of the Studies

The conceptual framework of the research is developed according to the facts that were needed when the SMEs owners applied for SME loan from the commercial banks to get access to finance as shown in Figure (2.6).

The conceptual framework of the research shows how banks decide to give financial access to SMEs and what factors are important to get access to finance by SME owners from private commercial banks. As per information asymmetry between banks and SMEs, the banks need reliable information from SME owner and also the SME owners have to know the real requirements to get the access to loan or finance from the commercial banks. The framework is based upon the real-world practice of credit assessment while SMEs owner applied for a SME loan from the commercial banks. The framework has been modified into quantitative research to find out the influencing factors of financial access by SMEs towards private commercial banks.

Figure (2.6) Factor influencing Access to Finance by SMEs in Mozambique



Source: Osano and Languitone, Journal of Innovation and Entrepreneurship (2016)

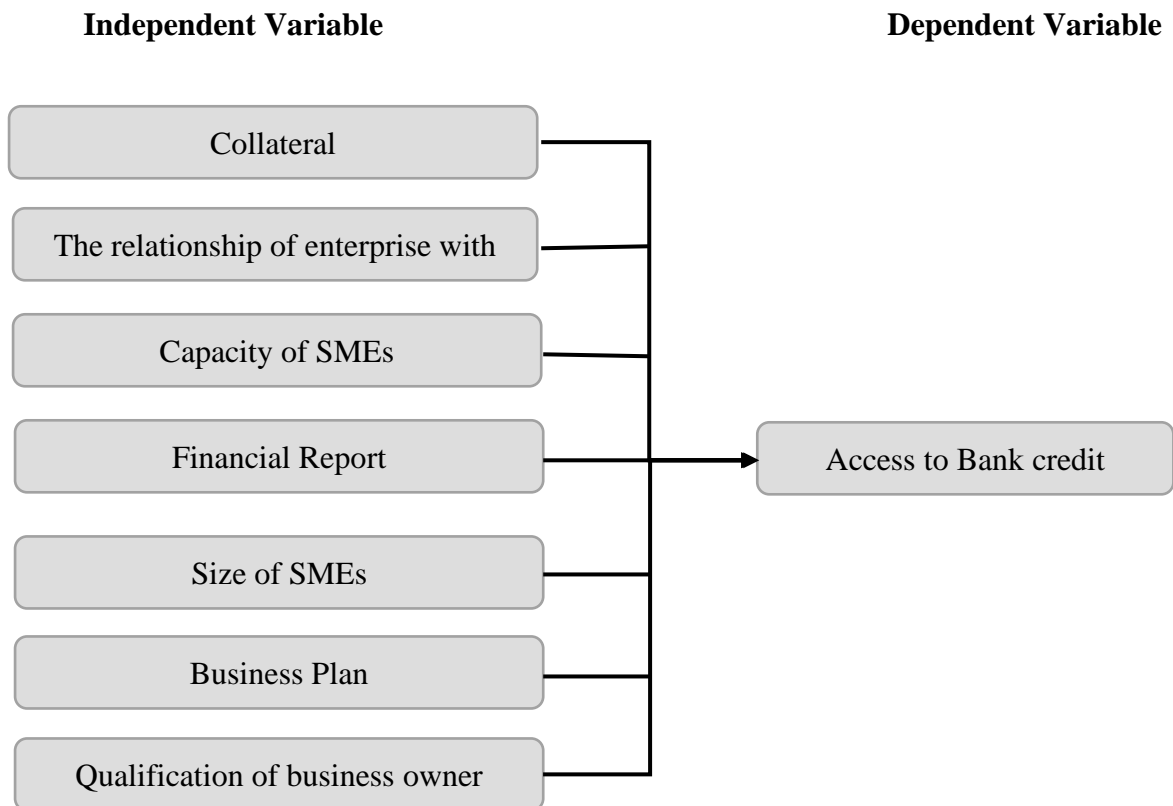
SMEs play an important role in the economic development of Mozambique in Maputo central business district. Access to finance is important for the growth of SMEs. Thus, the purpose of the study was to establish the factors that influence access to finance by SMEs. The factors that were addressed included structure of financial sector, awareness of funding opportunities, collateral requirements, and small business support services. The target

population was 2725 which comprised of 2075 staff of three Banks, namely BIM Bank, BCI Bank, and Standard Bank and 650 SMEs in Maputo Central Business District. The research focused on a sample size of 242 SMEs and 324 staff of the named Banks. Descriptive and inferential research design was used. Structured questionnaires were used to collect the primary data. The findings from the study were that there is a relationship between the structure of the financial sector and access to finance by SMEs; there is a relationship between awareness of funding and access to finance by SMEs; there is a relationship between collateral requirements and access to finance by SMEs; and there is a relationship between small business support and access to finance by SMEs. The study findings are significant since they would enable the government to come up with appropriate regulation, funding programs, and schemes toward improvement of access to finance by SMEs. This study concludes that small business support services should be provided to SMEs to improve access to finance and that there is a need for more funding programs and financial schemes to assist SMEs. It is further concluded that since information is concerned with funding opportunities by SMEs, then relevant information should be available and known to all players in the financial market.

The conceptual framework of the lookup is developed in accordance to the statistics that have been wished when the SMEs proprietors utilized for SME mortgage from the banks to get entry to finance as proven in Figure (2.7).

Thai Nguyen province is the middle of the Northeastern place with the main financial improvement charge in the region. In the length of 2013-2018, the get admission to of small and medium sized firms (SMEs) in Thai Nguyen province to financial institution credit score tended to make bigger in phrases of each range and quantity of the loan. However, solely 36.9% of organizations borrowed capital from banks (State Bank Branch in Thai Nguyen province, 2018) - This is a confined discern in contrast to demand. Conducting a survey of 300 SMEs in Thai Nguyen province with exploratory issue analysis, and a couple of regression, this paper pointed out the elements and their influence on get admission to capital financial institution deposit from groups such as: Collateral, monetary reports, enterprise plans. Moreover, the paper confirmed that medium-sized organizations have higher get right of entry to capital than small businesses; industrial enterprise's get admission to savings is higher than industrial businesses and agricultural enterprises.

Figure (2.7) Factors Affecting the Access to Bank Credit of SMEs in Northeastern Region, Vietnam.



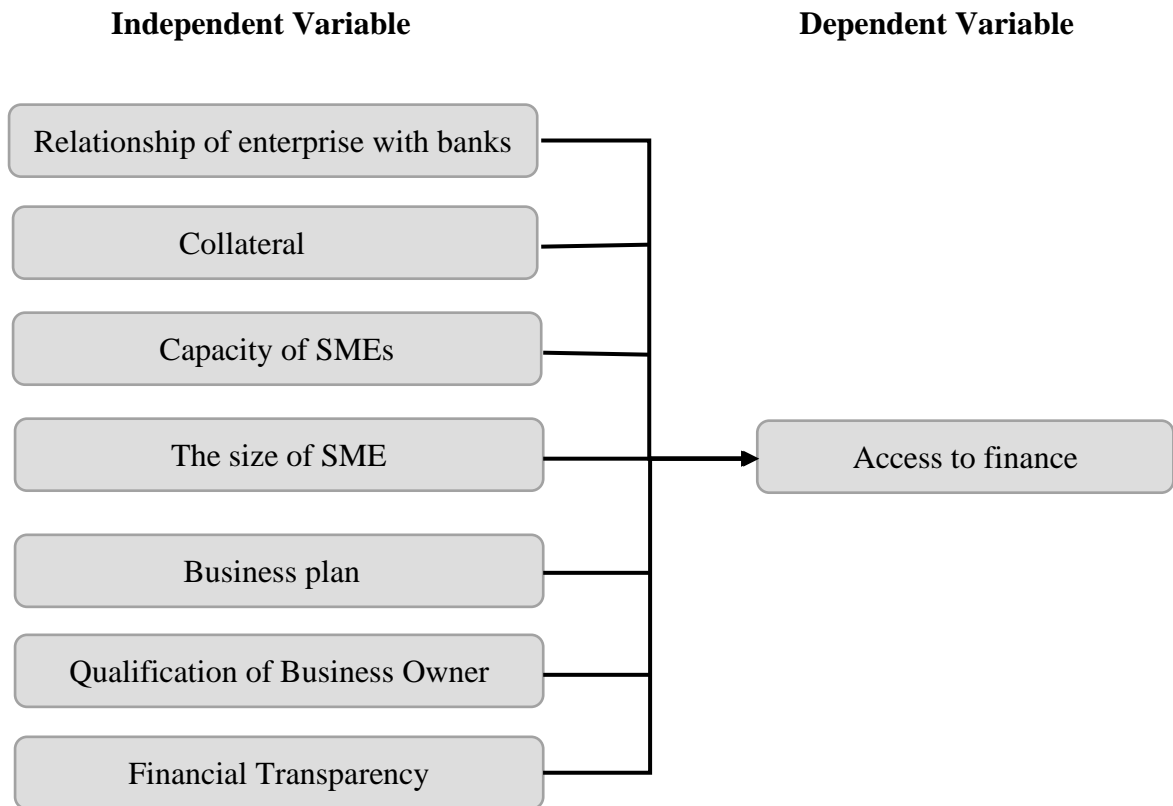
Sources: Ly Thi Hue & Phan Ouoc Doung, *Economic, Business* (2020)

2.3 Conceptual Framework of the Study

The conceptual framework of the research is developed according to the facts that were needed when the SMEs owners applied for SME loan from the private commercial banks to get access to finance as shown in Figure (2.8).

The conceptual framework of the research shows how private commercial banks decide to give financial access to SMEs and what factors are important to get access to finance by SME owners from private commercial banks. As per information asymmetry between banks and SMEs, the banks need reliable information from SME owner and also the SME owners have to know the real requirements to get the access to loan or finance from the commercial banks. The framework is based upon the real-world practice of credit assessment while SMEs owner applied for a SME loan from the commercial banks. The framework has been modified into quantitative research to find out the factor influencing financial access by SMEs towards private commercial banks.

Figure (2.8) Conceptual Framework of the Study



Sources: Own Compilation

The conceptual Framework of the study is to analyze the factors influencing financial access of SMEs towards private commercial banks in Yangon region. There are many influencing factors to get financing from the private commercial banks by SMEs and these factors are important in growth and development of the SMEs. In this study, the seven influencing factors are selected namely relationship of enterprise with bank, collateral, capacity of SMEs, size of SME, business plan of SMEs, qualification of SME owner and financial transparency. When applying for a loan in private commercial banks, these independent variables are mainly measured, and they are factors to be considered as an important part in deciding to lend a loan. That is why these factors are used in the main conceptual framework. The objectives of the study are to examine the factor influencing of financial access toward private commercial bank and to analyze the effect of factor influencing on the financial access of SMEs.

Chapter III

Background Information of Banks and SMEs in Myanmar

This chapter presented banking sector in Myanmar with the situation of SME in Myanmar. It consists of definition of SMEs, current SMEs status in Myanmar and identify the factors influencing financial asset of SMEs from private commercial banks.

3.1 Banking Sector in Myanmar

Over the closing 4 years, the Myanmar banking zone has viewed property develop through about 22 percentage annually, so that in March 2016, the banking zone had 42,357 billion kyat in property (or about US\$31.6 billions). This discern comes to about fifty five percentage of GDP, with home banks managing over ninety five percentage of these assets. (Thomas Foerch et al., 2016) Much of the sector's increase has been pushed with the aid of home privately owned banks, whose personal stability sheets have multiplied by using over 1,000 percentage seeing that 2010. In a high-quality development, the share of belongings managed with the aid of privately owned and semi-private banks now surpasses these managed via basically state-owned institutions. In early 2016, privately owned banks held about fifty two percentage of banking assets, in contrast to round forty eight percentage held via state-owned banks. (Berger, Myanmar Banking Sector: Way Forward 2025, 2016)

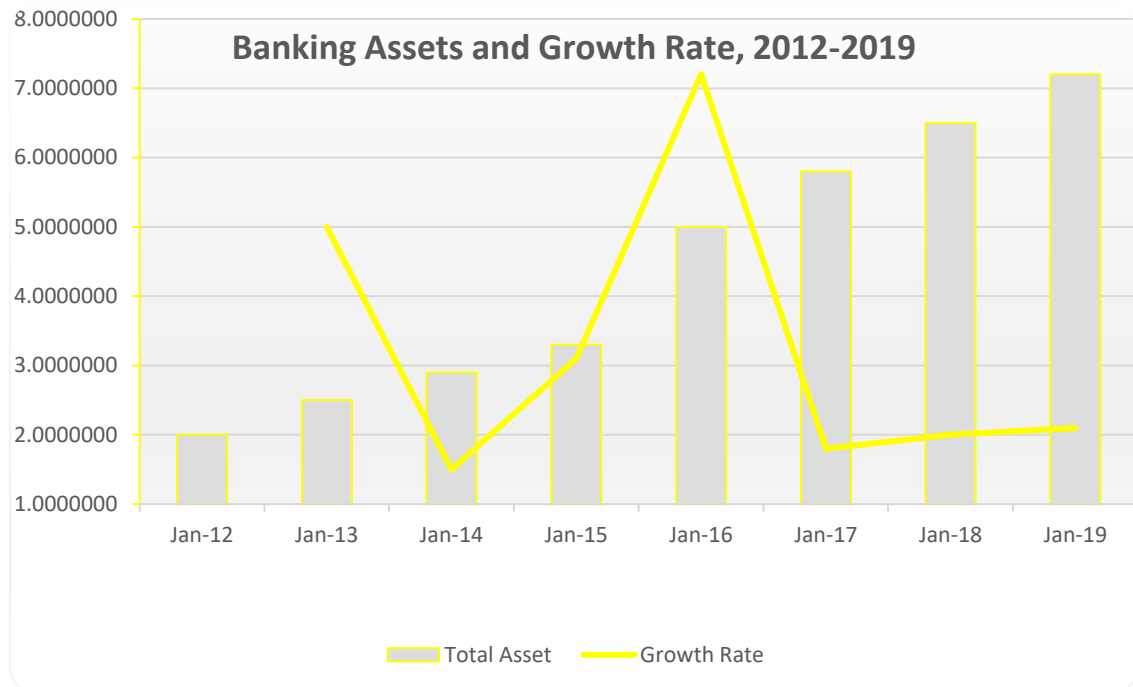
Privately owned banks, moreover, have a lot large mortgage books than these managed by means of their state-owned counterparts. In early 2016, loans comprised an estimated sixty one percentage of belongings held via privately owned banks, in contrast to 15 percentage of belongings for state-owned banks. (Berger, Myanmar Banking Sector: Way Forward 2025, 2016)

Private Banks accounted for roughly 55% of whole financial institution assets, 66% of deposits and 82% of loans, reflecting their robust boom in current years. The market share of SOBs has lowered sharply over the previous years. In phrases of assets, it fell from 60% at the quit of fiscal yr 2015 to 44% in 2016 and solely 34% as of December 2017.

Asset attention in the personal banking region is high. In the FY 2018/19, the three biggest banks held nearly two thirds of complete non-public banks' assets, whilst the pinnacle six virtually made up the complete market. In mild of this situation, Myanmar would possibly be regarded overbanked due to the fact of the massive variety of small personal banks; in contrast, the use has a low fee of economic inclusion with 74% of the populace un-banked in 2019. Banks are pretty cantered in Yangon and Mandalay the place most groups are located.

Total loans of personal banks amounted to 24.42 trillion MMK in December 2019. Between December 2012 and December 2019, the quantity expanded about eightfold. With 27%, the buying and selling region money owed for the greatest share of loans, accompanied by means of development (19%) and offerings (17%); agriculture (2%) and housing (1%) make up the rear of the growth.

Fig 2.9 Total Banking Assets and Growth Rate, 2012-2019



Source: CBM Quarterly Financial Bulletin 2019 Volume IV, 2017 volume IV 2016 volume II

3.2 Current SME status in Myanmar

The small and medium agency (SME) zone is the spine of the Myanmar financial system and an essential using pressure at the back of the country’s latest monetary development. Registered small and medium enterprises accounted for 80% of whole registered industrial firms in November 2019, and in March 2020, there had been 75,452 SMEs listed at the SME Development Agency below the Industrial Supervision and Inspection Department of the Ministry of Planning, Finance and Industry.

SME improvement has been the top-priority trouble for the Myanmar Government. As the fast monetary boom is gaining momentum in Myanmar, funding wishes for capital funding by way of SMEs have been increasing. However, the provide of medium/long-term funding via banks has been extraordinarily constrained as a terrible legacy of the strict guidelines on mortgage phrases by means of the central bank, which was once blissful solely recently. As a result, many SMEs have to matter on their very own funding sources for capital investment. For

SMEs to goal for stabilized and Expansive enterprise administration with medium/long-term perspective, it is indispensable to extend the grant of medium/long-term loans made by using economic institutions.

While the Myanmar authorities acknowledges the significance of SMEs for the countrywide financial system and helps the improvement of the sector, for occasion through facilitating get right of entry to new applied sciences and finance in cooperation with global organizations, SMEs nonetheless face difficulties to acquire formal financing. The complete SME mortgage quantity of all SOBs and personal banks in Myanmar was once about 30 billion MMK in December 2017 and elevated to over 1,000 billion MMK in December 2019. Although a great development in SME lending is found, it solely makes up 4.21% of the whole mortgage portfolio of the Myanmar Banking sector. (GIZ, 2020)

3.3 Definition of SMEs in Myanmar

Small and medium corporations (SMEs) are determined through the wide variety of worker and or revenues they have. To be regarded a small and medium enterprise, these two determinants should fall beneath a positive trendy held by using the respective country. Different nations have various requirements to qualify for this identification.

While the current definition of Industry Law covers solely small and medium industries (SMI) underneath the supervision of MOI, the new definition is designed to cowl more than a few sectors along with service, buying and selling and tourism (hotel and restaurant) underneath MOC, Ministry of Hotel and Tourism or some different ministries. Details of definition of every quarter are modified to healthy higher to the modern-day financial situation.

3.4 The Factor Influencing Financial Access of SMEs toward Private Commercial Banks in Myanmar

Collateral-based lending has been a decades-long exercise in the Myanmar banking sector. The mortgage quantity is based totally on the forced-sale-value of the collateral. Without a formal land title, however, getting a financial institution mortgage is very difficult, which impedes get admission to finance mainly for smaller enterprises. Even even though the CBM has inspired banks to practice new lending practices and described a unfold for unsecured lending, modern-day SME finance is nevertheless predominantly a new chapter for home banks.

Due to the lengthy culture in collateral-based lending, the transition to hazard and money lending. Credit body of workers wants to be geared up with a new set of abilities such as a deep perception of extraordinary commercial enterprise models, commercial enterprise cycles, money glide pattern, and related dangers of the commercial enterprise and wishes of the

patron as properly as savings evaluation skills. A massive funding in human sources is necessary. In addition, there is a want for greater state-of-the-art products. Moreover, deposit selection making has to be changed. While the savings choice procedure in modern-day SME lending is on the whole decentralized, the present approach in Myanmar requires nearly all functions to go thru high-level deposit committees.

Despite apparent challenges the possibilities of a mostly untapped SME finance market are luring. Some monetary establishments have ventured into SME financing in the expectation of greater earnings margins. For example, YOMA Bank designed an extensive vary of merchandise for SMEs and some are presented digitally. The evolvement of digital finance has the doable to make banks enhance their SME services, especially in phrases of mortgage processing time and credit score evaluation methods.

Regulatory encouragement from the CBM and technical help to the banking sector, however, will now not suffice to make a sizeable enchantment to SME financing in Myanmar. The capacities and abilities of SMEs additionally want to be improved. Many entrepreneurs lack monetary literacy and administration competencies and consequently can't furnish the files required by way of the banks in the method of savings appraisals, which is one of the foremost bottlenecks in getting credit.

As SMEs themselves hardly ever apprehend how to excellent put together monetary statements, they have to pay chartered public accountants (CPA) to meet the banks' mortgage requirements. However, the reliability of financial statements organized with the aid of CPAs is additionally a problem. Thus, this strategy places and more burden on SMEs besides making sure mortgage approval. Therefore, banks may additionally have to locate new approaches to avail the required enterprise data. For instance, they should set up sturdy IT structures to analyze already accessible enterprise facts and boost industry-wide fashionable facts units to be utilized for quicker mortgage decisions. Alternatively to or in conjunction with a standardized records approach, banks can also additionally gain from strengthening their personnel capacities to habits on-site and off-site commercial enterprise assessments.

3.5 Financial Access of SME Loan from Private Commercial Banks

Although it is nevertheless hard for SMEs to get entry to bank loans, there are extra financing possibilities these days, in particular via the assist of global organizations. The Japanese authorities' business enterprise JICA, for example, has supplied concessional refinance

to Myanmar to enforce its Two-Step-Loan (TSL) scheme due to the fact 2015. TSL debtors spend 80% of the mortgage quantity on constant capital investments and may additionally use the last 20% for working capital. In the first segment extra than fifty seven billion MMK had been disbursed to 269 neighborhood SMEs. In the 2nd phase, beginning in 2018, JICA has dedicated over 143 billion MMK to MEB. which on-lends to eleven chosen associate banks: MCB, KBZ, MEB, CB, AYA, FPB, UAB, SMEDB, MOB, MAB and NDB are eligible to disburse loans to SMEs at 8.5% annual activity fee sixty one . In August 2020, the 1/3 tranche of loans amounting to 15 Billion yen (190 billion MMK) used to be formally permitted by way of the Parliament. Since the CBM decreased the reference pastime fee to 5% p.a. at some point of March and April 2020, the hobby fee of JICA's TSL was once additionally decreased to 5.5% p.a. (JICA, 2015)

CHAPTER IV

ANALYSIS OF FACTORS INFLUENCING FINANCIAL ACCESS OF SMEs TOWARDS PRIVATE COMMERCIAL BANKS

In this chapter, it presents the analysis of the collected information of factors influencing of financial access by SMEs towards private commercial banks in Yangon Division. Study starts with the demographic profiles of the SMEs owners took part in responding the questions. Study also analyzes the collected information of respondents' agreeable on that of the factors influencing of financial access by SMEs towards private commercial banks

4.1 Research Design

This study tries to explore the factors influencing of financial access by SMEs towards private commercial banks in Yangon region. There are four main research studies: and this study uses descriptive type of research study. Data is mainly based on the primary data collection. The population is scoping SMEs owners in Yangon region. Study limited only at three big commercial banks of Yangon region. For the known size of population, Tayo Yamane simple size calculation method was used and 200 SMEs Owners were targeted as sample size. Survey questionnaire was developed and these questionnaires were transformed into Google survey and form. This is the tool of data collection among respondents, and survey form links were distributed through social media link. This was the major data collection method. The completed 200 answers were collected. Respondents' demographic profiles were analyzed by the use of descriptive research method and the collected demographic information was presented at total frequency, percentage, pie chart, and bar graphs. Descriptive research also explains in the statements of access to financial variables into mean values and standard deviation values. In that, five-point Likert Scale was applied and respondents have to rate their options by ranging from 1 is being totally disagree to 5 is being strongly or totally agree to each statement composed in each factor. For rating method, this type of study was both qualitative and quantitative research study. To explore the effect of one variable to another variable, statistical calculation method was conducted by the use of SPSS 22 Statistical calculation software. By the use of Pearson Correlation analysis, it can explain the relationship between each factor in the independent variables of (factors affecting the financial access of SMEs) and the dependent variable (Access to finance). Multiple regression analysis of the statistical tool explains detail effect of each factor on the customer satisfaction on that premium customer services.

4.2 Demographic Characteristics

Demographic information is the analysis of respondents' social information to realize their ability to respond to the survey questions and to make sure appropriate proportions of mature people were involved in the study. It is a preliminary step in the study of social sciences in general. It includes analysis of the gender composition, age range, marital status, highest education level, and analysis of the types of other bank services shown in the tables with the respondents' frequency and percentage proportions, as follows. Table (4.2) shows the analysis of the respondents from total 200 SMEs owners in demographics

Table (4.1) Analysis of the demographics of respondents

Gender	Frequency	Percentage (%)
Male	107	53
Female	93	47
Total	200	100
What is your age range?		
16 - 25 years	20	10
26 - 30 years	46	23
31 – 39 years	86	43
40 years - above	48	24
Total	200	100
What is your marital status?		
Single	96	48
Married	88	44
Widowed	4	2
Divorced	12	6
Total	200	100

Source: Survey Data, 2022

According to Table (4.1), study finds out the composition of males is 103 while female is 94. In term of percent male composed with 53% and female is with 47%, with the most participants. In Age demographics, 20 out of a total respondent are in the age range of 16 - 25 years, 46 out of a total respondent are in the age range of 26 - 30 years, 86 are in the age range of 31 - 39 years, and 48 are 40 years and above age level. In term of percent, 67% of respondents are in the age above 31 years old. The result of the analysis of the marital status show that 96 out of a total respondent are unmarried people, while 88 are married people and 4 are widowed and

12 are divorced. In term of percentage, unmarried people composed with 48% and married people composed with 44%.

4.3 Reliability Statistics

There is the reason to test the reliability statistics analysis. Survey involves gathering different pieces of evidence for interpreting the test scores in a particular way. It is referred to as the “reliability” of a test.

Table (4.2) Reliability Test of the Overall Constructed Variables

No.	Construct Reliability	Number of items	Cronbach's Alpha
1	Relationship	5	0.746
2	Collateral	5	0.769
3	Capacity	5	0.796
4	Size	5	0.763
5	Business	5	0.743
6	Qualification	5	0.887
7	Financial	5	0.769
8	Access to Finance	5	0.788

According to the Table (4.2), by achieving consistent results of a study would be a test to be reliable. By ranging from 0 to 1, the reliability values are closer to 1 indicating higher internal consistency or higher reliability. A generally acceptable value is 0.7 or higher Cronbach' alpha value. The statistical analysis shows the overall Cronbach' alpha value of .995 for all together 8 items. This study aims to measure the influencing factors of financial access by SMEs towards private commercial banks. It is higher than 0.9, and thus the composition of the items is said to be highly consistency in the variables.

4.4 Descriptive Analysis on the Factors Influencing Financial Access by SMEs

In this section, it is the descriptive analysis of the influencing factors of financial access by SMEs toward private commercial banks from the SME owner's respondents of three big commercial banks. Respondents have to answer their agreeable options in the extent of influencing factors of financial access by the use of five-point Likert scale measurement ranging from 1 is being totally disagree, 2 is disagree, 3 is neutral, 4 is agree, and 5 is strongly agree to each statement of the influencing factors of financial access. The interpretation of the average

mean score are 1.00 to 1.80 is very low, 1.81 to 2.60 is low, 2.61 to 3.20 is medium, 3.21 to 4.2 is high and 4.21 to 5.00 is very high.

The respondents have to range on the selected factors which are relationship of enterprise with the bank, collateral, and the capacity of SMEs, the size of SMEs, Business plan of SMEs, Qualification of SME owner, and financial transparency of the enterprise.

4.4.1 Relationship of Enterprise with the Bank

The first analysis of influencing factors financial access of SMEs is the relationship of enterprise with the bank factor. There are five constructed characteristics related to relationship of enterprise with the bank. Table (4.3) is the result from the descriptive analysis of the relationship of enterprise with the bank.

Table (4.3) SME Owners Perception of the Relationship of Enterprise with the Bank

Sr.	Relationship of enterprise with the bank	Mean	St. Dev.
1	I am a bank client of the commercial bank	4.26	1.062
2	Currently using banking products of a commercial Bank.	3.96	0.600
3	I have a good communication with a commercial bank	3.94	0.639
4	I have trust in the service and reliability of a Private Commercial Bank?	3.95	0.468
5	I can get information about financing from a bank easily	3.98	0.687
	Overall mean	4.01	

The overall mean value of 4.01 for relationship of enterprise with the bank is received a very high mean value, indicating that majority of respondents agree with relationship of enterprise with the bank is an important factor for the financial access of SMEs towards commercial banks.

Given that high overall mean, it is obvious that 4.26 indicate that respondents believe that they have to be a client of the bank to be able to access SME financing. Followed by the second highest mean, it is shown that information about financing are easily accessible to the clients.

From the analysis, most of the respondents are either client of the bank and information are easily accessible, they do not have the best communication with the commercial banks which is very unfortunate. This indicates that not having good communication with the

commercial bank may impact on the access to SME financing which can hinder for those respondents' business operation smoothly.

4.4.2 Collateral

The second analysis of the influencing factors of financial access of SMEs towards private commercial bank is the collateral factor. Total five statements are constructed to ask the respondents. Table (4.4) explains the result from the analysis of SME owners rating collateral requirement from private commercial banks as follows;

Table (4.4) SME Owners Perception of the Collateral

Sr.	Collateral	Mean	St. Dev.
1	Requiring collateral before issuing a loan by bank	3.66	0.697
2	I have been denied loan application due to lack of Collateral	3.83	0.673
3	Creditworthy information Influencing on access to Finance.	4.03	0.622
4	Influences on types of collateral on access to financing	3.69	0.629
5	Receiving adequate information from the bank Regarding requirements on collateral.	4.04	0.898
	Overall mean	3.85	

According to Table (4.4), the overall mean value of 3.85 is high for collateral factor is indicating the majority of respondents agree with the statement of collateral as important factor for access to finance from a private commercial bank.

From the result of the survey, respondents are very clear and well informed about the importance of the collateral and credit worthiness of it to be able to get SME loans from the bank. However, respondents may not very clear about the details requirements on the force sale value of their collaterals which can be a gap on defining the loan size of SME from banks between clients.

4.4.3 The Capacity of SMEs

The third analysis of the factors influencing financial access of SMEs towards private commercial bank is the capacity of SMEs factor. Total five statements are constructed to ask the respondents. Table (4.8) explains the result from the analysis of SME owners rating capacity of SMEs as follows.

Table (4.5) SME Owners Perception of Capacity of SMEs

Sr.	Capacity of SMEs	Mean	St. Dev.
1	Having high quota compared to other SMEs by business.	3.86	.653
2	Having full capacity of employees by business	4.04	.620
3	Being able to distribute goods to different other regions.	3.90	.777
4	Having capacity to fulfil customer needs	3.74	.540
5	Having clear goal and direction	3.90	.564
	Overall mean	3.88	

Source: Survey data, 2022

According to Table (4.5), the overall mean value of 3.88 is for capacity of SMEs is indicating the majority of respondents agree with that statement of capacity of SME as important one in the influencing factors of financial access by SMEs.

On the analysis of capacity of SMEs, highest mean value 4.04 shows that majority of the SME owner's business are run by skillful employees followed by second highest volume 3.90 which shows that their business have good logistics arrangements and business goals or strategies. However, looking at the lowest mean value 3.74, these business owners may have weakness in doing survey or understanding and adapting customer need to fulfill the end user's satisfaction.

4.4.4 The Size of SMEs

The fourth analysis of the factors influencing financial access of SMEs towards private commercial bank is the size of SMEs factor. Total Four statements are constructed to ask the respondents. Table (4.6) explains the result from the analysis of SME owners rating size of SMEs as an important factor for influencing factors of financial access as follows.

Table (4.6) SME Owners Perception of Size of SMEs

Sr.	Capacity of SMEs	Mean	St. Dev.
1	Size of SMEs impact financing from outside.	3.74	.604
2	Having enough capital related to the size of Business.	4.20	.682
3	Having enough number of employees in business	3.87	.607
4	Sustaining turnover every year.	3.89	.717
	Overall mean	3.93	

According to Table (4.6), the overall mean value of 3.93 for size of SMEs is indicating the majority of respondents agree with that statement of size of SMEs as important one in the influencing factors of financial access by SMEs.

On this survey, highest mean value 4.20 shows that SME business should have enough capital to run the business smoothly according to small and medium enterprise law. Lowest mean value 3.74 indicates that even though business size may be small, they can get a great SME loan if their business is doing well regardless of the size of business.

4.4.5 Business Plan of SMEs

The fifth analysis of the factors influencing financial access of SMEs towards private commercial bank is the business plan of SMEs factor. Total five statements are constructed to ask the respondents. Table (4.7) explains the result from the analysis of SME owners rating business plan of SMEs as an important factor for influencing factors of financial access as follows.

Table (4.7) SME Owners Perception of Business Plan of SMEs

Sr.	Business plan of SMEs	Mean	St. Dev.
1	Having strong plan and concise Business plan	3.62	.748
2	Being able to get SME loan from a commercial bank by choosing the right loan type?	3.67	.739
3	Being able to get more SME loan than expected by submitting the good business plan	3.63	.726
4	Having a good business plan is essential for access to the Finance from a commercial bank?	3.71	.663
5	Having a well-organized business plan for future development	3.62	.748
	Overall mean	3.65	

According to Table (4.7), the overall mean value of 3.65 for business plan of SMEs is indicating the majority of respondents agree with that statement of business plan of SMEs as important one in the influencing factors of financial access by SMEs.

On this survey, it can be assumed that all of the respondents understand the vital role of the business plan on access SME loan and future growth of their business. According the bank perspective, having a good business plan is assured for getting SME loans so that it will be easier to get approval when such business owners apply for SME from commercial bank.

4.4.6 Qualifications of SME owner

The sixth analysis of the factors influencing of financial access by SMEs towards private commercial bank is the qualification of SME owner factor. Total 4 statements are constructed to ask the respondents. Table (4.8) explains the result from the analysis of SME owners rating qualification of SME owners as an important factor for influencing factors of financial access as follows.

Table (4.8) Analysis of Qualification of SME Owner

Sr.	Qualification of SME owner	Mean	St. Dev.
1	Having a degree or certificate is an assistance to get financing from outside	3.71	.787
2	Having appropriate years of experience in the industry to get access to finance	3.68	.707
3	The higher the management quality of SME owner, the easier to get the loan	3.80	.703
4	Having appropriate skills of owner to assume to get a loan	3.74	.719
	Overall mean	3.73	

According to Table (4.8), the overall mean value of 3.80 for qualification of SME owner is indicating the majority of respondents agree with that statement of qualification of SME owner as important one in the influencing factors of financial access by SMEs.

On this survey, highest mean value of 3.80 and 3.74 indicate that respondents believe their management quality and skills in handling their business are most important factors in getting a loan from the bank. However, their experience and having academic education is not as important in accessing loans as indicated by the lowest volume of 3.71 and 3.68 respectively.

4.4.7 Financial Transparency

The seventh analysis of the factors influencing of financial access by SMEs towards private commercial bank is the financial transparency factor. Total 5 statements are constructed to ask the respondents. Table (4.9) explains the result from the analysis of SME owners rating financial transparency as an important factor for influencing factors of financial access as follows:

Table (4.9) SME Owners Perception of Financial Transparency

Sr.	Fianancial Transparency	Mean	St. Dev.
1	Having clear accounting procedure to get finance	3.80	.694
2	Having a good audit system need for your business?	3.86	.512
3	Having a proper profit and loss accounts yearly helps in getting finance from a commercial bank?	3.98	.609
4	Having a good accounting system for financial Transparency?	3.80	.663
5	Requiring yearly financial record to declare and summit to Government Revenue Office	3.80	.694
	Overall mean	3.85	

According to Table (4.9), the overall mean value of 3.85 for financial transparency is indicating the majority of respondents agree with that statement of financials transparency as important one in the influencing factors of financial access by SMEs.

On this survey, majority of the SME owners understood the importance of the financial statements since it is a mandatory and fundamental requirement in accessing loans from the bank which is interpreted by highest volume of 3.98. Being second highest volume of 3.86, respondents are aware of the audit system and procedure importance as well. Lowest volume on this part of survey 3.80 are the areas of having the accounting system at a bank or in their business and submission of financial records to the government officials.

Table (4.10) SME Owners Perception of Access to Finance

Sr.	Access to Finance	Mean	St. Dev
1	Being difficult for apply to get SME loan from bank	3.80	.665
2	Getting access to finance is a major barrier for business to grow	3.90	.657
3	Being able to have informal financial access other than SME loan	3.62	.959
4	Having confidence that I could easily get finance from commercial bank.	3.83	.699
5	Having complexity in getting SME loan from a private commercial bank	3.83	.720
	Overall mean	3.80	

Source: Survey data, 2022

According to Table (4.10), the overall mean value of 3.8 is the higher mean value which is fallen in the agree range of 3.4 to 4.2. This is indicating the most of the participants of respondents agree with access to finance on that of influencing factors for SMEs to get access to financing from private commercial banks.

The highest mean value of 3.90 is for access to finance indicating respondents strongly agree with the getting access to finance is a major barrier for SME to grow and this is the major issue for the SMEs to survive and getting development for their businesses.

Table (4.11) Overall Mean Value

No.	Factor	Mean Value
1	Relationship of enterprise with the bank	4.01
2	Collateral	3.85
3	Capacity of SMEs	3.88
4	Size of SMEs	3.93
5	Business plan of SMEs	3.65
6	Qualification of SME owner	3.73
7	Financial Transparency	3.85
8	Access to Finance	3.80

Source: Survey data, 2022

4.5 Correlational Analysis between influencing factors of financial access and access to finance from private commercial banks

Tables (4.12) explain the correlation coefficient output table resulted from the use of Pearson Correlation analysis by the SPSS 22. It explains the correlation between each influencing dimension and access to finance especially from private commercial banks.

Table (4.12) Correlational Analysis between Influencing Factors of Financial Access and Access to Finance from Private Commercial Banks

Factor	Coefficient of Correlation	Sig. (2-tailed)	Mean	N	Comment on relation
Access to finance	1	.000	3.800	200	Perfect correlation
Relationship of enterprise with bank	.973**	.000	4.018	200	Strongly and positively correlation
Collateral	.969**	.000	3.88	200	Strongly and positively correlation
Capacity of SMEs	.966**	.000	3.850	200	Strongly and positively correlation
Size of SMEs	.904**	.000	3.930	200	Strongly and positively correlation
Business plan of SMEs	.969**	.000	3.650	200	Strongly and positively correlation
Qualification of business owner	.960**	.000	3.730	200	Strongly and positively correlation
Financial Transparency	.985**	.000	3.850	200	Strongly and positively correlation

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

Source: Survey data, 2022

The relationship between relationship of enterprise to the bank and access to finance is positive numbers and strong relationship by the values over 0.9. This means that the increase in relationship of enterprise to bank positively varies access to finance by 97.3%.

The relationship between collateral and access to finance is positive numbers and strong relationship by the values over 0.9. This means that the increase in collateral positively varies access to finance by 96.9%.

The relationship between capacity of SMEs and access to finance is positive numbers and strong relationship by the values over 0.9. This means that the increase in capacity of SMEs positively varies access to finance by 96.6%.

The relationship between size of SMEs and access to finance is positive numbers and strong relationship by the values over 0.9. This means that the increase in size of SMEs positively varies access to finance by 90.4 %.

The relationship between business plan of SMEs and access to finance is positive numbers and strong relationship by the values over 0.9. This means that the increase in business plan of SMEs positively varies access to finance by 96.9 %.

The relationship between qualification of business owner and access to finance is positive numbers and strong relationship by the values over 0.9. This means that the increase in qualification of business owner positively varies access to finance by 96 %.

The relationship between financial transparency and access to finance is positive numbers and strong relationship by the values over 0.9. This means that the increase in financial transparency positively varies access to finance by 98.5 %.

4.6 Analysis of the Effect of Factors Influencing variables and Access to Finance from private commercial banks

Table (4.13) explains the effect of influencing factors variables and access to finance from private commercial banks in Yangon region. The first analysis is the analysis of the various (ANOVA), which is a statistical method that analyzes the influence of one or more independent variables (Influencing factors) on a dependent variable (Access to finance) of interest.

The DF (190:197) value is significant at 1% level ($F=1269.850$, $p<0.01$). This means the use of the research study model of the effect of influencing factors variables and access to finance from private commercial banks in Yangon region is valid. According to Salleh (2016), if R-squared (also known as coefficient of determination) value $0.5 < r < 0.7$, this value is generally considered a Moderate effect size, if R-squared value $r > 0.7$, this value is generally considered strong effect size. According to Salleh (2016), if R-squared (also known as coefficient of determination) value $0.5 < r < 0.7$, this value is generally considered a Moderate effect size, if R-squared value $r > 0.7$, this value is generally considered strong effect size.

Based on the Information in the following coefficients table, the R Square value 0.979 indicates the variation of relationship of enterprise to the bank, collateral, capacity of SMEs, Size of SMEs, Business plan of SME, Qualification of business owner, and financial transparency on the access to finance by 97.9%. The higher coefficient of determination value indicates strong variation of the influencing factors of financial access by SMEs towards access to finance from private commercial banks.

Table (4.13) Effect of Influencing Factors on Access to Finance

Model		Unstandardized Coefficients		Standardize Coefficient	t	Sig
		B	Std. Error	Beta		
1	(Constant)	.031	.144		.212	.832
	Relationship_with_Bank	-.036	.096	-.041	-.378	.706
	Collateral	.214***	.066	.219	3.219	.002
	Capacity_of_SME	.282***	.081	.296	3.483	.001
	Size_of_SME	.040	.063	.042	.631	.529
	Business_Plan	-.165*	.090	-.162	-1.837	.068
	Qulification_of_Owner	.406***	.083	.412	4.887	.000
	Financial_Transparency	.238**	.108	.242	2.205	.029

Source: Survey data, 2022

The coefficient values of collateral is positive and strongly correlated values and it is significant at 5% level ($P < 0.05$). This means the 100% increase in collateral would increase 21.4 % on access to finance.

The coefficient values of capacity of SMEs is positive and strongly correlated values and it is significant at 5% level ($P < 0.05$). This means the 100% increase in collateral would increase 28.2 % on access to finance. The coefficient values of size of SMEs is negative and poorly correlated values; however, it is not a significant value at 5% level ($P > 0.05$).

The coefficient values of business plan of SME is positive and poorly correlated values; however, it is not a significant value at % level ($P > 0.05$). The coefficient values of qualification of owner is positive and strongly correlated values and it is significant at 1% level ($P < 0.01$). This means the 100% increase in qualification of owner would increase 40.6 % on access to finance. The coefficient values of financial transparency is positive and strongly correlated values and it is significant at 5% level ($P < 0.05$). This means the 100% increase in financial transparency would increase 23.8 % on access to finance.

Under the observation of seven selected influencing factor dimensions, only four variables, namely collateral, capacity of SMEs, qualification of business owner and financial transparency, show significant variation in access to finance from private commercial banks.

The implication of the finding is that SME owners in Yangon region, stakeholders in SME industry and private commercial banks have a chance of understanding and identifying to promote access to finance by reviewing the influencing factors of financial access by SMEs to grow their businesses.

CHAPTER V

CONCLUSION

In this section, it is the conclusion part. It includes discussion of findings from the chapter four with recommendations and suggestions upon findings of the study. The last part is the implication of the study and the needs for further studies to extend the knowledge of issues and barriers in accessing finance from private commercial banks by SMEs in Myanmar to grow nation economy.

5.1 Findings & Discussions

Based on the findings of the demographic information, the survey explains that there are a greater number of male than female respondents. From the finding of the analysis of the respondents' age level, a greater number of respondents fall into the age range of 31 to 39 years. This means the majority of participants are in the maturity age required to explain the survey questions. In accordance with the analysis of the marital status of respondents, single people make up a greater number than married people. The higher numbers of single people are seen as free and, hence, are more likely to produce thorough answers to the survey questions.

To explain the effect of access to finance by the influencing factors of financial access by SMEs towards private commercial banks, the first analysis was the descriptive analysis of these influencing factors and access to finance by the use of Five-point Likert Scale measurement.

In the research findings, the respondents who were chosen from the SME owners in Yangon region, have to rate on the selected seven influencing factors. Based on the descriptive survey finding from the first dimension of the influencing factor is the relationship of enterprise with bank, survey includes five constructed characteristics. The result finding from the descriptive analysis is received a greater mean value. This higher mean value can be concluded that a majority of respondents agree with the relationship of enterprise with bank as an important element in the access to finance from private commercial banks. The highest mean value for relationship of enterprise with the bank is indicating that the SME owner must be a bank client of the commercial bank to get access to the financing from a private commercial bank. Another higher mean value for relationship of enterprise with bank indicates that SME owners can get information about financing from a commercial bank easily and closer to access

to the finance from the commercial bank. Thus, information about access to finance is a crucial element for SME owners for the financing.

In accordance with the research finding from the second descriptive research of second dimension of the influencing factor is the collateral, survey includes five constructed characteristics. The result finding from the descriptive analysis is received a greater mean value. This higher mean value can be concluded that a majority of respondents agree with the collateral as an important element in the access to finance from private commercial banks. The highest mean value for collateral factor indicating respondents agree with receiving adequate information from the bank regarding requirements on collateral is essential for the access to finance. This reflects that information asymmetry theory is still the backbone of the factor influencing on access to finance from a private commercial bank. The second higher mean value of 4.03 for collateral factor is indicating many respondents agree with creditworthy information influences access to finance. Thus, SME owners should give creditworthy information to get financing from the private commercial banks.

Based on the descriptive survey finding from the third dimension of the influencing factor is the capacity of SMEs, survey includes five constructed characteristics. The result finding from the descriptive analysis is received a greater mean value. This higher mean value can be concluded that a majority of respondents agree with the capacity of SMEs as an important element in the access to finance from private commercial banks. The highest mean value for capacity of SMEs is respondents strongly agree with SMEs should have skillful employees for capacity. The second higher mean value for capacity of SMEs is indicating respondents strongly agree with that SMEs should have clear goal and business direction for the future.

Based on the descriptive survey finding from the fourth dimension of the influencing factor is the size of SMEs, survey includes four constructed characteristics. The result finding from the descriptive analysis is received a greater mean value. This higher mean value can be concluded that a majority of respondents agree with the size of SMEs as an important element in the access to finance from private commercial banks. The highest mean value for size of SMEs is indicating respondents strongly agree with SMEs should have enough capital related to their sizes. Access to finance is easy when the SMEs have enough capital investments. The second higher mean value for size of SMEs is indicating respondents strongly agree with that SMEs should have sustained turnover every year to get financing from a private commercial bank.

In accordance with the research finding from the descriptive research of fifth dimension of the influencing factor is the business plan of SME, survey includes five constructed characteristics. The result finding from the descriptive analysis is received a greater mean value. This higher mean value can be concluded that a majority of respondents agree with the collateral as an important element in the access to finance from private commercial banks. The highest mean value of for business plan of SMEs is indicating respondents agree with SMEs having a good business plan is essential for access to the finance from a commercial bank. The second higher mean value for business plan of SMEs is indicating respondents strongly agree with that SMEs should choose right loan type for their business to get access to finance from a private commercial bank. The lowest mean value for business plan of SMEs is indicating the respondents agree with SMEs need to have a strong and concise business plan. Even the lowest mean value for business plan of SMEs is fallen in the higher mean value range of 3.4 to 4.2.

Based on the descriptive survey finding from the sixth dimension of the influencing factor is the qualification of SME owner, survey includes four constructed characteristics. The result finding from the descriptive analysis is received a greater mean value. This higher mean value can be concluded that a majority of respondents agree with the qualification of SME owner as an important element in the access to finance from private commercial banks. The highest mean value for qualification of SME owner is indicating respondents agree with the higher the management quality of SME owner, the easier to get the loan from a private commercial bank. The second higher mean value for qualification of SME owner is indicating respondents agree with that SME owner skills affects the assessment to get loan from a bank and private commercial banks consider the SME owners' ability and skills in credit assessment process to give loan to the SME.

Based on the descriptive study finding from the seventh dimension of the influencing factor is the financial transparency, survey includes five constructed characteristics. The result finding from the descriptive analysis is received a greater mean value. This higher mean value can be concluded that a majority of respondents agree with the financial transparency as an important element in the access to finance from private commercial banks. The highest mean value for financial transparency is indicating respondents agree with having a proper profit and loss accounts yearly helps in getting finance from a commercial bank. This is coincide with the statement of information asymmetry between SMEs and Banks. The second higher mean value for financial transparency is indicating respondents agree with that SME need to have a good

audit system in the enterprise and this is the one of the facts that is assessed by private commercial banks before giving out loan to the SMEs.

The access to finance by SMEs is also tested and resulted the higher mean value which is fallen in the agree range of 3.4 to 4.2. This is indicating the most of the participants of respondents agree with access to finance on that of influencing factors for SMEs to get access to financing from private commercial banks. The highest mean value for access to finance is indicating respondents strongly agree with the getting access to finance is a major barrier for SME to grow and this is the major issue for the SMEs to survive and getting development for their businesses.

For the testing the questions used to be reliable and consistent data construct, the higher coefficient value over 0.9, and thus the composition of the questions in each factor can be concluded as highly consistency in the variables. The result from the result of the statistical analysis by the use of Pearson correlation analysis between influencing factors of financial access and access to finance could be concluded as strongly and positively correlation between independent variables and dependent variable of access to finance, and their correlations are also significant to study between variables.

The detail analysis or the liner correlation analysis by the SPSS 22 software could be concluded that the use of study model is valid. The stronger R square value of 0.979 indicates the strong variation of the selected seven influencing factors is all the important for the access to finance by SMEs towards private commercial banks. Since the detail analysis by the linear regression observation of seven selected influencing factors, only four variables, namely collateral, capacity of SMEs, qualification of business owner and financial transparency, show significant variation in access to finance from private commercial banks.

Thus, this can be concluded that these four variables are the most influencing factors of financial access by SMEs towards private commercial banks in Yangon region.

5.2 Suggestions and Recommendations

The study finds out which types of influencing factors of financial access by SMEs needed to get access finance from private commercial banks. The selected seven influencing factors include the relationship of enterprise with bank, collateral, capacity of SMEs, size of SMEs, business plan of SME, qualification of SME owner, financial transparency.

Based on the descriptive survey finding from the first dimension of the influencing factor is the relationship of enterprise with bank, it is strongly recommended that if a SME

owner wants to get finance from loan, he or she would be the client of the bank and should have good communication about information from the bank about financial access from the private commercial banks

Based on the descriptive survey finding from the second factor of the influencing factor is collateral , it is strongly recommended that adequate information from the bank regarding requirements on collateral is essential for the access to finance. This reflects that information asymmetry theory is still the backbone of the factor influencing on access to finance from a private commercial bank and to avoid information asymmetry between banks and SMEs, banks and SME owners should have clear and concise mutual information exchange.

Based on the descriptive survey finding from the third dimension of the influencing factor is capacity of SMEs, it is strongly recommended that SMEs should have skillful employees for capacity. Having skillful employees could sustain the turnover and productivity of SMEs. And also, SMEs should have clear goal and business direction for the future. It is strongly recommended that SMEs should prepare the clear goal and directions before submitting for loan from private commercial banks

Based on the descriptive survey finding from the fourth dimension of the influencing factor is size of SMEs, it is strongly recommended that SMEs should have enough capital related to their sizes. Access to finance is easy when the SMEs have enough capital investments. This reflects that the higher the capital investments, the easier the chance to get financing from private commercial banks. It is also strongly recommend that SMEs should have sustained turnover every year to get financing from a private commercial bank.

Based on the descriptive survey finding from the fifth dimension of the influencing factor is business plan of SME, it is strongly recommended that SMEs should choose right loan type for their business to get access to finance from a private commercial bank. Choosing a right loan type helps a SME to get finance, to prepare for loan repayment and prevents the complication of non-performing loan to bank. This in turn reflects that information asymmetry should be avoided at all cost for both parties to get right loan type. It is also recommended that with SMEs need to have a strong and concise business plan before applying for financial access from private commercial banks.

Based on the descriptive survey finding from the sixth dimension of the influencing factor is qualification of SME owner, it is strongly recommended that the higher the management quality of SME owner, the easier to get the loan from a private commercial bank. SME owner should try to develop their management quality year after year to get easy access to finance from private commercial banks. It is also recommended that SME owner skills affects the assessment to get loan from a bank and private commercial banks consider the SME owners' ability and skills in credit assessment process to give loan to the SME.

Based on the descriptive survey finding from the seventh dimension of the influencing factor is financial transparency , it is strongly recommended that having a proper profit and loss accounts yearly helps in getting finance from a commercial bank. This is coincide with the statement of information asymmetry between SMEs and banks. SMEs should have profit and loss accounts year after year before applying a loan from a commercial bank. It is also recommended that SME need to have a good audit system in the enterprise and this is the one of the facts that is assessed by private commercial banks before giving out loan to the SMEs.

Based on the linear regression observation of seven selected influencing factors, only four variables, namely **collateral, capacity of SMEs, qualification of business owner and financial transparency**, showing significant variation in access to finance from private commercial banks, it is strongly recommended that SMEs should have a good understanding on collateral requirements, need to develop the capacity of SME by both in skillful employees and turnover , need to develop the management quality of the SME owner and need to have thorough and concise financial transparency to get access to finance from private commercial banks.

The implication of the finding is that SME owners in Yangon region, stakeholders in SME industry and private commercial banks have a chance of understanding and identifying to promote access to finance by reviewing the influencing factors of financial access by SMEs to grow their businesses

5.3 Needs for Further Studies

This study is limited on SME owners in having a relationship to 3 big private commercial banks. It does not cover all others private commercial banks in Myanmar. Study is undertaken only in Yangon region and no other banks are included apart from Yangon

region. Furthermore, the SME owners are not categorized and do not cover the all the SME owners all over Myanmar and also the selected influencing factors are limited to internal factors of SMEs rather than external factors. It is to extend the study on the SME owners in other part of the country to find out more on the other influencing factors of financial access by SMEs towards private commercial banks. By extending large number of SME owners as well as other private commercial banks, there would be more detail survey finding that can contribute to the previous studies of the influencing factors of financial access by SMEs. To prove more significant survey findings, there are the needs of further studies to extend to SME owners in other part of the country, other private commercial banks and need to explore more on external influencing factors than internal factors of SMEs Themselves.

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Factor Influencing Financial Access of SMEs towards Private Commercial Banks

Dear Sir / Madam,

The following question are intended to use in the research paper title “Influencing Factors of Financial Access by SMEs towards Private Commercial Banks”. Please express how far these practices and their outcomes are prevailing in your organization by indicating your level of agreement/ disagreement on a five-point scale.

The information provided by you will be used only for research paper to be submitted to Master of Banking and Finance, Yangon Institute of Economics and not for any commercial activity. Please spare a few minutes from your valuable schedule and share your true feelings. Confidentiality of the information provided will be ensured.

SECTION (A) DEMOGRAPHIC FACTORS

Please tick the most appropriate answer (✓)

1. Gender *

Mark only one oval.

Male

Female

2. Age *

Mark only one oval.

18-25 years

26-30 years

31-39 years

40 years and above

3. Marital Status *

Mark only one oval.

Single

Married

Divorced

Widowed

Dependent Variable: Access to Finance

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
4. DV Access to finance*					
Being difficult for apply to get SME loan from Bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Getting access to finance is a major barrier for SME to grow	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Any informal financial access other than SME loan?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Having confidence that can easily get finance from a Commercial bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Is getting SME loan from a Private commercial bank is Complex process?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section B: Independent Variables 1

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
IV 1. Relationship of Enterprise with Bank *					
I am a bank client of the commercial bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Currently using banking products of a commercial bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
I have a good communication with a commercial bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
I have trust in the Service and reliability of a Commercial bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
I can get information about financing from bank easily.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

		Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	
5.	IV 2. Collateral *						
	Banks require collateral before issuing a loan?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<hr/>							
6.	Being the lack of collateral denies for loan application	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	<hr/>						
	Creditworthy information influences access to Finance?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	<hr/>						
	Types of collaterals influences the access to financing from bank?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<hr/>							
	Receiving adequate information from the bank regarding requirements on collateral?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<hr/>							

		Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	
7	IV 3. Capacity of SMEs *						
	Does your business have high quota compared to other SMEs?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	<hr/>						
	Doing Business has full capacity of employees?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	<hr/>						
	Can distribute goods to different regions?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<hr/>							
	Having the business capacity to fulfil customer need?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<hr/>							
	Does business have clear goal and direction?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<hr/>							

7. **IV 4. Size of SMEs***

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
Size of SMEs impact financing from outside?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Does business have enough capital related to the size?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Does Business have enough number of employees?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Can your business Sustain turnover every year?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. **IV 5. Business Plan of SMEs***

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
Having the strong plan and concise business plan need?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Can get SME loan from a commercial bank by choosing the right loan type?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Can get more SME loan than expected if they can submit the good business plan?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Having a good business plan is essential for access to the finance from a commercial bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Having a well-organized business plan for future development?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. IV 6. Qualification of Business Owner *

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
Having a degree or Certificate is and assistance to get financing from outside	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Years of experience in the industry matter in access to finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
The higher the management quality of SME owner, the easier to get the loan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Having appropriate skills of owner to assume to get a loan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree

10. IV 7. Financial Transparency*

Business have clear Accounting Procedure to get finance?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Having a good audit system need for your business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Having a proper profit and loss accounts yearly helps in getting finance from a commercial bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Having a good accounting System for financial Transparency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					
Government revenue office to declare and submit need Yearly financial record	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<hr/>					