

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

DETERMINANTS OF SAVING BEHAVIOR OF MBF STUDENTS
AT YANGON UNIVERSITY OF ECONOMICS

SHWE ZIN TUN

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ACADEMIC YEAR (2018-2023)

Supervised by

Dr. Tin Tin Htwe
Professor and Head
Department of Commerce
Yangon University of Economics

Submitted by

Shwe Zin Tun
EMBF - 53
EMBF 7th Batch
2018 - 2023

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A Thesis submitted as a partial fulfillment of the requirements for
the degree of Executive Master of Banking and Finance (EMBF)

Supervised by

Dr. Tin Tin Htwe
Professor and Head
Department of Commerce
Yangon University of Economics

Submitted by

Shwe Zin Tun
EMBF - 53
EMBF 7th Batch
2018 – 2023

ACCEPTANCE

Accepted by the Board of Examiners of the Department of Commerce, Yangon University of Economics in partial fulfillment for the requirement of the Master Degree, Executive Master of Banking and Finance (EMBF).

BOARD OF EXAMINERS

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(Chairman)

Prof. Dr. Tin Tin Htwe

Rector

Yangon University of Economics

.....

(Supervisor)

Dr. Tin Tin Htwe

Professor & Head

Department of Commerce

Yangon University of Economics

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Department of Commerce

Yangon University of Economics

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(Examiner)

Dr. Aye Thanda Soe

Professor

Department of Commerce

Yangon University of Economics

.....

(Examiner)

Dr. May Su Myat Htway Aung

Professor

Department of Commerce

Yangon University of Economics

January, 2023

ABSTRACT

The objectives of the study are to analyze the determinants on saving behavior of MBF students and to examine the mediation effect of financial attitude on the relationship between financial literacy and saving behavior of them. Both primary and secondary data are applied to meet the objectives. The primary data has got from survey by using simple random sample method. Sample size represents 79% of the total MBF students who are currently study in YUE from 2018 to 2022. Secondary data are collected thesis from library, journals, research papers from internet and related information resources. The descriptive and multiple linear regression analysis methods are used. There are six independent variables namely family factor, peer factor, self-dominance, saving motive, trust in banks and financial literacy are determinants on saving behavior. Based on the results of multiple regression analysis which found that saving motive, trust in banks and financial literacy, family factor and peer factor have positively significant on saving behavior. In addition, among the six independent variables, saving motive is the greatest contribution to increase saving behavior of MBF students in YUE. Furthermore, the study reveals that financial attitude has no mediation effect on the relationship between financial literacy and saving behavior. Nowadays, the banking industries are facing a rapidly changing market, new technologies, economic uncertainties, increasing competition. As a consequence, policy makers should develop several strategies to influence whether and how individual sound saving decisions.

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CHAPTER 1

INTRODUCTION

Myanmar is a developing country in which there has been a continuous increase in the national saving rate since independence, even if with significant year on year variations. Saving is a part of the individual income while maintaining some part for the future when needed. Saving and spending is dependent on the ability and the willingness to save or spend (Katona, 1975).

The Harrod-Domar model stated the economic growth of a country is determined by three factors, namely saving ratio, the marginal efficiency of capital, and capital. High capital of savings will affect the level of investment (Harrod, 1939). Therefore, saving becomes an important part of macroeconomic policy. The economy of a country is running well or not, which can be seen from the level of savings and investment. From a micro perspective, saving is an activity that is encouraged to become a part of daily life, which is a positive way to handle unexpected family financial issues

Sabri & MacDonald (2010) explained that saving behavior refers to the method in which individuals set aside money for future use. Individuals who are able to save more, experience less financial stress and have a better quality of life. Those who consistently save money, both during comfortable and difficult times, are more likely to be financially secure in the future. Personal finance is a study on individual or a person's fund or money management. People need the personal-finance management in their lives as decisions made in early adulthood will impact a person's entire life, especially decisions that adversely affect credit and finances.

The act of setting aside money for future use, known as saving behavior, is crucial as it helps individuals prepare for unexpected events and plan for their future. Research has shown that those who consistently save money tend to have less financial stress and higher quality of life. Furthermore, the ability to save during both good and difficult times can greatly benefit an individual in the long-term. (Barnes et al., 2011), (Griskevicius et al., 2013). There is no shortage of information about money management these days. Even though there are a lot of books on how to manage money, yet many people still failed to manage their personal finance very well. Failure to manage personal financial

can bring to a serious, negative and long – term impact to the social and societal consequences. People who failed in managing their personal finance can lead to the financial problem when they do not have money to pay their debt and this will bring on a feeling of embarrassment, stress, guilt, and anger. Saving's decision is important for economic development.

Savings are different from income levels among people. Low-income families save on immediate expenses such as rent and holiday gifts, as compared with the longer timeframe of financial savings by way of high-income families for future expenditures which includes children's education and retirement expenses (McKean et al., 2005). In addition, like other countries in FY2019/20, the Covid-19 pandemic has severely affected the growth of Myanmar economy. Even though several relaxations in the banking regulations have been made to ease the impact of the pandemic on both businesses and bank, the low-income households and micro, small and medium enterprises (MSMEs) were still largely impacted by this pandemic. Therefore, Workers are facing financial stress as their expenses for necessities such as food, energy, and healthcare are rising, and their incomes are not enough to cover these costs, let alone save for the future. To avoid financial difficulties, they need to adopt good saving habits before they find themselves in a difficult budget situation.

Savings should be a habit, and the first step is always difficult. That is because of low wages, and the proportion of the population in the informal sector and the poor performance of the economy and higher unemployment rate. According to Abdullah (2010), higher return rate on their savings would encourage more people to save. The government encourages people to do saving so that savings are helpful for banking industry to collect deposits that banks can lend to small and medium enterprises. Government and financial institutions can play a key role in promoting savings practices. Government incentives, such as providing high returns and providing effective monitoring policies, will ultimately enhance economic growth. To encourage the practice of saving, government policies should be more focused on providing opportunities and incentives by offering a variety of instruments (Khan & Abdullah, 2010). At the country level, high savings and investment rates are very attractive to national welfare (Rajni, 2010).

The financial management of the people varies around the world and the most common one is saving. Over the past decades, saving plays an important role in the

process of economic growth and development. Today, as the prices of various commodities have risen, it has become increasingly difficult to predict their prices. Managing finance is even more important for citizens of a developing country like Myanmar. Lack of savings in the countries can be a major problem. Experts generally agree that financial knowledge is directly related to saving behaviour. In addition, demographic characteristics weren't neglected in this study. This study intends to analyse the determinants on saving behaviour of the MBF students in YUE examine the mediating effect of financial attitude on the relationship between financial literacy and saving behavior.

1.1 Rationale of the Study

In developing country such as Myanmar, saving plays an important role as a catalyst for economic growth and development. Saving is the balance out of income which is not spent on current consumption. No one is able to anticipate what would take place in the future. Therefore, some money needs to be put aside for emergencies.

People in Myanmar prefer to save gold and properties rather than saving money. Gold and properties are less risky and can sell when they needed. As a country with high inflation rates, people believe that buying gold and real estate are more useful than saving according to the traditional market practice. Due to the history of loss-saving and interest rates were reduced in 2020, people are more prefer to spend money than on savings because of their lack of trust in banks and low profitability. Thus, the crisis in financial sector requires innovative solutions to poor saving practices in Myanmar.

Without saving, it may lead to large financial burdens during unexpected events. Wong et. al., (2018) discussed that three million people in Hong Kong and twenty-one million in the United Kingdom have an attitude towards saving regarding retirement or expiring from duty under the individual saving accounts and provident fund. Especially, risk-averse folks allotted additional of their savings to low-risk funds than risk-seeking folks. The pattern of findings is consistent in each urban center and the United Kingdom voluntary retirement investment schemes.

The total savings rate of Myanmar was 28.7% in March 2018 and 26.7% in 2017 respectively. Myanmar's total savings rate is updated annually, between March 1996 and March 2018, the average rate was 14.9%. In developed countries such as Singapore and

South Korea, the country's rating on saving is about 30 percent of GDP, while it is under 20 percent of GDP in Myanmar (World Bank, 2022).

In addition, Central Bank of Myanmar (CBM) has introduced regulations aimed at reducing cash withdrawals, on 1 March 2021 the first attempt lowered the cash withdrawals limits by individuals and companies. Most people's lack of financial management skills to manage their financial status, they are characterized by poor saving culture which have little domestic saving available for investment. The low savings in Myanmar leads to decrease the investment amount in the country.

Banks often offer higher interest rates for savings accounts and term deposits, which incentivize customers to deposit their money for longer periods of time. However, in the past, some banks have been lenient with allowing customers to withdraw funds from savings accounts and even linking them to ATM cards. Additionally, prior to current financial challenges, it was possible to withdraw money early from term deposits, but this would result in losing out on the higher interest rate. The Central Bank of Myanmar (CBM) has now put in place a restriction that funds can only be withdrawn once a week (CBM, 2021).

The study by Zhm (2022) highlighted that in Myanmar, private banks have increased the interest rates on fixed deposit accounts to attract new savers. Two well-known private banks, Kanbawza Bank (KBZ) and Cooperative Bank (CB), were used as examples. KBZ, which has the most branches in the country, increased the interest rate to 9% per year for 90-day fixed deposit accounts and 9.25% per year for 180-day fixed deposit accounts. CB Bank also increased the interest rate to 9.1% per year for 100-day fixed deposit savings, with a promotion period ending in November. The minimum deposit required for the 100-day fixed deposit account is 10 million Kyats.

During 2021, with the restriction on customers withdrawing from their own accounts, it is uncertain if offering higher interest rates on savings accounts will be enough to attract new customers. The trust in commercial banks has been greatly damaged due to the cash withdrawal limitations and past issues, and it may take more than a small increase in interest rates to regain that trust. Additionally, many customers have experienced losses and inconvenience as a result of these restrictions and may require more incentives to deposit their money in a bank again (Zhm, 2022).

In Myanmar, many people struggle with managing their finances effectively and have a poor habit of saving money, resulting in limited domestic savings available for investment. This lack of savings has a negative impact on the level of investment in the country.

Therefore, education plays one of the important roles in national development. Many educational programmes in the world are created to improve the country's economy. Among these programmes, MBF programme is crucial role for the students who are interested in banking and finance sector and who want to gain new knowledge and experience about the financial situation of the country (Commerce Department, YUE, 2019). At present, financial institutions have the potential to promote the financial security, to provide the financial assistance to the development of the industrial sectors by providing loans, and to create the financial stability in the economy (Adam Hayes, 2022).

To understand the importance of financial sector, the MBF programme provide the students with the essential knowledge and share the experiences of the professionals. This programme equips the graduates with profound understanding of the banking and financial sector of the country and other ASEAN countries, and the essential requirements to upgrade the financial sector in the near future. This programme will become a great opportunity for all students as they will gain both theoretical and practical knowledge and experiences to apply in their real workplace. The MBF programme is sure to support qualified professionals in banking and financial sector to fulfill the economic progress of the country (Commerce Department, YUE, 2019).

There are many universities or schools such as government and private offering diploma, degree and MBF programme in Myanmar. The most popular one is MBF programme in YUE. Banking and finance are a field in which the opportunities of growth are vast and varied. This field is one of the safest and most stable in terms of employment, but the most dynamic in terms of career opportunities. The programme is designed to equip the graduates with their skills and knowledges to lead organisations that have to operate in a highly dynamic environment. The course will provide future managers who are competent in professional skills, ethically driven and socially responsible. MBF degree in YUE is very important as it is one of the tools to success in life.

There has been a significant amount of research conducted in the past that has focused on identifying the factors that influence the savings behavior of households and employees, rather than focusing specifically on young adults such as university students. Banking and finance students with high level education have well developed in saving. This study will focus on the saving behavior of MBF students in YUE. The results will benefit to the MBF students, investors, government, banks and the economy. The findings help the country's government in deciding the best practices and procedures for implementation. Therefore, this research aims to analyze whether family factor, peer factor, self-dominance, saving motive, trust in banks and financial literacy have significant influence on the saving behavior of MBF Students in YUE by applying the Planned Behavior Theory.

1.2 Objectives of the Study

The objectives of this study are:

- (1) To identify the determinants of saving behavior of the MBF students in Yangon University of Economics.
- (2) To analyze the determinants of saving behavior of the MBF students in Yangon University of Economics.
- (3) To examine the mediating effect of financial attitude on the relationship between the financial literacy and saving behavior.

1.3 Scope and Method of the Study

The study mainly focused on the determinants of saving behavior of MBF students in YUE and examines the mediating effect of financial attitude on the relationship between financial literacy and saving behavior of MBF students in YUE. In this study, descriptive research was conducted and data were collected by using the structured questionnaires. Both of primary data and secondary data were applied to meet the objectives. The primary data has got from survey by using simple random sample method. Sample size represents 79% of the total MBF students who are currently study in YUE from 2018 to 2022. Secondary data are collected thesis from library, journals, research papers from internet and related information resources.

1.4 Organisation of the Study

This paper is organized into five different chapters. Chapter one presents an introduction, rationale of the study, objectives of the study, scope and methodology of the study, and organisation of the study. Chapter two presents the theoretical background, the past empirical studies which are related to determinants of saving behaviour of the MBF students in Yangon University of Economics (YUE) and developed the conceptual framework with diagram. Chapter three presents the overview of banking and finance sector in Myanmar. The research design, demographic profiles of respondents and reliability analysis, regression analysis and correlation analysis are presented in Chapter four. Chapter four analyses determinants of saving behaviour and mediating effect of financial attitude on the relationship between the financial literacy and saving behaviour of MBF students in YUE. Chapter five is the conclusions section including discussion of finding, suggestion, recommendation and needs for further research.

CHAPTER 2

THEORETICAL BACKGROUND

This chapter consists of six sections. They are relevant theoretical models, definition of saving and saving behaviors, benefits of saving, determinant factors, empirical studies and conceptual framework developed for the research is also described and explained.

2.1 Relevant Theoretical Models

Planned Behavior Theory (PBT) was applied in this research by Icek Ajzen in 1991. PBT was expanded Theory of Research Action which jointly formulated by Icek Ajzen and Martin Fishbein, 1980. It was proposed to improve the predictive power of reasoning action theory, including perceived behavioral control. To study the relationship among attitudes, beliefs, intentions and behavior in various fields, this theory was used. It has been used in the area of advertising campaigns, public relations, advertising, healthcare, sport management and sustainability.

Three concepts of planned behavior theory determined the behavioral intentions which are included by subjective norms, attitudes and control. The first, attitude toward behavior is when someone makes a positive or negative evaluation of behavior. Social norms toward behavior refer to perceived social pressure to prescribe which reactions are appropriate, and which are not the behaviour. Colleagues, spouses, peers and parenting, etc. are silent reference that effect on social pressure. Perceived behavioral control is the perception of people on the ability to perform given behavior. The performance of a behavior is influenced by the availability of sufficient resources and the control of barriers to behavior. If they are eager to shift the intention to behavior, they will be able to perform behaviour more precisely (Ajzen ,1991).

2.2 Definition of Saving and Saving Behaviors

Saving is important over the lifespan for retirement, to sustain stable consumption needs, to purchase a home or expensive goods, and to protect against unforeseen events such as unemployment spells or health problems. Saving Behavior is the behavior which

is the combination of perceptions of the decision and action in saving of future needs and it is manifested in various actions based on intentions because of the future views, such as unexpected expenses, forcing to one person to set aside the income before being used for consumption, making estimates of future needs, avoiding expenses for things that are not important, and saving regularly (Ismail et. al., 2013), also, in response to actions from the environment or people to obtain satisfaction, needs and desires.

The importance of saving for economic growth is evident in its impact on households, companies, and governments. However, if individuals and households do not save enough, it can lead to financial struggles and a lack of emergency funds, causing additional stress and potential health concerns (Prawitz et.al., 2006).

On the broader perspectives, there will be not enough funds available for the government to invest in social and physical infrastructure. Funds which are placed in financial assets are channeled through financial intermediaries for investments, and subsequently, enriching the country through higher productivity and economic growth. Domar (1946) argued that the economic growth speed in the long run is depended on the ability to save because the high savings rate will increase investments, affect capital accumulation and consequently stimulate economic growth.

In some national, savings are considered as backbone to some sectors of its economy. Household savings is the most important investment resource in non-oil sector which is contributing more on production of natural resources like oil and gas (Bairamli and Kostoglu, 2010). According to Shim et al. (2009), motives, self-efficacy, and saving attitudes play a crucial role in determining the inclination to save during childhood and adolescence. The individual's simple saving goals and confidence in achieving them are important for forming a saving habit. The consumption pattern during upbringing shapes an individual's lifestyle, thus it's important to understand the reasons and strategies behind saving

The individual savings is not only benefitting the households, but also benefit the entire nation. Therefore, it is essential to have the knowledge on the determinants of individuals' saving behavior which is importance to maintain the economic growth because it will be given the benefits to the entities involved such as households, financial institutions, government and other related stakeholders.

2.3 Benefits of Saving

People save for future expenses such as large purchases, investments in education or business, old age, and potential emergencies. In developing countries, saving money in ways other than through a financial institution or informal savings club, or with a person outside of the family, is a common practice. This can include keeping cash at home, or saving assets such as jewelry, livestock, or real estate.

Saving money at the bank or other form of formal financial institution has many potential benefits over saving cash at home. One advantage of formal savings is safety from theft. Another advantage is that it can curb impulse spending and therefore encourage better cash management. The option to save using an account can also strengthen women's economic empowerment by offering confidentiality and greater control over their savings by making it harder for family and friends to access these funds. There is also evidence that savings accounts can help achieve a range of development goals (Karlan et. al., 2014a). In Kenya, for example, a field experiment showed that market vendors (mostly women) were able to save significantly more when provided with account savings and as a result saw increases in private expenditures by 38 percent and business investment by 60 percent compared to a control group (Dupas et.al., 2013a). However, the study found no such impact for men working as bicycle taxi drivers. Evidence from Malawi shows that accounts can also increase savings for farmers that translate into increased agricultural output and household expenditures. In particular, compared to the control group of the study, increases in agricultural investments appear to translate into a 15 percent increase in agricultural output and 11 percent increase in household expenditures.

In Nepal, female household heads provided with savings accounts in a field experiment were better able to cope with income shocks, reallocated their expenditures (more spending on education and food; less on health and dowries), and reported that their overall financial situation improved even though the study could not document statistically significant increases in savings compared to the control group (Prina, 2015). These papers express uncertainty about the exact mechanisms that allow people to be save more or better manage their funds with savings accounts. But some speculate that keep money in an account where it might not be immediately accessible, people can better resist impulse spending or demands on their income from family and friends (Dupas et. al., 2013a). There is mixed evidence with regard to whether commitment

features of savings accounts – which restrict access to funds until a certain date or goal is achieved – are a possible mechanism (Dupas et. al., 2013b).

2.4 Determinants of Saving Behavior

This study considers six factors as determinants of saving behavior. These factors are family factor, peer factor, self-dominance, saving motive, trust in banks and financial literacy which are explained as follows.

Family Factor

Family is the first environment of every human. They also become the first teacher for the children. The more family members, there are more sources for the children to learn (Barnea and Siegel, 2010). Research suggests that parents with higher levels of education are more likely to be able to teach their children how to cope with the pressures and stresses of life, as they have likely experienced similar situations themselves. Similarly, parents with a high educational background are more likely to be able to teach and advise their children about the importance of saving and the potential financial problems that may arise. This is because they have a better experience of the financial literacy and have more knowledge about financial planning and management. As a result, they are better equipped to pass on this knowledge and guidance to their children.

Syahrom et al. (2017) found that family background plays a significant role in shaping students' saving behavior. They found a strong correlation between parents' support and experience of saving, and their children's saving behavior. This suggests that parents are major influencers in shaping their children's saving habits. The study proposes that family background, specifically the support and experience of saving within the family, has a significant impact on students' saving behavior.

According to Miller and VanHoose (2001), part of earned today is left for future use if there is savings. The most important reason why families save is to ‘prepare for the possibility of financial crisis, accidents, illness, pregnancy, job loss, divorce and many other crisis, financial gains. Another reason why families want to save is to enable them to access credit facilities from the institutions that they save with.

The facts that influence saving behavior are many, complex and often interrelated. However, the several determinants widely accepted among economists can be classified into policy and non-policy factors. The main policy variables that have been thought to influence saving behaviour are fiscal policy and government saving, social security arrangements, financial market development, and macroeconomic stability. The non-policy factors most likely to affect saving are growth, demographics, and external factors. While the separation between policy and non-policy factors is open to debate, its purpose is to convey the idea that policymakers have a direct influence on only some of the variables that affect saving, while individuals and families themselves also have some amount of influence on savings.

Peer Factor

Peer factor is defined by the degree to which peers affect person's state of mind, thinking and behavior (Noor Zaihan, 2016). Parents have formed the good financial behavior to their children, the peer socialization still exist in children's saving behavior since saving behavior of students could be influenced by association in spending exercises during exchanging ideas of financial management matters among their peers and social time. Peers' factor has a critical part in the decision of the student's savings ability (Jamal et. al., 2015).

Peer factor could also affect persons' financial behavior in accordance with Jamal et. al., (2015). Alwi et. al., (2015) proved that Generation Y is always influenced by peer force when making any decisions. Furthermore, youngster's behavior is acquired with indirect and direct interaction from their friends (Laible et. al., 2004). The social influence with close peers is the most important influence in the form of good or bad attitude of generation Y and parenting factors, peer factor could affect individuals' financial behavior (Ogonowsk et. al., 2014).

Self-dominance

Dominance motivation mentions an individual's driving force and energy to be pursued the power. McClelland (1985) described individuals who wanted to feel as though they were most powerful and noted that individuals with a high-power motive tend to construe the world in terms of power and to use power in categorizing human

intention. According to McClelland (1985), individuals who are motivated for dominance tend to be more attuned to cues that indicate opportunities or threats related to power. This motivation can manifest itself in different ways, as some people may actively seek out power and status, while others may avoid or resist it. Inflexibly submissive individuals, for example, do not feel comfortable with having power (Josephs et. al., 2006).

Dominance motivation predicts an array of outcomes. According to evolutionary theory, a major motive for power is to procure reproductive resources. Dominance motivation also shapes how people define their life goals. People who are much more invested to obtain the admiration and social attention of the others as they have higher dominance motivation which is associated with setting life goals that are related to extrinsic admiration, such as goals of fame and wealth (Duriez et. al., 2007).

Saving Motive

Regular saving money is crucial for a variety of reasons, including creating a safety net for unexpected expenses, reaching financial objectives, and ensuring financial stability during retirement. To increase one's personal savings rate, it is important to have an understanding of the underlying motivations that influence saving behavior.

The literature has established four main aspects of saving motives – precautionary motives (Hubbard et. al.,1995), life-cycle motives (Modigliani and Brumberg, 1954), bequest motives (Bernheim, Shleifer and Summers, 1985), and wealth accumulation or profit motives (Keynes, 1936). These will be further discussed in the following sub-sections.

Precautionary motive refers to efforts undertaken by individuals to reduce the uncertainties in life. Wärneryd (1999) suggests that the demand for life insurance is driven by precautionary motives. This is because insurance acts as a form of protection against personal risks such as death, health issues and disability, by providing a sense of preparedness for facing uncertain future events. This allows individuals to safeguard themselves and their families against potential financial losses that may arise from these risks, providing peace of mind and financial security. Abel (1985) also posits that a consumer may have a precautionary demand for saving because they do not know in advance when they will die and therefore may want to avoid a low level of consumption

in the event that they live longer than expected. As a result, they may opt to purchase life insurance as a precaution for future consumption.

The life-cycle motive for saving is based on the notion by Modigliani and Brumberg (1954) asserting that individuals tend to smooth out their consumption and save money to prepare for major life cycle events and expenses that may occur later in life, such as a wedding, to purchase a house, for education purposes or to have a child. Liebenberg et al., (2010) argue that life insurance purchases are likely to be influenced by certain "life events" such as marriage, purchasing a home, birth of a child, and starting a new job. Similarly, they suggest that individuals may also terminate their life insurance coverage following other life events such as divorce, death of a spouse, unemployment and retirement. This highlights how life events can be a major driver of precautionary demand for life insurance as they can change the level of financial risk and uncertainty that individuals face.

The bequest motive refers to intentions of leaving an inheritance to the next of kin or dependents (Bernheim *et. al.*, 1985). Bequest motives influences the demand for life insurance. This was associated to the findings of Bernheim (1991) demonstrating that a strong motive for saving amongst U.S. households with bequest motive. Life insurance purchases are based on how well off a couple chooses to leave the survivors if both members had lived.

Individuals save to accumulate capital, or in other words, to make a 'profit' from their savings. Diacon and Mahdzan. (2008) assessed the changes in wealth accumulation in relation to changes in risk and argued that households will want to conserve more wealth when they are faced with greater uncertainty - such as the potential fluctuations in future income and sudden out-of-pocket medical expenses and thus increasing the demand for life insurance.

Trust in Banks

Trust in banks refers to the level of confidence and belief that individuals and businesses have in the stability, security, and reliability of the banking system and individual banks. Trust in banks is important because it affects customers' willingness to deposit money, take out loans, and invest in financial products offered by banks. Trust in banks can be influenced by a variety of factors, including the bank's reputation, financial

stability, and the regulatory environment. A high level of trust in banks is essential for the smooth functioning of the financial system and the economy as a whole.

Trust in banks can be measured through surveys and customer satisfaction studies. Banks can also increase their customers' trust by being transparent in their operations, providing clear and accurate information, and by maintaining strong risk management practices. Banks have also been trying to improve their trust by implementing digital technology and offering online services, it is a way of convenience for the customers and more secure.

However, there are also factors that can erode trust in banks, such as financial scandals, fraud, data breaches, poor customer service, and a lack of accountability. When trust in banks is low, customers may withdraw their deposits, avoid taking out loans, and avoid investing in bank-offered financial products, which can negatively impact the bank's ability to lend and invest, and ultimately the economy.

In addition, lack of trust in banks is often cited as a reason why people do not save. This may arise due to a lack of confidence that the bank will look after the savers' money. For those unused to dealing with financial institutions, this could be due to an unspecified fear of the unknown (Deshpande, 2008). In other cases, lack of trust may arise from financial markets crisis. In some countries, the financial crisis of 2007-08 led to banks, even large ones, going bust. Although governments stepped in to ensure ordinary depositors did not lose money, the belief that money was always safe in the bank was shattered, and some investors lost considerable sums.

Trust is considered a cornerstone of economic development. All economic transactions involve trust, and the trust level in a given society is a strong predictor of its prosperity. Many empirical studies have highlighted the positive role of trust on economic outcomes. Making a deposit implies trusting that the bank will keep it safe and will make it available for withdrawal whenever required (Karlan et. al., 2014).

Trust also appears to be an issue in relation to stock market investment. A worry about being cheated may be part of the reason, reinforced by high profile fraud cases. However, research suggests that stock market participation may be relevant to a more generalised concept of trust (Guiso, Sapienza and Zingales, 2008). The researchers suggest that less trusting individuals will buy less stock, even after allowing for different degrees of risk aversion and loss aversion. If true, this may help explain why levels of

stock market investment vary widely between countries, even those where people have similar income levels. In addition, bank accounts play a crucial role in everyday economic activities in high-income countries, fewer than 40% of the households in low- and middle-income countries (LMIC) have one (Demirgüç-Kunt et al., 2015).

Financial Literacy

Financial literacy refers to the knowledge and skills individuals need to make informed and effective decisions regarding the management of their money. It encompasses a range of concepts including budgeting, saving, investing, credit management, and financial planning. Financial literacy can also include an understanding of financial products and services, such as loans, credit cards, and insurance. Having financial literacy can help individuals make better decisions about their money, leading to greater financial stability and security. This ability will be an individual's strength in managing finances and raising awareness of the high importance of being able to meet financial needs in the future (Falahati et al., 2012). The process builds an attitude which then forms intentions. The person's better financial knowledge is that the motivation to save is stronger. It's important for people to develop the skills and knowledge needed to make sound financial decisions in order to improve their overall financial well-being

Financial Literacy is knowledge in managing and solving financial problems, shaping the behavior and mindset that give an effect on the financial situation of individuals (Widjaja et al., 2020). Behavior is formed in the manner of awareness to manage finances in the future to meet their needs. The research aimed to enhance understanding of the various purposes of loans, savings accounts, banking services, pension plans and other related financial products (Falahati et al., 2012).

By paying attention to the details of financial transactions, regularly reviewing financial statements, planning for retirement, and making savvy choices about financial assets, individuals can improve their overall financial situation (Magendans, 2014). Having a good understanding of financial assets, as well as the right mindset and awareness, can inspire individuals to have a strong inclination to save, and financial literacy plays an essential role in shaping saving behavior (Thung et al., 2012).

In recent years many literatures on financial literacy have been published. Some literatures argued that individuals are financially illiterate (Lusardi et al., 2010) that

consequently affect their financial, investment and retirement planning decision. Other researchers reported the positive effect of financial literacy to financial outcomes e.g., investment practices and savings and both liquid and illiquid assets (Letkiewicz and Fox, 2014). The poor financial knowledge will also increase individuals' financial burden of debts that positively associate with nonpayment of consumer credit. The financial knowledge and skills are not directly affected ones' decision related to financial issues but having the financial knowledge will trigger their attitudes towards a positive financial behavior. Sabri and McDonald. (2013) proposed that financial literacy had a positive and meaningful impact on savings behavior. But their study did not highlight whether financial literacy could trigger attitude towards individual savings behavior or not.

Financial Attitude

Financial attitude refers to an individual's overall perspective, beliefs, and feelings about money, financial matters, and personal finance. It encompasses a person's values, goals, and habits related to money and financial decision making. Financial attitudes can vary widely from person to person, and can be influenced by a variety of factors such as family background, culture, education, and life experiences. Some people may have a positive and proactive attitude towards money and financial planning, while others may have a negative and passive attitude.

Individuals with a positive financial attitude are likely to be more proactive in managing their finances, setting financial goals, and making sound financial decisions. They tend to be more informed about financial matters, and more likely to save, invest, and plan for the future. On the other hand, those with a negative financial attitude may be more likely to spend impulsively, avoid thinking about money, and have a tendency to overspend. It's worth to note that financial attitude can change over time, influenced by different life events such as a change in employment, marriage, birth of a child, or retirement. It is also important to mention that financial attitude can be a key factor in the successful or failure of financial plans and goals.

Financial education can play a role in shaping and changing financial attitude. It can help individuals develop the knowledge, skills and confidence needed to make informed financial decisions, and improve their overall financial well-being. Knowledge are the sources of attitude, but not necessarily knowledge always helps in formulating a

positive attitude. Therefore, knowledge, sometimes is an independent and attitude is a dependent variable. Carpena, Cole, Shapiro, and Zia (2011) opined that financial attitude is the It is believed that financial attitude refers to one's outlook and understanding of the financial market and its advantages.

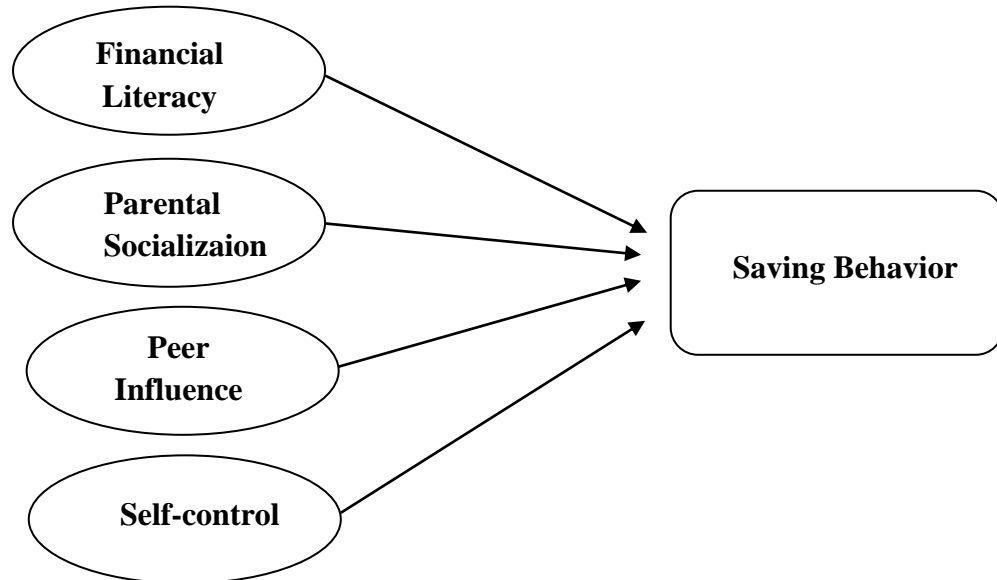
Financial knowledge alone is not enough to achieve a successful adult life. The study suggests that while financial literacy is important, it should be complemented by positive attitudes and self-assurance in order to assist individuals, particularly young adults, in making wise financial decisions. Shim et al., (2010), in their research on how parents, work and education influence financial learning among first-year college students, argued that financial knowledge played an important role in predicting financial attitudes which, in turn, lead to healthy financial behaviors. Based on the theories that explain the relationship between subjective norms with attitudes and saving behavior, and attitude with saving behavior, it can be said that attitude mediates the relationship between subjective norms with saving behavior.

2.5 Empirical Studies

In order to develop the conceptual framework for this study, related previous studies are read in order to find out which factors could impact on the saving behavior of the MBF students in YUE. The concepts of these studies are introduced as follows.

Thung et. al., (2012) did the research named determinants of saving behavior among the university students in Malaysia. Primary data are collected using self-administered questionnaire. The study aimed to examine the impact of Financial Literacy, Parental Socialization, Peer Influence, and Self-Control on the saving behavior of university students in Malaysia using the Planned Behavior Theory. The research included 420 students from four public universities and two private universities in Malaysia, and the conceptual framework for the study is presented in Figure (2.1).

**Figure (2.1) Determinants on Saving Behavior of University Students
in Malaysia**

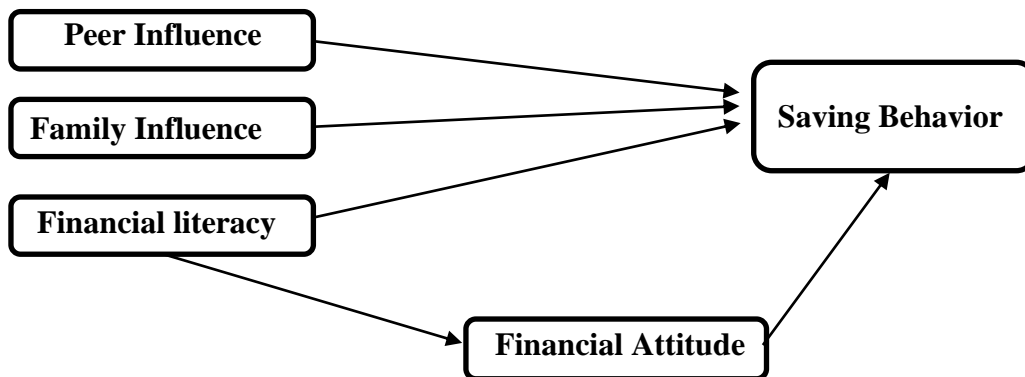


Source: Thung et al. (2012)

The findings show that all the financial literacy, parental socialization, peer influence and self-control have positive relationship with saving behavior while parental socialization has the greatest impact on SB among the four independent variables.

Jamal et. al., (2015) examined the relationship between family and financial literacy on the savings behavior of employees in their study titled the effects of social influence and financial literacy on savings behavior. The study was conducted on students at higher education institutions in Kota Kinabalu, Sabah. The study intended to investigate the determinants of savings behavior and to examine the mediating effect of attitude towards the relationship between financial literacy and savings behavior. Data was collected using structured questionnaire from 1124 respondents and analyzed using SMART-PLS, a second-generation structural equation modelling software. Conceptual framework of the study is presented in Figure (2.2).

Figure (2.2) The Effects of Social Influence and Financial Literacy on Savings Behavior of Higher Learning Institutions in Kota Kinabalu, Sabah

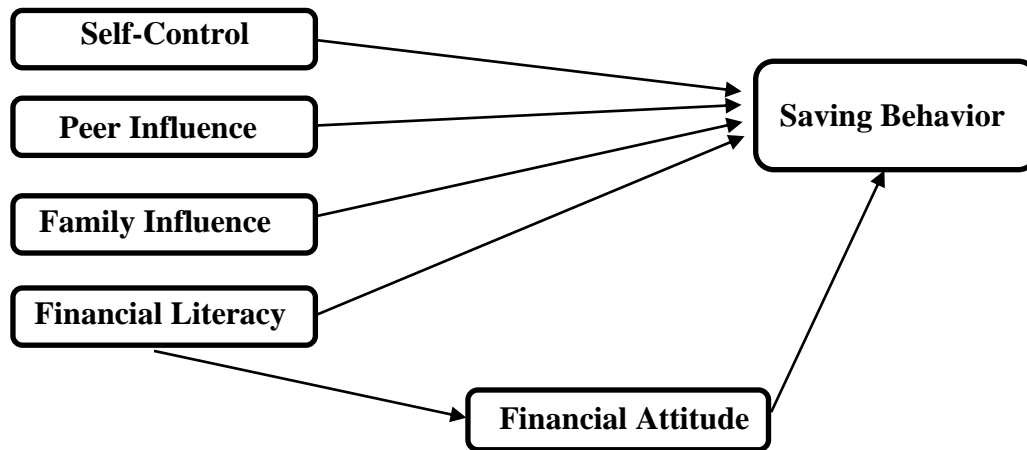


Source: Jamal et. al., (2015)

The findings show that both family and peer have a positive and significant influence in shaping the young adults' saving behaviour and the financial attitude is not mediated between financial literacy and saving behaviour. The findings showed that family involvement has a significant impact on shaping the saving habits of university students, with financial literacy and peer influence also playing a role.

Jamal et. al., (2016) analyzed the factors that influence saving behaviour of students in his study titled determinants of saving behaviour among university students in Sabah, Malaysia. The objectives of the study were to investigate the factors that determinants saving behaviour how college and university students save and to examine the role of financial attitudes in mediating the relationship between financial literacy and saving behaviour. Surveys were given to 1728 undergraduate students at different universities in Sabah, chosen through a convenience sampling method. Conceptual framework of his study is presented in Figure (2.3).

**Figure (2.3) Determinants on Saving Behaviour of University Students
in Sabah, Malaysia**

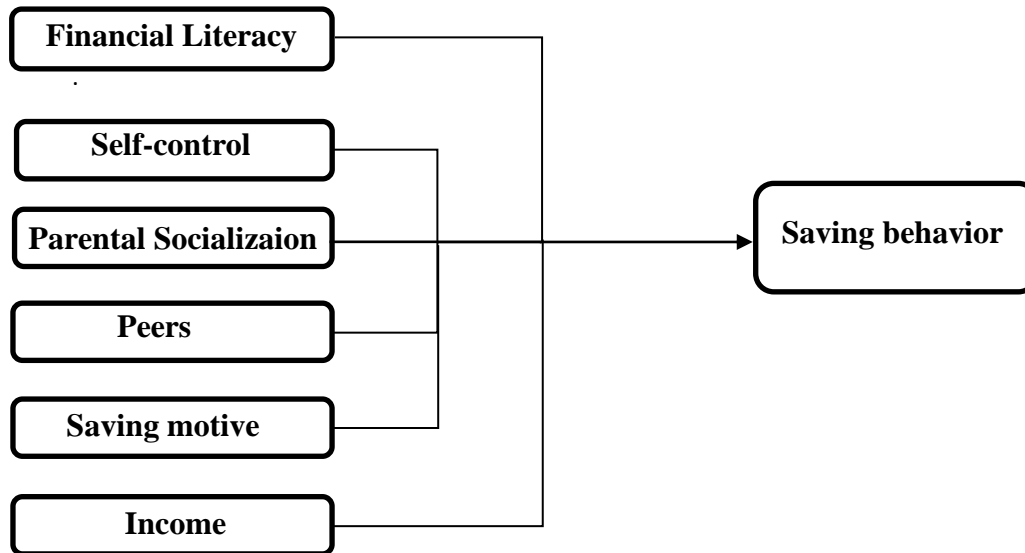


Source: Jamal et. al., (2016)

The research found that family involvement, peer influence as well as self-control and financial literacy have a positive and significant influence in shaping the young adults' saving behaviour. Financial attitude did not have mediating effect on the relationship between financial literacy and saving behaviour. Family involvement, peer influence, self-control and financial literacy played the major role in nurturing the students' saving behaviour.

Widiantara & Suryadi (2019) analyses that the model development of savings behaviour for Bali State Polytechnic Students. The objective of the study is to establish a model that explains the savings behavior of polytechnic students in relation to factors such as financial literacy, self-control, socialization of parents, peers, savings motive and income. The conceptual framework of his study is shown in Figure (2.4).

Figure (2.4) Model Development on Savings Behaviour of Bali State Polytechnic Students



Source: Widiantara & Suryadi (2019)

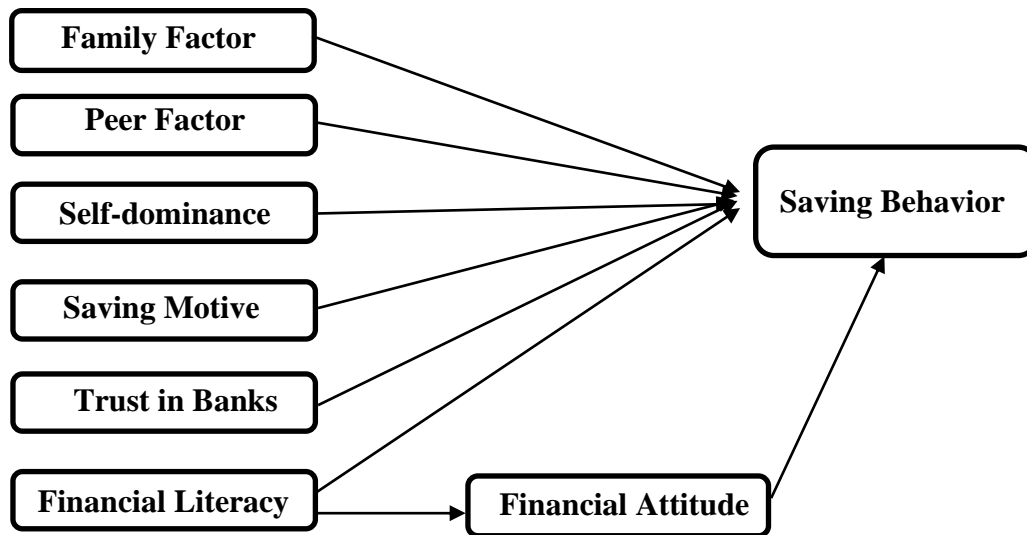
The result reveals that there is positively significant impact of financial literacy, self-control, parental socialization, saving motive and income on savings behaviour. There is a positive and not significant influence of peer on savings behaviour. The students are able to maintain and improve psychological aspects and the ability to control. Students can continue to maintain a high saving motive, because basically without any saving motives, individuals tend to be lazy to do saving activities and prefer to spend money. Researcher suggested that the students should cultivate sharing about their economic activities with their parents to prevent deficit cash flow, should pay attention to the limits of good and bad behaviour to do and students must be wise in using their income.

2.6 Conceptual Framework of the Study

The conceptual framework for this study is adapted from the research framework, Thung et. al., (2012) who analysed the determinants of social influence and financial literacy on saving behavior, Jamal et. al., (2015), determinant of saving behavior, and Widiantara & Suryadi (2019). According to these studies, the conceptual framework was

developed for the study of saving behavior of MBF students in YUE as follow in figure (2.5), which consists of determinants such as family factor, peer factor, self-dominance, saving motive, trust in banks and financial literacy.

Figure (2.5) The Conceptual Framework of the Study



Source: Own Compilation (2022)

The conceptual framework for this study is as shown in Figure (2.5), there are six independent variables namely family factor, peer factor, self-dominance, saving motive, trust bank, and financial literacy are considered as independent variables and saving behavior is dependent variables. This study examines which independent factors effect on saving behavior of MBF students who are currently saving and mediating effect of financial attitude on the relationship between financial literacy and saving behavior.

Based on the literature, working definition of the family factor, peer factor, self-dominance, saving motive, trust bank, financial literacy, financial attitude and saving behavior are defined. Below definition of the key terms are used for survey questionnaires.

Family Factor

As basic and essential building blocks of societies, families have a crucial role in social development. The primary responsibility for teaching and shaping children's values, including their sense of citizenship and community, falls on parents.

Peer Factor

Peer influence refers to the tendency to participate in certain actions or behavior due to the desire for acceptance and validation from one's friends, even if it's not something that one would typically do on their own. It's not always about being forced or coerced. You might hear the term 'peer pressure' used a lot.

Self-dominance

Dominance-feeling, also known as self-esteem, is an individual's assessment of themselves. It is determined by what a person says about themselves during an in-depth interview, after a positive relationship has been established.

Saving Motive

Saving motive is different countries and saving motives is a similar hierarchical structure as human needs, implying that the movement of saving motives along the hierarchy is influenced by financial resources (Xiao and Fan, 2002).

Reasons for saving can include planning for retirement, providing for children's needs, purchasing a home or consumer goods such as appliances or vehicles, and saving for vacation or other leisure activities, for emergencies and to have funds in reserve for necessities.

Trust in Banks

Trust is an essential component of any financial system, and distrust can undermine savings and economic growth. Depositing money requires confidence in the bank's ability to safeguard it and make it accessible for withdrawal when needed. Building trust is crucial in the context of financial inclusion initiatives in developing countries, where mistrust in banks can lead to low account usage (Karlan et. al., 2014).

Financial Literacy

The require for financial education to improve individual financial literacy level is an importance policy in our society, according to the retirement plans and saving decisions, the role of information and education (Clark, R, Ambrosio., McDermid, AA and Sawant.K (2006).

Financial Attitude

Financial attitude is characterized as an individual's mindset, perspective, and evaluation regarding financial matters.

Saving Behavior

Saving behavior is the way people set aside their money for future use (Sabri and MacDonald, 2010). Saving behavior refers to the combination of an individual's perceptions of future necessities, their decision to save, and the action of actually putting money away.

CHAPTER 3

OVERVIEW OF BANKING AND FINANCE SECTOR IN MYANMAR

This chapter overviews the banking sector in Myanmar. There are four sections. The first is the banking and finance sector in Myanmar and the second is the government role on public saving. The third is the financial institutional role on public saving. The last one is saving products and services at banks in Myanmar.

3.1 Banking and Finance Sector in Myanmar

Myanmar's banking history dated back to the 19th century, when Myanmar was under the British colonial rule and the Indian Presidency Bank of Bengal opened its Yangon branch (1939-1947), (Tin,2014).

Financial Institutions of Myanmar Law liberalized the financial sector, resulting in the re-emergence of private banks starting from 1992; the Central Bank was given a certain degree of authority over the monetary policy via the Central Bank of Myanmar Law. The Financial Institutions Supervision Department (FISD) within the CBM is responsible for the supervision of the local and foreign banks. It issues necessary instructions and conducts both on-site examination and off-site monitoring. The on-site supervision is conducted at least once in two years and covers announced visits to the banks' headquarters and branches in order to assess their internal control systems, corporate governance, their financial data, measures of Anti-Money Laundering and Combating of the Financing of Terrorism, and other compliances (Foerch et. al., 2016).

Myanmar's financial sector is still at a rudimentary level and has a long way to go to meet international standards. However, the sector has undergone significant changes as a result of the recent reform process. The main challenges ahead for the banking sector are the management of the reforms, including the pace, the development of human resources such as employee performance, and the trust of the public (Foerch et al.,2016).

Banks in Myanmar are often classified as government banks, semi-government banks, and private banks. This classification is, however, often blurry as state ownership and state influence are not clearly separated. A better understanding of the banking

structure, this report takes a different approach and strictly classifies them according to ownership. The domestic banks are classified in this report in terms of three categories: (i) 100% government-owned, (ii) government-ownership of less than 100% and (iii) non-government-owned institutions. In 2018, Myanmar have four State-run banks, three Municipality owned banks, five Semi-Government owned banks, nineteen private banks, thirteen international banks. In nineteen private banks, six banks try to transform public listed banks (CBM, 2018).

In Myanmar some banks have joined the Society for Worldwide Interbank Financial Telecommunication system (SWIFT). Through SWIFT, local banks can make secure and reliable financial transactions efficiently with their foreign correspondent banks (Foerch et. al., 2016). Among the private banks, Kanbawza Bank has 42 percent market share, Ayarwadey Bank has 14 percent, and Corporate Bank has 10 percent market share owned (GIZ, 2016). These three private banks are largest private banks such as assets (MMK billion) and branches in Myanmar.

The banking zone in Myanmar has viewed property develop through about 22 percentage annually, the banking zone had 42,357 billion kyats in property (or about US\$31.6 billion) in 2016. This discern comes to about fifty-five percentage of GDP, with home banks managing over ninety-five percentage of these assets (Foerch et. al., 2016). Much of the sectors' increase has been pushed with 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 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 quilt of fiscal year 2015 to 44% in 2016 and solely 34% as of December 2017.

3.2 The Role of Government for Public Saving

The Myanmar government intends to implement a national savings mobilization strategy with the aim of encouraging the public to increase their savings. The Deputy Minister of Planning and Finance believes that while the amount of savings at local banks has increased, there is still a need for more savings to sustain economic growth and for Myanmar to reach parity with its regional neighbours”.at the World Savings Day forum held in collaboration with the Yangon University of Economics, UN Capital Development Fund (“UNCDF”) and Deutsche Gesellschaft für International Zusammenarbeit (“GIZ”). The World Savings Day forum’s aim is to increase understanding about the significance of saving in Myanmar and to work towards creating and implementing strategies. According to the UNCDF, in the five years since 2013, the number of formal and informal savers in Myanmar has risen from 38% to half of all adults. The UNCDF considers informal savings, to include non-cash assets, jewelry or cash on hand. However, the number of adults who save via formal channels i.e., in banks and financial institutions, is now just 11% compared to 6% in 2013. Based on a recent UNCDF survey, the principal reason given for the low rate of saving is a lack of disposal income.

The primary source of liquidity for the banks is savings and deposits, which then enables financial sector growth through lending, he said. In Myanmar, the minimum deposit rate is 8%, while the maximum lending rate is 13%. The study aims to analyze the change in savings rate in Myanmar, as per data from CEIC Data Company Limited. The gross savings rate for the year ending March 31, 2017 was found to be 26.7%, slightly higher than the rate for the previous year at 26.2%. This rate is calculated by comparing gross domestic savings to nominal GDP, with savings being determined as the difference between the two figures. The Central Statistical Organization, Ministry of National Planning and Economic Development provides data on consumption expenditure and nominal GDP. According to Armin Hofmann, Head of the Banking and Financial Development Program at GIZ said “trust is key for people to save in the formal banking

system. As such, transparency and efficiency of the financial system must be further improved. In order to boost the growth of the economy the people should save in the formal financial system (GIZ, 2016).

3.3 The Role of Financial Institutions for Public Saving

Myanmar experiences moderate levels of access to regulated financial services, with take-up driven largely by credit extended through government-led initiatives. There is however very limited usage of regulated savings, insurance and electronic payment services. Access to an appropriate portfolio of financial services can improve the welfare of the underserved population by helping them conduct their financial lives more efficiently, increase income, manage risks and build up wealth over time.

Increasing financial services is a major goal of the Government of the President of the Union of Myanmar. Although increasing such access is not an end in itself, improving financial services achieves higher policy objectives. Such objectives are reflected in Article 3 of the Microfinance Law and include: “reducing the poverty of grass root communities, social development, improved education and health of such communities as well as assisting them with other means of earning a livelihood including agriculture and livestock breeding, creating jobs, nurturing and cultivating a savings habit, encouraging emergence of Micro Small and Medium Enterprises (MSMEs) and facilitating cottage businesses as well as acquiring and disseminating technical knowhow from local and abroad.” In order to design an appropriate National Strategy for Financial Inclusion¹, it is therefore important to understand the overarching policy objectives which financial inclusion is intended to achieve.

From recent pronouncements of the Government of Myanmar, the following are suggested as the primary policy objectives the Government seeks to achieve through improved access to financial services over the next few years:

1. Improved household welfare, especially in rural areas.
2. Increase agricultural productivity to enhance food security.
3. Improve development opportunities for MSMEs.
4. Improve levels of financial intermediation through regulated institutions to fund growth and development.

According to (The World Bank, 2013) Myanmar is the poorest country in Southeast Asia. Fin Scope estimates the average monthly income to be K 93,527 (about USD 99 per month or just more than USD 3.50 per day). of those adults who responded to the income question in the Fin Scope questionnaire, 43% of adults live on less than USD 2 per day, 81% on less than USD 5 per day, and just under 95% on less than USD 10 per day.

Domestic savings are very crucial for the economic development of countries because investments come from savings. Savings is output of resources which have been unconsumed in current year and available for future periods. Saving is one of the important indicators of economic development where it is used to achieve economic growth in any developing country. Although there are lots of factors effecting economic growth (for example, technology, human capital, natural resource, entrepreneurship, market efficiency and international trade etc.), saving has pivotal role to play in driving engine of economic growth (The World Bank, 2018).

A country's economic growth is its capacity to increase production of goods and services compared to its previous period. Economic growth is a key macroeconomic concept of interest among researchers and policy makers all over the world. Macroeconomic indicators stem from its critical role in effecting other integral part of economy and livelihoods.

3.4 Saving Products and Services Provided by Banks in Myanmar

Today, new products and services are introduced in the Myanmar banking industry. Its seem that banks compete with each other to create new products and services. Thus, available banking products and services in Myanmar are presented as follows:

Myanmar banks offer fixed deposit, call deposit and current accounts. Deposits are often customized to serve different consumer segments' needs, for example, minor deposit account, children's saving account, senior citizen saving account, wedding deposit account or foreign currency account. The deposit amount in the banking sector from fiscal years 2014-2015 to 2019-2020 (October to January). Terms for fixed deposit accounts (time deposits) typically range from 1 month to 3 years. Due to the COVID-19 crisis fixed deposit interest rates have been reduced and now range between 6.25% and

8.50%, while current accounts and foreign currency accounts generally do not bear any interest payments. For call deposit accounts banks offer between 2% and 5% interest, based on the account's day-end balance. The interest rates on savings accounts range between 5% to 7%. In accordance with CBM rules, foreign currency accounts can only be opened for three currencies (USD, EUR or Singapore Dollar) and account holders do not receive interest but are usually required to pay up 2% of the deposit amount as fees.

Banks provide deposits and cash withdrawal services for their customers. For the service of accepting deposits, account holder representative can deposit amount in their accounts frequently during bank opening hours. And also deposit into accounts with cheques, payment order, and send bank draft by using the methods of fund transfer, clearing and collection. Withdrawals process includes that account holders can withdraw from saving account personally once a week. It can be made at designated branches of bank with the latter of authority but the account holder(s). Representatives can withdraw on behalf at account holding branch just by a simple presentation of their ID, the passbook and withdraw form signed by the account holder(s). The signature must be same as the signature specimen when the account opening was made. There is no ceiling on the maximum amount that can be drawn through a saving account. It couldn't be withdrawing the cash without pass book. Other services of the savings' banks are transferring, duplicating Pass book when customers lost them, nomination, deceased claim, dormant Account and closure of account.

Deposit money can be easily transferred from any branch and other private banks directly to anyone with an account. And savings bank accounts can be transferred from one branch to another branch at the request of the account holder(s).

Account holders are required to keep their pass books in palace of safety as the bank will not be responsible for any loss or fraudulent withdrawal arising out of the loss of a pass book due to depositor's negligence. However, the pass book is lost / destroyed/ spoilt the depositor should present an application in the form prescribed for the purpose. Duplicate pass books are issued only after confirming the application and verification of the depositor's identity, signature and the account balance. In case the book of original is submitted after issue of duplicate pass book, transactions are not entered in the pass book of original.

A depositor has the right to in the case of opening of a joint savings bank account or purchase of joint savings certificates under section 6, make withdrawals of the money by any survivor or survivors on the death of account holder. A saving deposit account which are not use from a long time or the accounts in which no transactions are made inactive after a period of 4 years and made dormant account. However, depositors have re-activated their dormant account with their request application letter. After a period of 5 years, dormant accounts become reserve for contingency.

The account holder wants to close the account, the customer must give the saving pass book to the bank and the bank will claim the interest and balance. Joint accounts can be closed only at the request of all such joint signatories. The savings bank may close an existing savings bank account or refund the value of savings certificate which has been sold.

3.5 Financial Education Institutions of Banking Industry in Myanmar

Financial education is a key aspect of economic education that aims to help individuals manage their money in the most effective and efficient way possible. Developing a strong financial culture within a country is essential for implementing effective financial policies and improving the overall quality of life for its citizens. Without a good understanding of financial literacy, individuals may struggle to make sound decisions about savings and investments. By learning financial principles and concepts, individuals can better manage their finances and make more informed decisions. Financial literacy encompasses a variety of skills such as budgeting, investing, managing credit, and financial planning. These skills are essential for anyone to possess and should be taught to students from a young age.

There are four financial education institutions which form a supporting network for banks in Myanmar. They are Myanmar Bankers Association (MBA), the Myanmar Institute of Banking (MIB), the Yangon University of Economics (YUE) and the Myanmar Payment Union (MPU). In Myanmar banking industry the lack of qualified staff available to the rapidly developing banking sector is the result of the long isolation of the country as well as of inadequate education and training possibilities. Therefore, entrants to the banking sector lack the fundamental knowledge required to work in the banking sector, including mathematics or basic accounting and banking skills. The

outreach of training providers able to impart banking and financial knowledge, such as the MIB and the YUE, has not significantly increased over the past years (Foerch et. al., 2016).

In addition, general business training courses which are also attended by bankers are offered by several other private training institutes, including the Myanmar Institute of Finance, PS Business School, the Myanmar Institute of Business and the Strategy First Institute. Likewise, GIZ also supports training providers for the banking sector in the development of human resources in the banking industry. In this context, GIZ assists in the development of adequate and demand-oriented qualification and training measures. Furthermore, GIZ facilitates cooperation and the exchange of information concerning human capacity development among Myanmar banks (GIZ 2016). Yangon Stock Exchange holds many educational programs such as seminars and events. To learn basics of a stock market, the best way is to see and feel the market with own experiences.

There are many private and public universities or schools all over the countries. The most popular one is MBF programme in YUE. Department of Commerce offers the two kinds of MBF programme which are Executive Master of Banking and Finance (EMBF) and Master of Banking and Finance (MBF). EMBF programme is part-time program designed for executive managers and MBF programme is designed for operations level or middle managers. MBF programme is designed for the students who are interested in banking and finance sector and who want to gain new knowledge and experience about the financial situation of the country. At present, financial institutions have the potential to promote the financial security, to provide the financial assistance to improve the industrial sectors by providing loans, and to create the financial stability in our economy. The MBF programme is sure to support qualified professionals in banking and financial sector to fulfill the economic progress of country.

CHAPTER 4

ANALYSIS ON THE SAVING BEHAVIOURS OF MBF STUDENTS

In this chapter four, finding from analysis of the survey data are presented with five sections. The first section is concerned about research design for this study and the second section mentioned demographic characteristics of respondents. The third section presented the results of the reliability analysis. The fourth section is the overview mean analysis on the determinants of saving behavior and the last one is examining the mediation effect of financial attitude on the relationship between financial literacy and saving behavior of MBF students in YUE.

4.1 Research Design

The objectives of this study are to analyze the determinants on saving behavior of MBF students in YUE and to examine the mediating effect of financial attitude on the relationship between financial literacy and saving behavior of MBF students in YUE. In this study, the required data were collected from MBF students in YUE. There are 106 students who are currently attending in Master of Banking & Finance (2018-2022) Appendix (A). To get the sample size from the population, Taro Yamane (1973) formula is applied in this study as follows.

$$n = \frac{N}{1+N(e)^2}$$

Where,

N= population size =106

e= the level of precision (A 95% confidence level or 5% level of precision, was assumed)

n = sample size required,

$$n = \frac{106}{1+106(0.05)^2}, n = 83.79,$$

$$n = 84$$

In this study, descriptive research was conducted and data were collected by using the structured questionnaires. This research used both primary and secondary data. The primary data has got from survey by using simple random sample method. Sample size represents 79% of the total MBF students who are currently study in YUE from 2018 to 2022. Secondary data are collected thesis from library, journals, research papers from internet and related information resources. A survey's questions and items are adapted from previous research in order to accomplish the study's objective. According to a five-point Likert scale, the questions asked to respondents were related their agreement from 1 (strongly disagree) to 5 (strongly agree).

The statistical calculation methods include Pearson correlation analysis between each influencing factors on saving behavior. Data are analyzed by the use of linear regression model and it finds out how is the effect of influencing factors on saving behavior of MBF students. This study is explained based on the mean value, correlation analysis and regression results from SPSS. The combination of 44 questions is used in the study.

4.2 Demographic Profile of Respondents

Demographic characteristics of the respondents are analyzed by position of the respondent's age, gender, marital status, years of experience, education, monthly salary, position level. All the data obtained from the questionnaires collected are interpreted and summarized in frequency distribution, percentage distribution and these data can be found in the following in Table (4.1).

Table (4.1) Demographic Profile of Respondents

No.	Particular	Number of Respondents	Percentage
1.	Age:		
	20 – 30 years	10	13
	31 – 40 years	38	48
	41 – 50 years	29	37
	51 years and above	2	2
2.	Gender:		
	Male	12	15
	Female	67	85

Table (4.1) Demographic Profile of Respondents (Continued)

No.	Particular	Number of Respondents	Percentage
3.	Marital status:		
	Single	43	54
	Married	36	46
4.	Highest education attained:		
	Bachelor Degree	15	19
	Post-Graduate Diploma	27	34
	Master Degree	37	47
5.	Number of years of experience:		
	1 year and below	4	5
	1 – 3 years	2	3
	4 – 6 years	1	1
	7 years and above	72	91
6.	Monthly Salary:		
	500,000 kyats and below	9	11
	500,001 – 1,000,000 kyats	17	22
	1,000,001 – 1,500,000 kyats	16	20
	1500,001 – 2,000,000 kyats	10	13
	Above 2,000,000 kyats	27	34
7.	Position Level:		
	Operation Level	6	8
	Middle Management Level (Manager, General Manager)	68	86
	Top Management Level (Chief Executive, Director and above)	5	6
Total		79	100

Source: Survey Data, 2022

Table (4.1) shows that the gender of the respondents in selected respondents are female 85%. For the age groups of respondents, the majority of respondents are within the age group of 31 to 40 and it represents 48% of total respondents. 54% of the respondents are single whereas 46% are married among the MBF students. Regarding education level, there are divided into 3 categories: Bachelor’s degree, Post-Graduate Diploma and Master degree. The highest education level and most of the total respondents are master degree

47%. The majority respondents who are seven years and above of experience are the most respondents with highest ratio of 91% in this study. Meanwhile, most of the respondents receive the monthly salary above 2,000,000 kyats 34%. In addition, the most respondents are at middle management level and it represents 86%.

4.3 Saving Practices

There are different saving methods and reason of saving. The 79 MBF students who responded in this survey questionnaires. The saving practices on saving behavior of the respondents include saving at private banks, saving at good bank, saving at other ways and reason of saving such as for future use, to use education, health, travel purchase or house and land, to buy car phone and to start own business etc. The results of 79 respondents for this study is presented in Table (4.2).

Table (4.2) Saving Practices

No.	Particular	Number of Respondents	Percentage
1.	Saving Method:		
	Saving at Government banks	38	48
	Saving at Private Banks	18	23
	Saving at Other Ways	23	29
2.	Reason of Saving:		
	To Future Use	39	50
	To Start Own Business	23	29
	To Use Education, Health, etc.	15	19
	To Buy Car, Phone, etc.	2	2
Total		79	100

Source: Survey Data, 2022

In Table (4.2), the survey result shows that 23% of respondents save in private banks, 48% of respondents save at government banks and 29% save in other ways such as save in hand and save with friends.

According to the survey result reveals that 50% of the respondents saves for the future, 19% of the respondents save to purchase or construct a house and for health, education and travel, 2% of the respondents save to buy a car or phone, 29% of the respondents save to start a new business.

4.4 Reliability Analysis

Reliability analysis is a measurement of the stability or internal consistency of the variable in the structured questionnaire were determined by utilizing the Cronbach's Alpha coefficient. The preferred reliability coefficient would fall between the ranges of 0.80 to 0.90 Havenga (2008). Acceptable values that indicate a cut-off point of 0.70 as suggested by De Vos, Strydom, Fouche and Delport (2011). The result of the reliability test by Cronbach's Alpha is illustrated in Table (4.3).

Table (4.3) Reliability Analysis

Sr. No.	Items	N	Cronbach's Alpha
1	Family Factor	5	.785
2	Peer Influence	5	.720
3	Self-Dominance	5	.772
4	Saving Motive	7	.761
5	Trust in Banks	5	.916
6	Financial Literacy	5	.809
7	Financial Attitude	6	.717
8	Saving Behavior	6	.847

Source: Survey Data, 2022

As stated in Table (4.3), Cronbach's alpha values of all the variables indicated that all the scores were greater than 0.7. Therefore, it is said to have good reliability, higher internal consistency and the findings are valid for this study.

4.5 Descriptive Analysis on the Determinants of Saving Behavior

In this section, it examines determinants on saving behaviour of MBF students in YUE. Five-Point Likert Sales was used and the respondents had to response their options. According to Akkakoson, (2016), the average mean score range is interpreted as 1.00 to 1.80 (lowest level agreement), 1.81 and 2.60 (low-level agreement), 2.61 and 3.40 (medium level agreement), 3.41 and 4.20 (high-level agreement) and 4.21 and 5.00 (highest level agreement).

In conceptual framework of this study, determinants on saving behaviour of MBF students are family factor, peer factor, self-dominance, saving motive, trust in banks and financial literacy. The mean value of each variable is shown in below;

Family Factor

In this analysis, the family factor is the first determinant factor to analyze with descriptive analysis method used. It was undertaken by applying a total of five statements relating to family factor of saving behavior Table (4.4) explains the mean value of family factor of saving behavior for MBF students in YUE which are as follows;

Table (4.4) Mean Value of Family Factor

Sr. No.	Statements	Mean	Std Dev.
1.	Family is not concern for financing.	3.37	0.70
2.	Financial education is essential between family members.	3.41	0.67
3.	Family can advise the important of saving and pressure of financial problem.	3.58	0.74
4.	Family plays an important role in financial matters	3.67	0.73
5.	Family appreciates for saving.	3.54	0.78
Overall Mean		3.51	

Source: Survey Data, 2022

Table (4.4) indicates family factor of the respondents. Family plays an important role in financial matters has the highest mean score of 3.67 because many respondents have clear ideas of future financial needs after they retirement. On the other hand, family is not concern for financing which has the lowest mean score of 3.37 as some of the respondents are confident that they can manage their incomes and expenses very well. The overall mean score of family factor 3.51 indicates that the majority of respondents have high-level of family factor on saving behavior for MBF students because they have been in touch with financial knowledge among family members. And all of the means value is in the range of 3.41 to 4.20, high level agreement. Therefore, it can be considered that all statements in family factor of saving behavior are as high-level agreement.

Peer Factor

In this analysis on peer factor of saving behavior, it was also undertaken by using total five statements. Table (4.5) explains the mean value of peer factor of saving behavior for MBF students in YUE which are as follows;

(4.5) Mean Value of Peer Factor

Sr. No.	Statements	Mean	Std Dev.
1.	Friends encourage to make saving plan.	3.71	0.70
2.	Friends consult about saving.	3.57	0.73
3.	Friends compare amount of saving money.	3.52	0.68
4.	Friends have bank account for saving	3.59	0.76
5.	Friends contribute the money in activities together.	3.81	0.72
Overall Mean		3.64	

Source: Survey Data, 2022

Table (4.5) indicates peer factor of the respondents. The highest mean score is 3.81 which represent most of the respondents are able to contribute the money in

activities together with friends and many of them are encouraged to make saving plan by friends. The lowest mean score is 3.52 which represent some of them compare amount of saving money with friends. The overall mean score 3.64 indicates that the majority of respondents have high-level of peer factor on saving behavior. And all of the means value is in the range of 3.41 to 4.20, high-level agreement. Therefore, it can be considered that all statements in peer factor on saving behavior for MBF students are as high-level agreement.

Self-dominance

In this descriptive analysis on the self-dominance on saving behavior, respondents have to respond to five questions relating to self-dominance. Table (4.6) explains the mean value of self-dominance of MBF students in YUE which are as follows;

Table (4.6) Mean Value of Self-dominance

Sr. No.	Statements	Mean	Std Dev.
1	Difficult to control for saving.	3.89	0.85
2	Like to spend money.	3.92	0.84
3	When get money, always spend it immediately.	4.13	0.76
4	No ability to manage and control the habit of spending money.	4.04	0.71
5	Saving may be positive habit.	3.94	0.63
Overall Mean		3.98	

Source: Survey Data, 2022

As the results of Table (4.6), it is mentioned about self -dominance. In this finding, the highest mean is 4.13 which indicates that most of the respondents are always spend money immediately when they get it and many of them are no ability to manage and control the habit of spending money. On the other hand, the lowest mean score is 3.89 which represents some of the respondents are difficult to control for saving because they are always difficulty in the first step of saving and they need great saving practices.

The overall mean score 3.98 indicates that the majority of respondents have high level of self-dominance on saving behavior. And all of the means value is in the range of 3.41 to 4.20, high-level agreement. Therefore, it can be considered that all items in self-dominance on saving behavior for MBF students are as high-level agreement.

Saving Motive

In the questionnaire, there are seven questions for analysis of saving motive component. Table (4.7) explains the mean value of saving motive of MBF students in YUE which are as follows;

Table (4.7) Mean Value of Saving Motive

Sr. No.	Statement	Mean	Std Dev.
1	To stress -free retirement, need to start saving today.	3.34	0.88
2	To open bank account, senior management level encourages for saving and arrange.	3.42	0.83
3	To get regular interest earning from saving.	3.65	0.82
4	To save money for medical expenses for example, sudden out of pocket money.	3.43	0.84
5	To save money for life insurance.	3.49	0.90
6	To save money for holidays vacation.	3.05	1.05
7	To use money for children's needs such as education, wedding, to buy house or consumer durables	3.56	0.94
Overall Mean		3.42	

Source: Survey Data, 2022

As the results of Table (4.7), the overall mean score 3.42 indicates that students have high-level of saving motive on saving behavior. And all of the means value is in the

range of 3.41 to 4.20, high-level agreement. Therefore, it can be considered that all items in saving motive on saving behavior for MBF students are as high-level agreement. The highest mean score 3.65 indicates that most of the respondents wanted to save money to get regular interest earning from saving. The second highest mean score 3.56 indicates that many of the respondents wanted to use money for children’s needs such as education, wedding, to buy house or consumer durables (e.g., fridges, motor vehicles etc.), for holidays, for emergencies and to have funds in reserve for necessities. The lowest mean score 3.05 indicates that respondents who wanted to save money for new business expansion.

Trust in Banks

Table (4.8) explains the mean value of Trust in Banks of MBF students in YUE. In the questionnaire, there are five questions for analysis of trust in banks component.

Table (4.8) Mean Value of Trust in Banks

Sr. No.	Statements	Mean	Std Dev.
1	Customers are able to withdrawal the cash immediately from the trusted bank if needed.	3.89	0.92
2	Searching for the information of the banks are important before using that bank.	3.70	1.02
3	Opening savings account, trust in banks is important.	3.85	1.06
4	Looking for the trustiest bank.	3.87	1.02
5	Trust is an essential component of any financial system.	3.84	0.85
Overall Mean		3.83	

Source: Survey Data, 2022

As the results of Table (4.8), the overall mean score 3.83 indicates that the trust in banks is influence to saving behavior on many respondents. And all of the means value is in the range of 3.41 to 4.20, high-level agreement. Therefore, it can be considered that all

items in trust in banks on saving behavior for MBF students are as high-level agreement. The highest mean score 3.89 presents that most of the respondents are focused on customers are able to withdrawal the cash immediately from the trusted bank if needed. The second highest mean score 3.87 indicates that many of the respondents are always looking for their trustiest bank because they don't want to lose their money. The lowest mean score 3.70 indicates that some of the respondents search for the information of the banks are important before using that bank.

Financial Literacy

Table (4.9) explains the mean value of financial literacy of MBF students in YUE. In the questionnaire, there are five questions for analysis of financial literacy component.

Table (4.9) Mean Value of Financial Literacy

Sr. No.	Statements	Mean	Std Dev.
1.	Knowing the saving for investment.	3.67	0.78
2.	Understanding the banking procedure.	3.59	0.78
3.	Knowing financial needs during retirement.	3.75	0.91
4.	Maintaining the income and expenses records.	3.81	0.80
5.	Understanding financial instruments (e.g., bonds, stocks, ATM cards, MPU cards)	3.82	0.80
Overall Mean		3.73	

Source: Survey Data, 2022

Five statements for financial literacy are shown in Table (4.9), the highest mean score 3.82 presents that most of the respondents have well understand how to use their financial instruments such as bonds, stocks, ATM cards and MPU cards because they have been in touch with financial skills. The second highest mean score 3.81 indicates that many MBF students able to maintain their income and expenses records

systematically as they have self-management. The lowest mean score 3.59 indicates that respondents are understand the banking procedure because they have banking knowledge. The overall mean score 3.73 indicates that the respondents have high level of financial literacy on saving behavior. And all of the means value is in the range of 3.41 to 4.20, high-level agreement. Therefore, it can be considered that all statements in financial literacy on saving behavior for MBF students are high-level agreement. This is because many of the respondents have financial knowledge in managing and solving financial problems, shaping the behavior and mindset that give an effect on the financial situation of individuals.

Financial Attitude

Financial attitude is the mediation factor between financial literacy and saving behavior. In the questionnaire, there are six questions for analysis of financial attitude component. Table (4.10) explains the mean value of financial attitude of MBF students in YUE which are as follows;

Table (4.10) Mean Value of Financial Attitude

Sr. No.	Statements	Mean	Std Dev.
1	Concerning about saving for old age.	3.82	0.97
2	Keeping track of money.	3.42	1.01
3	Managing to spend money within budgets.	3.86	0.83
4	Satisfying with spending habits.	3.34	1.05
5	Planning for spending money is essential to successfully managing one's life.	3.81	0.99
6	Planning for the future is the best way of getting ahead in the future financial security.	4.19	0.79
Overall Mean		3.74	

Source: Survey Data, 2022

As the results of Table (4.10), the overall mean score 3.74 indicates that the level of financial attitude of the MBF students is high determinants on saving behavior. And all

of the means value is in the range of 3.41 to 4.20, high-level agreement. Therefore, it can be considered that all statements in financial attitude on saving behavior for respondents are as high-level agreement. The highest mean score 4.19 indicates that most of the respondents are strongly believe that the planning for the future is the best way of getting ahead in the future financial security. The second highest mean score 3.86 indicates that many of the respondents are able to manage to spend their money within budgets. The lowest mean score 3.34 indicates that some of respondents satisfy with spending habits and they are willing to spend money rather than saving.

Saving Behavior

Table (4.11) explains the mean value of saving behavior of MBF students in YUE. In the questionnaire, there are six questions for analysis of saving behavior component.

Table (4.11) Mean Value of Saving Behavior

Sr. No.	Statements	Mean	Std Dev.
1	Saving money for future purpose.	4.48	0.84
2	Saving goal for contingencies.	3.82	0.84
3	Checking the balance of money for saving.	3.91	0.77
4	Saving gold or land than money at bank.	3.97	0.85
5	Saving to buy the things only when really needed and useful.	3.84	0.84
6	Do not save money at bank because of inflation.	3.68	0.87
Overall Mean		3.95	

Source: Survey Data, 2022

As the results of Table (4.11), the highest mean score 4.48 presents that most of the respondents are saving money for their future purpose. The second highest mean score 3.97 indicates that many of the respondents prefer to save gold or land rather than money at bank because they believe that gold and land are less risky and can sell it when needed. The lowest mean score 3.68 indicates that the many respondents are not saving money at

bank because of high inflation. The overall mean score 3.95 indicates that the respondents have high level of saving behavior for their life because no one is able to anticipate what would take place in the future. And all of the means value is in the range of 3.41 to 4.20, high level. Therefore, it can be considered that all statements on saving behavior for MBF students are as high-level agreement.

Summary of Overall Mean Value

According to the mean values of the items, the respondents generally agreed all factors of saving behavior. Each factor includes different number of items and is measured on five-point Likert scale. Therefore, the respondent can fill up their answer by selecting one from the five options. Summary of overall means are shown in below table (4.12).

Table (4.12) Summary of Overall Mean Value

Sr. No.	Factors	Over All Mean
1	Family Factor	3.51
2	Peer Influence	3.64
3	Self-Dominance	3.98
4	Saving Motive	3.42
5	Trust in Banks	3.83
6	Financial Literacy	3.73

Source: Survey Data, 2022

As reported in Table (4.12), all of the overall means value is in the range of 3.41 to 4.20, high-level agreement. Therefore, it can be considered that all determinants on saving behavior for MBF students are as high-level agreement. Self-dominance has the highest overall mean score while saving motive has the lowest overall mean score among six determinant factors.

4.6 Correlations Analysis of Determinants on Saving Behavior of MBF Students

In this section, correlation analysis was conducted before regression analysis. Correlation analysis is the prediction of the relationship between independent variables and dependent variable. Influencing factors are focused on family factor, peer factor, self-dominance, saving motive, trust in banks and financial literacy. Correlations analysis is used to measure whether a pair of variables is related. Positive coefficients report the direct relationship, this means the value of one factor increases, the value of dependent variable tends to increase. Table (4.13) explains the result from that correlation analysis which are as follows.

Table (4.13) Correlations Analysis of Determinants on Saving Behavior

		Family Factor	Peer Factor	Self-dominance	Saving Motive	Trust in Banks	Financial Literacy	Saving Behavior
Family Factor	Pearson Correlation	1	.143	.077	.001	-.003	.127	.177
	Sig. (2-tailed)		.210	.500	.994	.982	.265	.118
Peer Factors	Pearson Correlation	.143	1	.120	.094	.335**	.140	.314**
	Sig. (2-tailed)	.210		.292	.411	.003	.217	.005
Self-dominance	Pearson Correlation	.077	.120	1	-.001	-.238*	.090	-.110
	Sig. (2-tailed)	.500	.292		.994	.035	.428	.335
Saving Motive	Pearson Correlation	.001	.094	-.001	1	.370**	.019	.628**
	Sig. (2-tailed)	.994	.411	.994		.001	.868	.000
Trust in Banks	Pearson Correlation	-.003	.335**	-.238*	.370**	1	-.060	.498**
	Sig. (2-tailed)	.982	.003	.035	.001		.597	.000
Financial Literacy	Pearson Correlation	.127	.140	.090	.019	-.060	1	.239*
	Sig. (2-tailed)	.265	.217	.428	.868	.597		.034
Saving Behavior	Pearson Correlation	.177	.314**	-.110	.628**	.498**	.239*	1
	Sig. (2-tailed)	.118	.005	.335	.000	.000	.034	

Source: SPSS-26 Results

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

* Correlation is significant at the 0.05 level (2-tailed).

Table (4.13) presents the relationship between independent variables and dependent variable. The correlation coefficient of peer factor, saving motive and trust in banks are positively significant at 1% level on saving behavior. The correlation coefficient of financial literacy and saving behavior is positively significant at 5% level. The correlation coefficient of family factor and self-dominance are is not significant on saving behavior.

4.7 Regression Analysis of Determinants on Saving Behavior of MBF Students

It is important to consider which factors of saving behavior out of the six factors can significantly explain respondents saving behavior. For this purpose, the multiple regression analysis is conducted, and the results are reported in Table (4.14).

Table (4.14) Multiple Regression Analysis of the Saving Behavior

Variable	Unstandardized Coefficient		Standardized Coefficient	t	Sig	VIF
	B	Std. Error	Beta			
(Constant)	-.326	.644		-.506	.614	
Family Factor	.162*	.092	.137	1.763	.082	1.037
Peer Factor	.185*	.109	.144	1.703	.093	1.236
Self-dominance	-.112	.093	-.098	-1.204	.232	1.130
Saving Motive	.569***	.091	.518	6.267	.000	1.176
Trust in Banks	.185***	.069	.248	2.701	.009	1.455
Financial Literacy	.222***	.080	.216	2.764	.007	1.049
R	.762 ^a					
R Square	.581					
Adjusted R Square	.546					
F value	16.658***					

Source: SPSS-26 Results

Notes: *** = Significant at 1% level, ** = Significant at 5% level, * = Significant at 10% level

As shown in Table (4.14), F value is highly significant at 1% level. Thus, it can be said this model is valid. The value of adjusted R square is 0.546, it highlights that this

specified model can explain 54.6 % of variation of saving behavior which is predicted by influencing factors such as family factor, peer factor, self-dominance, saving motive, trust in banks, financial literacy.

Regression coefficient value and also indicated the individual contribution of each predictor. The value of (VIF) is less than 10 therefore the serial correlation and multi-collinearity problems were not detected in this analysis.

The standardized coefficient (Beta) of saving motive has the largest value (.518) among six explanatory variables indicating that saving motive has the greatest contribution to increase saving behavior of the MBF students.

Based on the results of multiple regression analysis, it can be concluded that saving motive, trust in banks and financial literacy, family factor and peer factor were considered to be positively significant influence on saving behavior. In addition to, self-dominance does not impose any significant impact on saving behavior.

Among the six independent variables, the family factor with standardized coefficients of 0.137 indicated that it has a positive influence and dominant effect on the saving behavior of the MBF students in YUE according to the linear regression model analysis. This is explained as if there is an increase of one unit in family factor, saving behavior can be improved while holding the other constants. Consequently, the peer factor with standardized coefficients of 0.144 indicated that it has the second positive influence on the saving behavior of MBF students.

4.8 Analysis on the Mediation Effect of Financial Attitude on the Relationship between Financial Literacy and Saving Behavior

This section analyses the mediation effect of financial attitude on the relationship between financial literacy and saving behavior. Pearson's correlation analysis is used to investigate the relationship between financial literacy, financial attitude and saving behavior. PROCESS macro for SPSS is applied to find out the mediation effect between financial literacy, financial attitude and saving behavior of MBF students.

The correlations result is presented in Table (4.15) and the regression results is shown in table (4.16) and (4.17).

Table (4.15) Correlations Analysis on Financial Literacy, Financial Attitude and Saving Behavior

		Financial Literacy	Financial Attitude	Saving Behavior
Financial Literacy	Pearson Correlation	1	.127	.239*
	Sig. (2-tailed)		.266	.034
Financial Attitude	Pearson Correlation	.127	1	.486**
	Sig. (2-tailed)	.266		.000
Saving Behavior	Pearson Correlation	.239*	.486**	1
	Sig. (2-tailed)	.034	.000	

Source: SPSS-26 Results

*. Correlation is significant at the 0.05 level (2-tailed).

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

Table (4.15) presents the relationship between the financial literacy, financial attitude and saving behavior. The correlation coefficient of financial literacy and saving behavior is significant at 5% level. The correlation coefficient of financial attitude and saving behavior is significant at 1% level. The correlation coefficient of financial literacy and financial attitude is not significant. According to the correlation analysis, there are relationship between (1) financial literacy and saving behavior and (2) financial attitude and saving behavior.

Figure (4.1) Mediating Effect of Financial Attitude on the relationship between Financial Literacy and Saving Behavior

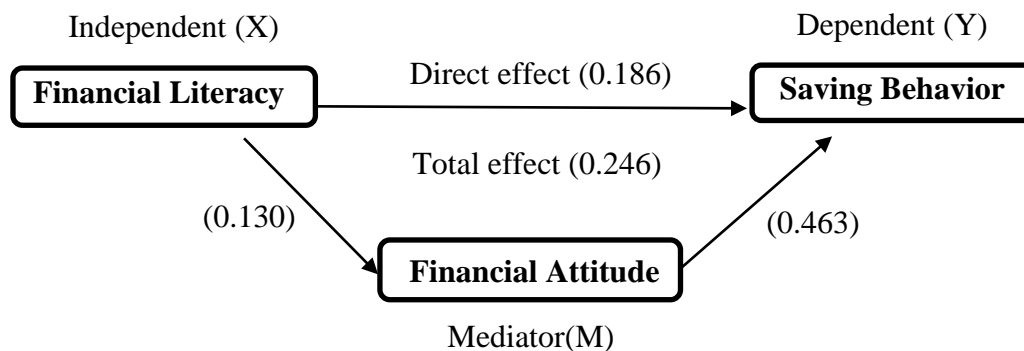


Table (4.16) Effect of Financial Literacy on Financial Attitude

Dependent Variable: Attitude	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
(Constant)	3.254	.440		7.403	.000
Financial Literacy	.130	.116	.127	1.122	.266

Source: SPSS-26 Results

Notes: ** = Significant at 1% level, * = Significant at 5% level,

According to regression results in Table (4.16), there is no mediation effect of financial attitude on the relationship between financial literacy and saving behavior. Baron and Kenny's mediation analysis method (1986) proved that financial literacy (Independent variable) is not significant on financial attitude (Mediator).

Baron and Kenny's mediation analysis method had limitation as they had a conservative approach that could not incorporate the wider dimension of variables. Hayes mediation method of process macro bootstrapping analysis is used to confirm the Baron and Kenny's mediation analysis. The mediation analysis summary is shown in Table (4.17)

Table (4.17) Mediation Analysis Summary

Relationship	Total Effect	Direct Effect	Indirect Effect	Confidence Interval		Conclusion
				Lower Limit	Upper Limit	
FL-> FA->SB	0.246* (0.034)	0.186 (0.072)	0.060	-0.028	0.237	No Mediation

Source: SPSS-Process Macro Results

Notes: **p < 0.01 = Significant at 1% level, *p < 0.05 = Significant at 5% level

Table (4.17) further confirms the result of the mediation test that the financial attitude is not mediate the relationship between financial literacy and saving behavior. The bootstrapping analysis explain that the indirect effect is not significant. The indirect effect with 95% Boot CL [LL= -0.028, UL=0.237] straddle a 0 in between lower limit and upper limit. The result proved that there is no mediation effect of financial attitude on the relationship between financial literacy and saving behavior.

CHAPTER 5

CONCLUSION

Based on the results of the data analysis, the last chapter is devoted to draw the conclusion on the results of this study. In this chapter presents the finding and discussions, suggestions and recommendations and need for further research. It explores the determinants of saving behaviour such as the family factor, peer factor, self-dominance, saving motive, trust in banks, financial attitude and saving behaviour of MBF students in YUE. Furthermore, it describes the influencing factor on saving behaviour of MBF students. This study also analyses the mediation effect of financial attitude on the relationship between financial literacy and saving behaviour. Based on the findings, this study makes suggestion and recommendations.

5.1 Findings and Discussion

In the analysis of the demographic profiles of respondents, gender composition, age range, education level, current job position and working experience were covered. According to the results, the majority of the respondents are female and fall into the middle age. Besides, most of the respondents are still single and holding master degree. Meanwhile, the majority of the respondents have working experience of more than seven years & above. Furthermore, middle management level is the majority respondents.

According to survey results, most respondents are more likely to save at government banks than private banks in Myanmar. In addition, some respondents save in other ways such as save in hand and save with friends. With regard to reason of saving information, most of the respondents save for the future and many of the respondents save to purchase or construct a house or land, health, education and travel as well as some of the respondents save to start a new business.

Based on the result of overall mean value in previous chapter, the highest overall mean value is self-dominance on saving behaviour among the six variables and found that most of the respondents are always spend money immediately when they get it and many of them are no ability to manage and control the habit of spending money. On the other

hand, some of the respondents are difficult to control for saving because they need great saving practices.

The second highest mean value is trust in banks which found that most of the respondents are focused on customers are able to withdrawal the cash immediately from the trusted bank if needed. Many of the respondents are always look for their trustiest banks as the banking services are essential for them.

The third highest mean value is financial literacy which found that most of the respondent states that they have well understand how to use their financial instruments such as bonds, stocks, ATM cards and MPU cards because they have been in touch with financial skills. Many of the respondents are able to maintain their income and expenses records systematically as they have self-management. In addition, they have financial knowledge of how to make smart decisions with money, prepare a budget, know how much to save, decide favourable loan terms and understand impacts to credit. These skills help individuals make smarter decisions and act more responsibly with their personal finances. Furthermore, Lack of financial literacy can act as a barrier to saving if people do not manage their money well, they may not have enough left to save after day-to-day expenses, or may accumulate debt they cannot repay. Consequently, Peer factor, family factor and saving motive are in order of overall mean value.

Pearson Correlation Analysis shows that the correlation coefficient of peer factor, saving motive, trust in banks and financial literacy are positively significant in different level on saving behavior. However, the correlation coefficient of family factor and self-dominance are not significant on saving behavior.

According to the results of Multiple Regression Analysis, it can be concluded that saving motive, trust in banks and financial literacy, family factor and peer factor are positively significant determinants on saving behavior. In addition to, self-dominance does not impose any significant impact on saving behavior. Most influential factor is found as saving motive. The other influencing factors are financial literacy, trust in banks, peer factor and family factor, in order of significant and correlation coefficient values. Among the six explanatory variables, saving motive has the greatest contribution to increase saving behavior of the MBF students in YUE.

Based on the survey results using by Pearson's Correlation Analysis for examining the mediation effect of this research, the correlation coefficient of financial

literacy and saving behavior is significant. In addition, the correlation coefficient of financial attitude and saving behavior is also significant. However, the correlation coefficient of financial literacy and financial attitude is not significant.

According to Baron and Kenny's mediation analysis, there is no mediation effect of financial attitude on the relationship between financial literacy and saving behavior. The results of Hayes mediation analysis further proved that financial attitude is not mediate the relationship between financial literacy and saving behavior. The bootstrapping analysis explain that the indirect effect is not significant. The result confirms that there is no mediation effect of financial attitude on the relationship between financial literacy and saving behavior.

5.2 Suggestions and Recommendation

After examining the family factor, peer factor, self-dominance, trust in banks, saving motive and financial literacy, which all are recommended as important influencing factors for saving behavior. These findings are also applicable for all people who want to save money in Myanmar.

Based on the findings of the study, this study could help the Myanmar banking sector to get well understanding of saving behavior of MBF students because most of the MBF students are saving money for their future purpose. As the family factor is high level of influence factor and the family are playing the important role in financial matters on saving behavior of MBF students. Savings by individuals are important both for personal financial well-being and for economic growth. Thus, governments should try to encourage their citizens to save more, or to save more appropriately, by preferring formal institutions to informal saving and by promoting more diversification.

Peer factors also one of the determinants on saving behavior. Most of the MBF students are able to contribute the money in activities together with friends. Many of them are encouraged to make saving plan by friends and some of them compared amount of saving money with friends. Furthermore, most of MBF student are always spend money instantly when they get it and many of them are no ability to manage and control the habit of spending money and many of them like to spent the money instead of saving. In many economies, people are, on the whole, reluctant to save, even when they are aware of the benefits of doing so. It is for this reason that policy makers or government are looking to

a range of tools to encourage saving and enable students to provide themselves with a financial cushion and awareness campaigns in order to improve the self-dominance of MBF students in YUE as well.

Saving motive, trust in banks and financial literacy have high determinants on saving behavior of MBF students. To analysis for saving motive, most of the respondents wanted to save money to get regular interest earning from saving and many of the respondents wanted to use money for children's needs such as education, wedding, to buy house or consumer durables (e.g., fridges, motor vehicles etc.), for holidays, for emergencies and to have funds in reserve for necessities but the lowest respondents who wanted to save money for new business expansion. Therefore, government should incentive typically provide a financial benefit, sometimes over and above the interest earned on the savers' money. Some examples of incentives to stimulate saving in general or for specific forms of savings and investment (e.g., pension saving, asset building, home ownership).

With regard to trust in banks, most of the respondents compare and review all the bank services because trust in banks is very important for them because most of MBF students are able to withdrawal their cash immediately from the trusted bank when required and students are always looking for their trustiest bank to open saving account at trusted banks. Therefore, trust is an essential component of any financial system. Lack of trust in financial institutions is often cited as a reason why people do not save. This may arise due to a lack of confidence that the bank will look after the savers' money. Therefore, governments should ensure that ordinary depositors do not lose money and safe in the bank.

Regarding financial literacy, lack of financial skills also means people do not plan ahead, or understand how financial products or services can help to meet savings goals. Financial education initiatives are relatively new, and changing saving behavior is a long-term and challenging process covering a wide spectrum of activities. There is also widespread use of websites, seminars, advice and other channels to equip people with the knowledge and skills to make choices about saving. Besides, prudential regulation can help reassure savers that their money is safe, and consumer protection legislation can reduce information asymmetries.

5.3 Needs for Further Research

The further study should add the additional factors such as income, incentive, financial information and financial access etc., to examine the saving behavior of all the MBF students across the country. This study only limited on the selected members of samples. The further study could be extended to all private universities and government universities all over the country. This research is only emphasized on the saving behaviour of the MBF students in YUE. Only the six determinant factors are examined in this study. The further study on the same topic of research could be carried out for other professions and specific industry such as manufacturing, banking, retailing, insurance, hotel and hospital in order to have more generalizability.

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APPENDIX A

SURVERY QUESTIONNAIRE

Determinants of Saving Behavior of MBF Students

at Yangon University of Economics

This survey is only concerned with Master of Banking and Finance conferred by Yangon University of Economics. Participation in the study is voluntary and completion of the survey will take about 10-15 minutes. You will encounter no personal risk by participating in this study. The collected data will only be used for this study and **your individual survey response will be kept in confidential.**

Thank you for your time and support.

Shwe Zin Tun

EMBFII-53 (7th Batch)

Yangon University of Economics

Section (A) Demographic Profile

Please indicate (✓) in the appropriate information about yourself.

Each question should only have ONE answer.

1. Age:

20-30 Years

31-40 Years

41-50 Years

51 Years and above

2. Gender:

Male

Female

3. Marital Status:

- Single
- Married
- Other.....

4. Highest education attained:

- Bachelor Degree
- Post-Graduate Diploma
- Master Degree
- Other.....

5. Number of years of experience:

- 1 year and below
- 1-3 years
- 4-6 years
- 7 years and above

6. How much do you earn your monthly salary?

- 500,000 Kyats and below
- 500,001-1,000,000 Kyats
- 1,000,001-1,500,000 Kyats
- 1,500,001-2,000,000 Kyats
- above 2,000,000 Kyats

7. Position Level:

- Operation Level
- Middle Management Level (Manager, General Manager)
- Top Management Level (Chief Executive, Director and above)

Section B: Saving Practices

Please indicate () in the appropriate information about yourself.

Each question should only have ONE answer.

1. Saving Method:

- Saving at Private Banks
- Saving at Government Banks
- Saving at Other Ways

2. Reason of Saving:

- To Future Use
- To Use Education, Health, Travel Purchase, etc.
- To Buy Car, Phone, etc.
- To Start Own Business

Section C: Descriptive Analysis on the Influencing Factors of Saving Behavior

Please circle your answer to each statement using 5 Likert scale [(1) = strongly disagree; (2) = disagree; (3) = neutral; (4) = agree and (5) = strongly agree]

Family Factor						
No.	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Family is not concern for financing.	1	2	3	4	5
2	Financial education is essential between family members.	1	2	3	4	5
3	Family can advise the important of saving and pressure of financial problem.	1	2	3	4	5
4	Family plays an important role in financial matters	1	2	3	4	5
5	Family appreciates for saving.	1	2	3	4	5

Peer Factor						
No.	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Friends encourage to make saving plan.	1	2	3	4	5
2	Friends consult about saving.	1	2	3	4	5
3	Friends compare amount of saving money.	1	2	3	4	5
4	Friends have bank account for saving	1	2	3	4	5
5	Friends contribute the money in activities together.	1	2	3	4	5

Self-Dominance						
No.	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Difficult to control for saving.	1	2	3	4	5
2	Like to spend money.	1	2	3	4	5
3	When get money, always spend it immediately.	1	2	3	4	5
4	No ability to manage and control the habit of spending money.	1	2	3	4	5
5	Saving may be positive habit.	1	2	3	4	5

Saving Motive						
No.	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	To stress -free retirement, need to start saving today.	1	2	3	4	5
2	To open bank account, senior management level encourages for saving and arrange.	1	2	3	4	5
3	To get regular interest earning from saving.	1	2	3	4	5
4	To save money for medical expenses for example, sudden out of pocket money.	1	2	3	4	5
5	To save money for life insurance.	1	2	3	4	5
6	To save money for holidays vacation.	1	2	3	4	5
7	To use money for children's needs such as education, wedding, to buy house or consumer durables	1	2	3	4	5

Trust in Banks						
No.	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Customers are able to withdrawal the cash immediately from the trusted bank if needed.	1	2	3	4	5
2	Searching for the information of the banks are important before using that bank.	1	2	3	4	5
3	Opening savings account, trust in banks is important.	1	2	3	4	5
4	Looking for the trustiest bank.	1	2	3	4	5
5	Trust is an essential component of any financial system.	1	2	3	4	5

Financial Literacy						
No.	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I have knowledge that saving is for investment	1	2	3	4	5
2	I have better understand the banking procedure	1	2	3	4	5
3	I know my financial needs while I retire	1	2	3	4	5
4	I am able to maintain income and expenses records	1	2	3	4	5
5	I understand financial instruments (e.g., bonds, stocks, ATM cards, MPU cards)	1	2	3	4	5

Financial Attitude						
No.	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Concerning about saving for old age.	1	2	3	4	5
2	Keeping track of money.	1	2	3	4	5
3	Managing to spend money within budgets.	1	2	3	4	5
4	Satisfying with spending habits.	1	2	3	4	5
5	Planning for spending money is essential to successfully managing one's life.	1	2	3	4	5
6	Planning for the future is the best way of getting ahead in the future financial security.	1	2	3	4	5

Saving Behaviour						
No.	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Saving money is for future purpose.	1	2	3	4	5
2	Saving goal is to use for contingency.	1	2	3	4	5
3	I always check the balance of money for saving.	1	2	3	4	5
4	I prefer to save gold or land rather than money at bank.	1	2	3	4	5
5	I decide to buy the things only when I really needed and useful for saving.	1	2	3	4	5
6	I do not save money at bank because of inflation.	1	2	3	4	5

Thank you for the completing the Questionnaire.

Selected Batched and Sample of Population

Academic Year (2018-2022)

Sr No.	Batch	No. of Students
(1)	MBF Day 2	38
(2)	MBF Day 3	21
(3)	EMBF (7)	21
(4)	EMBF (8)	26
Total		106

APPENDIX B

Correlations Analysis of Determinants on Saving Behavior

		Correlations						
		Family Factor	Peer Influence	Self-dominance	Saving Motive	Trust in Banks	Financial Literacy	Saving Behavior
Family Factor	Pearson Correlation	1	.143	.077	.001	-.003	.127	.177
	Sig. (2-tailed)		.210	.500	.994	.982	.265	.118
	N	79	79	79	79	79	79	79
Peer Factors	Pearson Correlation	.143	1	.120	.094	.335**	.140	.314**
	Sig. (2-tailed)	.210		.292	.411	.003	.217	.005
	N	79	79	79	79	79	79	79
Self-dominance	Pearson Correlation	.077	.120	1	-.001	-.238*	.090	-.110
	Sig. (2-tailed)	.500	.292		.994	.035	.428	.335
	N	79	79	79	79	79	79	79
Saving Motive	Pearson Correlation	.001	.094	-.001	1	.370**	.019	.628**
	Sig. (2-tailed)	.994	.411	.994		.001	.868	.000
	N	79	79	79	79	79	79	79
Trust in Banks	Pearson Correlation	-.003	.335**	-.238*	.370**	1	-.060	.498**
	Sig. (2-tailed)	.982	.003	.035	.001		.597	.000
	N	79	79	79	79	79	79	79
Financial Literacy	Pearson Correlation	.127	.140	.090	.019	-.060	1	.239*
	Sig. (2-tailed)	.265	.217	.428	.868	.597		.034
	N	79	79	79	79	79	79	79
Saving Behavior	Pearson Correlation	.177	.314**	-.110		.498**	.239*	1
	Sig. (2-tailed)	.118	.005	.335	.000	.000	.034	
	N	79	79	79	79	79	79	79

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

* . Correlation is significant at the 0.05 level (2-tailed).

Regression Analysis of the Determinants on Saving Behavior

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.762 ^a	.581	.546	.42466

a. Predictors: (Constant), Financial Literacy, Saving Motive, Self-dominance, Family Factor, Peer Factor, Trust in Banks

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.024	6	3.004	16.658	.000 ^b
	Residual	12.984	72	.180		
	Total	31.008	78			

a. Dependent Variable: Saving Behavior

b. Predictors: (Constant), Financial Literacy, Saving Motive, Self-dominance, Family Factor, Peer Factor, Trust in Banks

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-.326	.644		-.506	.614		
	Financial Literacy	.222	.080	.216	2.764	.007	.953	1.049
	Family Factor	.162	.092	.137	1.763	.082	.965	1.037
	Peer Influence	.185	.109	.144	1.703	.093	.809	1.236
	Self-dominance	-.112	.093	-.098	-1.204	.232	.885	1.130
	Saving Motive	.569	.091	.518	6.267	.000	.850	1.176
	Trust in Banks	.185	.069	.248	2.701	.009	.687	1.455

a. Dependent Variable: Saving Behavior

Analysis on the mediation effect of financial attitude on the relationship between financial literacy and saving behavior.

Correlations

		Financial Literacy	Financial Attitude	Saving Behavior
Financial Literacy	Pearson Correlation	1	.127	.239*
	Sig. (2-tailed)		.266	.034
	N	79	79	79
Financial Attitude	Pearson Correlation	.127	1	.486**
	Sig. (2-tailed)	.266		.000
	N	79	79	79
Saving Behavior	Pearson Correlation	.239*	.486**	1
	Sig. (2-tailed)	.034	.000	
	N	79	79	79

*. Correlation is significant at the 0.05 level (2-tailed).

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

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.127 ^a	.016	.003	.63028

a. Predictors: (Constant), Financial Literacy

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.500	1	.500	1.258	.266 ^b
	Residual	30.589	77	.397		
	Total	31.089	78			

a. Dependent Variable: Financial Attitude

b. Predictors: (Constant), Financial Literacy

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.254	.440		7.403	.000
	Financial Literacy	.130	.116	.127	1.122	.266

a. Dependent Variable: Financial Attitude

Run MATRIX procedure:

***** PROCESS Procedure for SPSS Version 4.2 beta *****

Written by Andrew F. Hayes, Ph.D. www.afhayes.com
Documentation available in Hayes (2022). www.guilford.com/p/hayes3

Model : 4
Y : SB
X : FL
M : FA

Sample
Size: 79

OUTCOME VARIABLE:

FA

Model Summary

	R	R-sq	MSE	F	df1	df2
p	.127	.016	.397	1.258	1.000	77.000
.266						

Model

	coeff	se	t	p	LLCI
ULCI					
constant	3.254	.440	7.403	.000	2.378
4.129					
FL	.130	.116	1.122	.266	-.101
.362					

Standardized coefficients

	coeff
FL	.127

OUTCOME VARIABLE:

SB

Model Summary

	R	R-sq	MSE	F	df1	df2
p	.518	.268	.298	13.943	2.000	76.000
.000						

Model

	coeff	se	t	p	LLCI
ULCI					
constant	1.529	.498	3.068	.003	.536
2.522					
FL	.186	.102	1.827	.072	-.017
.388					
FA	.463	.099	4.683	.000	.266
.659					

Standardized coefficients

	coeff
FL	.181
FA	.463

***** TOTAL EFFECT MODEL *****

OUTCOME VARIABLE:

SB

Model Summary

	R	R-sq	MSE	F	df1	df2
p	.239	.057	.380	4.684	1.000	77.000
	.034					

Model

	coeff	se	t	p	LLCI
ULCI					
constant	3.034	.430	7.062	.000	2.179
					3.890
FL	.246	.114	2.164	.034	.020
					.472

Standardized coefficients

	coeff
FL	.239

***** TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y *****

Total effect of X on Y

	Effect	se	t	p	LLCI	ULCI
c_cs	.246	.114	2.164	.034	.020	.472
	.239					

Direct effect of X on Y

	Effect	se	t	p	LLCI	ULCI
c'_cs	.186	.102	1.827	.072	-.017	.388
	.181					

Indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
FA	.060	.070	-.028	.237

Completely standardized indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
FA	.059	.058	-.030	.190

***** ANALYSIS NOTES AND ERRORS *****

Level of confidence for all confidence intervals in output:

95.0000

Number of bootstrap samples for percentile bootstrap confidence intervals:

5000

----- END MATRIX -----