

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF ECONOMICS
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**ROLE OF BANKING INFRASTRUCTURE IN
BORDER TRADE
(CASE STUDY IN MUSE TOWNSHIP)**

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DECEMBER, 2022

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(CASE STUDY IN MUSE TOWNSHIP)**

**A thesis submitted in partial fulfilment of the requirements for the
Master of Development Studies (MDevS) Degree**

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This is to certify that this thesis entitled “**Role of Banking Infrastructure Development in Border Trade (Case study in Muse Region)**” submitted as a partial fulfillment towards the requirements for the degree of Executive Master of Development Studies has been accepted by the Board of Examiners.

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ABSTRACT

This study examines the role of banking infrastructure in border trade and analyzes the infrastructure's support along the border trade route. The study uses the descriptive method. The required data and information are obtained from primary sources and secondary sources. The study found that banking infrastructure is a major import sector as well as a second major regional development in border trade. Banking is a major sector of trading, market stability, cross-border trade, exchange rates, security, and time management for trading. Chinese foreign direct investment (FDI) in Myanmar has been increasing. Due to the lack of technology as a result of international sanctions against Myanmar, China has easier access to Myanmar, making it easier to relay information to China. China-Myanmar trade development assistance has been closely related to banking infrastructure growth in Muse. Overall, the role of banking infrastructure in border trade results in a positive impact on Myanmar's economy. However, the banking infrastructure of border trade in Myanmar is still comparatively unbalanced with China. As a result, Myanmar is facing difficulties in payment transactions, which means that it is taking time to make payment transactions along the border trade route. Moreover, Myanmar is unpredictable when it comes to the monopoly practice that is exercised by China in the case of border trading. Diversifying trade with China and facilitating quick payment transactions should encourage more cross-border trade.

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LIST OF ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
CBM	Central Bank of Myanmar
FDI	Foreign Direct Investment
CSO	Central Statistical Organization
FDI	Foreign Direct Investment
AFTA	ASEAN Free Trade Area (Council)
GDP	Gross Domestic Product
LDC	Less Developed Countries
ODA	Official Development Assistance
UNCTAD	United Nation Conference on Trade and Development
WTO	World Trade Organization
IFC	International Finance Corporation
ASEAN	Association of Southeast Asian Nations
SAARC	South Asian Association for Regional Cooperation
ICT	Information and Communications Technology
ATM	Auto Teller Machine
ID	Identity Document
IMF	International Monetary Fund
FOB	Free On Board
CIF	Cost Insurance and Freight
DOBT	Department of Border Trade
NES	National Export strategy
USAID	US Agency for International Development
CBM	Central Bank of Myanmar
UN	United Nation
SEE	State Economic Enterprise
GATT	General Agreement on Tariffs and Trade
FOB	Free on Board
CIF	Cost, Insurance, and Freight
OSS	One Stop Service
GDP	Gross Domestic Product
IMF	International Monetary Fund
USAID	US Agency for International Development

CHAPTER 1

INTRODUCTION

1.1 Rationale of the Study

Exchanging commodities and services between two parties is the basis of trade. International trade is the idea of exchanging goods or services between individuals, groups, or organizations in two separate nations. Since several decades, global economics has been interconnected through international services, primary goods, and manufactured goods; trade expansion; international loans; and investment in stock shares, such as through foreign direct investment, developed by multinational corporations. The process of legally liberalizing trade was critical to promoting globalization. International trade has played a key role throughout the history of the developing world. In recent years, trade and development research has focused on East Asia's successful export sector. Taiwan, South Korea, and other East Asian economic powers followed their powerful neighbor China in implementing this strategy. The experiences of these countries play an important role in shaping trade and development.

In the late years of World War II, demand for imports from developing countries far outstripped revenue from exports. It is important to understand that international trade and financial situations are not just border-based in that there is a flow of commodities and financial resources between countries. Developing countries trying to catch up with the developing world after expanding their businesses into the global trade and commerce sector goods, services, and financial markets are not only invited, but also international technology, consumption patterns, institutional and organization management, education, health, and social systems, and general values, ideals, and standards of living in developed countries of the world. Skills flowing from developed countries' economic, social, and cultural sectors can have either positive or negative impacts on broader development objectives. The competitiveness of the free market and free trade, as well as free trade, are theoretically possible. While the export and import data of developing countries are important indicators of their trade, they have been obscured by the overall statistics, even as they reflect each country's economic growth. Developing countries rely more on trade

than developed countries. Major countries such as India and Brazil, which have traditionally practiced closed-door economics, are less dependent on foreign trade for their income than other developing countries. The framework will benefit technology's important role and economic growth.

Since 2011, Myanmar has implemented a number of incremental and dramatic economic reforms with the goal of achieving full economic growth. These economic changes include the liberalization of trade and world trade. Myanmar has been importing manufactured goods and investment goods while selling raw materials at cheap prices. The Myanmar government is aggressively promoting export diversification and downstream processing of primary commodities, as well as enhancing support services for trade finance, market access, and trade facilitation and lowering obstacles to incoming foreign direct investment.

Due to Myanmar's strategic location in the area, all of its trading partners should have plenty of opportunity to expand their businesses both domestically and in the surrounding area. The WTO's first member is Myanmar. Myanmar believes that the multilateral trade system may open up a variety of export prospects and help it get over its supply-side problems. Myanmar's membership in ASEAN and the free-trade agreements that ASEAN has negotiated with other nations have a significant impact on its trade strategy. In order to establish economic and investment links, Myanmar is also looking outside of its Asian neighbors. Myanmar anticipates gaining from the GSP programs that the EU and Norway have reinstated.

Myanmar continues to import manufactured and investment goods at unfavorable terms of trade while exporting primary goods. The majority of Myanmar's international commerce has been with Asian nations. Asian countries account for more than 70% of global exports and more than 90% of global imports. China, Thailand, Singapore, India, Japan, and South Korea are important commercial partners. The government has significantly reduced the role of the state in trade, manufacturing, and price fixing in order to convert Myanmar's economy from one that is centrally planned to one that is more open and market-oriented. In terms of commerce, the Government's part of imports decreased from 43.0 percent to 26.8 percent between 2008-2009 and 2011-2012, while its portion of exports decreased from 60.5 percent to 53.9 percent. The actions of the private sector have primarily dominated international commerce. To promote the private sector's active involvement in global commerce, many measures have been enacted. In November 2011,

for example, governmental trading monopolies were virtually eliminated, allowing private businesses and individuals to import and export practically all items.

The lack of development of banking infrastructure at the border is almost certainly an increase in informal cross-border trade, which saves traders time and money in accordance with legal procedures. It is not informal, in border trade, unique organizational programs have emerged in the border area that can reduce trade costs by developing banking infrastructure and harmonizing them. Based on the findings of growing trade on the China-Myanmar border, there are implications the general trade of country and banking factors. The main border trade point between Myanmar and China is Muse, near the Chinese border town of Shweli in Yunnan Province. The trade route is on the Yangon-Mandalay-Muse / Shweli-Kunming corridor, and the section between Mandalay and Kunming is marked as Asia Highway No.14. Then to be develop with trade also need to be development with banking infrastructure in parallel. There are positive relationship between border trade and banking infrastructure development in Myanmar. Later 1980s Myanmar has achieved Surplus in balance of Trade. Foreign direct investment (FDI) from China significantly increased after 2004 and made it the largest investor in Myanmar in 2010. China became Myanmar's largest trading partner in 2011 and its largest investor in 2010. As a major role in Myanmar's cross-border trade, including payment, bank transaction and trade processes are also an obstacle to trade due to lack of development of banking infrastructure, which is a major challenge for development of trade.

1.2 Objective of the study

The objective of the study is to describe the current saturation of banking infrastructure development along the border trade route in Muse and to identify the obstacles to the development of the banking sector along the China-Myanmar trade route.

1.3 Method of Study

This study used descriptive analysis. The information gathered comes from both primary and secondary sources. Thus, either a qualitative or quantitative approach was used since the study also focused on the payment, transaction, and documentation processes that are currently practiced in Muse. For the primary data, a purposive sampling procedure was applied. Secondary data were collected from the Department of Border Trade website, the United Nations Conference on Trade and Development's website, and relevant websites, documents, and articles from libraries.

1.4 Scope and Limitations of the study

The study focuses on the role of banking infrastructure as a border trade route obstacle, especially for the period between fiscal years 2010 and 2020. Furthermore, it emphasized the perception of banking infrastructure in the Muse border trade route while ignoring other basic infrastructure, social infrastructure, and so on. A total of 200 traders, bankers, and brokers from the Muse border trade route participated in this survey. This research was limited to Muse Township and the 105-mile border trade center.

1.5 Organization of the study

This study consists of five chapters. Chapter I introduces the rationale, objectives, methods, and scope of the study, as well as the organization of the study. Chapter II describes the study's literature review related to the border trade and banking conceptual frameworks this study followed. Chapter III focuses on the background and characteristics of border trade in Myanmar. In Chapter IV, the perception of the role of banking infrastructure in border trade operations with compliance to study design is investigated. Chapter V concludes with the findings and suggestions.

CHAPTER 2

LITERATURE REVIEW

2.1 Nature and concept of trade

The Scottish economist Adam Smith made the claim that increasing productivity results from specialization in industry in his 1776 book "The Wealth of Nations." Smith felt that a nation's limited resources needed to be distributed wisely in order to satisfy a continually increasing demand for products. Smith's thesis states that a nation that engages in international commerce should focus only on manufacturing those things in which it has an absolute advantage, or those goods that it can manufacture more inexpensively than its trading partners. The nation can then export some of those commodities and import those that its trade partners can create more affordably. The classical school of economic philosophy is built on Smith's writings. The nation can then export some of those commodities and import those that its trade partners can create more affordably. The classical school of economic philosophy is built on Smith's writings.

This theory of international trade was refined by the English economist David Ricardo after fifty years. Ricardo's theory, which is still adopted by the majority of modern economists, emphasizes the concept of comparative advantage. According to this theory, a nation can still benefit from trading particular items even if its trade partners can do so at a lower price. Each trade partner has a comparative advantage if their goods will sell for a higher price abroad than they will at home. Each nation's wealth will rise if it focuses on producing the items in which it has a comparative advantage, since more goods will be created.

The promotion of free trade among states has occupied a significant portion of international relations history in the modern era. In view of this, the governments promote the development of regional and international free-trade organizations. They contend that national specialization is critical for its success prosperity because it means that nations will only produce the goods and services that they are best suited to produce, which maximizes overall efficiency and lowers overall costs. They support this claim with references to Adam Smith's earlier theories and Ricardo's theory of comparative advantage.

The governments promote the development of regional and international free-trade organizations. They contend that national specialization is critical for its success and prosperity because it means that nations will only produce the goods and services that they are best suited to produce, which maximizes overall efficiency and lowers overall costs. They support this claim with references to Adam Smith's earlier theories and Ricardo's theory of comparative advantage. Beyond this fundamental advantage, trade between nations has other economic advantages. As a result of international trade, world production becomes more effective and increases, enabling nations (and individuals) to consume a wider range of commodities. A country with few natural resources can create and consume more than it would otherwise be able to. As was previously said, the development of international trade increases the variety of markets in which a nation might sell its commodities. The rise in home production and the increasing usage of labor and raw materials as a result of the growing international demand for goods also contribute to an increase in domestic employment. International trade competition may also compel domestic businesses to innovate and modernize in order to increase efficiency.

Trade is a key driver of economic expansion. By driving factor prices closer to parity, increasing the revenue of trading nations, and making effective use of each country's and the world's resource endowments, trade tends to advance greater internal and worldwide equality. Trade aids in the growth of nations by fostering and rewarding those economic sectors where each nation has a comparative advantage, whether in terms of labor productivity or factor endowment. They can also benefit from economies of scale thanks to it.

2.2 Trade and Regional Integration

The economic integration between different economic perspectives, the terms used to describe how they are being integrated (Béla Alexander Balassa. 1960s). The main objective of most regional economic integration initiatives is to promote socio-economic development. The ASEA and the South Asian Association for Regional Cooperation (SAARC) were established with the momentum of economic and social development in their member countries. Regional integration has changed the breadth of regional movements. In countries with regional integration, the impedance flows of goods, services, capital, people, and ideas help to overcome differences.

Differences between countries created by poor geographical infrastructure and unaffordable policies hinder economic development. Regional integration permits nations

to conquer these expensive divisions by coordinating merchandise, administrations, and components' business sectors accordingly, encouraging the progression of exchange, capital, energy, people, and ideas. Regional integration can be advanced through regular physical and institutional foundations. Provincial mix, on the other hand, necessitates participation from nations in; trade, investment, and domestic regulations, transportation, ICT and energy infrastructure, macroeconomic and monetary policy, and provisions for other common commodities (e.g., shared natural resources, security, education).

Coordination in these areas is different in different organizational forms; they have different policy commitments, equitable sovereignty, and different priorities in different parts of the world. Regional integration brings significant economic benefits. Countries and regional integration: to improve market efficiency, provide public goods, or share the cost of large-scale infrastructure projects, agree on a policy unanimously and set a reform milestone, lay the groundwork for global integration, and enjoy other non-economic benefits such as peace and security.

The scale of economic integration can be divided into six stages. They are the priority trade areas, free trade areas, customs unions, common markets, economic and monetary unions, and complete economic integration. Economic integration is more important than political integration. Indeed, defenders acknowledge the possibility of supranational regular business sectors with free development of financial variables across national borders, which normally creates interest for additional incorporation of monetary issues as well as social and security matters. Consequently, financial networks normally consolidate into one voice over the long haul.

The hypothetical establishment of provincial combinations is generally found in the context of financial and political hypotheses. Concerning the previous exchange hypothesis, there is a significant source of motivation, whereas the roots of the last are more mixed. From a worldwide point of view, practical reasoning and the spotlight on exchange examination have been two significant methodologies, with solid connections to certifiable reconciliation activities. In a mainland or local point of view there is by all accounts solid proof that monetary and political coordination and spatial vicinity are close related.

It is sensible to accept that local monetary reconciliation starts with the determination of customs boundaries and quantities. Exchange mix increases monetary association among part nations in the region, which will stand out for them and energize their premium in making a standard move to avoid and reduce financial shocks. Provincial exchange courses of action will thus animate intra-local FDI. Exchange transparency is

firmly identified with the level of monetary reconciliation. Exchange progression is essential to capital record advancement. If domestic factor markets and foreign exchange are still heavily influenced by mutilations, further expanding shortcomings in domestic production, Exchange transparency has been found to be strongly related to the level of monetary integration.

2.3 The Role of Banking Sector in Economic Development

Banks provide a variety of critical services for the monetary turn of events. Because of the use of credit instruments such as checks, drafts, and bills of trade, banks have reduced the use of cash in the least expensive and most secure way. Banks act as business and business specialists for their clients; banks give storage offices; banks acknowledge the various service bills; banks manage the financial specialists while deciding on venture choices; banks advance credits for education; and so on.

Taking into account the following factors, banks may play a useful role in promoting economic growth in developing countries.

(1) Long-Term Financial Finance for Agriculture and Infrastructure Development

Regularly, commercial banks typically provide short-term loans to trade and industries in developed countries. In developing countries, however, growth in new economies and agricultural and infrastructure projects requires long-term loans for appropriate development. Therefore, commercial banks consider their policies for three- to five-year long-term loans in the commercial and industrial sectors.

(2) Modern Facilities

Private Banks are now offering a variety of sophisticated services, such as electronic payment platforms in Internet banking, ATMs, online facilities, bill payments, etc.; mobile banking and call centers; smart cards and debit cards; statement inquiries; and credit cards.

(3) Helping in Financing Various Consumer Activities

Individuals in developing countries don't have adequate monetary assets to purchase costlier products like accommodations, motor cycle, car, refrigerator etc. The commercial banks help provide loans are available to purchase these items, which raise the standard of living in developing countries.

(4) Provision of Valuable Service

Banks provide many valuable services for economic growth. Banks help their clients as business and business specialists; provide locker facilities; bank services for various utility bills; mentor investors while deciding on speculation choices; and provide advance loans for education, among other things.

(5) Long-term Financing for Agricultural Development

Regularly, commercial banks typically provide short-term loans to trade and industry in developed countries. However, in developing countries, long-term loans for appropriate development are needed to develop new economies and agriculture. Therefore, commercial banks consider their policies to provide long-term loans for trade and industry for up to three years.

(6) Make more Utilization of Resources

Banks' savings are being used more for development purposes in different parts of the country. This ensures more efficient use of resources. Banks help to allocate resources fairly and optimally. Some large-scale projects cannot be started due to lack of capital. Eliminate the problem of bank lending and capital shortages. Due to the use of resources in the economy, production, income and job opportunities increase. For these things, growth leads to economic development.

(7) Encouraging Sort of Right Industries

The banks help in the improvement of the proper type of businesses by stretching out credit to right sort of people. Thusly, they help for industrialization of the nation as well as for the financial advancement of the nation. They offer loans and upgrades from manufacturers who are in high demand. Manufacturers are increasing their products by helping to increase the country's revenue by introducing new production methods.

(8) Bank Rate Policy

Economists believe that changing bank rates could make a difference in the country's financing. In certain nations, the National Bank controls the rate of interest important to be paid by banks for the stores acknowledged by them and furthermore the rate of interest important to be charged by them on the credits conceded by them.

(9) Bank Adapt Obligation

Bank change the advance to be reimbursed after a specific period into money which can be promptly utilized for business activities. Makes and wholesale merchants can't expand their deals without selling merchandise on layaway premise. However, causes the blocking of credit sales for capital. Thus, creation may likewise be diminished. As banks

are loaning cash by limiting bills of exchange, business concerns can do the financial exercises with no interference.

(10) Bankers as Employers

After the liberation of the banking industry, the banking industry flourished. The opening of bank branches in almost all villages has created new job opportunities. Banks are also improving the number of people in positions of responsibility in their offices.

(11) Banks are Business Visionaries

In recent days, banks, especially in Myanmar, Vietnam In developing countries like India, the role of entrepreneurial development has been assumed. Lately, banks have accepted the function of creating business especially in developing countries like Myanmar, Vietnam, and India. Creating of entrepreneurship is an intricate cycle. It incorporates the development of venture thoughts, ID of explicit undertakings appropriate to nearby conditions, initiating new entrepreneurs to take up these all-around figured tasks and arrangement of advising administrations like specialized and administrative direction.

Banks give 100% credit to advantageous tasks, which is likewise actually plausible and financially reasonable. Subsequently, business banks help for the improvement of entrepreneurship in the nation.

(12) Dramatic Economic Development

The banks make accessible credits of various periods to agriculture, industry and trade. Direct investment in the industrial category in doing. They are industrial, Agriculture and Commercial by giving advice and support for economic development.

(13) Surplus for Payment Balance

Developing countries are in their balance of the payment deficit they faced. Commercial banks are useful to beat this issue. Because of the banks, a nation can improve its economy and can accomplish the independence this causes in great equilibrium of trade. Along these lines, banks are useful for the surplus in equilibrium of payments.

(14) Monetary to Government

The government acts as a promoter of industries in developing countries for finance. Banks provide long-term loans to the government by investing their money in government accounts, such as short-term finance, by purchasing government bonds and short-term bills.

(15) Assists in the Monetary Policy

By adhering to the central bank's monetary policy, banks contribute to the country's economic development. In line with the needs of emerging economies, the central bank relies on these commercial banks for the success of financial management.

(16) Need for Perfect Financial Framework

The accompanying focuses require unique pressure for the improvement of a developing country's financial framework: developing countries should have appropriate payment systems in place to move funds from one place to another to meet the needs of trade and industry; loans to developing countries should be used for productive purposes; long-term loans to agriculture and small-scale industries would be better and more encouraging, and many people prefer cheques a cash.

2.4 Cross-border Trade and Financial Services

Trade analysis is based on four fundamental principles and trends. These are: 1) growth of primary exports limited only by global demand; 2) deterioration in terms of trade for countries producing primary products, 3) the emergence of a new protectionism against agriculture products and manufacturing in LDC countries; and 4) market failures that reduce the ability to export higher-value products in developing countries.

The reasons why the LDC's export growth rate has slowed are: decreasing demand for raw materials for skill-intensive products and high-technology goods; moving low technology from developed countries; more production for industrial uses of raw materials; artificial substitutes for natural raw materials such as rubber, copper, and cotton; declining income demand for light industrial products and primary goods; increasing agricultural productivity in developed countries; and rising levels of protectionism in agriculture and labor-intensive industries. The terms of trade are deteriorating because of oligopolistic control over commodity markets and labor markets; rising supply competition for LDC countries; and decreasing levels of demand for income elasticity for LDC export products.

In developed countries, the emergence of a protectionism because of LDC countries have been increasing manufacturing and successful in exporting primary products and secondary products at competitive global market prices, due to concerns over the unemployment of workers in expensive industries in developed countries. These workers and businessmen pressure their governments in North America, Europe and Japan to prohibit or restrict imports from developing countries.

Trade assurance in determining the profitability of trade, international demand is not included to consider. Instead of that major emphasis in liaison of trade policy, exports condition, and economic development. Free Trade (exports promotion, currency devaluation, removing trade restrictions, and getting prices right) are rapidly growth with export and support of economic development. Because of free trade provide as;

- (1) Free Trade is support to increase competition, improving allocation resources and economic of scale in area where LCDs have comparative advantage that increased manufacturing costs and reduced production costs.
- (2) Eligibility to bring higher production and pressure to change in technology to improve productivity, which further reducing the cost of production
- (3) As the economy grows, profits increase, savings and investments increase, and encourages further economic growth.
- (4) Attractive to foreign capital and expertise that is scarce in LDC countries
- (5) Due to drought and other natural disasters, if the agricultural sector fails it could provide the foreign exchange needed to import food.
- (6) Exports and foreign currency caused by government intervention in economic corruption caused by distortion of the government's action to raise and exploiting the market, replacing imports can be demolished by free trade.
- (7) Provide to catch scarce resources, improving resource allocation and more efficient.
- (8) With the guidance of the World Trade Organization, LDCs make good use of reform opportunities.

Financial services are rapidly becoming a priority in the international economy. Institutions, financial services are well established and continue to expand to a wide range of clients, including other financial service providers and the wealthy. Although the provision of extensive cross-border services to retail customers has reached its potential and been economically viable through technological advances, these possibilities have not yet been widely accepted by customers and companies. The potential for cross-border banking services to be widely used at the retail level is related to the regulation of economic and financial services and cross-border trade. In addition, negotiations on financial services at the World Trade Organization (WTO) will focus on the current trade approaches of all countries.

Financial services promote economic growth and development by fostering more competitive financial services markets, such as financial services trade through the establishment of branches and subsidiaries in the host country. As a result of recent financial instability, the G-7 and the Financial Stability Forum have recognized the importance of strong prudential regulation in promoting cross-border trade as a critical factor in promoting cross-border trade. At the same time, regulators need to be aware of the importance of easing restrictions on cross-border trade in financial services so as not to jeopardize achievable goals to some extent.

Cross-border trade needs to be comprehensively examined in financial services. Market structures, trading practices, financial infrastructure and regulation of global financial stability issues important element. However, with this discussion paper linked, it was decided to focus narrowly on economic and financial services, not on the regulatory approach of cross-border trade.

In banking services, cross-border trade should be distinguished from cross-border capital movements. This means that citizens of different countries can build capital, Repair Related to transfer or cancellation. The provision of financial services across borders is often associated with international capital transfers. Many issues can be identified;

- Some financial services- such as investment advisory services and financial information services - are provided across the border without any related capital.
- International capital transactions are an integral part of cross-border provision of certain financial services as assenting deposits or preparing loans.
- If cross-border financial services are involved in a relationship, such as insurance policy, international capital payments will only come from payments.

2.5 The Role of Banking Infrastructure Development in Border Trade

Only 7% of Myanmar's total trade value is legal cross-border trade, but even this pales in comparison to the sizeable value of illicit trade. According to estimates, the value of border trade made up about 25% of all trade in Myanmar in 2006.

The largest border crossings between Myanmar and China and Thailand are in Myawaddy, a border town in Myanmar near to Maesot, Thailand, and Muse, a border town in Myanmar next to Jiegou and Ruili, China. Both formal (documented trade) and informal (undocumented trade) are important along these border crossings.

Myanmar's trade with Bangladesh and Laos is extremely little in comparison to the country's active cross-border trade with China, Thailand, and India (mostly by land), as well as with China and Thailand (principally by sea). By the end of 2009, when the deputy premier and foreign minister of Laos visited Myanmar, agreements between Myanmar and the Lao PDR were reached regarding trade, tourism, and tax duplication. Trade that is legal between the two nations is still limited. The informal exchange of unlawful but legal items between the two nations is similarly negligible, and the flows of illicit goods are outside the scope of this study.

The regional development perceptions on how border trade affects things like people's income levels, business operations, living standards, road systems, transit

standards, local crime rates, and forest environments. Besides, explore of the convenience of using banking infrastructure for border trade and stable exchange rate are included of this study. According to the studies, local households in a number of border regions viewed the role of cross-border trade as beneficial due to the improved business and employment prospects, level of income, and standard of living. Increased informal business and trade operations are a result of the trade authorities' decreasing ability to supervise export/imports (as a result of sanctions) and the development of ad hoc policies and trade restrictions. Informal, undocumented cross-border trade with neighbor nodes Thailand and China—has significantly increased as a result of various requirements (including a licensing scheme, drawn-out financial transaction procedures, an export first policy, the prohibition of specific products, floor price settings, etc.).

2.6 Review on Previous Studies

Naing Hla Win (2017), studied a similar title as “Analysis on Bilateral Trade between Myanmar and Thailand” which mainly focus on bilateral trade between Myanmar and Thailand. The objectives of this study are to examine the bilateral trade between Myanmar and Thailand and study its performance in the global market. Prior to World War II, British and Indian merchants controlled and affected Myanmar's economy. The government's post-independence trade strategy was built on the lessons learned from the colonial economy. Since 1988, Myanmar's economy has transitioned from a centrally planned to a market-oriented one. Thailand's trade policies have been designed to promote exports by minimizing export barriers because the country has a small and open economy. The value of Myanmar's exports increased from 2006–2007 to 2015–2016, the study period. Seven years in a row saw a trade surplus in Myanmar. Thailand had both positive and negative trade balances during the course of the research period. For the duration of the research period, Myanmar's trade balance in bilateral trade with Thailand only showed a surplus. The export of natural gas to Thailand was to responsible for this. Natural gas and other raw resources were mostly shipped from Myanmar to Thailand. Myanmar purchased completed goods from Thailand, including consumer goods, machinery, electronics, and other items. In the short and medium term, Myanmar will benefit from exporting and depending on natural gas. Myanmar could enhance other exportable goods and diversify its exports in the long run. The international trade deficit Myanmar has with other nations was significantly offset by its trade surplus with Thailand. Therefore, Myanmar benefits from the bilateral commercial relationship with Thailand in this paper.

Aye Mya Kyi (2016), studied had intended to “Trend in Tachileik Border Trade Point of Myanmar” and this study found The volume and value of border trade dramatically grew when border trade was made legal in 2000–2001, as seen by trade balance and term of trade. Border trade expanded at a faster rate. According to the official figures of BTP's, Myanmar's border trade balance is also in its advantage. Border trade's export and import structures haven't altered all that much. Primary agricultural items and products derived from natural resources, such as rice, oranges, green tea, and marble statues, make up the majority of exports. Consumer and capital products are included in the imports. The regular trade volume in 2007–2008 was US\$ 1329.532 million, consisting of US\$ 764.683 million in total exports and US\$ 582.849 million in total imports. At the time, Myanmar's whole trade had an export value that was higher than its import value. The border trade of Tachileik had exports of \$25.234 million and imports for \$25.252 million in the years 2008–2009. Beginning in 2009–2010, the import value climbed by an amount noticeably greater than the export value in order to support regional growth. As a result, those who reside in border regions tend to have access to enough basic necessities. Prior to 2010, Thailand's export and import trade volumes have both seen considerable increases. As trade volume increased, Myanmar strengthened its trade links with its neighbors and integrated into the regional markets. According to comparative advantage, Tachileik border trade with Thailand would stimulate growth.

Daw Zin Zin Khaing (2014), studied on “Trade policy reform in Myanmar”. The purpose of this research examined the economic reforms include the liberalization of trade and international investment in Myanmar. Myanmar has been importing manufactured goods and investment goods while selling raw items at cheap prices. The Myanmar's government is aggressively promoting export diversification and downstream processing of primary commodities, as well as enhancing support services for trade finance, market access, and trade facilitation and lowering obstacles to incoming foreign direct investment. Trade difference is not significantly increased by ASEAN's increased economic integration. While China and India have grown in importance through border trade, Thailand continues to be a significant trade partner. The removal of the state monopoly in international trade, the reduction of export tax and income tax on income from CMP exports, the exemption of commercial tax on exports of rice, pulses, maize, sesame, rubber,

fishery products, and animal products, the elimination of licenses for 166 commodities classified in over 1928 HS tariff lines, and the maintenance of licensing for the commodities deemed sensitive are among the major policy changes. The government is planning to design trade remedy legislation and regulations that are WTO compliance. The creation of the necessary laws and regulations requires technical support.

CHAPTER III

MYANMAR BORDER TRADE AND BANKING SERVICES

3.1 An Overview of Border Trade Performance in Muse trade route

Growth in trade and investment in recent years following Myanmar's decision to change course has seen the country grow at an average annual growth rate of more than 7%, catching up with its neighbors. Myanmar has great potential with significant natural and agricultural resources, and comparative advantages from its resources, pool of labor, and location as a natural hub for 40 percent of the world's population.

Myanmar has long-standing relations with its neighbors and has established after Myanmar opened its economy and promoted a market-oriented economic system. Myanmar and neighboring countries such as China, Thailand, India, and Bangladesh are economic partners as well as economic competitors.

Border Trade Office are opening in border areas are as per below under Ministry of commerce:

(a) Myanmar-China Border Area

(i) Muse (105 mile)	21.1.98
(ii) Lwejel	23.8.98
(iii) Chinshwehaw	19.10.03

(b) Myanmar- Thailand Border Area

(i) Tachileik	16.3.96
(ii) Myawaddy	16.9.98
(iii) Kawthaung	1.6.96
(iv) Myeik (FOB)	1.7.99

(c) Myanmar- India Border Area

(i) Tamu	12.4.05
(ii) Rhi	10.12.03

(c) Myanmar- Bangladesh Border Area

(i) Sittwe	11.12.98
(ii) Maungdaw	5.9.95

While the recent benefit of an open bridge would be better trade with Laos, it would also like to help join Myanmar and Vietnam by creating a road link connecting the Kyaukphyu deep sea port and special economic zone in Myanmar's Rakhine State with Haiphong Seaport in Vietnam. If the bridge were to open, trade with China would also be simplified.

The quantitative analysis of Myanmar's cross-border commerce with China has been done in a number of empirical studies. Poncet's (2006) gravity model of trade reveals that trade between Yunnan and Myanmar has considerably decreased from an above-average level to a normal one using data on bilateral international trade flows for the Yunnan province for the years 1988 to 1999. In contrast, Taguchi and Oizumi (2014) demonstrate that Yunnan's exports to and imports from Myanmar substantially surpass the average level suggested by the gravity model using updated data for the 2000–2012 time periods. In reality, in 2012, 33.9 percent of Yunnan's imports and 53.3 percent of its exports came from Myanmar.

Cross-border trade is highly associated to illegal trade. Lesser and Moise-(2009) Leeman's research indicates how weak border law enforcement promotes businesses engaged in cross-border trade to bypass import and export tariffs and other regulations including banking infrastructure. Poor banking infrastructure bring to market monopoly and harmed for Myanmar merchants according to this survey. Myanmar's figures greatly tend to underestimate the country's imports from China since there are significant differences between the trade values reported by the authorities of the different sides.

Table (3.1) Trade situation of Myanmar in (2010- 2020)

(USD in Million)

YEARS	EXPORT			IMPORT			TRADE VOLUME		
	OVERSEA	BORDER	TOTAL	OVERSEA	BORDER	TOTAL	OVERSEA	BORDER	TOTAL
2010-2011	5224.13	3636.88	8861.01	5396.89	1015.84	6412.73	10621.02	4652.72	15273.74
2011-2012	3604.69	5530.91	9135.6	7695.46	1339.6	9035.06	11300.15	6870.51	18170.66
2012-2013	3176.96	5800.05	8977.01	7830.36	1238.55	9068.91	11007.32	7038.6	18045.92
2013-2014	5143.55	6060.41	11203.96	11932.6	1826.9	13759.5	17076.15	7887.31	24963.46
2014-2015	4523.5	8000.21	12523.71	14138.49	2494.14	16632.63	18661.99	10494.35	29156.34
2015-2016	4074.25	7062.63	11136.88	13973.01	2604.82	16577.83	18047.26	9667.45	27714.71
2016-2017	5313.38	6638.26	11951.64	14343.88	2867.18	17211.06	19657.26	9505.44	29162.7
2017-2018	7271.58	7579.08	14850.66	15672.69	3014.26	18686.95	22944.27	10593.34	33537.61
2018-2019	9841.246	7219.170	17060.416	15018.229	3068.368	18086.597	24859.475	10287.538	35147.013
2019-2020	10493.150	7187.939	17681.089	15603.360	3447.496	19050.856	26096.510	10635.435	36731.945

Source: CSO data (Statistical Yearbook 2021)

Table (3.1) depicts Myanmar's trade situation from 2010-2011 to 2019-2020 until May. The table illustrated the difference between import and export. Furthermore, over 29 percent of total border trade occurred in 2018-2019, and nearly 29 percent of total trade occurred in fiscal year 2019-2020. Border trade exceeds (33)% in total, and the border exceeds (22)% and (23)% in the 2019-2020 mini budget until May 2020.

3.2 Myanmar Border Trade Policy and Muse border trade route

Trade gives developing countries the opportunity to eliminate domestic shortages. Myanmar has changed its trade policies and tariffs, making it suitable for AFTA. Myanmar has reformed its trade policies to enhance the broader involvement of the private and cooperative sectors in foreign trade and border trade in order to develop and strengthen normal relations with its five neighbors, to establish the DOBT with the neighboring countries, and to establish the DOBT with regulated trade practices governed by WTO trade rules in general.

The government legalizes border trade for the purpose of cracking down on illegal border trade and strengthening relations between the two countries in Burma's border areas. The analysis of cross-border trade will be incomplete and meaningless unless Myanmar's foreign trade policy is correlated. Myanmar's trade policy is very free. Except for countries listed in UN resolutions or countries that trade with only a few countries and territories, we can trade with any country. Border trade is an effective way to implement export promotion and expansion policy, and despite being an international gateway by regular sea and air travel, it accepts regular and legal trade flows across the border.

The volume and value of exports from developing countries are an important indicator of the trade model for the group as a whole. The aggregate statistics obscure the importance of exports for the economic development of different countries. Myanmar believes in trade liberalization and also wants free and fair trade in the world. Myanmar's trade policy is to export all export surpluses and to effectively exploit natural and human resources to diversify foreign markets. Major exports include agricultural products, forest products, fishery products, metals and minerals, stone and industrial products. Generally, only registered exporters / importers are allowed to export goods specified by the State Economic Enterprises (SEEs), except for rice and some other products. Myanmar established the former GATT and is now a member of the WTO. Therefore, the rule-based multilateral trading system governs the foreign trade policy in general.

Since 1997, opposition to export earnings has been permitted in order to boost exports and reduce trade deficits. Order No. 2/1001 (11 July 2001) authorizes the Ministry of Economy and Trade to export marine products on a basis based on the Myeik Export FOB. Imported at CIF bases through Myeik, with export earnings from Myeik port. A few items are not permitted to be imported, either by sea or by land. Imports shall be adjusted from time to time in accordance with the latest developments in domestic market conditions.

Import permit expenses, business assessments, and customs obligations are exempt for the accompanying products: drugs and raw materials used in the manufacture of drugs for public health. Under the Transit Trade System, goods are transported through the territory of the Union of Myanmar with permission granted by the Myanmar Investment Commission.

All imports are subject to license fees, customs duties, and commercial taxes. Myanmar kyats and US dollars are allowed as currencies for neighboring trade with China, India, and Thailand. Operating duties, taxes, and license fees are effective January 1, 2000, and will be paid in accordance with the currency used for border trade payments. The customs duty is to be collected along with the commercial tax, and the goods imported from the port are to be cleared at the time of clearance of the taxed goods. The range of customs duty in Myanmar is 0%–40%. The commercial tax ranges from 5% to 25%, depending on the respective schedule of goods. except for the highest ranges of up to 120% for specific types of goods such as cigarettes, liquor, and so on.

Under the Ministry of Commerce, the Directorate of Trade and the Department of Border Trade are responsible for issuing export and import licenses and permits according to the rules and regulations of National Trade. e.g., the Sea Customs Act (1878), the Land Customs Act (1924), the Export Import Law (2012), and the Tariff Law (1992) The Directorate of Trade authorizes the issuance of export and import licenses and permits for conventional trade. The Border Trade Department issues export and import licenses, as well as permits for overland trade with neighboring countries. On August 28, 1996, the Department of Border Trade (DOBT) was established with the aim of providing more private oversight of border trade transactions and working on behalf of the private sector for export-import business.

The DOBT's main title and tasks are as follows: achieving the advancement of border trade objectives; operating for the development of border trade markets within the country's borders; supervising the establishment of border trade businesses on regular trade

and the growth of trade volume; issuing export or import licenses or permits for cross-border trade; forming trade zones and wholesale markets; and carrying out trade smoothing operations.

The basic principle of the import policy is to give priority to capital goods, construction materials, other essential goods, and health products for the people. Furthermore, the state promotes exports and supports import substitution production, which are both supported products goods, and health products for the people. Furthermore, the state promotes exports and supports import substitution production, which are both supported products. Myanmar has tremendous trade potential and is fantastic in the areas of investment, trading, training and development, services, and manufacturing.

DOBT is now fully diversified and has already opened 13 border trade offices at various border points. However, there are still many difficulties in overseeing and controlling border trade activities. DOBT works with various departments to provide one-stop services for border trade issues. Until now, DOBT has opened 10 branch offices at border trade points to implement a one-stop service system. In addition, the quality control body and the price control body are responsible for the systematic management of cross-border trade and the prevention of illegal and illegal trade.

3.3 Muse Border Trade route Development

Now that globalization is on the rise in Myanmar, trade aid can be boosted with unprecedented access to trade. Under the World Trade Organization (WTO), the International Trade Center is currently drafting and selecting export commodities for five commodities, including rice, legumes, fishery products, garments, and timber-based export goods, with the assistance of the National Export Strategy (NES). Tourism has been selected as a service export, and rubber as a potential export. The selection process has the potential to expand and focus on the export products and services with the greatest socioeconomic impact.

Myanmar is focusing on cross-border trade with China through China's Yunnan Province. In this qualitative analysis, we examine the factors that generate attention from the perspective that we can focus on trading on a channel with relatively low transaction costs compared to other channels. Weak rule of law at the border is almost certainly leading to informal cross-border trade, which saves time and money in enabling traders to comply with legal procedures. In addition to formal trade, private entity programs that reduce trade costs in cross-border trade have spontaneously emerged, enhancing cross-border trade in a

way that is compatible with formal trade.

Based on the findings of an increase in trade on the China-Myanmar border, the country's general trade facilitation measures are impacted. In this paper, Focus on the organizational aspects of cross-border trade that can reduce the trade costs that create these high logistics costs. Weak rule of law in the border areas is likely to be a driving force behind the increase in informal cross-border trade, which will allow traders to comply with trade rules and regulations and save on trade costs.

Myanmar borders China's landlocked province of Yunnan. Therefore, Yunnan's trade statistics for Myanmar's exports and imports can be interpreted to represent cross-border trade between the two countries. From 1988 to 1999, Yunnan's trade model between Yunnan and Myanmar saw a gradual decline from normal to normal levels, using Poncet's (2006) trade model, and data on the two countries' international trade flows. On the contrary. Using updated data for the period 2000–2012, Taguchi and Oizumi (2014) show that Myanmar's exports and imports to Yunnan far exceeded normal levels in terms of global gravity. In fact, Myanmar accounted for 53.3 percent of Yunnan's exports and 33.9 percent of its imports in 2012. Border trade is often associated with illegal trade.

In general, the choice of business model for businesses depends on the cost of the transaction, and informally the only way to reduce the transaction costs set by the legal framework (Pohit and Taneja 2003). In addition, Apart from informal, there are many other factors that can help reduce trade costs.

The Myanmar authorities categorize trade by sector (government or private) and administrative category (regular or border). Border trade refers to land trade with four countries bordering Bangladesh, China, India, Thailand and Myanmar. According to the rules that distinguish between regular and cross-border trade, regular trade bills should be made in the currencies set by the central bank, and that requirement will be reduced for cross-border trade. Border trade settlements can be made in cash with the currency of a local or trading partner. In addition, traders are often allowed to set up an account at a bank across the border for offshore trade settlement using offshore bank accounts. However, other procedural requirements are the same for border and regular trade. Myanmar border trade is not a conducive scheme to boost the businesses of small and medium-sized businesses in the border areas, such as import duty exemptions for small traders living in the border areas.

In the private sector, almost two-fifths of Myanmar's exports were cross-border trade in 2014. Private sector cross-border trade accounts for 16.4% of the country's total

exports and 14.8% of imports. Border trade is a major trade route for the economy, especially the private sector. In terms of trade value, there are two border trade points: Muse on the Chinese border and Myawaddy on the Thai border. The export value of the Muse border trade point has been natural gas since October 2013. However, Muse, except for natural gas, accounts for about \$ 2 billion, 10 times more than the second-largest border trade point. In addition, the Muse border trade is a two-way street, and most of Myawaddy's imports come from Myanmar.

In general, the trade model between China and Myanmar is based on the export of industrial products from China and the export of major products from Myanmar. China's main exports are electronics (eg cell phones), industrial machinery, motorcycles and intermediates. Myanmar's exports are focused on small commodities such as precious stones (jade), natural gas and finished wood products. China's exports of precious gems are considered a return item. Border trade accounts for about half of the trade between Myanmar and China. In terms of China's exports, the share of cross-border trade from China's total exports reached 55.3 percent in 2013, down from 48.7 percent in 2014 and 42.7 percent in 2015. Of China's imports, cross-border trade accounted for 66.4 percent of total imports in 2013, 24.6 percent in 2014 and 55.2 percent in 2015. The drop in cross-border imports in 2014 was due to a significant increase in imports of precious stones, recorded by the Shenzhen and Chongqing customs offices, to a total of US \$ 9.9 billion. Excluding this amount from total imports, the share of cross-border trade will increase to 73.6% in 2014.

Myanmar's cross-border trade system is not a simple one for low-value freight forwarding. The process is the same in principle for cross-border trade and regular trade, except for exemptions from trade settlement procedures. Due to the weak rule of law in border areas, it is time consuming and costly for Myanmar importers to adhere to trade rules to encourage companies to trade across borders. First, each import contract requires an import license from the Ministry of Commerce. Second, imports are subject to import duties, with a tariff rate of 10 percent for most consumer electronics, including cell phones and televisions. Third, at the time of customs clearance, advance income tax is levied on imports (2% of the value of imports) and that tax is deducted from the importer's corporate income tax.

In addition to being informal, there are official measures taken by the Burmese government to promote cross-border trade in Muse. One is the exemption mentioned above for the trade settlement requirement due to the lack of effective international banking

services in the border areas. Another is the single-service zone (OSS) trade zone near Muse, 15 km from the border with China. There are six government trade offices in the Muse trade zone, including the Ministry of Commerce, the Customs Department, and the Internal Revenue Department, where you can apply for export and import licenses. The OSS Trade Zone aims to reduce the time required for traders to follow legal trading procedures. In addition, the import duty on the area between the Muse Trade Zone and the border gate will be suspended, and import duties will be suspended and duty-free goods exported from Myanmar will be confiscated.

The Muse border trade route, with its strong focus on trade between Myanmar and China, was examined qualitatively for the factors that led to the focus on trade volume on the low-cost trade route. According to China's trade statistics, in 2015, 42.7 percent of China's exports and 55.2 percent of its imports came from cross-border trade.

3.4 Banking and Internal/External Trade of Muse trade route

Myanmar has undergone a series of radical changes since 2011 with the aim of promoting inclusive economic development. With the opening up of Myanmar's political process, policymakers in Myanmar have embarked on a number of market-oriented reforms. Myanmar ranks 170th out of 190 countries in the World Bank's Doing Business Index and 131st out of 140 countries in the World Economic Forum's Competitiveness Index, making it a difficult place to do business.

Among these initiatives, the development of the banking sector, in particular, has become a major focus of recent reforms, supporting the role of the financial sector in promoting good private sector development. Recent efforts to develop the banking sector include policy reforms and investments in payment infrastructure.

In the legislative and regulatory spheres, the government passed the Foreign Exchange Management Law in 2012, enacted several new laws in 2013, including the Central Bank of Myanmar Law, and passed the Financial Institutions Law in 2016. These laws put an end to Myanmar's two exchange rate system, established the independence of the central bank, and set firm standards for the banking sector. At the same time, the government is making plans to attract foreign investment in the banking sector. While these successes are the foundation for further progress, policymakers remain concerned about the potential for financial instability and crises. The memory of the 2003 banking crisis remains strong, and public trust in the banking system as a whole remains elusive. For these reasons, banking regulations are still a bit heavy. However, rather than limiting

systemic risk, some of the current rules can actually hinder the depth and strength of the banking sector.

There is a lack of public trust in the banking sector, which is not surprising given Myanmar's financial history. In 1962, the Revolutionary Council government nationalized all private banks in the country. The military government later dissolved all banking into four separate state-owned banks and merged them into a single entity. Although the market reopened to private banks in the early 1990s, the 1997 Asian financial crisis continued. The 2003 domestic banking crisis and international sanctions adversely affected sector development. Since 2011, policymakers have made a series of reforms aimed at boosting the financial sector as part of a broader plan to accelerate economic growth.

Myanmar's banking sector has grown by about 22 percent per year over the last four years, reaching 42,357 billion kyat (US \$31.6 billion) in March 2016. This figure accounts for about 55 percent of GDP, with local banks managing more than 95 percent of these assets. On the liability side of the balance sheet, private banks have also taken the lead in expanding their deposit base.

In 2013, total deposits were evenly distributed between private and state-owned banks, but in 2016, 64% of total deposits were held in private banks. Deposits increased across the system from 7,010 billion kyat (US\$ 8.2 billion) in 2011-12 to 25,883 billion kyat (US\$ 19.2 billion) in 2015-16. From 2018 to 2019, the International Monetary Fund (IMF) intends to increase its deposits from the current level to nearly 48.819 billion kyats (US \$ 36.4 billion at current exchange rates).

For the most part, despite recent maturing, the financial sector in Myanmar is still underdeveloped compared to its regional partners in the Association of Southeast Asian Nations (ASEAN). For example, Myanmar's private sector lending to the private sector increased from about 6% of GDP in 2011 to about 18% in 2016. In comparison, however, domestic lending to the private sector accounts for 42% of the Philippines' GDP; 63% in Cambodia; and 151% in Thailand. In Myanmar, about 7% of businesses have access to bank loans for investment, and about 11% use bank loans as working capital.

There are 28 local banks operating in Myanmar today. This number includes four state-owned banks; three banks owned by the Development Affairs Board, 10 privately owned banks that are partially traded, and 14 private banks closely linked to government agencies.

One of the main obstacles to the development of the financial sector in Myanmar is the country's heavy reliance on cash as a basis for remittances. In any country, the

influence of cash slows down the flow of money; Economic growth can be maintained by increasing transaction costs and creating opportunities for corruption. In Myanmar, until 2014, almost all expenditures and government transfers were made in cash. Until recently, bank transfers were often carried from one place to another, even between branches of the same bank. It also clears the test itself and increases the likelihood of errors and delays.

Well-functioning currency and interbank markets provide liquidity in the banking system, allow for more efficient monetary policy, and lay the foundation for long-term debt markets. In Myanmar, these markets are still at an established stage of development. Banks are currently hampering access to open markets and actively borrowing from CBM through discount windows. In addition, there is no active secondary market for the treasury in Myanmar due to the lack of a major trading system. Cheap access to the CBM discount window reduces incentives for interbank lending, and banks often use this plant instead of participating in active interbank payments. According to a study by the US Agency for International Development (USAID), "CBM's discount window is more expensive than it is now" may be a prerequisite for improving interbank liquidity management.

There is no interbank lending market in Myanmar, and transactions are conducted on a single counter basis. In addition, banks are currently restricted from setting their own maturity for interbank liquidity management. In addition, as expected, there is no market for repositories in Myanmar due to the combination of poor market infrastructure and the lack of a solid legal structure. As a result, banks currently manage excess liquidity through CBM via a 14-day deposit or Treasury purchase.

This study was a cross sectional perception study conducted to assess a role of banking infrastructure development in border trade in the Northern Shan state of Muse Township. Cross-border trade between Myanmar and China is primarily reliant on the Chinese Yunnan province. The bilateral trade between Yunnan province and Myanmar, which is roughly similar to the cross-border trade between the two nations, substantially exceeds the average level predicted by a gravity model of trade, claim Taguchi and Oizumi (2014).

In Yunnan province, Muse town, which is close to China's border town of Ruili, serves as the primary trading hub for cross-border trade between Myanmar and China. This trading hub is located along Asian Highway No. 14 between Mandalay and Kunming, which runs along the Yangon-Mandalay-Muse/Ruili-Kunming corridor. The 450-kilometer section between Mandalay and Muse passes through hilly terrain with challenging hills and intersections. The cost of transportation for cross-border trade in Myanmar is not low due

to the country's poor road conditions (Ksoll and Quarmby 2014). Weak law enforcement along the border is probably a factor in the emergence of unofficial cross-border trade, which enables traders to avoid the transaction costs associated with complying with trade-related regulations.

CHAPTER IV

SURVEY ANALYSIS

4.1 Survey profile

This study was a cross sectional descriptive study conducted to access A Role of Banking Infrastructure in border Trade route in Muse Township of Northern Shan Region. Muse is the largest border trading zone between Myanmar and China. Muse (105 miles) is the main city of the trade zone. The trade zone covers 370 acres and is 6 miles from Muse. It opened in April 2006. Shweli is a Chinese city opposite Muse. The area of Muse Township is 639.0 km², density is 183.9/km², and the total population is 117,507, most of them (63.2%) are live in urban area (Myanmar Census, 2014). Moreover, Under Township Administrative Office, it has 9 wards and 16 village tracts in MuSe Township, there are more males than females with 108 males per 100 females. There are 4.6 persons living in each household in MuSe Township. (51.9%) is total population of male and (48.1%) is female.

Agriculture and livestock are the major of the country's economy but it has rich mineral resources as well. Myanmar is carrying out cross-border trade with the neighboring countries. Muse 105th mile trade zone is the busiest and major trade post between Myanmar and China. The major mode of transportation is road transport.

The Mandalay-Lashio-Muse highway is from PyinOoLwin, Mandalay Region to Muse in the northern Shan State areas (Nawngkhio, Kyaukme, Hsipaw, Lashio, Hsenwi, Kutkai and Mongyu), and spanning 291.875 miles. Mandalay-Lashio-Muse Union Highway is connected to Asian Highway 14. It links to Myitkyina city in Kachin State from Namhkam Township in the northern Shan State. It is also the main gateway of the border trade between Myanmar and China.

4.2 Survey Design

The data for the quantitative study were collected using a self-administered questionnaire. There are four part of Questionnaire in this study as Section A for Characteristic of respondents, Section B focus on International Trade and Theory, Section

C is regarding to Regional integration and regional development and the last Section D includes The Role of banking Sector in Economics Development.

Pre-test structured questionnaire was used to collect the survey data, which is shown in Appendix. Before data collection, permissions were taken from the Muse Township Administrative Officer and the Chairman of the Muse Merchants Association and others relevant department head.

The selected respondents were explained about the purpose, procedure and objective of the study. Informed consent was also taken from the respondents, followed by questionnaire distribution. Four sections built up the questionnaire used in this study. This was created after a thorough literature review of Chapter II that banking infrastructure development in border trade. Additionally, it was written using the "Regional Questionnaire on Aid of Trade," which was published by the World Trade Organization.

There were four sections in survey questionnaire such as (1) Socio-Demographic Characteristic of respondents, (2) Assessments of International trade theory & policy, (3) Assessments of Regarding Regional integration and Regional Development, (4) Assessments of the role of banking sector in Economic Development.

The Section B focus International Trade and Theory of total twelve statement relating components barrier of border trade and cost. The responses were set as fixed choice responses such as "Yes or No" responses. The responded "Yes" show to agree with statement and "No" carry on "disagree" with the statement. From each selected person who currently dealing with banking infrastructure border trade in Muse, 200 teachers were selected proportionately according to the number of participants from name list of Muse Merchants Association registered book by using the simple random sampling procedure. 5-pointed Likert scoring system was used for these items, for which, score '5' was given for Totally Agree; score '4' for Agree; score '3' for "Neither agree nor disagree"; score '2' for Disagree; and score '1' for Strongly Disagree for all positive statements whereas the reverse score was given for negative statements.

Thereafter, pre-test was conducted with 8 group of different working field at who are working related with border trade financing, Muse. Based on the pre-test results, the questions were modified and revised accordingly, to make it simple and understandable for participants.

The third section is regarding Regional integration and Regional Development, which includes 10 statements, of which, 5-pointed Likert scoring system was used for these item same as Section B.

The last section is focus on Role of banking sector in Economics Development using as the same as Section B,C of Likert scoring system which score of positive and smaller to negative.

4.3 Survey Data Analysis

This chapter analyzes the role of banking infrastructure development in border trade to customers and banker who are usually deal with banking infrastructure at Muse. The study was conducted to 200 respondents who are using both private and public bank for trade finance. Descriptive analysis was done on the socio-demographic characteristic finding, and their relationship of the banking infrastructure score towards Time and cost barrier related with International Trade and Theory, Regional integration and regional development and the Role of Banking Sector in Economics Development of the respondents. It could to identify which had high score or low score in level of assessments, positive or negative score and the role of banking infrastructure development were good or poor regarding on border trade at Muse.

4.3.1 Socio-Economic Characteristics of the respondents

The questions for the respondents' backgrounds are included in the first section. Table (4.2) shows Socio-Economic Characteristic of respondents such as name, organization, position, service experiences years, month and contact detail of selected (200) respondents. Specifically, it covers on the respondents' occupation, gender, service years and border trade experiences.

Table (4.1) Socio-Economics Characteristic of Respondents who using banking infrastructure in Muse

Position	Gender		Group Service experience year					Total	Percentage
	Male	Female	Less than 10 years	10 years	Between 11 & 15 years	Between 16 & 20 years	Above 20 years		
Agent	4	0	0	4	0	0	0	4	2%
AGM	4	0	4	0	0	0	0	4	2%
Customer	24	24	8	24	4	8	4	48	24%
Director	20	8		4	8	12	4	28	14%
Field Controller	4	0	0	0	4	0	0	4	2%
Manager	4	4	0	0	4	4	0		4%
Office Member	4	0	0	0	0	4	0		2%
Owner	60	40	16	20	32	16	16		50%
Total	120	80	28	52	52	44	24		100%

Source: Survey Data 2021

This survey (200) respondents for assorted working files who always deal with trade finance in bank. (120) of male respondents and (80) person are female respondents in Muse township. The survey was separated with five service experience group such as 1) Less than 10 years, 2) 10 years, 3) between 11 & 15 years, 4) between 16 years & 20 years, 5) Above (20) years. All of the participant has enough experience with back transaction with trade and some are working as bankers.

Table (4.2) show Agent for the trade are (4) male and same as AGM. (24) % of total respondents are bank customer and half by half of male and female. Most of the Director are (20) male and only (8) of them are female Director of their private companies. Only (4) of Field Controller in all of the respondents all of them are male. There are (8) Manager from different working filed but all of them are dealing with bank for border trading. Only (2) % of respondents are male Office Member from Government servants. Half of the

respondents are owner of assorted business. All of the respondents are old services with in their career.

4.3.2 The Time and Cost barrier of the cross-border trade in Muse trade route

The following table present time and cost barrier related with cross border trade and banking infrastructure in Muse. Depending on their experience respondents has responded “Yes or No” on the statement.

Table (4.2) Time and cost barrier related with Cross Border Trade and Banking infrastructure in Muse trade route

No	Statements	Number of Respondents	Yes	No
	Do you agree that following are the most important determinants of cross border trade?			
	i)Transportation time & cost	200	100%	0.0%
	ii) Documentary Compliance time & Cost	200	100%	0.0%
	iii) Shipment time & Cost	200	100%	0.0%
	iv) Rule & Regulation (Tariff)	200	100%	0.0%

Source: Survey Data 2021

Table (4.2) It shows frequency percentage distribution of transportation time and cost are effected to border trade responds “Yes” 100% of respondents known this barrier is how important in border trade such as “Transportation time & cost” “Documentary compliance time & cost” “Shipment time & Cost” “Rule & Regulation (tariff)”.

Table (4.3) The saturation of the cross-border trade route in Muse trade route

No.	Statement	Mean	Standard Deviation
1	Transportation time & cost from original cities to destination city	3.62	0.49
2	Convenient for complying documents for goods transportation	5.00	0.00
3	Shipment time and cost from original cities to destination city	4.00	0.00
4	Suitable for doing custom clearances	3.04	0.20
5	Suitable for getting information from government about cross border trade	2.98	0.65
6	Suitable for exchanging system at border area	3.00	0.63
7	Getting credits from Banks or Government	1.02	0.14
8	Home government policies about cross border trade	3.38	0.80
9	Host government policies about cross border trade	5.00	0.00
10	Condition of warehouse in border area	3.40	0.49

Source: Survey Data 2021

The Table (4.3) statement built with 10 sub-questions of depending on their experience with border trade. Female respondents more respond describe with mean value 3.62 and standard deviation 0.49 of the respondents on the statement of “Transportation time and cost from original cities to destination cities”. 100% of all total respondents were “Totally Agree” with trade was “Convenient for complying documents for goods transportation” in mean (5.00). And also, the same responded in “Shipment time and cost from original cities to destination cities” with standard deviation (0.00). The statement of “Condition of warehouse in border area” in mean 3.40 and standard deviation 0.49. That’s mean the Condition of warehouse in border area can impact on border trade route.

4.4.1 Regional integration and regional development in Muse

The regional integration and regional development are very important in banking infrastructure in border trading. So, this Section C included regional integration and regional development of the respondents in Muse.

Table (4.4) Regional integration and regional development in Muse

No.	Statement	Mean	Standard deviation
1	Infrastructures that include good roads, canals, and navigable rivers, hostel facilities, etc in home country.	3.80	0.40
2	Training facilities that include workshop equipment, laboratories and training facilities in home country.	3.44	0.54
3	Infrastructures that include good roads, canals, and navigable rivers, hostel facilities, etc in host country	2.96	0.63
4	Training facilities that include workshop equipment, laboratories and training facilities in host country	2.86	0.53
5	Dominant the role of banks in cross border trade region	5.00	0.00
6	Condition for exchange rate in cross border trade region (illegal or official)	5.00	0.00
7	Access to information and communication technology in cross border region	4.96	0.28
8	Free movement of people and labor	2.80	0.40
9	Condition for trade and investments in cross border trade region	3.98	0.14
10	Govt. regulation about cross border trade in region.	3.92	0.44

Source: Survey Data 2021

According to above table (4.3), the statement “Infrastructures that include good roads, canals, and navigable rivers, hostel facilities, etc in home country” respected to regional integration with mean 3.8 and standard deviation 0.40 . Training facilities that include workshop equipment, laboratories and training facilities in home country that respective to regional integration with mean 2.86 and standard deviation 0.53 on this statement. “Dominant the role of banks in cross border trade region” and “Condition for exchange rate in cross border trade region (illegal or official)” are respected to regional integration in mean 5.00 and standard deviation 0.00.

Table (4.5) The situation of banking infrastructure in Muse trade route

On a scale of 1 to 5 (where 5 is the highest value), please rate the followings with respect to the role of banking sector in economic development.

No.	Statement	Strongly agreed	Agreed
1	Infrastructure that include building, money and use initial seed capital to lend money for infrastructure projects and then recycle the repayments in a revolving loan fund to finance future projects.	3.16	0.73
2	Reliability (i.e., availability of financial services when needed)	2.96	0.63
3	Convenience (i.e., ease of access to financial services)	2.42	0.49
4	Continuity (i.e., repeated access to financial services)	3.06	0.24
5	flexibility (i.e., tailoring of financial products to the needs of the users)	3.96	0.20
6	Responsiveness: the state of being informed when the service has been done, time for providers to respond to the requests of customers, and serving customers without delay or hesitation.	2.78	0.42
7	Assurance: trust in the employees' services, confidence in the completeness and safety of transactions, and politeness and knowledge of employees.	2.80	0.40
8	Access to information and communication technology about banking system (ATM, E banking, Electronic transaction etc)	3.38	0.49
9	Financial service provider: Formal providers (banks and registered money exchangers)	3.58	0.49
10	Financial service providers: Informal providers (informal nonbank organizations and unregistered money exchangers)	3.40	0.49
11	Monitoring, inspection , evaluation and training program	2.96	0.28

Source: Survey Data 2021

Most of the respondents are agreed with regarding the role of banking sector in Economic Development. Such as mean 3.6 and 0.73 standard deviation of survey result on “Infrastructure that include building, money and use initial seed capital to lend money for infrastructure projects and then recycle the repayments in a revolving loan fund to finance future projects”. 3.40 mean and 0.45 standard deviation of respondents have responded “Neutral” with the statement of “Financial service providers: Informal providers (informal nonbank organizations and unregistered money exchangers).” Summarize of Section D conducted the role of banking infrastructure in economics development is neutral according to survey results in Muse Trade route.

CHAPTER V

CONCLUSION

This study analyzed a role of banking infrastructure in border trade at Muse Township, Northern Shan state. A survey containing questions on characteristic and demographic data of respondents and regarding the Time and Cost barrier of the cross-border trade. Role of border trade was conducted, and descriptive method is used in this study. The active involvement of respondents in survey was average for banking infrastructure in border trade route. The cross-sectional descriptive study of involvement of banker and merchants on specified banking business was carried out to find out the active participation of respondents. Role of banking infrastructure was studied to measure the level of involvement of group of working experience on specified Banks and trade association. The relation between level of score practice towards on these activities with level of involvement on bank infrastructure was measured by quantitatively assessment.

5.1 Findings

According to socio-economic characteristics of respondents, female respondent's ratio is obviously less than male ratio in both banking and border trade. The year of service experiences is between (< 10 to 20<) years with a mean experience year of (13.83) years. Mostly half (50) % are work own business and (24%) are customer of bank'. This study was on ducted in private, public bank and trading service, so there were agent also included, they were servicing in border trade transaction. A few amounts of field controller were participated in this survey and history of their transaction for trade. Thus, (40) % lower than medium score, (58) % of were low knowledge score level in this study. Mostly has not familiar with this type of banking infrastructure and trade services. Besides, this study is being reminder more promoting trade facilities that included banking infrastructure, and government intervention in home country.

Regarding level of Time and Cost barrier of the cross-border trade in Muse trade route positive score percentage is 100% and minimum percentage is 4% of doing customer clearances. Suitable for exchanging system at border area is respected to cross border trade

(20) % agreed and (20) % disagreed then (60) % responded as “Neutral”, so it’s unspecific to mention positive or negative score on it. Host government policies about cross border trade responded highest score of all respondents (100) % strongly agreed on this statement.

Advantages of banking infrastructure in border trade is exchange rate in cross border trade region (illegal or official), access to information and communication technology in cross border region and all respondents are long term service experience in related fields. The opposite of advantages on negative view are mostly used to with nonbanking sector and according to this survey a role of banking infrastructure in border trade is average need and people has lack of knowledge with banking infrastructure.

Between the gender of respondent is unaffected on this survey but extraordinary most respondents are male. No female respondent’s percentage in office member, There was statically significant that female respondents had more negative responds and male has better practices percentage in most of the statements. Respondents of participant in convenient for complying documents for goods transportation and getting credits from banks or government are respondents actively react on it.

In this study, it was found that the young experiences who had lack knowledge of trading and had responds with banking infrastructure.

5.2 Suggestions

Based on the findings, this study highlighted the role of banking infrastructure in reducing the time and cost barriers to cross-border trade along the Muse trade route. Banking and trading are positive relationship for economic development. Each society should have a bank customer or merchant in order to generate and accelerate a creative and proactive trading capacity. This will also contribute to the long-term development of regional integration and an increase in GDP for the host country. The banking infrastructure of border trade can be ensured if every basic transaction of trade becomes "cashless and market stable." Banks are the most suitable resources to transform trade finance. They are also responsible for imparting knowledge of banking infrastructure to their customers. Therefore, bank customers and traders make a suitable contribution to the banking infrastructure as it develops in parallel with regional development. Respondents need knowledge of using banking infrastructure not only for flexibility in bank transactions but also to prevent market monopolies with neighboring countries in border trade.

This study focused on the quantitative measurement of information already gained through the banking infrastructure of the respondent’s, as determined by structured

questions. The limitation of this study was the sampling method used, which was simple random sampling based on "local people's experiences" with exclusion criteria for border trading with a minimal number of banks. So, the sample Units may not be completely representative of the target population of respondents in Muse Township. Moreover, local security is unstable.

This study focused on three specific aspects: describing the current saturation of banking infrastructure development along the border trade route in Muse, and identifying the obstacles to the development of the banking sector along the China-Myanmar trade route. Regional integration and regional development assessment are examined year by year by the township administration committee. The other basic infrastructures, such as roads and bridge construction for regional development, which are part of the banking infrastructure in border trade or other banking or transactional activities, were not included. Thus, these should be included in future studies on regional integration and regional development.

Males were the only gender not significantly affected in the study sample population, accounting for more than half (60%). The level of knowledge of the banking infrastructure in this study indicated the need for trading banking in the study region, which is supported by the findings, which also highlight the fact that knowledge level depends on the socio-demographic data of respondents. As a result of the study's conclusion that "banking is similarly crucial as infrastructure in border trade," it is necessary to improve respondents' instruction in both banking and trading topics in order to construct more effective capacity building.

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APPENDIX

Questionnaires

Self-administered questionnaire for

.....
.....

Section: A (Personal details)				
Name				
Position				
Company				
Service experience	Years		Months	
Mobile No		Email		

Section: B (Regarding International trade theory & policy)

1. Do you agree that following are the most important determinants of cross border trade?

- | | | | | |
|----------------------------------------|-----|-------------------------------------|----|--------------------------|
| i. Transportation time & cost | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| ii. Documentary Compliance time & cost | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| iii. Shipment time and cost | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| iv. Rules and regulation (tariff) | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

(ဒီနေရာမှာ Yes မှာ အမှန်ဖြစ်ထားပေမယ့်.. ဖြေတဲ့သူက No ဆိုရင် No မှာ ခြစ်ပေးပါ။ မေးခွန်းက အောက်မှာ ရှိတဲ့ အချက်တွေက နယ်စပ်ဖြတ်ကျော်ကုန်သွယ်ရေးအတွက် အရေးကြီးတဲ့ အချက်တွေ လားတဲ့။ ဟုတ်ရင် ဟုတ်တယ် မဟုတ်ရင် မဟုတ်ဘူး.. ဖြေတဲ့သူရဲ့ အဖြေအတိုင်းပဲ ဖြည့်ပေးပါ ဥပမာ { i) သယ်ယူပို့ဆောင်ရေးအချိန်နဲ့ ကုန်ကျစရိတ်} ဖြေတဲ့သူက ဟုတ်ရင် ဟုတ်တယ် မဟုတ်ရင် မဟုတ်ဘူး ဖြည့်ပေးပါ..)

2. On a scale of 1 to 5 (where 5 is the highest value), please rate the followings with respect to the cross border trade.

ဒီမေးခွန်းကတော့အောက်ကနယ်စပ်ဖြတ်ကျော်ကုန်သွယ်မှုနဲ့ပတ်သတ်ပြီး ထိရောက်မှုကို အမှတ်ပေးခိုင်းတာ အကွက်ထဲမှာ 1 to 5 ရှိတယ်.. နံပါတ်ကြီးလေ ပိုကောင်းလေပဲ rating ပေးခိုင်းတာပါ..ဥပမာ { i) မူရင်းမြို့ကနေ သွားမယ်မြို့ကို သယ်ယူပို့ဆောင်မယ့်အချိန်နဲ့ ကုန်ကျစရိတ်..} (ဒီအချက်ဟာ နယ်စပ်ဖြတ်ကျော် ကုန်သွယ်မှုနဲ့ ပတ်သတ်မှုရှိလားတဲ့)

- လုံးဝမရှိရင် 1 ကို ဝိုင်းပါ

- နည်းနည်းပဲရှိရင် 2 ကိုဝိုင်းပါ
- အတော်အသင့် အလည်အလတ်ရှိတယ်ဆိုရင် 3 ကိုဝိုင်းပါ
- အရမ်းရှိတယ် ဆိုရင် 4 ကို ဝိုင်းပါ
- လုံးဝကိုပတ်သတ်မှုရှိနေပါတယ်ဆိုရင် 5 ကိုဝိုင်းပါ

i. Transportation time & cost from original cities to destination city

1	2	3	4	5
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ii. Convenient for complying documents for goods transportation

1	2	3	4	5
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ကုန်သယ်ယူပို့ဆောင်ရေးအတွက် စာရွက်စာတမ်းတွေ အဆင်ပြေချောမွေ့မှု (ဒါကို အပေါ်ကမေးခွန်းနဲ့ ပြန်ဆက်ရရင် ဒီအချက်ဟာ Cross Border trade နဲ့ပတ်သတ်မှုရှိလားတဲ့)

- လုံးဝမရှိရင် 1 ကို ဝိုင်းပါ
- နည်းနည်းပဲရှိရင် 2 ကိုဝိုင်းပါ
- အတော်အသင့်အလည်အလတ်ရှိတယ်ဆိုရင် 3 ကိုဝိုင်းပါ
- အရမ်းရှိတယ် ဆိုရင် 4 ကို ဝိုင်းပါ
- လုံးဝကိုပတ်သတ်မှုရှိနေပါတယ်ဆိုရင် 5 ကိုဝိုင်းပါ

iii. Shipment time and cost from original cities to destination city

1	2	3	4	5
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မူရင်းမြို့မှ သွားပို့ရမယ့်မြို့သို့ ကုန်သွယ်မှုအချိန်နှင့်ကုန်ကျစရိတ် ဟာ နယ်စပ်ဖြတ်ကျော် ကုန်သွယ်မှုနှင့် ပတ်သတ်မှု ရှိခြင်း (အပေါ်မှာပြထားတဲ့အတိုင်းပဲ Rating ပေးရမယ်)

iv. Suitable for doing custom clearances

1	2	3	4	5
---	---	---	---	---

အကောက်ခွန်ရှင်းတမ်းတွေလုပ်ရတာ အဆင်ပြေကောင်းမွန်မှု

v. Suitable for getting information from government about cross border trade

1	2	3	4	5
---	---	---	---	---

အစိုးရမှထုတ်ပြန်နယ်စပ်ဖြတ်ကျော်နှင့်ပတ်သတ်ပြီးထုတ်ပြန်တဲ့သတင်းအချက်အလက်တွေ အချိန်နှင့် တပြေးညီရရှိမှု

vi. Suitable for exchanging system at border area

1	2	3	4	5
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နယ်စပ်ဧရိယာအတွင်း ငွေလဲလှယ်မှုစနစ်အဆင်ပြေကောင်းမွန်မှု

vii. Getting credits from Banks or Government

1	2	3	4	5
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အစိုးရဆီက ဒါမှမဟုတ် ဘဏ်ကနေ Credit စနစ်နှင့် ရမှု

vii. Home government policies about cross border trade

1	2	3	4	5
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နယ်စပ်ဖြတ်ကျော်ကုန်သွယ်မှုနှင့်ပတ်သတ်၍ မိခင်နိုင်ငံ (မြန်မာ) အစိုးရမူဝါဒချမှတ်မှုများ

ix. Host government policies about cross border trade

1	2	3	4	5
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နယ်စပ်ဖြတ်ကျော်ကုန်သွယ်မှုနှင့်ပတ်သတ်၍အိမ်ရှင်နိုင်ငံ(တရုတ်)အစိုးရမူဝါဒချမှတ်မှုများ

x. Condition of warehouse in border area.

1	2	3	4	5
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နယ်စပ်ဧရိယာအတွင်းရှိကုန်စည်သိုလှောင်ရုံများ၏အခြေအနေ

Section: C (Regarding Regional integration and Regional Development)

1. On a scale of 1 to 5 (where 5 is the highest value) please rate the followings with respect to regional integration. (ဒေသတွင်းပေါင်းစည်းမှုများ)

i. Infrastructures that include good roads, canals, and navigable rivers, hostel facilities, etc in home country.

1	2	3	4	5
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ii. Training facilities that include workshop equipment, laboratories and training facilities in home country.

1	2	3	4	5
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iii. Infrastructures that include good roads, canals, and navigable rivers, hostel facilities, etc in host country

1	2	3	4	5
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iv. Training facilities that include workshop equipment, laboratories and training facilities in host country

1	2	3	4	5
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v. Dominant the role of banks in cross border trade region

1	2	3	4	5
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vi. Condition for exchange rate in cross border trade region (illegal or official)

1	2	3	4	5
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vii. Access to information and communication technology in cross border region

1	2	3	4	5
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viii. Free movement of people and labor

1	2	3	4	5
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ix. Condition for trade and investments in cross border trade region

1	2	3	4	5
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x. Govt. regulation about cross border trade in region

1	2	3	4	5
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Section: D (Regarding The role of banking sector in Economic Development)

1. On a scale of 1 to 5 (where 5 is the highest value), please rate the followings with respect to the role of banking sector in economic development.

i. Infrastructure that include building, money and use initial seed capital to lend money for infrastructure projects and then recycle the repayments in a revolving loan fund to finance future projects.

1	2	3	4	5
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ii. Reliability (i.e., availability of financial services when needed)

1	2	3	4	5
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iii. Convenience (i.e., ease of access to financial services)

1	2	3	4	5
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iv. Continuity (i.e., repeated access to financial services)

1	2	3	4	5
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v. flexibility (i.e., tailoring of financial products to the needs of the users)

1	2	3	4	5
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vi. Responsiveness: the state of being informed when the service has been done, time for providers to respond to the requests of customers, and serving customers without delay or hesitation.

1	2	3	4	5
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vii. Assurance: trust in the employees' services, confidence in the completeness and safety of transactions, and politeness and knowledge of employees.

1	2	3	4	5
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viii. Access to information and communication technology about banking system (ATM, E banking, Electronic transaction etc)

1	2	3	4	5
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ix. Financial service provider: Formal providers (banks and registered money exchangers)

1	2	3	4	5
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x. Financial service providers: Informal providers (informal nonbank organizations and unregistered money exchangers)

1	2	3	4	5
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xi. Monitoring, inspection , evaluation and training program

1	2	3	4	5
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