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**CBM NET-2 ADOPTION ON PERFORMANCE OF  
YOMA BANK**

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# **CBM NET-2 ADOPTION ON PERFORMANCE OF YOMA BANK**

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

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## **ABSTRACT**

The primary goals of this research are to investigate the influence that features have on Yoma Bank's adoption of CBM Net-2 and to investigate the impact that Yoma Bank's adoption of CBM Net-2 has on the firm's overall performance. Using structured questionnaires, primary data are gathered from eighty operational-level personnel working in both the Head office and the Yangon branch of the company. Secondary data consists of things like the records kept by Yoma Bank, previously published papers, earlier research papers, pertinent text books, and overseas studies conducted through websites on the internet. There are four different types of features, including intricacy, trialability, relative advantage, and compatibility. According to the findings of this research, there is a substantial relationship between the relative advantage and the level of complexity of CBM Net-2 adoption. According to the findings of the study, the factor with the highest influence on CBM Net-2 adoption is relative advantage. As a consequence of this, the responsible personnel at Yoma Bank should make an effort to deliver the best possible service to their clients by introducing new products and services based on their capacity to work with information technology. On the basis of the technological advancements made by CBM Net, efforts should be made to cut back on needless operational levels and increase the effectiveness of operations. We should build better modern payment systems and implement a wide range of digital payment methods and services to ensure that Myanmar's financial market infrastructure does not lag behind that of the other countries in the region in a timely manner. This will ensure that Myanmar does not miss out on the benefits that come with adopting CBM Net.

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# **CHAPTER 1**

## **INTRODUCTION**

A vital function of the financial sector is to provide efficient ways for households and businesses to make and receive payments. A sound and well-functioning payment system facilitates economic activity and supports long-run economic growth. Payment systems today build upon a two-tier structure provided by the central bank together with commercial banks.

The central bank plays a pivotal role by ensuring trust in money, a core public good for the economy at large, while the private sector leads on innovation in serving the public. The CBM is the regulatory and supervisory authority of the financial sector in Myanmar. It is responsible for the development of efficient, fast safe and reliable national payment system.

Japan International Cooperation Agency (JICA) supported to implement CBM Net, first version a secure and efficient payment and settlement infrastructure, in January 2016, and contributed to the development and computerization of the financial and banking sector. In response to the rapid development in recent years of IT systemization of the core business of banks, CBM Net-2 has been developed based on experiences of national payment systems in Japan.

Under the threat of COVID-19, both Myanmar and Japan sides have made a joint effort to realize the successful launch of Central Bank of Myanmar Financial Network System-2 (CBM Net-2) on 16 November, 2020. This is advanced and upgraded version of original CBM Net. Additional features were added to the system over the first half of 2021. CBM Net-2 transfer connects all local banks allowing transfer of Myanmar kyat remittance 24/7 between banks. Transfers such as making payroll transfers and withdrawals to pay taxes or utility bills, can be made through CBM Net-2 transfer. CBM Net- 2 is mainly a settlement system for transactions. It can be used for inter-bank transactions. Individuals can transact in large amounts and transactions up to the volume of the whole system can be made on it

CBM Net-2 includes major functions such as Straight-Through Processing, Liquidity Saving Facility, Message Queuing, Automated Clearing House, Cheque Truncation, and DVP with collateral. Currently, there are 4 state-owned banks and 27 private banks that comprise the country's banking sector. Further, there are 35 foreign

bank representative offices. Banks have been providing the real-time money transfer services such as cash-in and cash-out among local banks in Myanmar Kyat at a reasonable fee on the Central Bank of Myanmar's Financial Network System 2 (CBM Net-2) since on 16 November 2020.

## **1.1 Rationale of the Study**

The primary engine of a country's economy is the financial services industry. It allows for the free flow of capital and market liquidity. The economy expands and businesses in the nation are better able to handle risk when the sector is strong. But if the financial services industry falters, it could hurt an entire nation's economy. Therefore, it is crucial for both domestic and global economic and financial stability to have robust financial systems that are adequately regulated and controlled.

A crucial part in preserving the security and reliability of the payment system is played by central banks. They serve as the protectors of the stability of money and payments, laying the firm foundation. The pandemic's impact on global economic activity and its subsequent burden on central banks' role in payments have been verified.

Banks opened bilateral accounts and sent faxes with payment instructions from the ordering bank to the beneficiary banks or branches before the CBM implemented the payment and settlement system (CBM Net). At the end of the day, netting was then performed. There are only three MMK cheque clearing houses nationwide; there is no USD cheque clearing. The member banks that clear checks physically must be at the clearing house by 10 a.m. to distribute the actual checks to the banks that issued the checks, a process that takes the entire day. As a result, the clearing mechanism wasn't operated well.

The first iteration of CBM Net, which went live in January 2016, gave the financial industry access to a real-time gross settlement system (RTGS), turning the hitherto manual process of clearing and settling payments nearly fully into electronic form. Prior to this, Customer Credit Transfer (Other Bank Remittance) of CBM Net, original edition, could only be done at bank counters during bank opening hours since there were procedures requiring paper papers, which made it necessary to speed up the settlement and reduce user. The only way to do it is over the counter (OTC). You can visit a bank if you only need to send a small sum.

For banks, the RTGS (Real Time Gross Settlement) system is used for interbank settlement. As a result, it can only be done during business hours. The inter-bank account payment can only then be made right away.

For consumers, the sender of the cash is supplied right away, but the recipient is unaware of whether or not the money transfer will be received right away. The first version of CBM Net's Customer Credit Transfer (Other Bank Remittance) feature is unable to track the status of transactions.

A significant improvement has been made with the latest technology in CBM Net. Additionally, it depends on the banks' capacity to manage IT. Since the Business Message used for bank-to-bank communication is based on ISO20022, it is processed using STP (Straight Through Processing) in order for the money transfer to be delivered to the right bank.

The most recent CBM Net-2 lets individuals who previously relied on cash transfers and high-risk informal remittances to use formal remittance services more easily, which will eventually help to promote financial inclusion in Myanmar. CBM Net-2 enhances the earlier version's high level of safety and security. Individuals can conduct large-scale transactions on CBM Net-2, which supports transactions up to the system's total volume. Large payrolls, utility bills, and interbank transactions in Myanmar kyats can all be handled through CBM-NET 2 which is available around-the-clock. It also provides greater usability and compatibility. This will facilitate Myanmar's shift to an electronic payment system from a cash-based culture. The COVID-19 pandemic has driven people, employers, and enterprises in Myanmar, where the economy is still predominantly cash-based, to go online, which has fueled the expansion of e-payment and e-services.

The new problem of coexisting with COVID-19 will be solved by a shift from the conventional cash-based economy to electronic "cashless" payment. There are numerous competitors in the banking industry, including foreign banks who have a presence there. Private banks are thus no longer able to operate traditionally. Banks cannot operate effectively and efficiently or gain a competitive edge if they do not upgrade to CBM Net-2. As a result, banks in Myanmar update CBM Net-1 to CBM Net-2 to provide consumers with quicker and more dependable service. It is crucial for

the banks to examine whether the new CBM Net-2 is in line with their strategic objectives.

Modern payment and settlement systems and arrangements have the ability to significantly lower costs and speed up the process of making payments and paying off debts, serving the needs of the financial industry and society while also promoting general economic growth. The performance of banks as measured by their competition, concentration, efficiency, productivity, and profitability is a key focus for bank management. Using CBM Net-2, banks in Myanmar are launching new goods and services. As a result, there is fierce competition in the banking sector.

One of the top banks in Myanmar, Yoma Bank, uses the new CBM Net-2 to provide customers with high-quality service and gain a competitive edge. Yoma bank must therefore evaluate how adopting CBM Net-2 will affect its performance.

## **1.2 Objectives of the Study**

- 1) To examine the effect of features on adoption of CBM Net-2 at Yoma Bank
- 2) To analyse the effect of adoption of CBM Net-2 on firm performance of Yoma Bank

## **1.3 Scope and Method of the Study**

The scope of the study focuses only on the effect of adopting CBM Net-2 on firm performance of Yoma Bank.

In this study, descriptive research methodology is used. Both primary data and secondary data are used in the study to meet its goals. Yoma Bank has 81 locations, 33 of which are in Yangon. Using a random sampling approach, five employees from each branch who are in charge of the CBM Net-2 system make up 50% of the 16 banks with branches in Yangon. 80 employees completed a structured questionnaire on a 5-point Likert scale. Yoma Bank records, previously published articles, prior research papers, pertinent text books, and multinational studies found online are examples of secondary data.

#### **1.4 Organization of the Study**

There are five different chapters in this study. The study's motivation, objectives, scope, technique, and organizational structure are all presented in the first chapter of the study's introduction. The second chapter discusses theoretical background. The profile of Yoma Bank and the advantages of using CBM Net-2 are presented in Chapter 3. The implications of CBM Net-2 on the business performance of Yoma Bank are analyzed in Chapter 4 of this book. Chapter five summarizes the conclusions and related discussions, as well as any further research that is necessary.

## CHAPTER 2

### THEORETICAL BACKGROUND

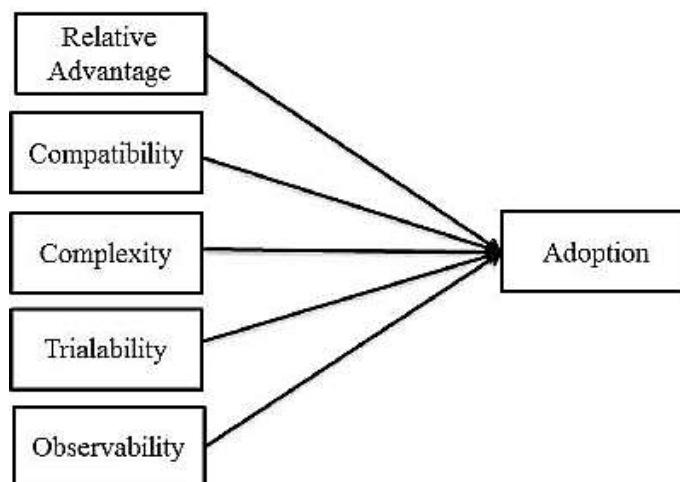
This chapter presents the theoretical background of this study followed by literature reviews of influencing factors. In addition, it presents previous studies and conceptual framework of the study.

#### 2.1 Theory of Innovation Diffusion

The ideas used in this study to determine the adoption of a new system are presented in this part. The Innovation Diffusion Theory is the primary topic of this study.

Everett Rogers, an American sociologist and communication theorist, introduced the Diffusion of Innovation (DOI) theory in 1962. It seeks to explain how, why, and how quickly a good, service, or process spreads among a population or social system. The best framework for analyzing how technology is adopted is Rogers' diffusion of innovations theory. The novel diffusion theory is shown in Figure (2.1).

**Figure (2.1) Innovation Diffusion Theory**



Source: Rogers (1983)

Described as "the process by which an innovation is shared through certain channels over time among the members of a social community," Rogers' (1983) Diffusion of Innovation theory. As seen in Figure above, he also provides an explanation of innovation dissemination through the four dimensions of relative benefit, complexity, trialability, and observability (2.1).

## **2.2 Influencing Features**

In this study, influencing features such as trialability, relative advantage, compatibility, and complexity are analyzed.

### **(a) Trialability**

According to Rogers (2003), trialability is the degree to which an innovation may be tested out for a short time before being adopted or rejected (Hsu et al., 2007). According to Rogers (1995), "trialability" is the extent to which the innovation can be put to the test. The uncertainty of potential adopters is reduced when innovations can be tried before adoption; innovations that can be tried are more likely to be adopted (Tornatzky & Klein, 1982).

Trialability is crucial throughout the early adoption stages. However, its implications will have an impact on how the innovation is used (Rogers, 1995). The degree to which an innovation may be tried before being adopted is known as trialability (Rogers, 1983). According to Agarwal and Prasad (1997), embracing the current use of information technology was influenced by the prospect of a trial. According to Lee et al. (2011), research on e-learning has discovered that trialability has a beneficial impact on both the intention to adopt e-learning as well as the perceived ease of use of e-learning.

The degree to which an innovation can be tested out on a small scale was described as trialability. Potential users typically accept new technological advancements more quickly than those that are not available for testing (Rogers, 1995). If users are able to test a product or service, they can better understand how the system operates and possibly eliminate uncertainty. For instance, consumers could stream news for free on websites like Awani News, Bernama News, RTM News, and Buletin Utama News. Li (2004) argued that an innovation's trialability is important for adoption.

The majority of consumers, according to EY (2014), prefer free service trials. Trialability, according to Kafsh (2015), influences perceived usefulness and raises behavioral intent to use. By experimenting with the technology, users can have a better knowledge of the utility and usability of mobile wallets and gain some insight into the potential benefits for customers. A trial can also eliminate unfavorable perceptions about mobile wallets relating to security, privacy, and trust (Chong et al., 2012).



**(b) Relative Advantage**

The degree to which an innovation is viewed as superior to a rivaling or earlier idea is known as its relative advantage (Rogers, 1995). One of the most important elements influencing the adoption and utilization of IT advances in businesses has been identified as relative advantage (Iacovou et al., 1995). All studies pertaining to the adoption of IT innovations use the innovation's relative advantage as a key variable, which is typically expressed in terms of direct and indirect benefits. Indirect benefits include competitive advantage, improved customer service, better relationships with business partners, and other opportunities that come with the introduction of the innovation. Direct benefits include operational cost savings, improved cash flow, increased productivity, and improved operational efficiency (Chwelos et al., 2001).

The degree to which an innovation is viewed as being superior to its predecessor is known as relative advantage (Moore & Benbasat, 1991). According to Kabbar and Crump (2006), ICT adoption could aid some societal groups in realizing that the new digital world is superior to the old one and preventing them from feeling alienated by it. According to Zhang et al. (2010), innovation might be realized in terms of money, social standing, and satisfaction, all of which would encourage a person to try something new. Whether or not the user is aware of the objective advantage, relative advantage is a perceived advantage (Rogers, 2002). An innovation's relative advantage is its greater perceived scope (Rogers, 1983). Relative advantage or perceived benefits were frequently employed in research studies to examine the elements influencing the adoption of IT and were discovered to be among the most important predictors of innovation adoption. The adoption of IT is anticipated to have a positive impact on relative advantage (Rogers, 1995).

This measures how much a certain user group views an innovation as superior to the idea it replaces (Rogers, 2003). The measurement, however, would be how important it was to that particular user group, such as in terms of economic advantage, convenience, or enjoyment. What would constitute a relative advantage? There is no set criteria for this. It entirely depends on the domain in question and the user groups' perceptions.

**(c) Compatibility**

The degree to which an invention is viewed as consistent with the adopter's needs, current values, prior experiences, and technological infrastructure is referred to as compatibility (Rogers, 1995). The organization will face more resistance the more incompatible the new innovation is with the current processes and systems (Premkumar et al., 1994). Utilization of an innovation will be hampered by internal resistance to its acceptance. The likelihood of the company adopting an invention increases if it is compatible with the requirements of the organization and current working procedures. The adoption and execution of an innovation are positively correlated with its compatibility (Tornatzky & Klein, 1982).

An idea that is perceived to be incompatible with conventional notions will not be embraced, according to Rogers (1995), unless it is compatible with the existing values and prior experiences of the person who must make the decision to adopt the new idea. The findings of Duan et al. (2010) supported the notion that compatibility has a considerable, advantageous impact on the adoption of a cutting-edge learning system. Because compatibility is determined by personal traits including life experience, lifestyle, and present circumstances, it may be challenging for myUnisa sponsors (Pacharapha & Ractham, 2012). In their study on the adoption of personal workstations, Moore and Benbasat (1996) discovered that "compatibility has a considerable effect on the adopter's decision process." Compatibility is a key determinant of technology adoption, according to Li (2004). When a consumer perceives an invention to be consistent with their experience and beliefs, they are more likely to accept it.

Strong direct study evidence suggests that the chance of adoption increases with the degree of compatibility of the invention. The degree to which the innovation is viewed as being consistent with the user's needs, prior experiences, and established values. Innovations coexist with one another and are supported by adopters' past interactions with similar innovations as well as by their own values and beliefs. Some breakthroughs may be viewed as a component of a broader innovation group known as a technology cluster, and prospective adopters may assess these innovations collectively rather than individually (Fitzgerald et al, 2002).

**(d) Complexity**

The degree to which an innovation is deemed to be challenging to comprehend and use is referred to as its complexity (Rogers, 1995). Organizations are

less likely to adopt innovations that are more challenging. Complex inventions are also less likely to promote a successful adoption process and, as a result, achieve the necessary efficiency. Complexity of an innovation is anticipated to have a detrimental impact on IT adoption in enterprises (Seyal & Rahman, 2003).

The degree to which consumers or adopters of the invention find it less difficult and simple to use is referred to as the innovation's complexity (Fisher, 2004). It has to do with the idea of ease-of-use, which is a component of the technological adoption paradigm (Davis, 1989). Complexity, however, tends to be measured in terms of adoption rate. In many fields of study, where research initiatives have arisen from a desire to address complicated problems, complexity is a reason for concern. If innovation needs learning, it will be embraced slowly, according to Engelbrecht (2003).

Cheung et al. (2000) defined complexity as the degree to which an innovation can be challenging to comprehend and use. They discovered that adoption of Internet use was influenced by complexity. The attitude toward using a technology had been shown by Chau and Hu (2001) and others to be a significant factor of behavioral intentions. An extensive amount of research had indicated that there was substantial support for making this new technology easier to use on adoption (Luarn & Lin 2005). Chau and Hu (2001) also discovered that users were more inclined to use new technologies if they felt very comfortable using them.

The rate of adoption of an innovation depends on how difficult it is to understand it. In contrast, it takes longer for an innovation to be adopted the more difficult it is to understand (Bauer et al., 2005). This is viewed in terms of how well-suited the product innovation is to be used. The degree to which an innovation is deemed to be challenging to comprehend and apply is referred to as its complexity. This characteristic has a poor relationship with adoption rates (Rogers, 2003). Complexity has been interpreted as perceived ease of use in this study in order to preserve the same effect direction and to determine whether perceived ease of use has a favorable and substantial impact on CBM-Net2 adoption. It has been shown that perceived ease of use influences adoption and is described as the "extent to which a person believes that using the technology will be free of effort (easy to use, skilled, and adaptable)" (Davis et al., 1989). Robinson (2009) asserted that new concepts are absorbed more quickly when they are easier to comprehend.

### **2.3 Innovation Adoption**

Invention adoption is viewed as a process that entails steps that facilitate choosing to adopt an innovation as well as events that make putting that innovation into practice and continuing to use it easier. Adopting innovation benefits organizations tremendously (Woekom & Sander, 2010).

The effectiveness of the company and employee competency are positively correlated. Competent workers are the firm's human capital and they improve the organization's performance (Hsu, 2008). In the rapidly evolving and dynamic business climate of today's technology world, many challenges must be overcome if a company is to remain competitive and survive. Innovation is necessary for the survival of the expanding corporate entities due to the rapid technological changes and shorter product life cycles. Organizational innovation is becoming increasingly important for growth, experts feel, given the vitality and velocity of the corporate sector.

As a result, the idea of innovation adoption and diffusion has emerged as a major issue of concern. In-depth research on the innovation adoption system, its impediments and stimulants have aided innovators in more successfully marketing their recently developed goods. Let's take a quick look at the innovation adoption process before moving on to the features and advantages that can be obtained through it. Employee adoption and knowledge exchange create knowledge and supply sources, such as new information, new techniques, and new work practices (Jo et al., 2008). In an organization, knowledge is not always distributed equally. They put their knowledge to use in their daily tasks to improve capacity and promote resource structuring. The ability to develop unique ideas, new products, or novel working methods is known as innovation. It has also been referred to as an evolutionary or incremental improvement to an existing process or product in more in-depth investigations. It is thought to be a key element in the development and success of a company.

The following stages of innovation in a company. when a need or requirement has been discovered by the business or other market actors, the invention or development of a new idea. Create a prototype or sample of the novel idea and test it. Allow users to adopt innovation and spread it. Although several experts have highlighted various stages of invention, the fundamental idea has not changed from the above. A consumer's progression from first product understanding to eventual acceptance of a new product or innovation is referred to as the adoption method. Innovation is something that a member of the social system can accept. We have

investigated the adoption of innovation as a collection of three distinct processes, namely the product awareness process, the product motivation process, and the adoption process, while taking into account the underlying innovation behavior. Innovation has a crucial role in the strategic decisions made by businesses (Gunday et al., 2011). Innovation is a way to help a company's behavior change and be handled with caution (Damanpour et al., 2009).

Adoption of innovation is a strength for organizational restructuring that makes it easier for businesses to achieve their performance goals. The performance that is fiercely competitive to satisfy both the market's and consumers' demands for quality (Jansen et al 2006).

## **2.4 Firm Performance**

Performance is determined by comparing the provided task to certain established standards for accuracy, thoroughness, cost, and speed. Performance in a contract is understood to be the fulfilment of a duty owed to the performer.

When evaluating an organization's performance, it is crucial to take into account not just its diverse assets but also its skilled personnel and sophisticated technology infrastructure. It guarantees the development of internal competences, fosters an environment of adaptability, improves learning potential, and permits the manipulation of original, superior ideas. This kind of adaptable behavior is essential for surviving in the competitive markets of the global economy.

The company may improve the efficiency and efficacy of both its products and processes by encouraging new and improved ideas. This will have a positive effect on the performance of the company. The majority of changes brought about by the innovation generation process are aimed at maximizing profits or reducing costs, and many new ideas result in cost savings and financial benefits. An innovative culture inside the company encourages an environment that is hospitable to change and flexibility, which aids in growing the customer base. Members of the organization become more adaptable as a result, and business skill develops. Customer loyalty and satisfaction are raised through new and improved goods and services. Diversity and variety are supported in an environment that encourages innovative thinking and constructive, fruitful change.

Performance reveals an organization's position and aids in the efficient operation of both leaders and organizations. Performance is frequently determined by

factors like annual turnover, share price, assets, number of employees, and profitability, which are all dependent on financial and economic efficiency (Sirelli, 2000). The need for and importance of performance measurement in business. Since it indicates how well businesses perform across a range of metrics after implementing a wide range of business practices and strategies, firm performance is a hot topic in today's academic literature. Because of this, it is widely used as a dependent variable to assess the effects of several business factors, including innovation.

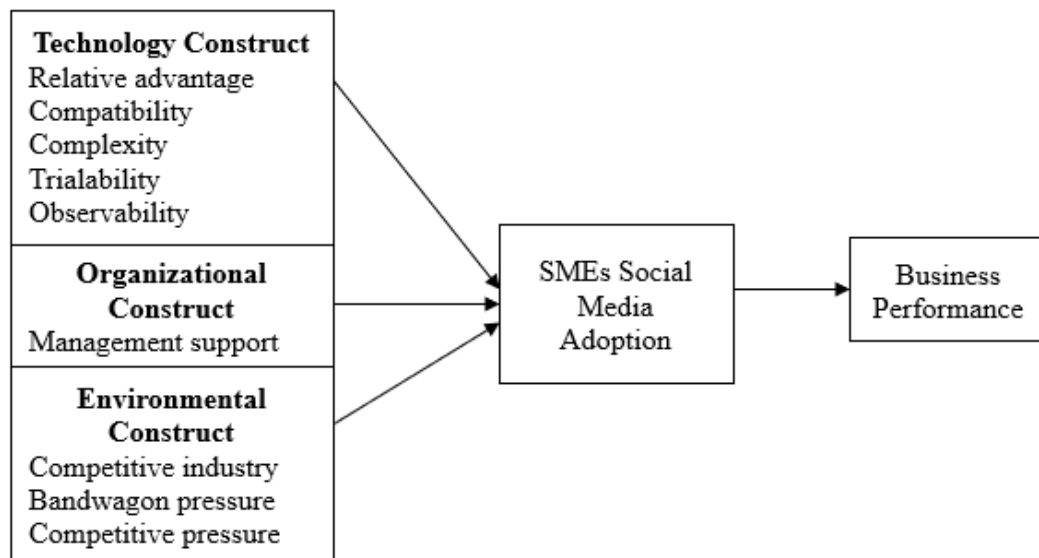
In general, a company's performance largely reflects the efficacy and efficiency of its organization. Taouab and Issor (2019) claim that it entails a firm's capacity to effectively utilize its resources in order to achieve certain strategic goals and outcomes by taking into account consumer wants and market dynamics. Additionally, it should be mentioned that company performance is commonly grouped into distinct dimensions in terms of business outcomes while being closely related to related business concepts like growth, productivity, efficiency, and competitiveness. Given that firm performance is one of the most significant business outcomes that has been studied, many measurement methodologies have been used to analyze it both quantitatively and qualitatively while taking into account each of its distinct dimensions.

Gunday et al. (2011) assert that four distinct dimensions—innovative, production, market, and financial performance—can be used to evaluate a firm's performance. Particularly, innovative performance represents how well businesses perform in terms of their general knowledge processing abilities and inventive orientation, both of which support their expansion and increased profitability (Hagedoorn & Cloudt, 2003). Production performance measures how effectively a company performs in relation to many production-related factors, such as delivery time, production volume and flexibility, compliance quality, and cost effectiveness (Quadros et al., 2001). Market performance also includes financial metrics that reflect firms' competitive positioning in the market and communicate their competitive advantages, such as sales volume or growth, market share, export volume, growth, or share, customer satisfaction, or the capacity to attract new customers in both existing and emerging markets (Wang & Wei, 2005). Last but not least, various financial metrics including Return on Assets (ROA), Return on Sales (ROS), profitability, and cash flows are primarily used to evaluate financial performance (Gunday et al., 2011).

## 2.5 Previous Study

In their study titled "Social media adoption and its impact on firm performance: the case of the UAE," Bakar and Ahmad (2018) conducted a quantitative survey to examine the variables that influenced SMEs in the United Arab Emirates (UAE) to adopt social media and the performance impact that this adoption had. A multi-perspective framework incorporating technological, organizational, and environmental factors affecting SMEs was used in the study. A random sample of SMEs operating in the UAE were surveyed using survey questionnaires to gather data. 144 responses were examined using structural equation modeling and partial least squares methods. The conceptual framework of is presented in Figure (2.2). (Bakar & Ahmad, 2018).

**Figure (2.2) Conceptual Framework of Bakar and Ahmad**



Source: Bakar & Ahmad (2018)

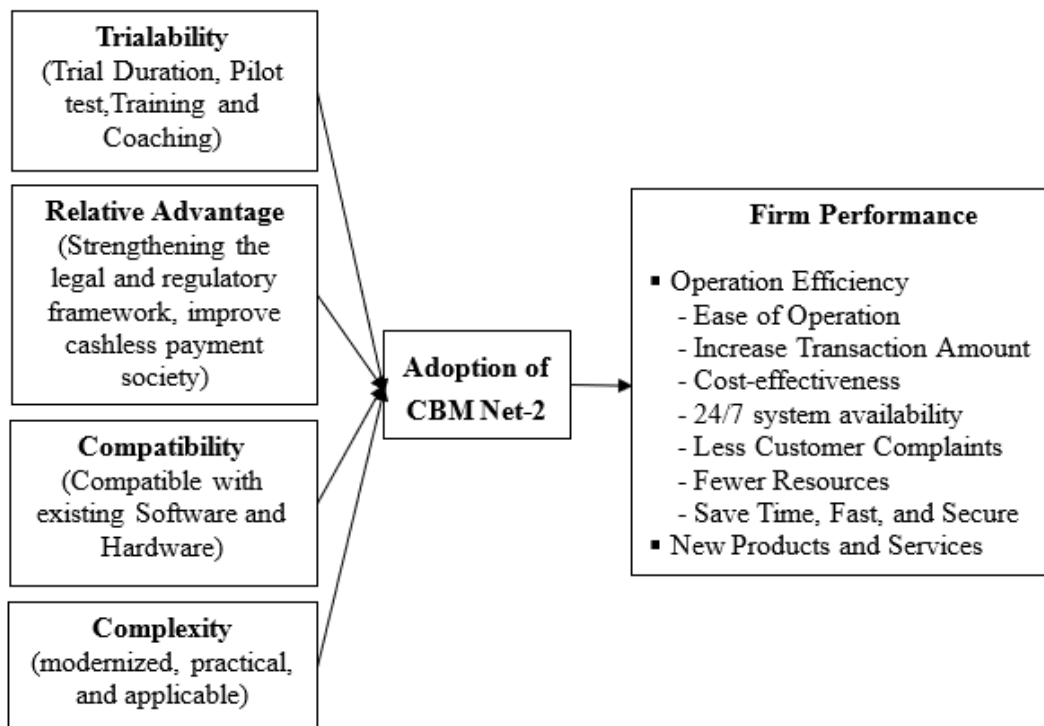
It has been determined that SMEs' decisions to use social media did not depend on technological concepts. The findings revealed no conclusive link between adoption of social media and relative advantage. Additionally, there was no discernible connection between social media adoption and compatibility. The adoption of social media did not appear to be impacted by either trialability or observability. The performance of SMEs was unaffected by the adoption of social media. Results indicated that senior management mandates the usage of social media technology in SMEs, mandating personnel to use it in tactical or marketing activities. Additionally, research revealed that bandwagon pressure was the key environmental factor driving

SMEs' adoption of social media. These conclusions might aid managers and decision-makers in the SME sector in their efforts to keep up with research on social media advances and to take advantage of social commerce as it spreads.

## 2.6 Conceptual Framework of the Study

The conceptual framework of the study is developed based on the theoretical background, and previous models. Figure (2.3) presents the conceptual framework of the study.

**Figure (2.3) Conceptual Framework of the Study**



Source: Own Compilation, 2023

There are four independent variables, including trialability, relative advantage, compatibility, and complexity, as shown in Figure (2.3). Although observability is a component of Innovation Diffusion Theory, observability is not the primary focus of this study. It is evident that observability was not taken into account in the adoption of CBM Net-2, which enhanced CBM Net, as it was based on the national payment system of Japan. This adoption was overseen by CBM and financed by JICA.

Additionally, despite the fact that organizational construct and environmental construct were included in a prior study, they were not included in the current compilation. Banks in Myanmar must utilize CBM Net-2 because it is an improved



version of the Central Bank of Myanmar's system. As a result, the primary focus of this study is on the CBM Net-2's trialability, relative advantage, compatibility, and complexity. The study's goals will be met by determining whether features have an impact on Yoma Bank's adoption of CBM Net-2. Additionally, it will research the impact of CBM Net-2 adoption on Yoma Bank's business performance.

## **2.7 Working Definitions**

Working definitions in this study are as follow:

1. **Trialability** means the chance to test the products or systems before making the final decisions to utilize the system.
2. **Relative Advantage** refers the degree to which a new product is superior to an existing one.
3. **Compatibility** means how well the CBM Net-2 works well with operations of the organization and existing systems at Yoma Bank.
4. **Complexity** is defined as the degree to which an innovation is advanced, and automated for the banking operations.

## **CHAPTER 3**

### **PROFILE OF YOMA BANK AND FEATURES OF THE ADOPTION OF CBM NET-2**

This chapter highlights Yoma Bank Limited's profile, organization structure, products and services and the feature of the adoption of CBM Net-2 at Yoma Bank it describes foundation of the bank, it's mission, vision, objectives.

#### **3.1 Profile of Yoma Bank**

Mr. Serge Pun founded Yoma Bank Ltd, which debuted its first location in 1993 close to the renowned Bogyoke Aung San Football Stadium in Yangon. Yoma Bank, a reputable domestic bank with a variety of services for both individuals and businesses, was established in 1993. With more than 3,000 staff members and 81 locations across the country, it is one of the biggest banks in Myanmar. By funding and supporting the requirements of Myanmar families and businesses, Yoma Bank works to fulfill its mission to "Build A Better Myanmar For Its People." Its vision is "In good times and bad, we stand by you," and its objective is "to become the Main Bank of Our Customers."

In order to finance their goals and activities in Myanmar, solid collaborations have been developed over the years with local corporate clients and SMEs. A financial crisis struck Myanmar in 2003, having a significant effect on the banking sector. Although many private banks were forced to close due to the crisis, Yoma Bank's business operations were severely constrained, and domestic remittances had to be maintained. Yoma Bank continued to be profitable despite being limited to exclusively offering domestic remittance services. As a result, Yoma Bank's money transfer service continues to be the most dependable and reputable in the nation.

The restrictions put in place in 2003 are lifted on August 23, 2012, and Yoma Bank is granted a full banking license once again by Myanmar's new democratic government. Yoma Bank, which today has more than 80 branches throughout Myanmar and has more than 20 years of expertise in the country's financial industry, is in a good position to support the transaction and the country's continued development.

Yoma Bank Limited continuously aims to satisfy customers by providing the best services possible. As the International Finance Corporation's (IFC) first direct investor in Myanmar in 2014, Yoma Bank benefited from a thorough 3-year advising package to modernize its credit risk management, finance, treasury, and product development processes as well as acquire a new core banking system (Misys Fusion Banking Essence). The largest mobile money platform in Myanmar, Wave Money was established in 2016 by Yoma Bank in partnership with Telenor Southeast Asia Investment Pte Limited, Telenor Go Pte Limited, and Telenor Global Services Singapore Pte Limited. Wave Money was Myanmar's first mobile financial service (FMI Annual Report, 2017-2018). Through deliberate investments in the bank's people, technology, and governance, Yoma Bank has developed a reputation for trust in the banking sector. Because of its reputation, the business has been able to establish local and international alliances that have aided in its expansion.

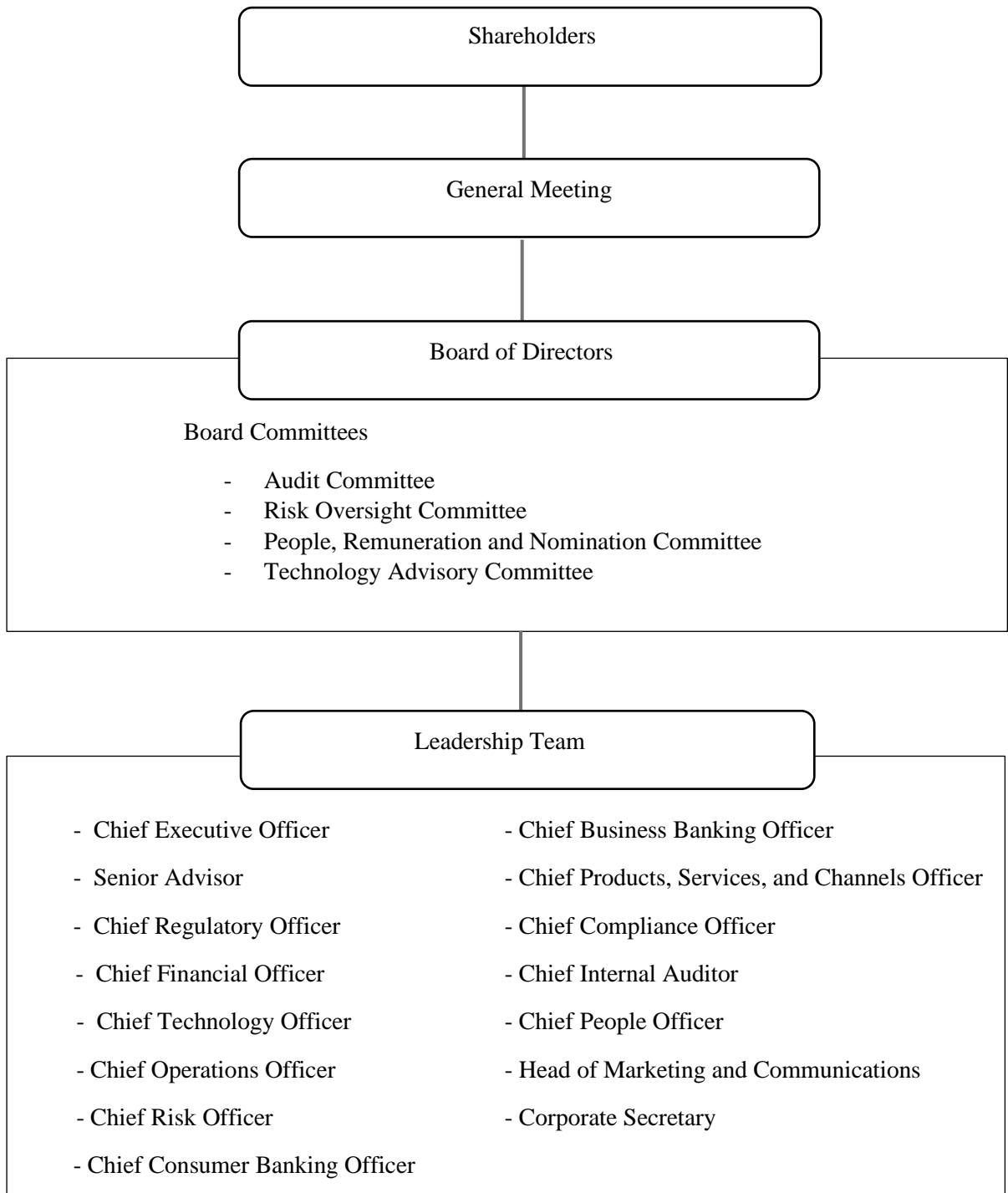
### **3.2 Organization Structure of Yoma Bank**

One of Myanmar's most forward-thinking local private banks, Yoma Bank has served as "the Responsible Bank" for more than 28 years. The business culture and key principles of Yoma Bank are shaped by our board. The main goal of the board is to produce long-term value for investors and business partners. Members of boards of directors use their professional expertise, a variety of talents, and access to multiple viewpoints in order to make better judgments.

The shareholders of Yoma Bank elect and hold responsible the board of directors. The Board of Directors' makeup has changed as part of the Bank's ongoing efforts to enhance corporate governance.

The Bank has further formed the Technology Advisory Committee as a new board subcommittee and kept working to improve the corporate governance framework in addition to the existing Audit Committee, Risk Oversight Committee, and People, Remuneration, and Nomination Committee. The Yoma Bank's organizational structure is shown in Figure (3.1).

**Figure (3.1) Organization Structure of Yoma Bank**



The senior management team is responsible for running and managing the Bank under the direction of the Chief Executive Officer. The following subcommittees have been formed to guarantee transparency and effectiveness: Asset and liability committee, credit committee, product committee, and committee for non-performing loans.

### **3.3 Products and Services of Yoma Bank**

Yoma Bank's products and services have four main categories. They are transactions, saving, borrowing and services (YOMA, 2023). Under each category, there are underlying products.

#### **(i) Transaction**

There are three goods listed under "transaction": SMART Account, Domestic Remittances, and Payment Order. Customers may manage their money anytime, anywhere, and on any device thanks to SMART accounts. Domestic Remittances makes it possible to send money indefinitely, at cheap cost, quickly, and easily for both sender and recipient. Payment Orders from Yoma Bank ensure that third parties will be paid. Payment orders pay taxes, auctions and tenders are comprehensive and ideal for high-value transactions since it is quick, easy, and trusted..

#### **(ii) Saving**

Savings accounts, fixed deposit accounts, super fixed deposit accounts, current accounts, joint accounts, call deposit accounts, flexi accounts, and flexi daily accounts are the eight products included in the save and grow category. A savings account entails that the account holder will accept all of the advantages of a current account as well as annual interest at a rate of 5% whether they are an individual, joint, or part of a shared account. Long-term deposits are protected by fixed deposit accounts. The highest interest rates are available to the account holder. The deposit's term determines the greatest yearly interest rate.

Super fixed deposit accounts protect savings and offer the greatest short-term interest rates to account holders. according to the deposit duration, accrue the highest annual interest rates. Individuals or members of shared accounts can open current accounts, which allow for unrestricted withdrawals and deposits as well as the ability to borrow money by submitting a loan application. Two or more people may access and manage a joint account. The complete range of account services, such as making withdrawals, transfers, and monitoring the transaction history, are available to all account holders of a joint account.

An interest-bearing call deposit account allows account holders to grow their money. You will enjoy all the advantages of a current account as an individual or member of a shared account while earning interest. Start accumulating daily interest at

100,000 MMK. Customers who have a Flexi account may withdraw and deposit an unlimited amount of money during business hours, as well as at an ATM. By using online banking, it is simple to transfer to all Yoma Bank accounts as well as accounts at other banks. Start accumulating daily interest at 10,000 MMK. The Flexi Everyday Account allows you to make as many withdrawals and deposits as you'd like during regular business hours, as well as ATM withdrawals. Online Banking is accessible through the Flexi Everyday Account to all Yoma Bank accounts as well as those at other banks. After a successful account opening, an MPU Debit Card will be provided. Link your Wave Pay account to your Flexi Everyday account and complete the purchase using Wave Pay's features.

### **(iii) Borrow**

There are five products listed under the borrow category: home loans, home construction loans, hire buy loans, home equity loans, and loans for agricultural purposes. Home Loan: You can get the ideal home by using Yoma Bank's home loan method. Ask a financial expert at the nearby location, and they will walk you through a simple application process. For a new home loan, the required Down Payment is 30%. Take as much time as you need to repay the loan, which has terms of up to 25 years. Home construction loan: You can purchase land and build a home on it with a Yoma Bank home construction loan, or you can build a home on your own property. Obtain funding to cover the cost of the land and the building of the house. Loan Term: 25 years maximum. Get funding for up to 50% of the cost of the land and 70% of the cost of building a home.

Hire Purchase: If you use Yoma Bank Hire Purchase to buy Personal or Commercial Vehicles, Agricultural or Construction Equipment, Medical or Hospital Equipment, or Factory Machinery. It makes purchasing simple and secure for both buyers and sellers with a flexible payment schedule. Assets must be purchased through a dealer approved by Yoma Bank. Home equity loan: With a Yoma house equity loan, you can use the security of your current residential home to pay for major purchases in life. Customers may apply for a loan to cover personal expenses such those related to their health, education, and social life. The application can be submitted with just a minimal monthly income of 600,000 MMK (or) with combined income from family members, and repayment is done through a monthly installment scheme. Up to ten years might be added to the loan repayment duration every three years.

Agricultural Financing from Yoma Bank offers a variety of short- and long-term financing options to meet the needs of the agricultural industry and maintain cash flow for the expansion of agribusinesses. There are six different types of agricultural financing: seasonal credit facilities (paddy/rice), seasonal credit facilities (corn), agricultural payable financing, agricultural inventory discounts, agricultural receivable discounts, and agricultural SME financing.

#### **(iv) Services**

Prudential Insurance, Flexi Everyday-WavePay Services, Foreign Currency Account, Gift Cheque, Mobile and Online Banking, and Bill Payment are six goods included under services and more. Prudential Insurance- Prudential Myanmar is a digitally focused life insurance that offers financial solutions to the people of Myanmar, including protections and savings, to help them consistently achieve their long-term financial goals.

Link your Flexi Everyday and WavePay accounts instantly and conveniently from your smartphone to enjoy all WavePay features as well as Yoma Bank Mobile Banking features. Open a foreign currency account with Yoma Bank to receive international banking services.

Gift Cheque: Choose from a variety of Gift Cheques to give the gift of money for any occasion. a risk-free method of sending money for birthdays, holidays, weddings, and other special occasions. Using the mobile banking app and online banking portal makes it simple to check balances, make transfers, pay bills, and access many other services without having to physically visit a branch. Payment of bills - With the help of Yoma Bank's online and mobile banking tools, customers may now pay their monthly bills with ease. More than 50 companies that use Bill Pay are linked to Yoma Bank's bill payment service, including a wide range of service providers for internet bills, insurance, online shopping, games, loan repayment, health, education, and other services.

### **3.4 Features of the Adoption of CBM Net-2**

In addition to providing the aforementioned services, Yoma Bank is always working to develop new financial technologies and make payments to the nation's financial industry through the digital system. One of these operations was Yoma Bank implementing the CBM Net system (first version) into the adoption of the

CBM Net-2 system, which offers a wide range of digital payment services and offers more advanced payment options.

During the implementation phase, CBM Net workers from Yoma Bank completed CBM Net-2 practical at the Central Bank. Following that, the CBM practice team taught other bank employees about CBM Net-2. Trialability, relative advantage, compatibility, and complexity were the main areas of attention for Yoma bank's full evaluation and implementation of the CBM Net-2.

### **3.4.1 Trialability**

The CBM Net team from Yoma Bank tested in practice at the Central Bank of Myanmar. These staff members taught other CBM Net-2 employees in the department about the advance service of CBM Net-2. The personnel from the IT and operating departments attended the CBM Net-2 workshops held by the Central Bank of Myanmar. Within the allotted period, CBM Net System could be evaluated. The testing period has been prolonged by 1.5 years because of the COVID-19 period. Staff members have ample time to become familiar with the system. The IT division fixed any problems that arose while testing. During the trial period, Yoma Bank developed the operations model and process to be in line with the CBM Net-2 system by providing enough training and taking into account the staff's input regarding the problems and procedures of the CBM Net-2 system. Yoma Bank offers internal training and CBM Net-2 trials inside the bank, and staff members of Yoma Bank have enough opportunities to become familiar with CBM Net-2.

### **3.4.2 Relative Advantage**

SME companies and corporate clients can now send substantial quantities of money that they were previously unable to. People do not need to carry a lot of cash because they can transfer significant quantities. Customers can complete advance services including pay roll transfers, tax payments, bill payments, and more by using CBM Net-2. The CBM Net-2 system offers retail transfers around-the-clock support. State-owned banks, private banks, and international banks in Myanmar can all conduct direct transactions via CBM Net-2. The payment mechanism is much more effective than it was before CBM Net-2. Customers are no longer as dependent on cash payments as they formerly were because to CBM Net-2, which lowers the risk of keeping cash on hand and substantially lowers informal remittances. Individuals, SMEs, and



corporate clients can transact modest to big amounts with CBM Net-2. Because with CBM Net-2, personnel have less work to do and can serve customers more quickly. Customers don't have to wait around for long to complete transactions.

### **3.4.3 Compatibility**

Additionally, Yoma Bank has taken precautions to guarantee proper operation of its applications and the CBM Net-2 system throughout the testing time. Technically speaking, Yoma Bank can meet the requirements of CBM Net-2, and its network and core banking systems can be effectively matched with those specifications. The ISO20022 standard is also compatible with CBM Net-2.

To ensure compliance, the bank made the appropriate adjustments. The fundamental banking system of Yoma Bank and CBM Net-2 are interoperable networks. CBM Net-2 is also compatible with the IT systems used by Yoma Bank. Yoma bank's ability to reconcile is now easier than ever thanks to CBM Net-2. Additionally, CBM Net-2 assists financial institutions and the business operations of banks. As a result, CBM Net-2 and Yoma bank's systems and applications are compatible, improving the efficiency of banking operations. Yoma bank is able to serve consumers more swiftly and effectively as a result.

### **3.4.4 Complexity**

The CBM Net-2 system is more modern and useful. New features and characteristics may be offered by CBM Net-2 System. STP (Straight-Through-Processing) is a feature of CBM Net-2, and it is compatible with banks, financial institutions, and the Central Bank of Myanmar. A sophisticated and automated system is CBM Net-2. World-class advanced payment message format is part of the CBM Net-2 system. The CBM Net-2 is more secure and can compel informal to formal money transfers. The transparency is ensured via the CBM Net-2 system. The banks' digital banking systems are more effective thanks to the CBM Net-2 system. Customers can conduct interbank transactions through the mobile banking channel in CBM Net-2 without visiting the banks.

## **CHAPTER (4)**

### **ANALYSIS THE EFFECTS OF ADOPTION OF CBM NET-2 ON FIRM PERFORMANCE OF YOMA BANK**

There are five parts to this chapter. Research design is presented in the first portion, while reliability testing is presented in the second. The responders' profiles are shown in the third section. The fourth component discusses how employees feel about influencing factors. In order to determine how characteristics affect CBM Net-2 adoption at Yoma Bank and to analyse how CBM Net-2 adoption affects Yoma Bank's firm performance, the regression findings are presented in the last section.

#### **4.1 Research Design**

This study looked into the factors influencing Yoma Bank's adoption of CBM Net-2. The study also examines how Yoma Bank's business performance will change as a result of the use of CBM Net-2. Both primary and secondary data are collected when gathering data. Yoma Bank has 81 locations around Myanmar. Thirty-three of them are located in Yangon. 16 banks' branches in Yangon were chosen for 50% of the branches, and 5 of those employees were chosen to be in charge of CBM Net-2. 80 workers are used as a sample. When gathering the survey, a random sampling method is used. Adoption of CBM Net-2 is an input, and the conceptual model which is based on Rogers' (1983) model produces firm performance as an output. Trialability, relative advantage, compatibility, and complexity are employed as adoption input features. Company output attributes are performance. On both primary and secondary data, this study is built. Yoma Bank records, previously published articles, earlier study papers, pertinent text books, and multinational studies found online are examples of secondary data.

In order to determine the frequency, percent, and mean values for the effectiveness level of these features on the adoption of CBM Net-2, descriptive survey analysis was employed. Respondents were also asked to score their degree of agreement using a 5-point Likert scale. To measure all the independent and dependent variables, the questionnaire contained 60 items. The mean value for the quantity of replies was computed using descriptive statistics. Analysis was performed using the Statistical Package for Social Sciences (SPSS).

- Overall mean score between 1.00 and 1.80 Very Low.
- Overall means score between 1.81 and 2.60 Low.
- Overall means score between 2.61 and 3.40 Moderate.
- Overall means score between 3.41 and 4.20 High.
- Overall mean score between 4.21 and 5.00 Very High.

#### 4.2 Profile of the Respondents

Primary data are collected from 80 Yoma Bank employees by using structured questionnaire. The profile of the respondents is also important for the studies to get the different views of the employees. Table (4.1) presents the demographic data of the respondents.

**Table (4.1) Demographic Data of the Respondents**

Sr. No	Item	Category	No. of Respondents	Percent
		Total	80	100.0
1	Gender	Male	26	32.5
		Female	54	67.5
2	Age	21 – 25	18	22.5
		26 – 30	19	23.8
		31 – 35	13	16.3
		36 – 40	9	11.3
		41 – 45	6	7.5
		Above 45	15	18.8
3	Education	Graduate	68	85.0
		Post Graduate Diploma	7	8.8
		Master	5	6.3
4	Position	Staff	32	40.0
		Officer	16	20.0
		Assistant Manager	16	20.0
		Manager	16	20.0
5	Work Experience	Less than 1 year	4	5.0
		1 - 3 years	15	18.8
		4-6 years	20	25.0
		6-8 years	13	16.3
		Above 8 years	28	35.0

Source: Survey Data, 2023

Based on the job position, the respondents who have different job positions participated for this survey, and the majority is the staff position with 40%, followed by officer position. Concerning with the working experience, the largest group shows above 8 years of experiences, and the least group contains people who has less than a year working experience.

### 4.3 Reliability Test

Reliability is a measure of the stability or consistency of the variable in the structured questionnaire. Questions are developed by using 5-point Likert scale. The result of the reliability test by Cronbach's Alpha is presented in Table (4.2).

**Table (4.2) Reliability Test**

Sr. No.	Variable	No. of Items	Cronbach's Alpha	Reliability Level
1	Trialability	10	.917	Reliable
2	Relative Advantage	10	.887	Reliable
3	Compatibility	10	.895	Reliable
4	Complexity	10	.882	Reliable
5	Adoption of CBM Net-2	10	.907	Reliable
6	Firm Performance	10	.842	Reliable

Source: Survey Data (2023)

According to Table (4.2), Cronbach's Alpha values for all variables show that all the scores are greater than 0.7. Therefore, it is said to have good reliability and the findings are valid for this study.

### 4.4 Influencing Features

In this section, four influencing features (Trialability, Relative Advantage, Compatibility, and Complexity) that can effect on the Adoption of CBM Net-2 of the Yoma Bank employees are analyzed. The perceptions of Yoma Bank employees are identified by collecting structured questionnaire from 80 employees. All variables responses are presented are as follows:

#### 4.4.1 Employee Perception on All Influencing Features

Employee perception on all influencing feature's overall mean values of the adoption of CBM Net-2. Trialability, Relative Advantage, Compatibility and Complexity are presented in Table (4.3).

**Table (4.3) Employee Perception on All Influencing Features**

No.	Variables	Employee Perception (Means)
1	Trialability	3.75
2	Relative Advantage	3.76
3	Compatibility	3.68
4	Complexity	3.74

Source: Survey Data (2023)

According to Table (4.3), it is observed that Relative Advantage is the important thing with the largest mean value of 3.76. On the other side, Compatibility had the lowest mean value of 3.68.

Trialability's overall mean 3.75, it was found that most of the respondents agree that they had enough trialability for CBM Net-2 system. According to the Relative Advantage's overall mean score 3.76 states that the respondents perceive that CBM Net-2 has relative advantages. Compatibility's overall mean score 3.68 states that the respondents perceive that CBM Net-2 is compatible with core banking system of Yoma bank. According to the Complexity's overall mean score 3.74, the respondents from Yoma Bank have a positive sense of CBM Net-2 towards complexity as CBM Net-2 is modernized, user friendly, more advance working system.

#### 4.4.2 Trialability

Trialability is important in using new system or advanced technology. It is important to have enough trial period before implementing the new system. The perceptions of the employees towards trialability are presented in Table (4.4).

**Table (4.4) Trialability**

<b>Sr. No.</b>	<b>Trialability</b>	<b>Mean Score</b>	<b>Std. Dev</b>
1	Yoma Bank's CBM Net staffs did CBM Net-2 practical at Central Bank.	4.01	0.61
2	CBM Net staffs shared CBM Net-2 knowledge learnt from Central Bank's training to juniors at Yoma Bank.	3.83	0.59
3	Yoma Bank provides the internal trainings and trials of CBM Net-2 at Bank.	3.80	0.60
4	CBM Net staffs were able to test CBM Net-2 system to see what it can do.	3.50	0.80
5	Yoma Bank staffs had enough trial duration for CBM Net-2.	3.51	0.80
6	Yoma Bank allowed staffs to try using the CBM Net-2 system according to the permission of CBM within testing period, before go live.	3.59	0.54
7	During trial period, Yoma Bank develop operations model and process to be aligned with CBM Net-2 system.	3.75	0.67
8	Yoma Bank provided enough trainings and took the staff's feedbacks relating to CBM Net-2.	3.65	0.58
9	Yoma Bank had enough capacity to trial CBM Net-2 system before go live.	3.83	0.82
10	Yoma Bank staffs had adequate opportunities to be familiar with CBM Net-2.	4.03	0.71
	<b>Overall Mean</b>	<b>3.75</b>	

Source: Survey Data, 2023

According to trialability in Table (4.4), the largest mean score 4.03 shows that the respondents had sufficient opportunities to get to know the CBM Net-2 system because they get the testing period for 1 and half years. Therefore, staff had enough time to learn the system. Issues that occurred during testing were resolved by the IT department. The second largest mean score 4.01 states that the selected respondents are sent by Yoma Bank for a training of using CBM Net-2 at central bank. Furthermore, the least mean score 3.50 shows that the respondents are able to test the functions of

CBM Net- 2 system. According to overall mean 3.75, it was found that most of the respondents agree that they had enough trialability for CBM Net-2 system.

#### 4.4.3 Relative Advantage

Relative advantage refers a product's degree of superiority and attractiveness to customers over similar existing products. In this section, perceptions of 80 Yoma Bank employees towards relative advantage, concerning with CBM Net-2 system, are collected by using structured questionnaire with 5-point likert scale and those data are presented in Table (4.5).

**Table (4.5) Relative Advantage**

<b>Sr. No.</b>	<b>Relative Advantage</b>	<b>Mean Score</b>	<b>Std. Dev</b>
1	CBM Net-2 enables individuals, SME and corporate customers to transact small amounts to large amounts.	3.50	0.69
2	CBM Net-2 offers effectiveness reduce cost of payments.	3.50	0.64
3	CBM Net-2 enables payroll transfers, and automatic withdrawals to pay taxes and utilities bills.	3.95	0.57
4	CBM Net-2 allows 24/7 service availability for retail transfer (ACH faster payment).	3.74	0.67
5	CBM Net-2 connects all banks including commercial, state-owned and foreign banks operating in Myanmar and allow direct transactions.	3.73	0.84
6	CBM Net-2 improves the efficiency of payments.	3.66	0.65
7	CBM Net-2 makes formal remittance services more accessible to those who have previously relied on cash payments and high-risk informal remittances.	3.89	0.53
8	Use of CBM Net-2 can save the customer's time.	4.01	0.61
9	Using CBM Net-2 reduces the workload of staffs.	3.83	0.59
10	Customers do not need to carry cash to bank's branches and reduce risk exposure.	3.80	0.60
<b>Overall Mean</b>		<b>3.76</b>	

Source: Survey Data, 2023

According to Table (4.5), the highest mean score 4.01 describes that customers can save time by using CBM Net-2 system because it is an advanced version and it is cashless, less risk, and 24/7 mobile services. According to the second largest mean score 3.95, the respondents agree that they are able to transfer the payroll and automatic withdrawals for paying taxes and utility bills. The least mean score 3.50 indicates that individuals are able to transact in large amount by using the system of CBM Net-2 since it can make a transaction maximum 50 lakhs per day. The respondents are also satisfied with cost effectiveness of payment offered by CBM Net-2. According to the overall mean score 3.76 states that the respondents perceive that CBM Net-2 has relative advantages.

#### 4.4.4 Compatibility

Compatibility is a state in which two systems can work together without problems or conflict. In this section, the perceptions of employees towards compatibility of CBM Net-2 with core banking of Yoma Bank are shown in Table (4.6).

**Table (4.6) Compatibility**

<b>Sr. No.</b>	<b>Compatibility</b>	<b>Mean Score</b>	<b>Std. Dev</b>
1.	CBM Net-2 is compatible with the banking applications of Yoma Bank.	3.50	0.80
2.	Yoma Bank's core banking system and network system well-matched with CBM Net-2 requirements.	3.51	0.80
3.	Technical capabilities of Yoma Bank are compatible with CBM Net-2 requirements.	3.59	0.54
4.	CBM Net-2 helps Yoma Bank's CBM Net-2 remittance operations process and reconciliation process easier than before.	3.75	0.67
5.	CBM Net-2 is compatible with ISO20022 standard.	3.65	0.58
6.	CBM Net-2 supports the development of financial institutions and commercial activities.	3.83	0.82



**Table (4.6) Compatibility (Continued)**

7.	CBM Net- 2 is compatible with the core banking of the banks in Myanmar.	4.03	0.71
8	Using CBM Net-2 in the job would increase the productivity.	3.50	0.69
9	As CBM Net-2 is compatible with Yoma Bank application, it enhances effectiveness in conducting banking transactions.	3.50	0.64
10	CBM Net-2 facilitates customers to complete banking activities quickly and timely manner.	3.95	0.57
	<b>Overall Mean</b>		<b>3.68</b>

Source: Survey Data, 2023

According to Table (4.6), the highest mean score 4.03 shows that the respondents feel pleased that CBM Net-2 is compatible with the core banking of the banks in Myanmar. The second largest mean score 3.95 describes that the respondents have a positive feeling of CBM Net-2 which operate customers to complete banking activities quickly as the transaction process can be done by mobile service. The least mean score 3.50 states that the respondents found that the banking applications are compatible with CBM Net-2. According to the overall mean score 3.68 states that the respondents perceive that CBM Net-2 is compatible with core banking system of Yoma bank.

#### **4.4.5 Complexity**

This section presents the perceptions of employees towards the modernized, and advanced features CBM Net-2. Structured questionnaire is collected from 80 employees. The survey results are shown in Table (4.7).

**Table (4.7) Complexity**

<b>Sr. No.</b>	<b>Complexity</b>	<b>Mean Score</b>	<b>Std. Dev</b>
1.	CBM Net-2 is modernized, practical, and applicable.	3.73	0.59
2.	CBM Net-2 system offers new features and attributes.	3.58	0.82
3.	CBM Net-2 system includes Straight-Through Processing (STP) between the financial institutions, banks, and CBM.	3.89	0.69
4.	CBM Net -2 is an automated system and advanced.	4.06	0.64
5	CBM Net -2 system includes the world-class advanced payment message format.	4.03	0.66
6	CBM Net -2 system can transform remittance behavior from informal to formal channels.	3.56	0.67
7	CBM Net -2 system enhances transparency and develops interchangeability.	3.55	0.67
8	CBM Net -2 system enables digital payment system more efficiently.	3.55	0.67
9	CBM Net -2 system allows customers to do interbank transactions via mobile banking channels.	3.74	0.57
10	CBM Net -2 system offers contactless and one-click payments.	3.69	0.52
<b>Overall Mean</b>		<b>3.74</b>	

Source: Survey Data, 2023

According to Table (4.7), the highest mean score 4.06 expresses that the respondents agree that CBM Net-2 is advanced and automated system. The second largest mean score 4.03 describes that the respondents have a constructive view that CBM Net-2 is the world standard advanced settlement tool. The least mean score 3.55 states that the respondents found that the customers can make digital payment system more efficiently with CBM Net-2 since it can offer time saving, mobile transaction, energy saving, and it is 24 hour service. According to the overall mean score 3.74, the respondents from Yoma Bank have a positive sense of CBM Net-2 towards complexity as CBM Net-2 is modernized, user friendly, more advance working system between central bank and Yoma Bank.

#### 4.5 Adoption of CBM Net-2

Adoption can be considered as the conversion between first version and a target system in an organization. In this section, the respondents' reactions on adoption of CBM Net-2 at Yoma Bank through standard questionnaires. The survey results are shown in Table (4.8).

**Table (4.8) Adoption of CBM Net-2**

<b>Sr. No.</b>	<b>Adoption of CBM Net-2</b>	<b>Mean Score</b>	<b>Std. Dev</b>
1	Yoma Bank upgraded first version CBM Net to CBM Net-2 to provide faster service.	3.66	0.59
2	After trial period was successful, Yoma Bank transformed to CBM Net-2.	3.40	0.59
3	After the trial period, make ensure compatibility with the bank's systems, Yoma Bank applied CBM Net-2.	3.90	0.69
4	Yoma Bank used CBM Net-2 to offer interbank 24/7 remittance service.	3.75	0.65
5	Yoma Bank adopted CBM Net-2 because of less complicated procedures and process.	3.84	0.65
6	Yoma Bank adopted CBM Net-2 for better customer service.	3.85	0.60
7	Yoma Bank adopted CBM Net-2 by making sure the strategy support digitalization of payment service.	3.80	0.58
8	Yoma Bank adopted CBM Net-2 for more advanced features and attributes.	3.99	0.65
9	Yoma Bank adopted CBM Net-2 for digital banking.	3.49	0.60
10	Yoma Bank adopted CBM Net-2 for financial service efficiency.	3.75	0.46
<b>Overall Mean</b>		<b>3.74</b>	

Source: Survey Data, 2023

According to Table (4.8), the highest mean score 3.99 appears that the respondents believe that CBM Net -2 operates more efficient and attributes. The second largest mean score 3.90 states that the respondents have a constructive opinion that Yoma Bank have checked the compatibility of CBM Net-2 before adoption. The least mean score 3.49 states that the respondents agree that Yoma Bank installed

CBM Net-2 for the purpose of digital banking as people are willing to use mobile banking which is safe, cash less, and quick. According to the overall mean score 3.74, the respondents from Yoma Bank are confident in adoption of CBM Net-2 which is more efficient to adapt with Central Bank and all other work aspects.

#### 4.6 Effects of Influencing Features on Adoption of CBM Net-2

To find out the effects of influencing features and adoption of CBM Net-2, structured questionnaire from 80 Yoma Bank employees is collected. To analyze the data, multiple regression is applied and the result is presented in Table (4.9).

**Table (4.9) Effects of Influencing Features on Adoption of CBM Net-2**

Variable	Unstandardized Coefficients		Standardized Coefficients (Beta)	t	Sig
	B	Std Error			
(Constant)	.290	.189		1.532	.130
Trialability	.030	.157	.034	.192	.848
Relative Advantage	.656***	.138	.664	4.760	.000
Compatibility	-.107	.204	-.118	-.523	.603
Complexity	.339***	.103	.346	3.280	.002
R Square	.820				
Adjusted R Square	.811				
F Value	85.633***				

Source: Survey Data, 2023

\*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

Given that the modified R square is .811, as shown in Table (4.9), it can be concluded that the given model can account for 81.1 percent of the variation in adoption of CBM Net-2 that is predicted by influencing factors. This model can be regarded as legitimate because the F value is highly significant at the 1% level, which measures the model's overall relevance. The adoption of CBM Net-2 is strongly correlated with relative advantage and complexity, two of the four determining features.

Relative advantage is statistically significant when CBM Net-2 is adopted at a 1% level. An increase in relative advantage of 1 unit will result in a .656 unit increase in job satisfaction. CBM Net-2 can operate around-the-clock, which benefits customers by allowing for quicker transactions. Payroll transfers and automatic withdrawals to

pay taxes and utility bills are also possible with CBM Net-2. Thus, according to respondents, CBM Net-2 is very helpful and lessens employees' workloads.

Adoption of CBM Net-2 is extremely significant with regard to complexity at the 1% level. A unit increase in complexity will result in a.339 unit increase in work satisfaction. An automatic and advanced payment system is CBM Net-2. Because of its top-notch settlement tools, banking activities are incredibly effective.

Trialability and Complexity, on the other hand, do not significantly influence CBM Net-2 adoption within a 10% range. Since the majority of individuals prefer to remain in their comfort zones, they do not want to change. Between the two significant explanatory factors, relative advantage has the biggest value, as measured by the standardized coefficient (Beta) score. Accordingly, the most crucial aspect for those who work at the Yoma Bank is relative advantage.

#### 4.7 Firm Performance

Firm performance is vital for every organization. In this section, perceptions of the 80 employees of Yoma Bank towards firm performance is measured and analysed. Survey result is presented in Table (4.10).

**Table (4.10) Firm Performance**

<b>Sr. No.</b>	<b>Firm Performance</b>	<b>Mean Score</b>	<b>Std. Dev</b>
1	CBM Net-2 helps employee acquire new skills that lead to firm performance.	3.60	0.54
2	The use of CBM Net-2 improves communication and relationship between the bank and the clients to reach high performance.	3.60	0.52
3	Yoma Bank can offer 24/7 other banks remittances service because of CBM Net-2.	3.84	0.77
4	CBM Net-2 significantly reduces the workload and improves the efficiency.	3.56	0.69
5	Using CBM Net-2 enhances the effectiveness in the job.	3.96	0.63
6	The use of CBM Net-2 improves service quality.	3.95	0.67
7	CBM Net-2 helps to come up with new products and services.	4.04	0.66
8	By applying CBM Net-2, resources are reduced.	3.36	0.68

**Table (4.10) Firm Performance (Continued)**

9	The use of CBM Net-2 reduces customer complaints.	4.00	0.69
10	Using CBM Net-2 improves the productivity.	3.48	0.94
<b>Overall Mean</b>		<b>3.74</b>	

Source: Survey Data, 2023

The biggest mean score of 4.04, which is related to the company performance results, indicates that respondents feel that CBM Net-2's new goods and services will help Yoma Bank create new services by utilizing CBM Net-2. Given that CBM Net -2 is user-friendly, more compatible, and simple, the respondents believe they have fewer customer complaints as seen by the second-highest mean score of 4.00. The least mean score, 3.36, shows that respondents' workloads have been slightly lowered. The overall mean score of 3.74 demonstrates how most respondents evaluate CBM Net-2's effectiveness, particularly in terms of decreased customer complaints, decreased workload, skill enhancement, improved service quality, and increased productivity.

#### 4.8 Analysis on the Effects of Adoption of CBM Net-2 on Firm Performance

To find out the effect of CBM Net-2 and firm performance, structured questionnaire from 80 Yoma Bank employees is collected. To analyze the data, multiple regression is applied and the result is presented in Table (4.11).

**Table (4.11) Effects of Adoption of CBM Net-2 on Firm Performance**

Variable	Unstandardized Coefficients		Standardized Coefficients (Beta)	t	Sig
	B	Std Error			
(Constant)	.882	.268		3.291	.001
Adoption of CBM Net-2	.763***	.071	.772	10.736	.000
R Square	.596				
Adjusted R Square	.591				
F Value	115.265***				

Source: Survey Data, 2023

\*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

As described in Table (4.11), since the value of adjusted R square is 0.591, it can be concluded that this specified model can explain 59.1 % of variation of firm performance which is predicted by adoption of CBM Net-2. As overall significance of the model, F value is highly significant at 1 percent level, this model can be said valid.

According to the regression result, adoption of CBM Net-2 has a significant relationship with performance of Yoma bank at 1 percent level. Since Yoma bank could develop new products and services based on the features of CBM Net-2, the organization achieves the desired goals and firm performance is improved.

## **CHAPTER 5**

### **CONCLUSION**

Chapter five includes three sections. Firstly, it presents the findings and discussions. Secondly, it presents the suggestions and recommendations. The last section presents the need for further study.

#### **5.1 Findings and Discussions**

The major goals of this study are to evaluate the impact of CBM Net-2 features on adoption at Yoma Bank and the implications of CBM Net-2 adoption on Yoma Bank's firm performance. 80 personnel who are in charge of CBM Net-2 completed a structured questionnaire using a 5-point Likert scale.

According to the demographic information provided by the respondents, the majority of the 80 respondents are women between the ages of 26 and 30. They are graduates who are employed as officers. They have been employed with Yoma Bank for more than 8 years.

All of the impacting factors have high average scores. Accordingly, respondents think that influencing characteristics (trialability, relative benefit, complexity, and compatibility) had something to do with Yoma Bank's adoption of CBM Net-2. Additionally, it is discovered that respondents praise CBM Net-2's performance, particularly for less customer complaints, a decrease in burden, skill development, higher-quality services, and increased productivity.

Relative advantage and complexity are positively significant with adoption of CBM Net-2, according to the regression results, but trialability and compatibility do not have a significant impact on adoption of CBM Net-2. These findings are among four influencing factors. Additionally, it is discovered that relative advantage is the most significant element for those who work for Yoma Bank.

According to survey results, adoption of CBM Net-2 is positively relevant for relative advantage. CBM Net-2 may run continuously and helps customers save time. The CBM Net-2 system also enables automatic withdrawals to pay taxes and utility bills as well as wage transfers. Staff perception is that CBM Net-2 has a relative benefit over CBM Net, First Version, and lessens employee workload.



The study also demonstrates that the adoption of the CBM Net-2 system is positively influenced by complexity. An automatic and advanced payment system is CBM Net-2. Because of its top-notch settlement tools, banking activities are incredibly effective. Respondents believe that one of the reasons for adopting CBM Net-2 is due to its upgraded and advanced features.

Because Yoma bank may create new goods and services based on the features of CBM Net-2, the adoption of CBM Net-2 has a considerable beneficial impact on the performance of Yoma bank, according to the regression result. As a result, the organization meets its objectives, and business performance is enhanced.

## **5.2 Suggestions and Recommendations**

By periodically updating the system instructions of the Central Bank, Yoma bank should be aware of the impacts of using CBM Net-2 in order to maximize its benefits. Additionally, by continually updating their knowledge and abilities, users of CBM Net-2 should pay attention to their human resources. As a result, those workers will possess higher abilities, information, and suggestions for fresh goods, which can improve business performance.

Yoma Bank should first concentrate on the relative advantage element because it has the greatest influence on the adoption of CBM Net-2. Yoma Bank should develop huge quantity digital payment items so that customers would find them convenient and workers will have less work to do. Additionally, Yoma Bank should continuously look for cost-effective solutions by eliminating extraneous processes or procedures. After that, it will greatly enhance organizational performance.

By exploiting the complexity or advanced features of the CBM Net-2, Yoma Bank should also enhance its mobile banking system and produce more products. Yoma Bank should also provide openness in order to decrease consumer concerns. Additionally, it is advised that each department's accountable individuals have a thorough awareness of all the CBM Net-2's characteristics. These recommendations will help employees work more skillfully and with less stress. As a result, Yoma Bank's operations will become more efficient, which will improve business performance.

Yoma Bank should carefully prepare the trialability term and installation process for every new system, even though trialability has little impact on CBM Net-2 acceptance. Employees will then become accustomed to the new system and develop confidence in its use. On the other side, any new system should always have

compatibility tested. All of the current applications used by the bank should work with the new system. Finally, Yoma Bank should always keep an eye on employee performance and solicit employee input both before and after implementing new system updates. Yoma Bank will then attain higher performance on a personal and organizational level.

### **5.3 Needs for Further Research**

This study focuses solely on the impact of CBM Net-2 services on Yoma Bank's business performance. It doesn't cover how CBM Net-2 was used by other banks. Therefore, it is advised that future research concentrate on other banks to obtain more comprehensive information about CBM Net-2's efficiency. Further research should also concentrate on how satisfied customers were once the CBM Net-2 was implemented. The following research will then be able to examine how the new system is perceived by both employees and customers.

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**APPENDIX A**  
**Structured Questionnaire**

**Dear Sir/Madam,**

The purpose of this questionnaire is to collect data on **A Study on the Effect of CBM -Net.2 on Performance of Yoma Bank in Myanmar** as part of my academic research study for the MBF at YUE. I appreciate your value and time in responding to the questions and assure you of confidentiality and privacy.

**Part (A) Demographic Data**

**1. Gender**

Male

Female

**2. Age**

21 – 25

26 – 30

31 – 35

36 – 40

41 – 45

Above 45

**3. Education**

Graduate

Post-Graduate Diploma

Master

Others.....

**4. Position**

Staff

Officer

Assistant Manager

Manager

Others.....

**5. Work Experience**

Less than 1 year

1-3 years

4-6 years

6-8 years

Above 8 years

## PART (B) INFLUENCING FACTORS

**Instruction:** Please choose one of the following numbers on each line according to the index.

**Index: 1 = Strongly disagreed**

**2 = Disagreed**

**3 = Neutral**

**4 = Agreed**

**5 = Strongly agreed**

**Please rate your influencing rate over the following items.**

### Influencing Factors

No.	Trialability	1	2	3	4	5
1	Yoma Bank's CBM Net staffs did CBM Net-2 practical at Central Bank.					
2	CBM Net staffs shared CBM Net-2 knowledge learnt from Central Bank's training to juniors at Yoma Bank.					
3	Yoma Bank provides the internal trainings and trials of CBM Net-2 at Bank.					
4	CBM Net staffs were able to test CBM Net-2 system to see what it can do.					
5	Yoma Bank staffs had enough trial duration for CBM Net-2.					
6	Yoma Bank allowed staffs to try using the CBM Net-2 system according to the permission of CBM within testing period, before go live.					
7	During trial period, Yoma Bank develop operations model and process to be aligned with CBM Net-2 system.					
8	Yoma Bank provided enough trainings and took the staff's feedbacks relating to CBM Net-2.					
9	Yoma Bank had enough capacity to trial CBM Net-2 system before go live.					
10	Yoma Bank staffs had adequate opportunities to be familiar with CBM Net-2.					



	<b>Relative Advantage</b>					
1	CBM Net-2 enables individuals, SME and corporate customers to transact small amounts to large amounts.					
2	CBM Net-2 offers effectiveness reduce cost of payments.					
3	CBM Net-2 enables payroll transfers, and automatic withdrawals to pay taxes and utilities bills.					
4	CBM Net-2 allows 24/7 service availability for retail transfer (ACH faster payment).					
5	CBM Net-2 connects all banks including commercial, state-owned and foreign banks operating in Myanmar and allow direct transactions.					
6	CBM Net-2 improves the efficiency of payments.					
7	CBM Net-2 makes formal remittance services more accessible to those who have previously relied on cash payments and high-risk informal remittances.					
8	Using CBM Net-2 reduces the workload of staffs.					
9	Use of CBM Net-2 can save the customer's time.					
10	Customers do not need to carry cash to bank's branches and reduce risk exposure.					
	<b>Compatibility</b>					
1	CBM Net-2 is compatible with the banking applications of Yoma Bank.					
2	Yoma Bank's core banking system and network system well-matched with CBM Net-2 requirements.					
3	Technical capabilities of Yoma Bank are compatible with CBM Net-2 requirements.					
4	CBM Net-2 helps Yoma Bank's CBM Net-2 remittance operations process and reconciliation process more easier than before.					
5	CBM Net-2 is compatible with ISO20022 standard.					
6	CBM Net-2 supports the development of financial institutions and commercial activities.					

7	CBM Net- 2 is compatible with the core banking of the banks in Myanmar.					
8	Using CBM Net-2 in my job would increase my productivity.					
9	As CBM Net-2 is compatible with Yoma Bank application, it enhances effectiveness in conducting banking transactions.					
10	CBM Net-2 facilitates customers to complete banking activities quickly and timely manner.					
	<b>Complexity</b>					
1	CBM Net-2 is modernized, practical, and applicable.					
2	CBM Net-2 system offers new features and attributes.					
3	CBM Net-2 system includes Straight-Through Processing (STP) between the financial institutions, banks, and CBM.					
4	CBM Net -2 is an automated system and advanced.					
5	CBM Net -2 system includes the world-class advanced payment message format.					
6	CBM Net -2 system can transform remittance behavior from informal to formal channels.					
7	CBM Net -2 system enhances transparency and develops interchangeability.					
8	CBM Net -2 system enables digital payment system more efficiently.					
9	CBM Net -2 system allows customers to do interbank transactions via mobile banking channels.					
10	CBM Net -2 system offers contactless and one-click payments.					

	<b>Adoption of CBM Net-2</b>					
1	Yoma Bank upgraded first version CBM Net to CBM Net-2 to provide faster service.					
2	After trial period was successful, Yoma Bank transformed to CBM Net-2.					
3	After the trial period, make ensure compatibility with the bank's systems, Yoma Bank applied CBM Net-2.					
4	Yoma Bank used CBM Net-2 to offer interbank 24/7 remittance service.					
5	Yoma Bank adopted CBM Net-2 because of less complicated procedures and process.					
6	Yoma Bank adopted CBM Net-2 for better customer service.					
7	Yoma Bank adopted CBM Net-2 for make sure the strategy support digitalization of payment service.					
8	Yoma Bank adopted CBM Net-2 for more advanced features and attributes.					
9	Yoma Bank adopted CBM Net-2 for digital banking.					
10	Yoma Bank adopted CBM Net-2 for financial service efficiency.					

## **PART (C) FIRM PERFORMANCE**

**Instruction: Please choose one of the following numbers on each line according to the index.**

**Index: 1 = Strongly disagreed**

**2 = Disagreed**

**3 = Neutral**

**4 = Agreed**

**5 = Strongly agreed**

**Please rate your influencing rate over the following items.**

<b>No.</b>	<b>Firm Performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	CBM Net-2 helps employee acquire new skills that lead to firm performance.					
2	The use of CBM Net-2 improves communication and relationship between the bank and the clients to reach high performance.					
3	Yoma Bank can offer 24/7 other banks remittances service because of CBM Net-2.					
4	CBM Net-2 significantly reduces the workload and improves the efficiency.					
5	Using CBM Net-2 enhances the effectiveness in the job.					
6	The use of CBM Net-2 improves service quality.					
7	CBM Net-2 helps to come up with new products and services.					
8	By applying CBM Net-2, resources are reduced.					
9	The use of CBM Net-2 reduces customer complaints.					
10	Using CBM Net-2 improves the productivity.					

## APPENDIX B

### Effect of Influencing Factor on Adoption of CBM Net-2

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.906 <sup>a</sup>	.820	.811	.19499

a. Predictors: (Constant), Complexity Mean, Trialability Mean, Relative Advantage Mean, Compatibility Mean

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.024	4	3.256	85.633	.000 <sup>b</sup>
	Residual	2.852	75	.038		
	Total	15.875	79			

a. Dependent Variable: Adoption of CBM Net-2 Mean

b. Predictors: (Constant), Complexity Mean, Trialability Mean, Relative Advantage Mean, Compatibility Mean

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.290	.189		1.532	.130
	Trialability Mean	.030	.157	.034	.192	.848
	Relative Advantage Mean	.656	.138	.664	4.760	.000
	Compatibility Mean	-.107	.204	-.118	-.523	.603
	Complexity Mean	.339	.103	.346	3.280	.002

a. Dependent Variable: Adoption of CBM Net-2 Mean

## Effect of Adoption of CBM Net-2 on Firm Performance

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.772 <sup>a</sup>	.596	.591	.28329

a. Predictors: (Constant), Adoption of CBM Net-2 Mean

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.250	1	9.250	115.265	.000 <sup>b</sup>
	Residual	6.260	78	.080		
	Total	15.510	79			

a. Dependent Variable: Firm Performance Mean

b. Predictors: (Constant), Adoption of CBM Net-2 Mean

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.882	.268		3.291	.001
	Adoption of CBM Net-2 Mean	.763	.071	.772	10.736	.000

a. Dependent Variable: Firm Performance Mean