



Financial Education for Sustainable Growth
Myanmar Financial and Payment Attitudes Study



Introduction

Over the past five years, Myanmar has emerged from isolation to become one of the new global investment destinations. As the country develops and capital pours in, the pace of economic change has been relentless, impacting the very social fabric of the country and its people.

With a growing middle class comes more financial products and services. However, most people's understanding of these products and services, be they new types of saving accounts or credit cards, does not grow in correspondence with their availability and proliferation.

Market opening has been a long and gradual process. The foundation was laid in 1988 when the country transitioned from a centrally planned to a market oriented economy. Since then, the nation's economic trajectory has been on an accelerated rise – with no slowing down in sight.

To cope with the new speed of development, it falls upon the banking and finance industry, in conjunction with Myanmar authorities, to educate people on how best to manage their personal finances and how they might benefit from increased digitization of payments.

This study endeavors to understand the perceptions, attitudes and behaviors of Myanmar people when it comes to money, banking and payments. At the time of publication it is one of the most comprehensive studies on personal finance to be conducted nationwide in urban Myanmar.

There were two components to this study – a quantitative survey to understand financial and payment habits and attitudes, and qualitative interviews to delve deeper into the attitudes of the distinct consumer segments uncovered in the quantitative survey.

I believe the ideas and insights in this report will spark and enrich public dialogues around policies and best practices that will lead to open and sustainable economic progress in Myanmar. This report too can serve as a benchmark in the future as the country integrates more closely with the global economy.

I hope you will find this white paper as useful and informative as we do.



Arturo Planell
Country Manager, Visa Myanmar

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Methodology

There were two components to this study – a quantitative survey to understand financial and payment habits and attitudes, and qualitative interviews to delve deeper into the attitudes of the distinct consumer segments uncovered in the quantitative survey.

Quantitative Survey

The survey covered five cities in Myanmar to represent the urban population of Myanmar, with a total sample size of 1,044 interviews. The sampling error for this sample size is +/-3% at 95% confidence.

City	Sample size
Yangon	254
Mandalay	261
Taunggyi	209
Pathein	162
Magway	158
Total	1,044

Interviews were conducted face-to-face via CAPI (Computer-Aided Personal Interviews).

To ensure a representative sample, random sampling was used to select households and individuals for the survey.

The target group for the study was the general public aged 18 to 65 years. Respondents had to be financial decision-makers for personal or household decisions to be included in the survey.

Qualitative In-depth Interviews

To explore the consumer segments that emerged in the quantitative survey, eight one-on-one in-depth interviews were conducted, split equally between Yangon and Mandalay. In all, four males and four females were interviewed, covering different age and occupation groups representing the respective profile of each segment.

Timing

Data collection for the study was done in August 2017.

Outlook on the Economy, Financial Literacy and Aspirations

Outlook on the Economy

Since the Myanmar economy started opening up in November 2011, Myanmar has witnessed tremendous growth, among the highest in the world¹. Growth has dipped in the past year or two, but Asian Development Bank forecasts economic growth for 2017 – 18 to recover to 7.7 percent and to reach 8 percent the next financial year.

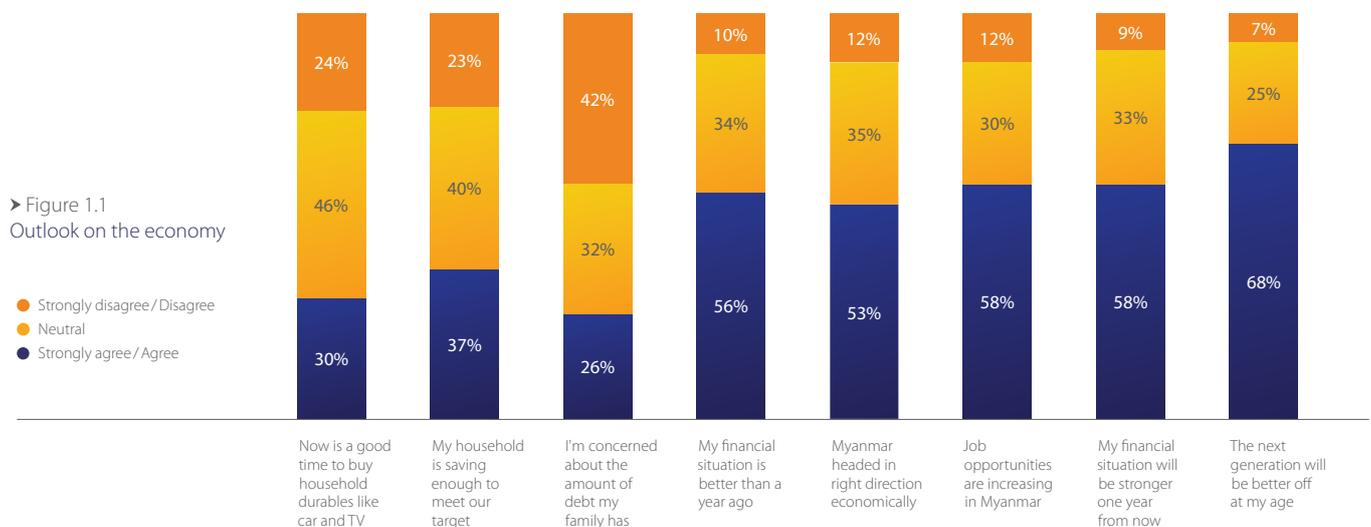
How has this economic growth affected the people of Myanmar?

The general perception among Myanmar people is that of cautious optimism. Most believe that their livelihood will continue to improve, yet feel short-term financial pressure.

Only 30 percent say it is a good time to spend money on buying big-ticket items. Less than two in five believe that their household is saving enough. And about a quarter are concerned about the amount of debt they have.

On a positive note, the majority admit their financial situation is better than it was a year ago. The majority also agree that the country is headed in the right direction economically, that job opportunities are increasing and when asked about their expectations for the future, three in five believe their financial situation will be better a year from now.

The outlook for the longer term is viewed even more positively, with 69 percent agreeing that the next generation will be better off than the current generation. (Figure 1.1)



¹ <https://thediplomat.com/2016/11/myanmars-opening-doing-business-in-asias-final-frontier/>

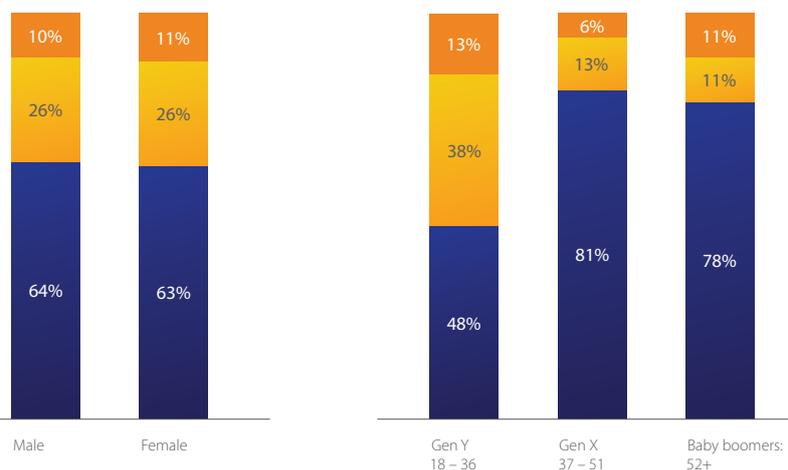
Financial Literacy and Gender Equality

The survey shows that women in urban areas today have the same level of financial decision-making power as men. Equal proportions of men and women say they are involved in financial decisions – for themselves or for their households. (Figure 1.2)

As one would expect, younger people are less likely to be involved in household financial decisions, but tend to be responsible for only their own personal finances. (Figure 1.2)

► Figure 1.2
Financial decision-making – by gender and age

- Not involved in my personal or households' financial decisions
- Involved in personal finances decisions only
- Involved in personal and household financial decisions



As such, the profile of decision-makers is broadly in line with the population in terms of gender – 52 percent women to 48 percent men. Half of them are aged below 36 years, in line with a young population.

The largest single occupation group of financial decision-makers are housewives at 20 percent, followed by businessmen/entrepreneurs at 18 percent and blue-collar workers at 17 percent. Of the entrepreneurs, 43 percent are women, further confirming the important role of women in financial decision-making.

Most Myanmar people describe themselves as only slightly or fairly knowledgeable about managing finances. Only seven percent describe themselves as “very knowledgeable” or an “expert” on financial management or tools. (Figure 1.3)

► Figure 1.3
Level of financial knowledge

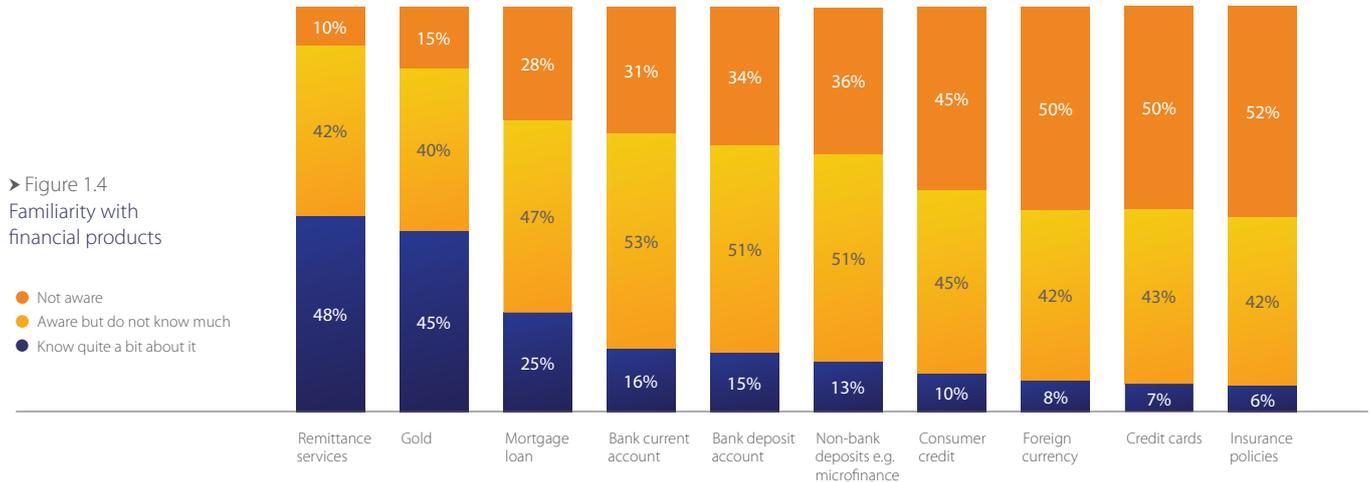
- Not at all knowledgeable on finance management
- Slightly knowledgeable
- Fairly knowledgeable
- Very knowledgeable
- I consider myself an expert



The sources of financial information and advice are mostly family, friends and colleagues. Only one in ten rely on more authoritative sources such as literature or bank staff.

Over half of the survey respondents do not track their spending at all, while a third say they maintain a log to track their expenditure.

Traditional ways to store and manage wealth prevail. When we look at knowledge of specific products and services, almost half say they are knowledgeable about remittance services and gold, but beyond these, not many know much about financial products. Though 38 percent of urban adults have a bank account and another 49 percent wish to open an account, only 16 percent consider themselves to “know quite a bit about it”. Half of urban consumers are not yet aware of credit cards or insurance. (Figure 1.4)

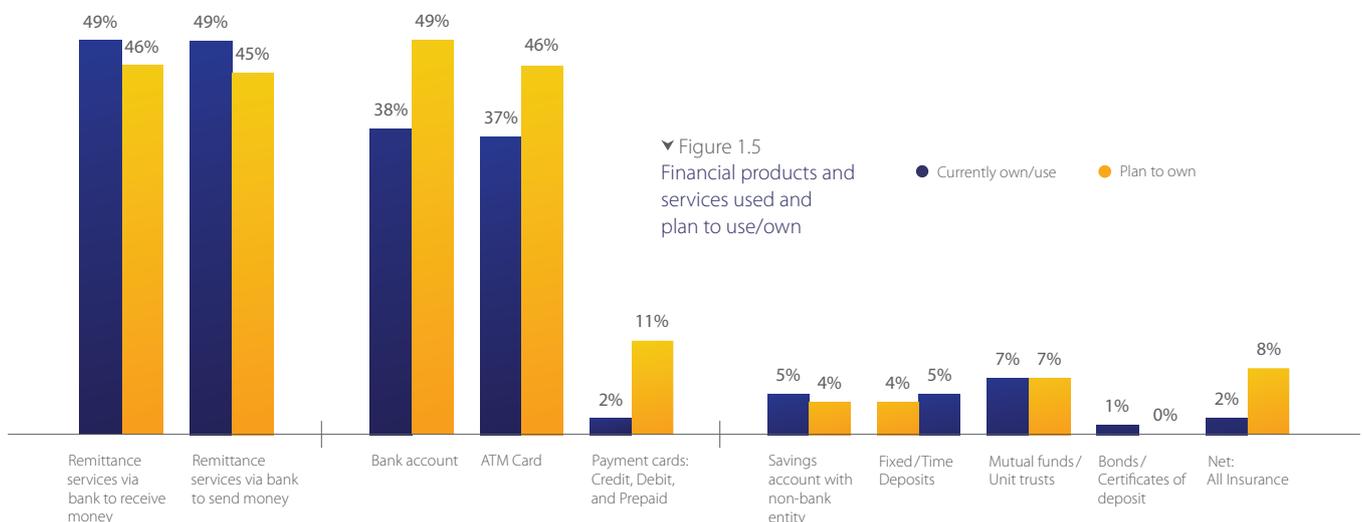


Usage of and Interest in Financial Products & Services

Usage of financial products and services is low, but there is high interest in such services. (Figure 1.5)

The most used financial service is perhaps the most basic one – remittance services to send or receive money, used by about half of urban adults. Thirty-eight percent have a bank account, and another 49 percent are interested in opening one. Almost all of those with bank accounts have ATM cards.

Since the research was conducted not long after the Myanmar government allowed international payment networks to process domestic credit card transactions, current ownership of payment cards is negligible at two percent. However 11 percent plan to get a card in the next 12 months. Usage of other products is also in the low single digits.



Many Myanmar urban consumers want to adopt new banking and electronic payment methods and tools. As more companies – traditional financial institutions and new entrants – introduce more financial products and services, there is a clear need for financial education. Although there are respondents who profess they are fairly knowledgeable about managing personal finance, many still have little or no idea of financial products available today or those being introduced.



What are the benefits of electronic payments and why should cash be displaced?

A study by Moody's Analytics² addressed the question of whether electronic payments deliver any macro-economic benefits. By analyzing macroeconomic data for 70 countries between 2011 and 2015 and calculating the impact of card usage on per capita consumption, Moody's Analytics was able to extrapolate the effect that the increase in spending on goods and services due to electronic payments had on GDP.

The key conclusions of the study are:

At a micro level, electronic payments benefit both consumers and merchants

- Consumers have secure and immediate access to all their funds on deposit or to a line of credit.
- Access to credit eliminates the need to wait for a payday or to have saved up to be able to buy larger ticket items.
- It enables consumers to participate in the digital economy, expanding their choice immensely.
- And of course, there is the convenience and security electronic payments have over cash.
- All of these also benefit merchants due to the increased and more uniform spending. In addition, electronic payments reduce merchant costs due to less cash and check handling costs and by enabling self-service options in many countries. Finally, they have access to a large pool of customers with guaranteed payment.

At the macro level, the availability of electronic payments leads to a virtuous cycle - increased consumption feeds increased production, which in turn leads to more jobs, greater incomes and ultimately, stronger economic growth.

- Higher card usage contributed an additional \$269 billion to consumption between 2011 and 2015 for the 70 countries in the study. It also added 2.6 million jobs a year on average for those 70 countries.
- The study found that every one percent increase in card usage produces an average annual increase of over 0.04 percent in GDP across the markets studied. The impact on GDP is higher in developed markets than for emerging markets, as card penetration is nearly three times higher in developed markets.
- Electronic payments have the added benefits of reducing central bank costs in providing currency and eliminates a substantial portion of the gray economy, leading to increased tax revenues.

To fully reap these benefits, the following conditions must be met:

- Trust in electronic payments is a key factor, bolstered by knowledge, for example, that consumers have recourse for fraudulent transactions.
- Reliability of systems and the assurance that the electronic or digital method will work when needed are important.
- And finally, a critical mass of merchants accepting these methods is required to instill the confidence for people to fully embrace modern payment methods.

Needless to say, financial literacy and an understanding of how modern payment methods work is a fundamental pre-requisite for a consumer to even consider using them.

²"The Impact of Electronic Payments on Economic Growth" by Moody's Analytics was a research commissioned by Visa to study the economic impact of electronic payments. The study and additional materials can be found on www.visa.com/moodysanalytics



CHINA

MYANMAR
(BURMA)

Nay Pyi Taw

THAILAND

Bangkok

CAMBODIA

BANGLA
DESH
Dhaka
Kolkata
Bhubaneshwar
Patna
Bihar
Assam
Kolkata
Bhubaneshwar
Patna
Bihar
Assam

Andaman Islands
(India)

Myeik
Kyunzu

Phnom
Penh
Gulf of Penh

Myanmar and Banking

The 2003 banking crisis in Myanmar started as a run on one bank and quickly affected the entire banking sector in Myanmar. It led to losses for many people with bank deposits.

Although the majority of consumers did not have bank accounts, businesses relied on bank accounts to pay their employees. Due to the overall liquidity issues that the crisis caused and the trickle-down impact on even those who did not have bank accounts, the crisis caused hardships for the people.

As a major event in the financial history of Myanmar, and considering that it happened only 14 years ago, it might be expected that the 2003 crisis has left lingering distrust with the banking system.

However, when we asked about perception of banks, it appears that by and large, it is seen as something in the past and not relevant to the current situation in Myanmar. Only a third hold the view that banks in Myanmar are insufficiently regulated. (Figure 2.1)

The majority now see banks as safe, trustworthy and transparent.

Yet just under half agree that banks are a convenient way to manage finances. The normally assumed consumer benefits are not very evident to Myanmar consumers. Only 36 percent feel that bank services and products are easy to understand and use.

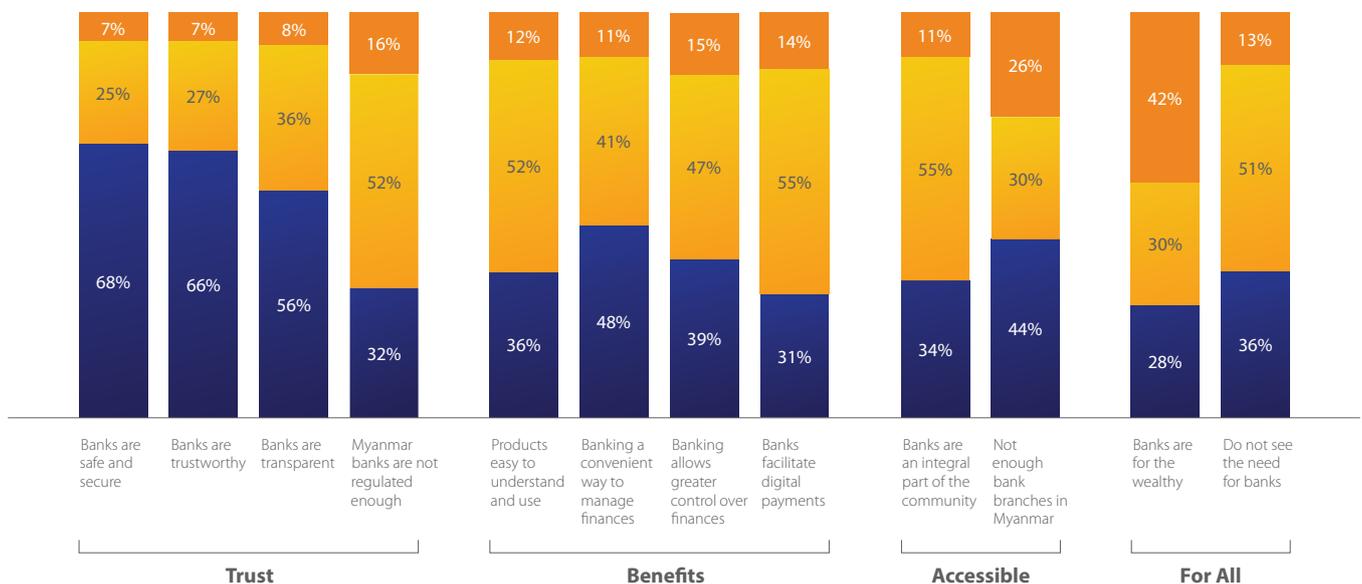
The lack of access might hamper financial inclusion: 44 percent say there are not enough bank branches in Myanmar and only a third feel they are an integral part of the community. While citizens in more developed nations would see banking as an everyday necessity, 28 percent of people in Myanmar agree with the sentiment that banks are only for the wealthy and 36 percent do not see the need for banks.

“I heard many people lost their savings [during the banking crisis]. That happened a long time ago, when we were young.”

Businessman,
36 years old, Yangon

▼ Figure 2.1
Perception of banks

- Strongly disagree/Disagree
- Neutral
- Strongly agree/Agree



“I heard that if we open a bank account, we can get an ATM card, which is convenient to withdraw money anytime we want.”

Salesperson,
28 years old, Mandalay

Nevertheless half of the people (49 percent) intend to open a bank account within the next year.

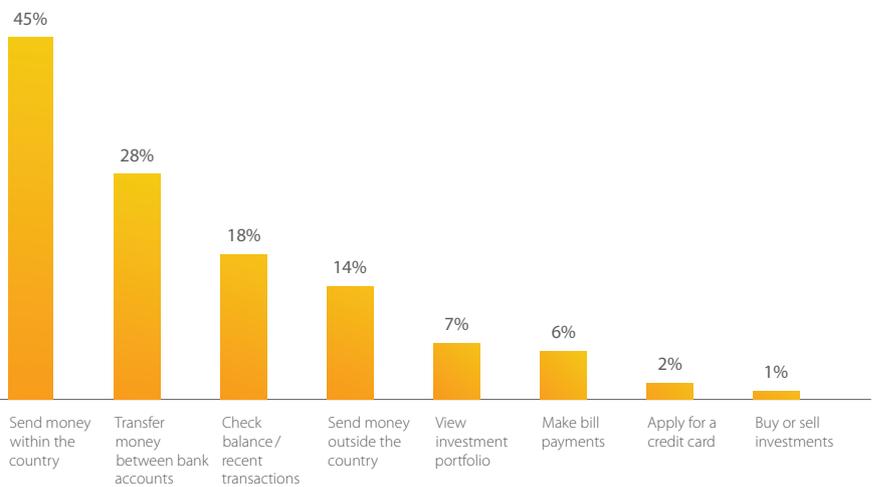
There are four motivators for those wanting to open a bank account:

- They see banks as a safe place to store wealth.
- They would earn interest on their money if they bank it.
- With a bank account and an ATM card, they can access their money more easily.
- There is also a feeling that everyone has an account nowadays, so a bank account is necessary to keep up with the times.

Of those not planning to open an account, very few mention lack of trust as a reason for their lack of interest. Rather, they just do not see a need for a bank account.

Online/mobile banking is virtually non-existent. Among the 64 percent who have visited a bank branch in the past year, remitting money or transferring money between accounts are the most popular services. (Figure 2.2)

► Figure 2.2
Banking tasks conducted in past 12 months

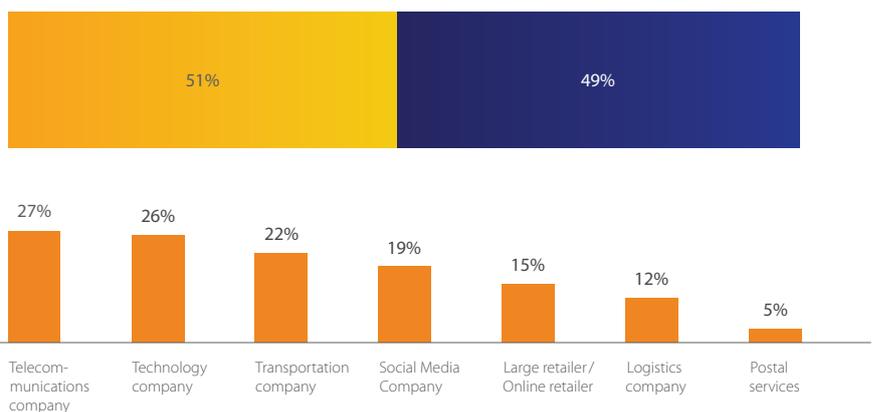


The frequency of visits to banks is relatively low. Over half say they visit the bank only once every few months or less often. Usage of bank apps is also extremely low at four percent.

While there is a clear demand for certain banking functions such as peer-to-peer money transfers, half of the respondents are open to consider using financial services from non-banking organizations. They are most open to such services from telecom, technology and transportation companies. (Figure 2.3)

► Figure 2.3
Interest in using financial services from non-bank organizations

- Open to financial services from non-bank organizations
- Not open

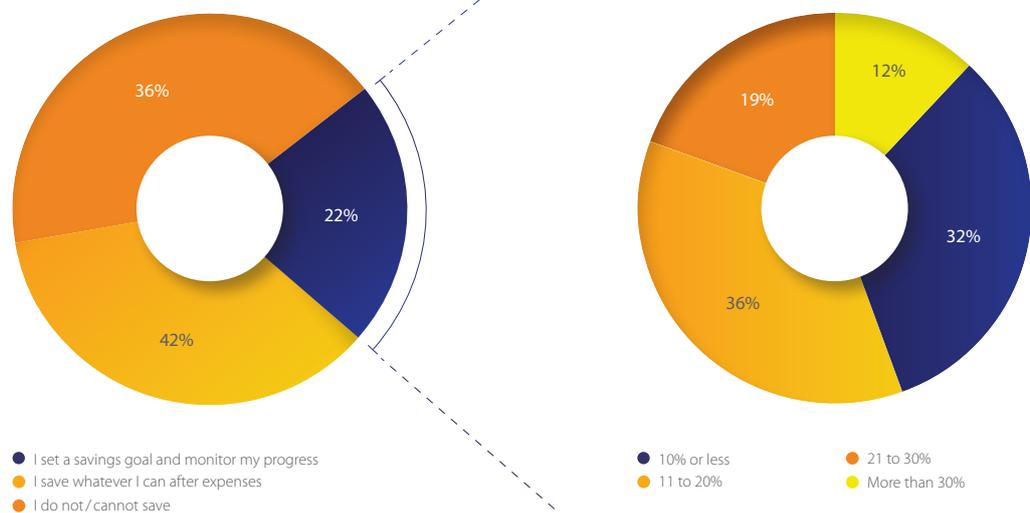


Savings and Loans

Almost a fifth of individuals we surveyed say they set a savings goal and monitor their progress against that goal. Two in five save whatever they can after expenses and the remaining 36 percent are not able to save anything. (Figure 3.1)

Among those who do save, for a third, the savings are less than 10 percent of their income. Another third manage to save 11 to 20 percent and the rest save more than 20 percent.

▼ Figure 3.1
Savings habits



“I save money with my friends. Every month we give a certain amount and we take turns to take the lottery amount.”

Female factory worker,
45 years old, Yangon

The optimism for the future is reflected in the main reasons for saving - to improve their standard of living (70 percent), as a safeguard against hard times (67 percent) and for their children's futures (60 percent). Retirement, typically a critical reason for saving in many markets, does not feature as an important reason to save in Myanmar – only 13 percent mention it as a motivation to save.

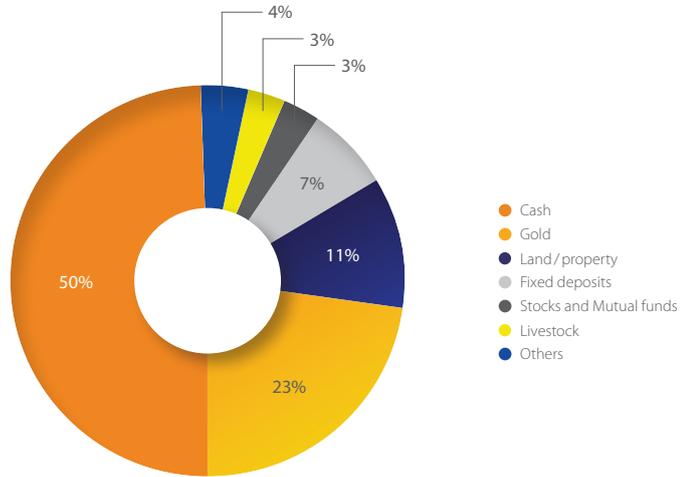
Savings is also seen as a means to independence and to be able to make their own choices in life. 47 percent cite this as the key reason why they try to save.

Only one in four adults are active investors, similar to the percent that set a savings goal. A fifth have automatic investments such as a retirement plan. The majority do not actively invest.

Qualitative interviews suggest that informal “Group Cooperatives” are a popular means of savings or investment. It consists of a group of friends who get together and pay a fixed sum every month into a pool. Every month, it is one person's turn to receive the pooled amount.

Among those who do not have bank accounts, on average, about half of their savings and investments are held in cash, with gold being the second most popular asset. Land is also a popular asset typically allocated at 11 percent of investment. Fixed deposits and stocks/funds account for about 10 percent. (Figure 3.2)

▼ Figure 3.2
Investment breakdown

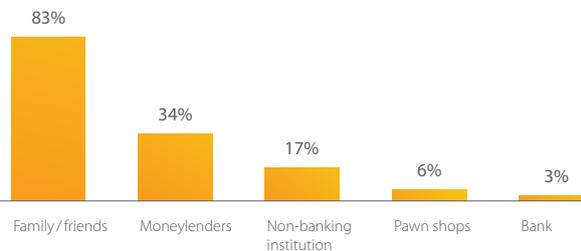


Many of those who do have bank accounts also tend to keep much of their savings in these forms.

Loans

Two in five urban consumers have taken loans at some point. For 40 percent of those who have taken loans, the loan was used to repay an existing loan. Other key reasons for taking loans are to buy larger ticket

► Figure 3.3
Source of loans



items such as cars, motorcycles or household durables. One in six say they took the loan to pay for university education.

Borrowing from organized sources is not a common phenomenon in Myanmar. Only three percent of those who have taken a loan have done so from a bank. Friends and family, followed by moneylenders, are by far the most common source of loans. (Figure 3.3)

When asked whether they would be interested in loans from formal institutions, including banks, at reasonable rates, there is cautious interest - 14 percent are very interested and another 45 percent possibly interested.

Part of the reason for the caution is that the documentation required for loans from banks is seen as tedious and there is a general perception that banks charge high interest, leading to concerns on being able to repay it.

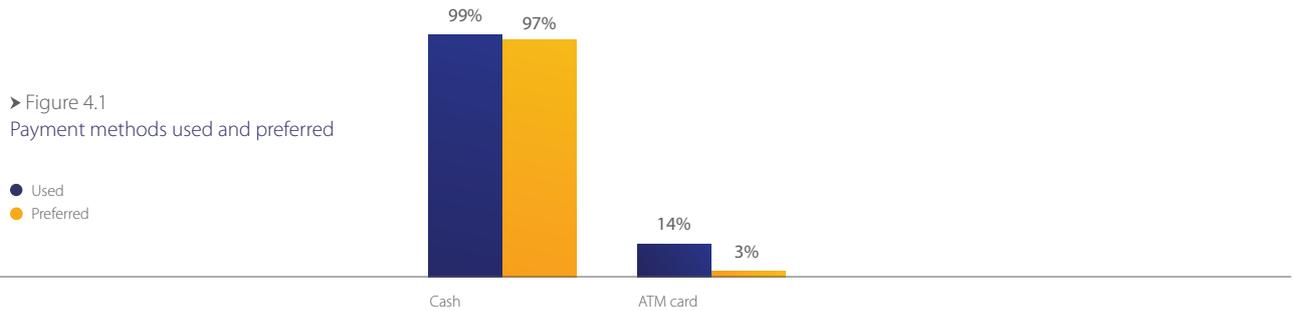
“When we take loans from banks, they ask for property documents to keep as deposit. This and the other documents required is really a hassle.”

Businessman,
36 years old, Yangon

Payment Habits and Attitudes

Cash remains the most commonly used form of payment for 99 percent of consumers in Myanmar and the preferred means of payment for 97 percent. With the extremely low ownership of other methods of payment, the overwhelming preference for cash is only to be expected. (Figure 4.1)

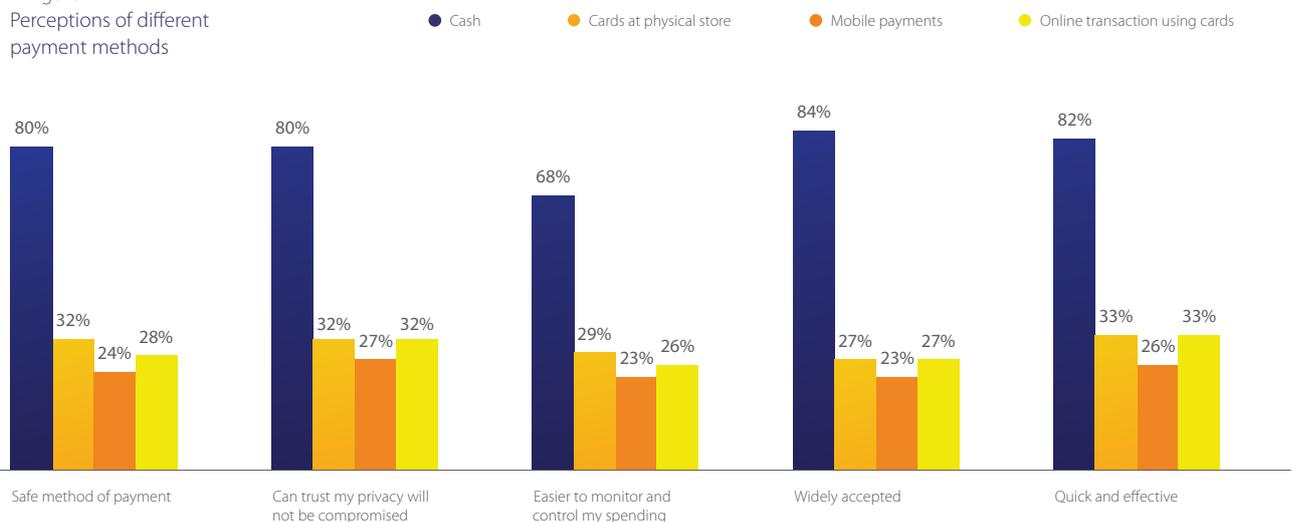
► Figure 4.1
Payment methods used and preferred



Two in three consumers expect their use of cash to stay the same over the next year, but a quarter expect it will increase. The comfort level with using cash – “I’m just used to it” is the main reason given, coupled with the assurance that cash will never be rejected.

Being over-reliant on cash for the longest time and without the option to use other payment methods, most people still believe cash is superior to cards and mobile payments on all aspects covered – it is the most widely accepted method, seen as the safest, the most secure from a privacy perspective, the quickest and most effective and the method that allows greatest control over spending. (Figure 4.2)

▼ Figure 4.2
Perceptions of different payment methods

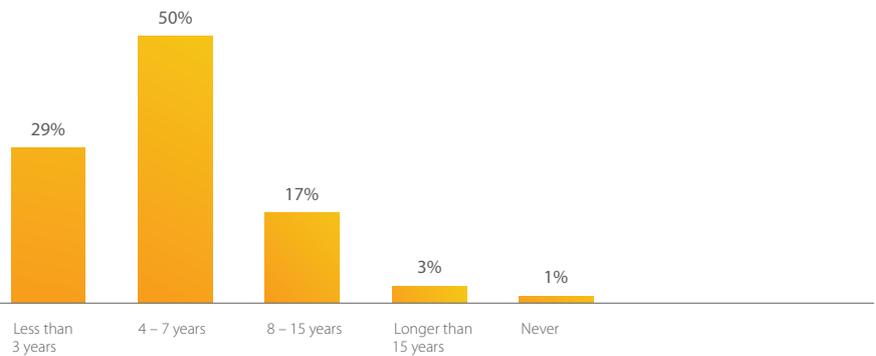


The cost of accepting cash for retailers can be as high as 5.8 percent of total sales³. Wide adoption of electronic payment has economically proven to add to the country's GDP. According to Moody's Analytics, electronic payments added MMK 55 billion or USD 40 million to Myanmar's economy from 2011 to 2015⁴ – and that is before the market opening.

Very few have ever tried going cashless, not surprising in a cash-dominant market. When asked a hypothetical question on how long they could go without cash, only 45 percent are confident of managing even a day without cash. Perhaps surprisingly, one in four say they could survive for more than a month without cash.

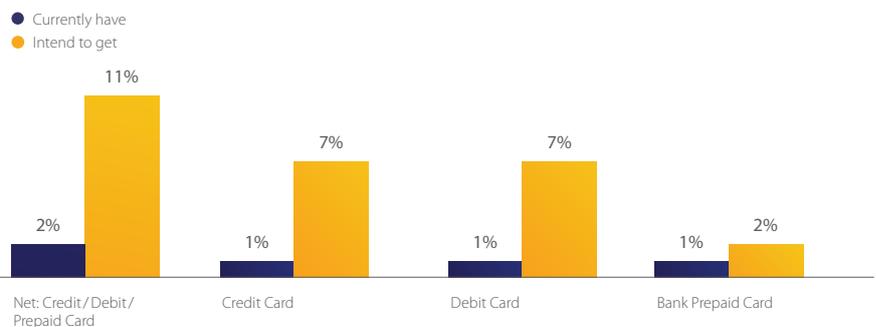
Despite the heavy reliance on cash, almost all believe a cashless society is possible. Twenty nine percent speculate that a cashless society may be possible in three years and another 50 percent that it might happen within four to seven years. (Figure 4.3) This outlook can perhaps be explained by the changes they are experiencing, especially the rapid growth of smartphone usage.

► Figure 4.3
When will a cashless society be possible in your country?



As seen earlier, there is interest in getting electronic payment cards – seven percent each intend to get credit cards and debit cards and two percent would like to get a pre-paid bank card. These are not large numbers in absolute terms, but it would represent a multi-fold growth over the current penetration of one percent for each of these types of cards. (Figure 4.4)

► Figure 4.4
Ownership of and intention to get payment cards



³ Cost of Cash Study 2012 commissioned by Visa with Deloitte Consulting, based on cost of goods sold, human resources costs, bank fees, cash in transit and insurance costs, among others.

⁴ www.visa.com/moodysanalytics



“I find using card is interesting. One of my relatives uses a card for shopping. It’s nice that you don’t have to carry around a lot of money.”

—
Female factory worker,
45 years old, Yangon

The key motivators to get a payment card are to be in tune with the times and the perception that it is a simpler means of payment, both expressed by about two-thirds of those who plan to get a card. Half say that it is safer to carry cards than large amounts of cash.

Other benefits mentioned include not having to deal with small change, never being out of money and being part of the increasing number of people who have a card now.

Lack of understanding remains the main hindrance to usage of electronic payments. Among those who do not plan to get a card, the main deterrent is lack of knowledge – 52 percent say that the reason they are not likely to get a payment card is because they do not know enough about how cards work. The need to have a bank account first is also a limiting factor. A further deterrent is that cards are currently not accepted at most traditional stores where the average consumer shops. Overcoming this will require a critical mass of merchant acceptance.

Other concerns voiced by smaller numbers of consumers include the possibility of a card not working when needed and that someone else may use the card without the owner knowing.



Emerging Digital Trends



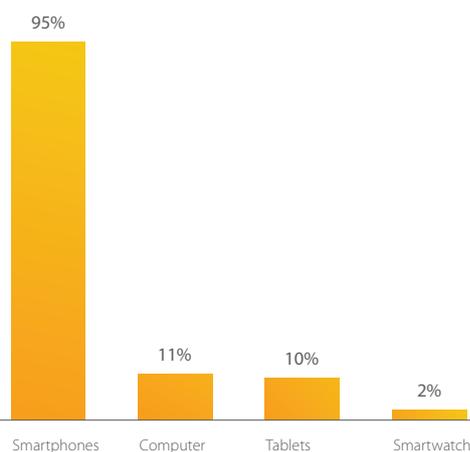
Like many other emerging markets, Myanmar has seen an explosion of smartphone ownership.

Since 2014, when the telecoms revolution began in Myanmar, the number of SIM cards in circulation has risen by almost 400 percent, according to government figures. This equates to 89 percent mobile penetration, a dramatic increase from the seven percent recorded at the end of fiscal year 2011–12. However, the figure does not represent true penetration, as it is common for mobile users to own more than one SIM card. (Myanmar Times, July 2016)

A recent report by Telenor puts SIM penetration at over 100 percent and smartphone penetration at 80 percent⁵

In our sample of urban adults, 95 percent have a smartphone. Only a tenth own computers and tablets. (Figure 5.1)

► Figure 5.1
Devices owned



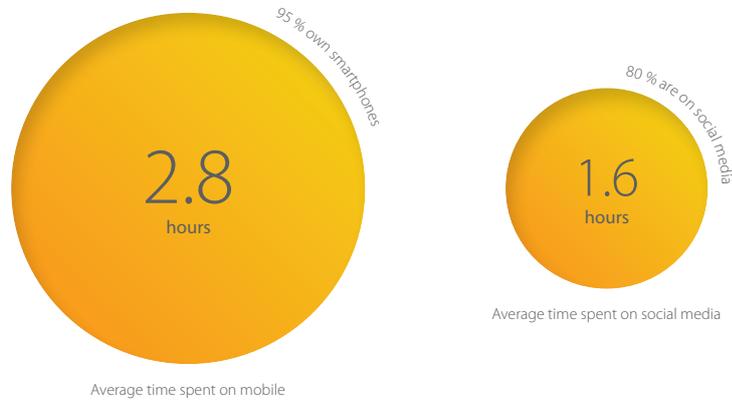
Along with mobile phone usage, the number of internet users has also risen. Around half the mobile subscriptions include data usage. The internet penetration in Myanmar is estimated to be at approximately 25 percent, as of June 2017⁶. Social media use is high – almost 80 percent of those who are online use Facebook, while other social platforms are also popular.

⁵ Telenor Realising Digital Myanmar Report

⁶ <https://www.internetworldstats.com>

On average, participants in our study admit to spending almost three hours a day on their phones and those who use social media, spend an average of an hour and a half a day on it. (Figure 5.2)

► Figure 5.2
Time spent on mobile phones
and on social media



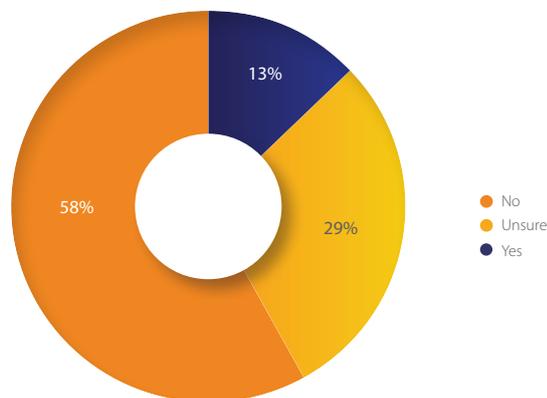
Online shopping

Only 14 percent have ever shopped online and their frequency of shopping is low; most of the online shoppers buy something one to three times per year. Cosmetics, fashion, electronics and furniture are the most popular categories for online shopping. There are many ways in which their online shopping experiences could be improved including easier checkouts, product suggestions, ability to compare prices, not having to fill in payment details repeatedly and more secure payments.

Despite more secure payments being cited in the context of what might improve online shopping, when specifically asked to rate their concerns, it is not a big concern for online shopping – only 11 percent are somewhat or very concerned.

Only four percent have bought anything through social networks, but 13 percent express an interest in doing so. (Figure 5.3)

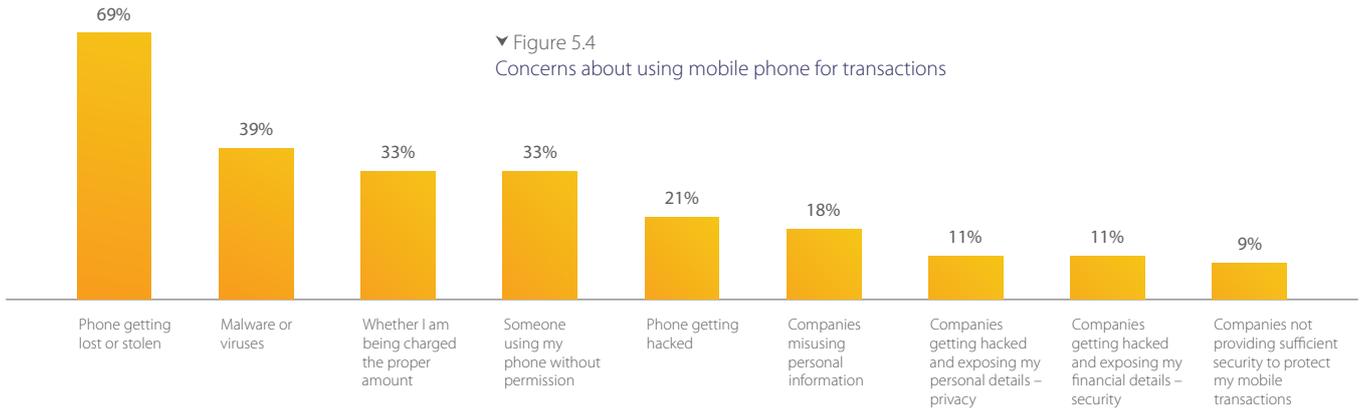
▼ Figure 5.3
Interest in purchasing items on
social networks



Mobile payments

Usage of smartphones for purchases is almost non-existent currently – only two percent of consumers have bought anything using their mobile phones. Consumers say that the ability to make bill payments, split bills between friends, get instant notifications and receive rewards and privileges will encourage use of mobile payments.

There are security concerns to be addressed too. The key concern is safeguards in case the phone is lost or stolen. Secondary concerns include viruses, phones getting hacked, being assured the right amount is being charged, someone else using one’s phone and misuse of personal data. (Figure 5.4)



Despite these concerns, 44 percent are willing to share their location with companies to receive discounts, offers and promotions.

Contactless payments

Contactless payments are payments made by tapping the card or phone to the electronic point of sales terminal, instead of swiping or inserting the cards. Contactless payments usually have other ways to authenticate the identity without signature requirement.

Only 11 percent of urban consumers are aware of contactless payments. A similar proportion are aware that they can use their phones to make contactless payments. The general concept of mobile wallets is better known, with two in three being aware of it.

None have actually used contactless payments, but there is high interest, with 50 percent indicating that they would like to use it. (Figure 5.5) More knowledge on how contactless payments work will be needed to convert this interest to actual usage.

► Figure 5.5
Emerging payment methods – Interest in using



Peer to Peer Payments

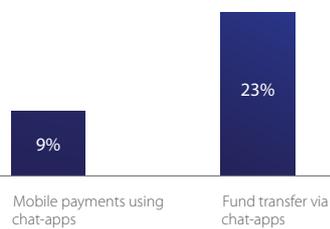
Half of our respondents are aware of P2P payments, but only five percent have used it. The main uses of P2P payments are reimbursing peers, splitting a bill and for recurring payments such as rent. Ease of use, a speedier process and greater privacy are the main benefits perceived of P2P payments.

A third are interested in using P2P service. (Figure 5.5) However, when asked how they would like to be paid back for a shared expense, only 11 percent choose P2P payments, preferring cash and bank transfers.

Mobile Payments Using Chat-apps

Only 12 percent are aware of mobile payments using chat-apps and nine percent would be interested in using it. When specifically asked about fund transfer using chat-apps, a quarter are interested. (Figure 5.6)

► Figure 5.6
Interest in mobile payments and fund transfers using chat-apps



The benefits of chat-app payments are ease of use, speed, the convenience of it being always available and less hassle since personal details do not have to be filled in each time. There is also a novelty factor, with 28 percent saying it is a more interesting way to pay.



QR Payments

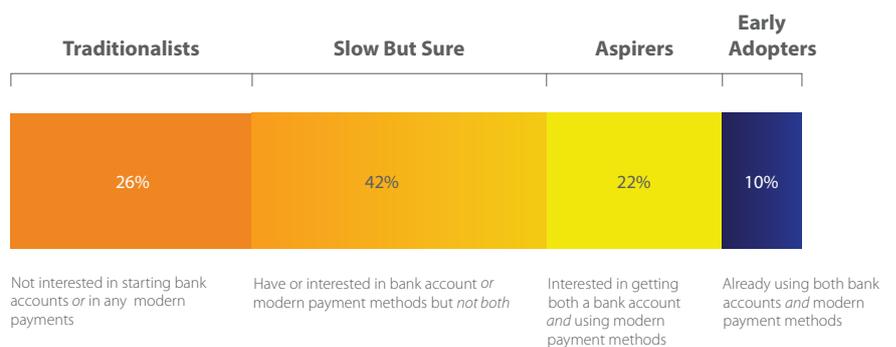
Only a tenth are aware of QR payments and only two percent have used it, but 19 percent are interested in trying it (Figure 5.5). As with other emerging payment methods, ease of use and quicker transactions are the key benefits seen of QR payments.

Consumer Segments

Based on current and intended usage of banking and modern payment methods, we see four distinct consumer segments. (Figure 6.1):

- **Early Adopters** *10 percent* Already using both bank accounts and modern payment methods.
- **Aspirers** *22 percent* Interested in getting both a bank account and using modern payment methods. Could be using one or the other currently, but not both.
- **Slow But Sure** *42 percent* Have or interested in bank account or modern payment methods but not both.
- **Traditionalists** *26 percent* Not interested in opening bank accounts or using any modern payments.

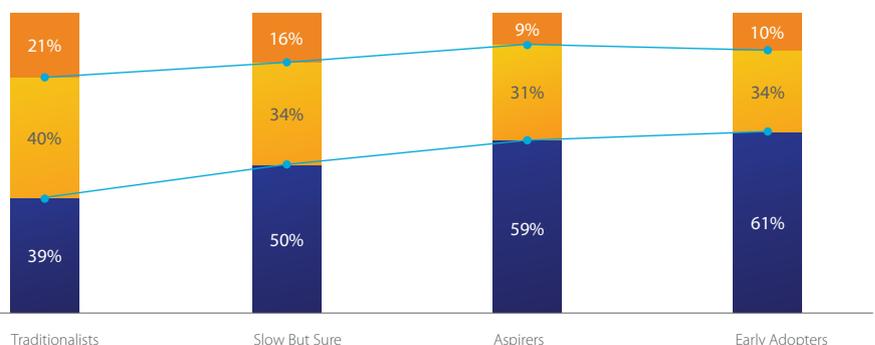
► Figure 6.1
Financial usage and interest segments



As one might expect, as we move across the spectrum from Traditionalists to Early Adopters, the age profile of each segment becomes progressively younger, i.e. younger people are more eager to adopt modern financial methods and tools, while older consumers tend to be more cautious in their approach. Sixty percent of Traditionalists are baby boomers, while among Aspirers and Early Adopters, six in ten are from Gen Y. (Figure 6.2)

► Figure 6.2
Age profile of segments

- Baby boomers: 52 yrs+
- Gen X: 37 to 51
- Gen Y: 18 to 36



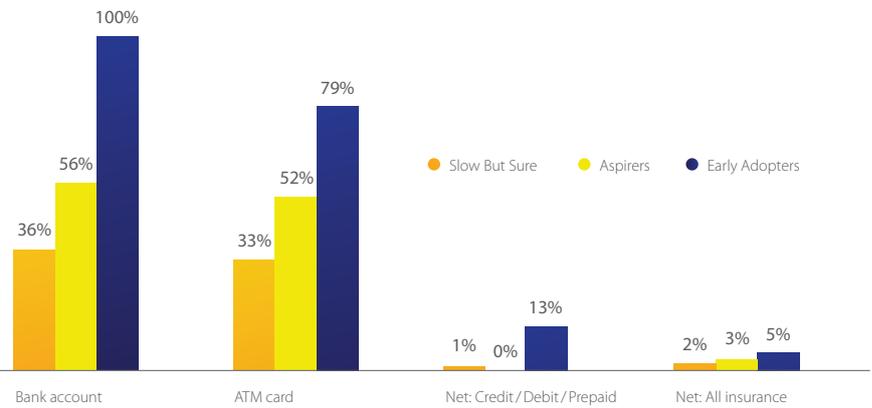
Gender is not as much of a differentiator for the segments, though we see a slightly higher proportion of males among Aspirers.

Early Adopters and Aspirers are from more affluent households than Traditionalists and the Slow But Sure. There are some related skews in terms of occupation: housewives, blue collar workers and those engaged in agriculture are more likely to be Traditionalists, while salespeople, white collar workers, professionals and students are more likely to be Aspirers or Early Adopters.

Ownership of bank accounts – by segment

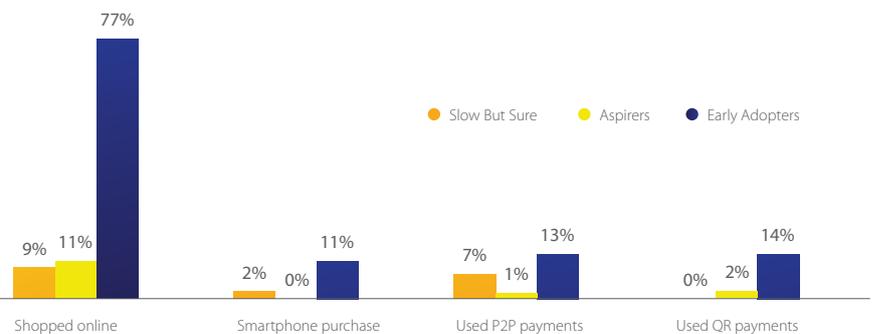
By definition, all Early Adopters have bank accounts while 79 percent of them also have ATM cards. They are also the only segment with a sizeable proportion owning payment cards – 13 percent of them have cards. (Figure 6.3)

► Figure 6.3
Ownership of bank accounts and cards – by segment



By definition, Early Adopters must be using at least one emerging payment/shopping method; online shopping is the activity that most differentiates them from the other segments in this regard as 77 percent of them have shopped online. They are also more likely to have used their smartphones to make a purchase or to have used P2P payments or QR payments. (Figure 6.4)

► Figure 6.4
Usage of online shopping and digital payment methods – by segment



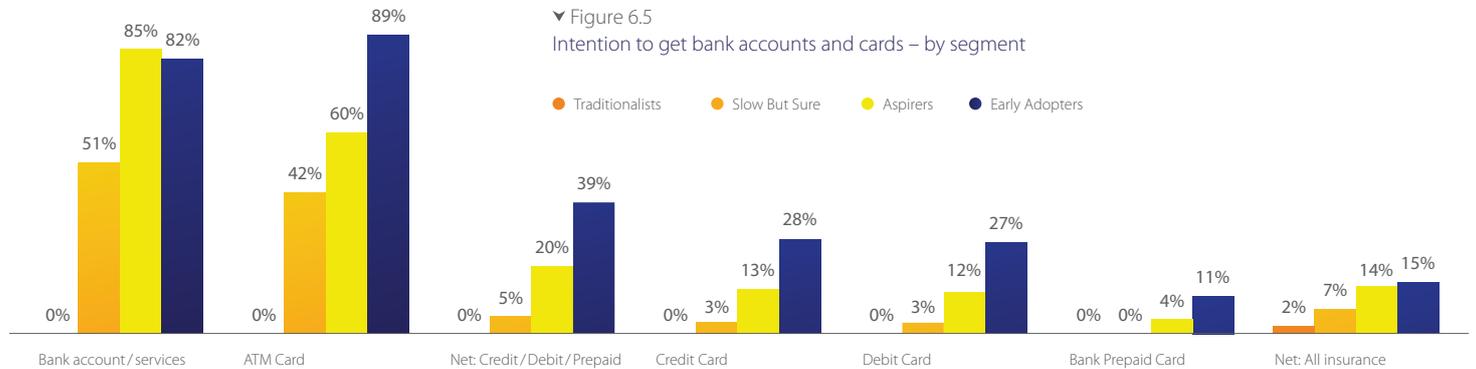
Products and Services

More than eight in ten Early Adopters and Aspirers, as well as half of the Slow But Sure, would like access to bank accounts or additional banking services (all Early Adopters already have an account).

Early Adopters and Aspirers are also much more interested in getting a payment card and insurance. (Figure 6.5)

▼ Figure 6.5
Intention to get bank accounts and cards – by segment

● Traditionalists ● Slow But Sure ● Aspirers ● Early Adopters

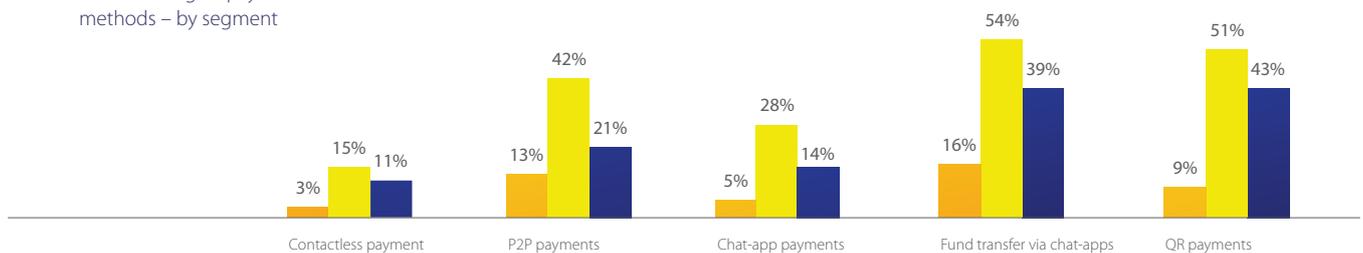


When it comes to emerging payment methods, again Early Adopters and Aspirers are much more interested in all of the methods, with fund transfer using chat-apps and QR payments being of greatest interest.

For more traditional products such as payment cards and insurance, Early Adopters are more interested than Aspirers, whereas the situation is reversed for the emerging digital payment methods. For all of these methods, Aspirers are more interested than Early Adopters. (Figure 6.6)

► Figure 6.6
Interest in digital payment methods – by segment

● Slow But Sure ● Aspirers ● Early Adopters



We can see that the current habits and interest in financial services and modern payment methods varies quite widely across the different segments. These differences are a result of their differing personal circumstances, knowledge levels and attitudes.

In order to delve deeper into these characteristics of the segments, qualitative interviews were conducted to develop profiles of the respective segments. These are presented in the following section.

Case Study 1
Ko Aung Win, Businessman
Early Adopter



Personal Profile

- 36 year old businessman, lives in Yangon with his wife and two children in a two-story apartment.
- They own a car and a motorbike and have all the major consumer appliances – refrigerator, washing machine, TV, laptop and smartphones.

Views on Myanmar's Economy

- The economy was doing very well since the reforms started but has slowed down in the last two years or so. The real estate and construction sectors in particular are under stress.
- It is not a good time for small businesses and believes it is harder to do business now.
- Hopeful for the future of the country and believes their economic situation will improve
- Feels the Government must play a more proactive role in improving the tax system, healthcare and education.
- There is a need to attract more international investors.
- Wishes for a newer culture where start-ups and entrepreneurs are encouraged more.

“Even now, people use less cash as they use cards for shopping and other payments. In the future, it will be more and more cards or other payments.”

Banking

- Has a bank account
- Current use of his bank account is limited to cashing checks from clients and transferring money.
- Sees disadvantages to keeping savings in the bank.
- Inconvenient to travel each time for depositing and withdrawing cash from the bank. He needs frequent withdrawals in somewhat large amounts for business use.
- Bank procedures are inefficient and wastes his valuable time.
- He feels that the interest offered by banks on savings is not sufficient to make up for these disadvantages.

Trust in Banks

- At the back of his mind, he harbors some mistrust towards banks due to what he has heard about the Asia Wealth Bank crisis in 2003
- The mistrust has largely eroded, as he trusts the new government and its policies.
- Seeing increasing numbers of people using and trusting banks again serves to further reassure him.

Loans

- Feels more comfortable taking loans for business rather than for personal needs.
- When he does need loans he prefers loans from his personal network – his extended family, friends or wider social circle.
- Loan from banks not preferred due to the plethora of documentation needed, high interest rates, and the need to present collateral such as property documents.

Savings

- Does not save much these days, as most of the money is invested back into his business.
- What savings he has is kept in safes at home and at the office.

Insurance

- It is a good product and he is broadly aware of the different kinds of insurance – life, health, home and car insurance.
- However, insurance is a new concept in the Myanmar market, so needs more information on it. Likely to buy insurance in the future.

Payment Habits

Cash

- When it comes to payments, cash is an inevitable reality of life in Myanmar.
- Ko Aung uses cash a lot as it is easy to use and is accepted everywhere and any time.
- Concerns about using cash - security, theft, damage to notes and counterfeit currency.

Electronic Payments

- Uses electronic payment methods in the form of debit cards and ATM cards. He equates the two and uses them mainly for withdrawing cash.
- A debit card is convenient and saves time, is safer to use and offers more privacy than cash.
- He has not taken a credit card so far. Feels the credit facility is useful but if not managed well, can result in high interest charges.

Social Media Use & Attitude to Digital Trends

- He is active on social media and estimates he spends about two hours a day on Facebook and Viber, for both personal and business purposes.
- Upbeat about digital trends and the influx of online shopping amongst consumers and believes that in the future, technology will enable services to improve, citing home delivery apps as an example.



Online Shopping

- Has used online shopping through Facebook shops, and www.shop.com.mm . His past orders were for clothes.
- Online is a convenient method of shopping, but he has concerns around the inconsistent quality of goods due to not having the ability to physically examine products before ordering.
- For this reason, he prefers the cash on delivery payment option and is sceptical when upfront payment is required.
- He is an infrequent online shopper, but feels that this is highly relevant for the younger generation.

Emerging Digital Payments Trends

- Feels that people using more modern payment methods like mobile payments are modern, up to date with the times, aware, and curious about new trends.
- He uses OK Dollar currently for mobile top-ups, his electricity bill payments, and transferring money. He is also aware of Red Dot and Wave Money but does not use them. The key advantage is that they can be used 24/7.

Concerns

- He has concerns about the security of mobile payments – the high service charges (for utility payments), technical errors (e.g. no notification received on transactions) and apps hanging.
- He is also not entirely comfortable about having to share personal information, including income related information, when registering for mobile payment apps.

QR Payments

- He is aware of QR payments and has used it once or twice at coffee shops. The ability to use it is limited – not many outlets offer it at present, however he appreciates the option of another method with which to pay. Ko Aung feels the trend will pick up.

Case Study 2
Ko Thiha Zaw, Salesman
Aspirer



Personal Profile

- 28 year old salesman at a department store in Mandalay.
- Lives with mother and sister in a traditional wood and brick house.
- They own a television, air conditioner, smartphones, have Skynet cable TV connection, a camera and a laptop. He has a motorcycle for transportation.

Views on Myanmar's Economy

- He shares the perception of many others that the economy has slowed down recently, but his personal financial situation has improved in recent times.
- He is optimistic about the direction the country is moving in. He sees developments in housing and retail infrastructure, along with improvement in the electricity supply.
- He is a strong believer that the government is working hard for the future of the country and believes the economic situation will improve.

Banking

- He has a bank account and likes to save his money in the bank as it helps him to budget and spend more prudently.
- If cash is handy, he tends to spend more. He says banks are safer and in addition, he gets interest.
- He does not go to the bank branch very often, noting that the transaction hours are limited and that each deposit or withdrawal is a time-consuming process.
- Appreciates the convenience of ATMs and mobile banking. With an ATM card, he does not need to carry much cash around and his money is always available to him.
- However, technical systems slow down the process and sometimes the ATMs are not working or are out of money, which can be frustrating.
- Mobile banking is efficient and fast and he uses his bank's app. However, the server/network is sometimes down.

“I like to save money in the bank because I can control my expenditure. If I have cash with me, I end up buying this and that.”

Trust in Banks

- While he has heard that friends of his family lost money in the 2003 bank crisis, he trusts banks, as he feels they are regulated better now.



Loans

- He has not taken any loans, but is open to it, if needed.
- It is more appropriate for young entrepreneurs. The sole disadvantage is you are unable to pay back loans in times of financial difficulties.

Insurance

- Aware of insurance, specifically life and car insurance.
- He does not view insurance positively, saying, "I think insurance measures your life with money. It is like devaluing one's life."

Payment Habits

Cash

- He relies on cash for the bulk of his payments, as it is easy to use and widely accepted.
- He does not carry much cash around as he has access to his cash via his ATM card.
- He does have concerns about cash - counterfeit currency and theft.

Electronic Payments

- He is eager to embrace electronic payment methods such as credit or debit cards.
- They are safe, convenient and easy to carry around compared to cash. He would use it primarily for shopping.
- Feels that people who use modern payment methods are dynamic and forward looking.

Social Media Use

- Ko Thiha is active on Facebook, Instagram, and Viber.
- He uses social media for about four to five hours a day for both personal and work purposes.
- He also enjoys mobile games.

“Online shopping is popular but I don’t like the upfront payment option because you are not sure whether they will send you the products or not. But it’s fine, because you can also pay on delivery after getting the products.”

Online Shopping

- Online shopping is a convenient method of shopping, and he is excited to try it.
- Feels it is highly relevant for people of his generation, who love shopping, and thinks it will be of even more interest to his female colleagues and friends.
- His concerns about e-commerce centre around not knowing the quality of products and whether he will even receive the product.

Mobile Payments

- He is aware of mobile wallet companies through advertisements and from friends.
- He has not used it but would be keen to, the key advantage being that one can pay using these any time at one's own convenient place and time.
- A deterrent is that not many vendors are accepting it yet and he has heard of technical issues such as transactions not going through.

QR Payments

- He is aware of it from watching Korean TV series where they use it to pay at coffee shops, but is not sure if it is available in Myanmar.

Future of Payments

- In the future, society will be cashless
- An ideal payment method would need to be safe and convenient. He would like a single payment method that will take care of all his needs, such as paying utility bills, assisting in bookings, shopping and cash withdrawals.

Case Study 3
Ma Thundar Tun, Garment Factory Worker
Slow But Sure



Personal Profile

- 45 years old, works in a garment factory in Yangon. Lives with her two children, both working. Her husband works in Malaysia.
- They own a motorcycle and a smartphone.

Views on Myanmar's Economy

- The family financial situation is a source of worry for her. The economy is not doing too well, and the cost of living is increasing.
- However, she is optimistic that things will improve in the future, as there have already been many advances in the past few years. The health and hospital system has improved dramatically, and the cost of treatments and childbirth has reduced.
- Public transportation has also improved with the advent of modern, air-conditioned buses. There are more options for shopping for household needs.

Banking

- She is considering opening a bank account as her savings increase.
- More people around her are getting bank accounts and ATM cards.
- The idea of using an ATM card appeals to her, due to its convenience and the ability to withdraw money any time.
- Using a bank account will also be a relief from carrying cash and the anxiety of it being stolen.
- What has held her back is the belief that to have a bank account, one has to deposit large sums every month. She is embarrassed by the small amount of savings she has and feels the bank may not accept.

Trust in Banks

- She is aware of the 2003 banking crisis in which a relative of hers lost money.
- At that time she was strongly opposed to banking, but as more and more people around her, including her relatives, are opening bank accounts, it gives her the confidence to go ahead too.
- She is further reassured by the current political system.

Savings

- At the beginning of the month, she sets aside money needed for household expenditure.
- With whatever is left, she participates in a cooperative monthly group saving scheme.
- The amount she contributes every month ranges from MMK 10,000 – 50,000. When her turn comes for the lottery, she invests that money in gold.
- Other than that, she keeps cash at home.

“My current savings are small and I am afraid that if I approach the bank with such a little amount, people will talk badly about me.”

Loans

- Though not actively looking for loans, she is open to the idea of taking loans and says she would use it to invest in a small-scale business or to buy gold.
- She expects bank interest charges will be high and that if loans were available from firms other than banks, the interest rates would be more reasonable. There is also a worry that she may not be able to pay it back on time.

Insurance

- She has an extremely limited understanding about insurance and has a general perception that only wealthy people can buy insurance, so has not bothered to find out more about it.

Payment Habits

Cash

- To her, “Cash is everything” and very convenient to use.
- Concerns about cash are due to counterfeit money and carrying large amounts of money

Cards

- She uses cash exclusively and knows nothing about credit or debit cards. She is interested in getting an ATM card.

Emerging Digital Payment Methods

- Similarly, she has very limited awareness of emerging digital payment methods.
- Has heard of mobile money transfer services, but does not know how it works and has not heard of other methods such as QR payments.

Online Shopping

- She is not on social media and is generally apprehensive about technology. She knows of online shopping, having seen her daughter buy products through Facebook.
- She recognizes the advantages of home delivery and payment on delivery, she feels online shopping is primarily for people who are younger and tech savvy and not for people like her.
- She also voices a concern that the actual product might differ from the images shown online.

Future of Payments

- She cannot even imagine a financial system without cash.
- When asked what an ideal payment method would be, her aspiration stops at an ATM card, and she says that having one will make her feel sufficiently smart and up to date.



Case Study 4
Daw Yuza Tun, Housewife
Traditionalist



Personal Profile

- 56 year old housewife.
- Lives in Mandalay with her husband and three single adult children.
- They live in a traditional house and have modest conveniences – they own a TV, a refrigerator and a motorbike.

Views on The Economy

- The family struggle to make ends meet.
- She is concerned about inflation and the high cost of living. The fact that income levels are not going up compounds the situation.
- Feels there are not enough job opportunities for her children and she worries about their future.
- At the same time, she is happy about better roads, infrastructure development including affordable housing and other developments.
- “The cost of living is high. Goods prices are always up, a kilo of onions is 2000 kyat now, but our income never goes up.”

“The cost of living is high. Goods prices are always up, a kilo of onions is 2000 kyat now, but our income never goes up.”

Banking

- She does not have a bank account and does not intend to start one.
- She says that the 2003 bank crisis, during which her relatives lost money, is the key reason. She is reluctant to share personal details with banks, saying it may be misused.
- She also fears that if something tragic happened to her, the bank may not give her savings to her family members.
- In addition, she does not have enough savings to consider keeping it in a bank and says that if her account has less money, she will feel ashamed.
- She feels banks are more relevant for people of a higher social class who have good and stable incomes.

Savings

- In their current financial situation, they do not have savings. Whatever they have is kept at home in cash.
- She participates in a group cooperative scheme on a monthly basis with her friends.
- When it is her turn to take the pooled money, she uses the money to repay loans or for household expenses and repairs.
- Unlike many of her friends, she does not buy gold for investment, as her savings are insufficient.

Loans

- Sees loans as useful and a necessary financial support, given her family's financial circumstances.
- There have been occasions when they have needed to borrow money from friends to get by till the end of the month.
- Her preferred source of loans is a local microfinance firm. She hopes to use loans to start a small business, though she does not have a concrete idea yet of what.

Insurance

- She has heard of home insurance from friends and is interested in the concept, but feels it is for people who have regular incomes.



“I save my money at home, because I do not have enough to save in a bank”

Payment Habits

Cash

- Not having any other methods of payment, she exclusively uses cash.
- It is convenient and universally accepted and she feels assured when she has cash on her.
- She does have some concerns about cash being stolen or lost, or currency getting damaged.

Cards

- She has very limited awareness or understanding of other forms of payments, saying she just knows the names of some credit cards, but nothing further.

Other Emerging Payment Methods

- Besides having seen ads for mobile wallets, she has no details or understanding about how mobile payments work either.
- She is not interested in finding out more.

Internet & Social Media

- While other members of her family have smartphones, Daw Yuza is content with a feature phone.
- She is not on social media, but knows about Facebook through her children.

Online Shopping

- She has never personally shopped online, but has seen her children ordering make up, apparel and accessories online on Facebook.
- She thinks it would be good for people who are pressed for time.
- She is not interested in trying it and would definitely be uncomfortable if asked to pay upfront.

Future of Payments

- She believes that cash will always be an integral part of the financial system.
- Her ideal payment method: "I think usage of cash will be more and more because you cannot do anything without it."

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