

CHAPTER 1

Introduction

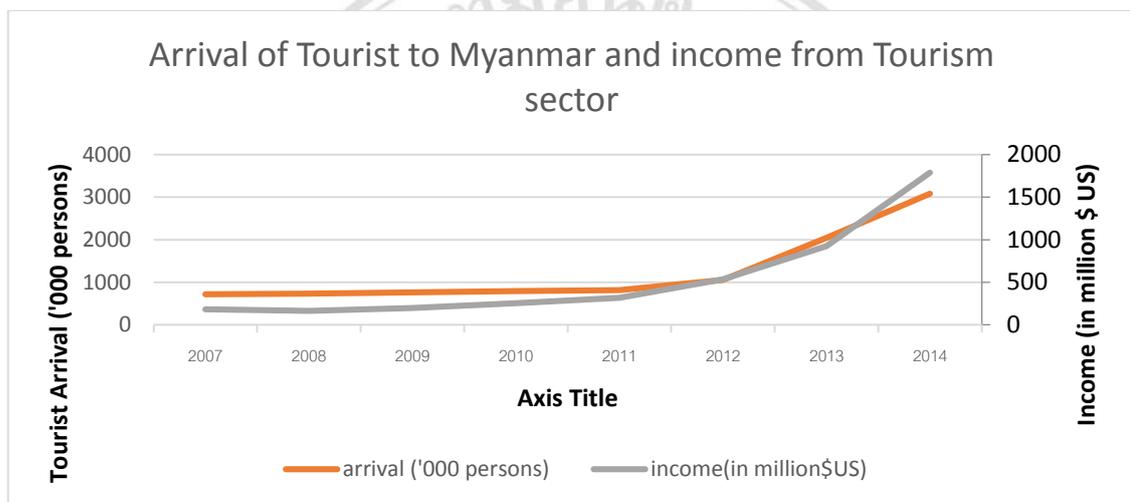
1.1 Background of the Study

The situation of Myanmar is currently based on a cash-oriented economy. Most Myanmar citizens do not still encounter into the benefits of using e-banking service. New government supports the reformation of the banking sector, which mainly targets to improve the technology in order to catch up with the world (Foerch, Ki, Thein, & Waldschmidt, 2015). Since 2013, the CBM (Central Bank of Myanmar) became independent from the government, and it released some of their laws in order to increase transparency and accountability, to make improvement in the Myanmar financial sector (History, 2015). However, a larger portion of the businesses do not use internet as their main route to communicate with their customers, not only in local but also in foreign markets. Hence, Myanmar economy has to play with a large informal banking system.

Because of the penetration of newcomer telecom operators, Ooredoo and Telenor in 2015, the usage of Facebook and internet users via smartphone increased dramatically around the country. The new, improved private banks want to take this opportunity to offer their e-banking services, internet banking and mobile banking, to the smart phone user. Since 2012, many private banks introduced ATM services to the public. Later, they allowed the bank user to use many kinds of e-services like paying their telecom bills, electricity bills, and online-remittance via e-banking services. Because of the different mobile network operator, the function of the service the bank provide may be differ from one another (Foerch, Ki, Thein, & Waldschmidt, 2015). Furthermore, the CBM improved the banking sector by allowing the private banks to make inter-bank fund transfers by establishing the Myanmar Payment Union (MPU), known as National Payment Network and Switch. In addition, CBM made a lot of improvemets in the banking sector by establishing the global networks by allowing VISA cards, Master Cards, JCP and CUP

with the corporative banks so that the bank customer can use e-banking service even in other countries with their co-operative bank.

Nowadays, in Myanmar, online shopping has become very popular among every age of person. Most of the online shops are selling on Facebook pages rather than building a dedicated web portal. However, the customers of online shops does not need to pay via online. They can pay the money at their collection time. Therefore, it is a big question mark to ask if the electronic commerce, e-commerce, is really happening in Myanmar.



Source: Myanmar Ministry of Hotel and Tourism (2015)

Figure 1.1: Tourist Arrivals and Income in Tourism sector (2007 to 2014)

According to the figure shown above, the number of tourists arriving to Myanmar increased dramatically from 2011 to 2014. The figures show more than triple of not only the number of tourists arrivals to Myanmar but also the income from them. However, the banking sector cannot fully support this tourism sector. Although the government has put a lot of investment in the infrastructure of the tourism sector, such as roads, transportation and hotels, improvement in IT infrastructure is still lagging behind, which is also one of the main proxies.

The adoption of e-banking service can make a huge impact on the development of the tourism sector in Myanmar. Therefore, the cooperation of the banks, internet supporters, and regulators becomes vital for a big step of change in Myanmar's economy.

1.2 Research Problem and Research Question

The financial sector is a core for the national economy. Different from other developing countries, Myanmar is lagging behind in every sector, especially in the financial sector. Some international organizations help CBM to link with international networks. On the other side, Myanmar tourism sector developed dramatically from 2014 to 2015 (Latest News Ministry of Hotel and Tourism, 2016). However, until now, e-banking in the tourism sector has not developed well yet, especially in the area of online purchasing, like booking hotels, buying air-tickets, and purchasing tour packages cannot be done through the e-banking system in Myanmar's banks. In order to improve the country's economy effectively and efficiently, the e-banking system should arise country wide securely and smoothly together with the investment in IT infrastructure.

Therefore, the main research question of this thesis is *“what are the antecedents of the behavioral intention to use e-banking service in the tourism sector in Myanmar?”*

1.3 Purpose of the Study

Nowadays, the e-banking system in Myanmar is not widely used within the country, especially the online purchasing system in order to buy tickets, book hotels online, and pay via cards, etc. Due to the enormous increasing importance of the tourism sector in Myanmar, tourism industry is an attractive part for investment. To create a smooth and competitive industry, there are many gaps to be fulfilled. For example, if e-banking services can support the purchase of air tickets and make hotel bookings via online, this will foster the development of Myanmar's economy. Therefore, the purpose of this study is:

1. To investigate the intention of international tourist upon using e-banking services in the tourism sector in Myanmar.

1.3.1 Practical Contributions

By surveying with the technology acceptance model on e-banking in the tourism sector, the banking sector in Myanmar can adopt this model as the fastest way to attract customers not only from local areas but also from international tourists around the world. According to the survey result, the government can take some of the policy recommendations to support the banking sector. By improving the role of local banks in Myanmar, they can stand proud and ready for competition with the global bank.

1.3.2 Theoretical contributions

This study will fulfill the necessary contribution to our country that stands on its developing way. Although this is only the very basic idea at the methodology level regarding with the other reviewed literatures, this is the very first approach to contribute to the development of Myanmar's economy. Myanmar is also lagging behind other countries in literature skills. This initial empirical study will also be helpful for the academic researcher who intends to make further research on this area.

Apart from this, branding is included as an external factor for this research. This will be a new theoretical contribution to the TAM model. The main reason for this contribution is that the locals from Myanmar lost their trust on the banking sector for a long time. So, the policymakers and the bankers should think deeply on how important of the trust that is also impacted by the reputation of the bank.

1.4 Scope of the Study

The main purpose of this paper is to find out what kind of key constructs can impact the e-banking system on the tourism sector in Myanmar and to what extent. A history of Myanmar banking sector will be reviewed. Moreover, the IT infrastructure and the e-banking system will be scanned. Furthermore, the tourism sector in Myanmar will also be examined. Finally, the main factors that will be linked together in these sectors in order to get the acceptance of technology will be studied. By improving the most important

finding factors between the banking sector and tourism sector, Myanmar economy will grow dramatically in potential.



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