FACTORS INFLUENCING OF SERVICE QUALITY ON CONSUMER SATISFACTION OF KBZ PAY IN YANGON, MYANMAR

MASTER OF BUSINESS ADMINISTRATION
(MBA)

HSU MYAT PHYU SIN
SSBR/2023/MBA161097

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A Thesis Presented

by

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ABSTRACT

This research explores the service quality of KBZ Pay and its effects on customer satisfaction, aiming to provide actionable insights that could improve the overall customer experience. The study employed a combination of primary and secondary data sources. Primary data were gathered through a systematic sampling approach, involving a sample of 200 KBZ Pay users, alongside interviews with authorized representatives from the organization. A structured questionnaire based on a Five-Point Likert scale was used to collect this information. Secondary data were obtained from academic journals, relevant textbooks, online materials, and records from KBZ Pay.

The data analysis included descriptive statistics, correlation analysis, and multiple regression techniques. The Cronbach's Alpha values for the service quality dimensions—tangibles, reliability, responsiveness, empathy, assurance, and customer satisfaction—were all above 0.7, indicating satisfactory reliability. The findings revealed that while respondents acknowledged the assurance services offered by KBZ Pay, they expressed neutrality regarding the quality of tangibles, reliability, responsiveness, and empathy. The correlation analysis illustrated a strong positive relationship between all dimensions of service quality and customer satisfaction. Furthermore, multiple regression results indicated that tangibles, reliability, responsiveness, and assurance significantly and positively influence customer satisfaction at KBZ Pay.

This study enhances the understanding of how different aspects of service quality impact customer satisfaction in the realm of digital financial services, offering valuable insights for improving service delivery.

Keywords: SERVQUAL, Tangibles, Reliability, Responsiveness, Empathy, Assurance

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ABBREVIATION

ABF	–	Asian Banking and Finance
AGD	–	Asia Green Development Bank Limited
BI	–	Behavioral Intention
CB	–	Co-operative Bank Limited
CGM	–	Consumer Goods Myanmar
COD	–	Cash on Delivery
DICA	–	The Directorate of Investment and Company Administration
IFC	–	International Finance Corporation
KBZ	–	Kanbawza Bank Limited
KYC	–	Know Your Clients
MAB	–	Myanmar Apex Bank Limited
OTC	–	Over-the counter
P2P	–	Person-to-Person Payments
PEOU	–	Perceived Ease of Use
PU	–	Perceived Usefulness
SERVQUAL	–	Service Quality Dimension
ATM	–	Automated Teller Machine

CHAPTER I
INTRODUCTION

In the swiftly changing realm of digital payments, consumer satisfaction has emerged as a crucial element for the success of financial service providers. Myanmar, characterized by its growing economy and rising mobile usage, has experienced a notable transition towards digital payment solutions. Within this context, KBZ Pay has established itself as a prominent platform, delivering convenience, security, and a variety of financial services to users in Yangon, the largest city and economic center of the country.

Customer satisfaction serves not only as a measure of service quality but also as an essential determinant of customer loyalty and the long-term sustainability of a business. For KBZ Pay, maintaining high customer satisfaction levels can result in improved user retention, favorable word-of-mouth referrals, and an enhanced brand image. As such, it is critical to explore the factors that affect customer satisfaction within the KBZ Pay framework, including aspects such as service usability, transaction speed, customer support, security features, and the overall user experience (KBZ Bank Unveils Transformational Strategy Driven by its Next-Generation Leadership, 2020).

The increasing dependence on digital payments, which has been hastened by the COVID-19 pandemic, offers a unique opportunity for researchers and businesses to investigate the intricacies of customer behavior and preferences. This study seeks to examine the connection between different factors influencing customer satisfaction and their effects on user loyalty to KBZ Pay. Furthermore, it aims to identify potential avenues for service improvements that could enhance the overall user experience (Digital Payments - Myanmar, n.d.).

This research employs a mixed-methods approach, incorporating both quantitative surveys and qualitative interviews, to obtain a thorough understanding of customer perceptions and experiences with KBZ Pay. The results will enhance the theoretical framework surrounding customer satisfaction in the digital payment sector while providing actionable recommendations for KBZ Pay to improve its services and more effectively address the needs of its users (Tuijin Jishu, 2023).

The banking service aims to create distinctive customer retention strategies and enhance physical resources to improve service quality. Key inputs include employees, managers, machinery, equipment, and operational capabilities. These tangible elements represent essential services for customers. Managers and employees deliver services in a timely manner, fulfilling commitments, responding quickly, being reliable, and demonstrating empathy. Such high-quality services can lead to positive outcomes, including customer satisfaction. This system within the bank is referred to as the service delivery system, which requires regular evaluation. By doing so, the bank can offer optimal services that align with customer expectations (Parasuraman, 1988).

In summary, this thesis proposal emphasizes the importance of grasping customer satisfaction in relation to KBZ Pay to maintain its competitive advantage in the rapidly evolving digital finance industry. With digital payment services becoming increasingly essential in daily transactions, prioritizing customer satisfaction will be crucial for future expansion and innovation (How to Improve Customer Satisfaction in the Banking Industry, n.d.).

1.1 Background information of the Study

Yangon, characterized by its vibrant market and tech-savvy population, provides a distinctive environment for examining consumer behavior and satisfaction within the digital payment sector. KBZ Pay, launched by KBZ Bank—one of Myanmar's largest banks—has rapidly gained traction thanks to its user-friendly design, strong security measures, and integration with a variety of merchants and services.

As a mobile wallet platform operated by KBZ Bank, which is among the most trusted financial institutions in Myanmar, KBZ Pay has transformed the banking experience for millions of customers. Users can manage their finances, pay for goods and services, store cash, send money to loved ones, and perform daily financial tasks that were previously tedious and time-consuming. Utilizing cutting-edge and secure technology, and backed by KBZ Bank's team of 18,000 employees, KBZ Pay has emerged as one of the leading mobile wallets in Myanmar, facilitating connections between customers and thousands of merchants and agents across the country every day. It provides a safer, simpler, and more convenient way to conduct financial transactions. Whether users want to make payments, transfer funds, or deposit or withdraw cash, KBZ Pay makes it easy with just a few taps on their mobile devices (CBM eyes digital payment growth, 2023).

KBZ Bank is the largest lender in the local market and has contributed income taxes totaling Kyats 28 billion for the Fiscal Year 2017, thereby becoming the nation's largest taxpayer for six consecutive years, as reported by the Internal Revenue Department of the Ministry of Planning and Finance. With over 500 branches and more than 20,000 employees, KBZ Bank holds a 40 percent market share in Myanmar's retail and commercial banking sectors, excluding its three foreign representative offices in Singapore, Thailand, and Malaysia. The bank's extensive network of branches and workforce has facilitated rapid growth for KBZ Pay (KBZ Bank: A new generation of banking, n.d.).

Founded in 1994, KBZ Bank is the largest private bank in Myanmar. It operates over 500 branches nationwide, including 142 in Yangon. As the leading private banking institution, KBZ Bank accounts for nearly 40 percent of both the retail and commercial banking sectors in Myanmar, supporting the success of the country's entrepreneurs and communities. The bank's core value is encapsulated in its belief and culture, which emphasizes treating people well and doing what is right. Core value of KBZ bank is "KBZ Bank is guided by a belief and a culture that runs throughout the entire organization: being good to people and doing the right thing. That is why we are driven by our three values –loving kindness, perseverance and courage" (Bank, 2022).

Today's customers are increasingly informed, demanding, analytical, and conscious of their rights. Customer satisfaction is the emotional response—either positive or negative—that arises when they compare a product to their expectations in terms of performance or outcome (Parasuraman, 1988). The aim of KBZ Pay is to minimize cash usage and contribute to the development of a digital financial system in Myanmar. The objective is to achieve complete financial inclusion. To reach this goal, KBZ Pay is implementing a strategy that focuses on creating new features to satisfy the needs of its expanding customer base, as well as merchants and agents (Gay, n.d.).

1.2 Problem Statement of the Study

Despite its success, KBZ Pay encounters difficulties in maintaining and improving customer satisfaction. The digital payment market in Myanmar is highly competitive, with numerous players competing for consumer interest. Aspects such as user-friendliness, transaction security, customer support, and promotional offerings can significantly affect user experiences and loyalty. Furthermore, the diverse demographic makeup of Yangon's population leads to varying expectations and preferences that must be considered for sustained success.

In the fast-changing landscape of digital financial services, customer satisfaction has become a crucial factor for the success and sustainability of mobile payment platforms. KBZ Pay, a prominent mobile payment service in Myanmar, seeks to facilitate seamless financial transactions and improve user experience. However, despite its growth and widespread acceptance, concerns regarding customer satisfaction persist and may affect user retention and the platform's overall effectiveness. Early observations and anecdotal evidence indicate that users face challenges with navigation of the user interface, transaction reliability, responsiveness of customer support, and perceived value of the service. These issues can significantly influence user trust and loyalty, potentially compromising the platform's competitive advantage.

Additionally, there is a lack of empirical research focusing on specific dimensions of customer satisfaction related to KBZ Pay, highlighting a considerable gap in understanding how various factors impact overall user satisfaction. This research proposal aims to systematically explore the determinants of customer satisfaction specific to KBZ Pay. By employing qualitative and quantitative methods, including surveys and interviews, the study endeavors to identify and analyze the key factors shaping customer perceptions and experiences. Gaining insight into these dynamics will not only help KBZ Pay improve its service offerings but will also contribute to the broader understanding of digital payment systems in emerging markets. Ultimately, this research aims to provide actionable insights that can inform strategic initiatives to enhance user satisfaction and promote long-term customer loyalty in the increasingly competitive digital finance sector.

1.3 Objectives of the Study

The main objective of this study is focus on;

- To identify the demographic characteristics of KBZ Pay users in Yangon, Myanmar
- To assess the importance of selected SERVQUAL dimensions on consumer satisfaction of KBZ Pay in Yangon, Myanmar
- To evaluate the impact of competitive services on consumer satisfaction of KBZ Pay in Yangon, Myanmar

1.4 Research Question of the Study

1. What pattern of demographic characteristics on KBZ Pay users in Yangon, Myanmar?
2. What is the importance of selected SERVQUAL dimensions on consumer satisfaction of KBZ Pay in Yangon, Myanmar?
3. How does the impact of competitive services on consumer satisfaction of KBZ Pay in Yangon, Myanmar?

1.5 Scope and Limitation of the Study

The study concentrates specifically on KBZ Pay users in Yangon, Myanmar. While efforts will be made to obtain a representative sample, the results may not be applicable to other regions or digital payment services. Additionally, the research will depend on self-reported data, which could introduce bias.

The objective of this research is to thoroughly examine customer satisfaction levels with KBZ Pay, a prominent mobile financial service in Myanmar. The scope includes several essential dimensions. First, it will assess the usability of the KBZ Pay application, considering how user-friendly and accessible the platform is for a range of customer demographics, including age, income, and digital literacy. Second, the study will evaluate the quality of service provided by KBZ Pay, focusing on the speed of service, reliability, and effectiveness of customer support. Furthermore, the research will investigate customers' perceptions of the security and privacy measures adopted by KBZ Pay, as these factors greatly impact user trust and satisfaction in financial transactions.

In addition, the study will examine the effects of marketing strategies on customer acquisition and retention, determining whether promotional activities effectively engage target audiences. The geographical scope will encompass both urban and rural areas of Myanmar, allowing for a comparison of satisfaction levels across different environments and access challenges. Data will be gathered through surveys, interviews, and focus group discussions to ensure a blend of quantitative and qualitative insights. By addressing these various aspects, the study aims to provide a comprehensive understanding of customer satisfaction concerning KBZ Pay, pinpointing areas for improvement and offering strategic recommendations to enhance service delivery and customer experience. Ultimately, the findings from this research will contribute to academic literature and serve as a useful resource for KBZ Pay stakeholders to refine their operational practices and customer engagement strategies.

1.6 Relevance of the Study

The significance of this study on customer satisfaction with KBZ Pay stems from the rapid evolution of the financial services sector in Myanmar, fueled by the growing adoption of digital payment solutions. As one of the leading mobile payment platforms in the country, KBZ Pay plays a vital role in promoting financial inclusion and improving customer experience in a market that has traditionally relied on cash transactions. Understanding customer satisfaction is crucial, as it serves as a key measure of the platform's success and long-term viability in a competitive landscape.

This research aims to investigate various aspects of customer satisfaction, such as user experience, service reliability, and customer support, utilizing both qualitative and quantitative research methods to gather insights from current users. The anticipated findings are expected to provide valuable information for the management team at KBZ Pay, helping them to identify areas needing improvement, adapt to shifting customer expectations, and refine their service offerings accordingly. Additionally, as Myanmar continues to urbanize and grow, this research will contribute to wider discussions about the effects of digital payments on economic growth and consumer behavior. By offering a detailed understanding of the factors influencing customer satisfaction within KBZ Pay, this study seeks to enrich both academic discussions and practical applications in the fintech industry, emphasizing the importance of a customer-centric approach in the evolving digital landscape.

1.7 Organization of the Study

This thesis consists of five chapters. Chapter-1 introduce the study that includes financial service industry, specific industrial background, problem of the statement in each point of service quality, two objectives of the study, research question and scope and limitation of the study. And then, organization of the study is also described. Chapter-2 is literature review of the study. It is consists concept of service management, service characteristics, service quality, customer satisfaction, findings from previous studies and conceptual framework of the study. Chapter-3 is methodology that includes research design, questionnaires development, sampling design, data collection methods and additionally ethical consideration. Chapter-4 is analysis of the effect of service quality on customer satisfaction of KBZ Pay in Myanmar. Finally, chapter-5 is findings, recommendation and conclusion of the study.

CHAPTER II

LITERATURE REVIEW

This chapter provides the theoretical foundation for the study and is divided into three sections. The first section discusses the definitions of service management and the key characteristics of services. The second section focuses on the five dimensions of service quality as outlined in the SERVQUAL model, including tangibility, reliability, responsiveness, assurance, and empathy. Lastly, the chapter explores the concept of customer satisfaction, the relationship between service quality and customer satisfaction, and a review of prior studies on these topics.

2.1 Concept of Service Management

Service management refers to the process of ensuring that customers are satisfied with the products or services offered by an organization. It encompasses various aspects of day-to-day interactions, including in-person engagements, telephone communication between customers and service providers, self-service platforms, and other methods aimed at achieving customer satisfaction and service efficiency. Essentially, service management can be defined as the value or utility customers derive from consuming or utilizing the offerings provided by the organization (Rane, Achari, & Choudhary, 2023).

Grönroos (2000) described service management as the value or utility that customers gain by consuming or utilizing an organization's offerings. It involves the study of unique principles and processes within organizations that connect customer engagement with overall experiences. As a multidisciplinary field, service management has expanded significantly, especially with the emergence of service science, which has further developed its scope and application (Grönroos, 2000).

Storey (2012) defined service management as a psychological state resulting from interactive and co-creative customer experiences with a focal agent or object, such as a brand, within the context of service relationships. Building on this foundation, (Vivek, Beatty , & Morgan, 2014) conducted a comprehensive review of service literature and described service management as the degree of an individual's engagement and commitment to an organization's offerings or activities, whether initiated by the organization or the customer.

Zahir (2015) aligned with Van Doorn (2014) in emphasizing the non-transactional nature of customer behavior, introducing the concept of customer management behavior. Service management, in this context, is defined as behavioral manifestations toward a brand or firm beyond purchasing, driven by motivational factors. These definitions have evolved significantly, particularly with the rise of digital and social media, which have amplified the role of customer engagement behavior. Customers now act as active co-creators of value—or, conversely, value destroyers—for firms (Chakravarthy, 2017). As the foundation of financial markets, banks play a critical role in influencing the efficiency of the financial sector. Their performance directly impacts the cost of financial intermediation and contributes significantly to the overall stability of the financial system (Belke, 2016).

2.2 Service Characteristics

Services are typically characterized by four key attributes: they are intangible, meaning they cannot be physically touched; they are heterogeneous, as each customer may experience the service differently; they are produced and consumed simultaneously; and they are perishable, meaning they cannot be stored for future use.

Bitner et al. (1993) highlighted that the primary contribution of services marketing literature up to 1980 was the identification of four distinctive service characteristics: intangibility, inseparability, heterogeneity, and perishability. These attributes helped differentiate services marketing from product marketing and established it as a unique field. The research on each of these characteristics is briefly examined to better understand their impact on the development of services marketing.

Intangibility

The literature identifies non-tangibility as a defining feature of services. Regan (1963) introduced the concept that services are "activities, benefits, or satisfactions" offered to promote or complement the sale of a product or service. This idea underscores the intangible nature of services, distinguishing them from physical goods. Additionally, measures have been developed to assess the differences between goods and services, further clarifying their unique characteristics within the marketplace. (Trang, 1998) The degree of tangibility influences how easily consumers can assess products and services. However, some studies, including those by Bowen (1990) and Wyckham (1975), argue that the intangible-tangible distinction is difficult to understand. Onkvisit (1991) suggested that the focus on intangibility was overstated, emphasizing that the service provider's value lies in its "productivity" rather than the intangible nature of its offerings. This view challenges the conventional reliance on tangibility to differentiate products and services.

Inseparability

Inseparability refers to the simultaneous production and consumption of services, as noted by (Zeithaml, 1981). This characteristic suggests that consumers can influence the service's performance and quality. The concept of inseparability was first introduced by Say (1836), who emphasized the simultaneous nature of service production and consumption. Berry (1980) echoed this idea, noting that service providers are often physically present during consumption. Examples of inseparable services include education, medical consultations, and live performances like concerts. argued that inseparability is frequently discussed in literature, particularly in services marketing. They emphasized that its significance for the commercialization of services lies in two key reasons. First, the focus of services marketing shifted towards personal services, which are inherently inseparable due to the direct interaction between the service provider and the consumer. This interaction plays a critical role in shaping service quality and customer experience. (Bowen, 2000) highlighted the essential interaction between service providers and customers, emphasizing that service personnel, as "boundary spanners," significantly impact the consumption experience (Bitner, 1990). Additionally, (Edgett, S., & Parkinson, S., 1993) pointed out that inseparability brings attention to challenges in capacity management for services. Unlike goods, which are produced first, then sold and consumed, services are simultaneously sold, produced, and consumed, as noted by (Regan, 1963).

Heterogeneity

Heterogeneity refers to the potential variability in service delivery (Zeithaml, 1981) , particularly in high-wage services, where performance can vary due to different service providers and even from day to day (Rathmell, 1966). This variability allows for flexibility and customization, which can be viewed as a benefit and a unique differentiator, as suggested by Wyckham (1975).

Heterogeneity in services refers to the inherent variability in how services are delivered. This variability presents opportunities for businesses to customize services to meet individual customer needs, while also managing the unpredictability that arises from service provision. According to Vargo and Lusch (2004), heterogeneity is often perceived as a result of human input differences, but they argue that it is essentially a myth. Human performance, which can vary from person to person and from day to day, contributes to this variability. This concept is equally applicable to both services and goods, though the way heterogeneity manifests differs between the two.

For services, this variability is particularly pronounced because service delivery typically involves direct human interaction. In contrast, goods can be produced in more controlled, standardized environments. However, even in goods, performance can vary across producers, and over time, the quality of goods can change. Therefore, the challenge of managing variability is not exclusive to services but is a characteristic shared across both products and services.

While variability in services is a given, there are ways in which businesses can reduce this unpredictability. For instance, the use of technology, such as devices or machines, can help standardize service delivery and reduce the impact of human variability. Lovelock (1983) pointed out that technologies like ATMs or other automated banking services could minimize the inconsistency that comes with human interaction, offering a more uniform service experience. These technological solutions can help mitigate heterogeneity in services, ensuring that customers receive consistent and reliable service, regardless of the human factors involved.

Despite the potential to reduce variation through technology, the core nature of services still involves human performance, which is inherently variable. This variability is often seen as both a challenge and an opportunity for service providers. On one hand, human involvement allows for personalized service, enabling businesses to tailor experiences to individual customers. On the other hand, it introduces unpredictability, as no two service interactions are exactly the same. This is why the performance of service providers is so crucial: it determines the quality of the service experience and can have a significant impact on customer satisfaction.

The relationship between human performance and the technology used in service delivery is an important consideration for service managers. While machines can help reduce variability in some contexts, they cannot fully replace the need for human interaction in many service industries. The blend of human and machine performance is what ultimately transforms service inputs (such as provider resources or customer contributions) into the final service output. The degree to which service providers rely on human or machine input depends on the nature of the service, the expectations of customers, and the resources available to the organization.

The idea of heterogeneity being an inseparable aspect of service delivery highlights the complex nature of services. Service providers must find a balance between utilizing technology to streamline processes and maintaining the personal touch that many customers expect. This balance is particularly important in high-touch services where the customer's experience is closely tied to human interaction, such as in healthcare, education, or hospitality. In such services, the performance of the service provider is crucial in shaping the overall customer experience.

In conclusion, while heterogeneity in services poses challenges, it also offers opportunities for differentiation and customization. The ability to adjust services to meet the specific needs of individual customers is a key competitive advantage for many service providers. However, managing this variability requires a careful balance between human and technological inputs. As service industries continue to evolve, understanding and managing heterogeneity will remain a critical factor in delivering high-quality services that meet customer expectations. The integration of technology, along with a focus on human performance, will continue to play a central role in shaping the future of service delivery (Lovelock, 1983).

Perishability

Perishability is another key characteristic of services highlighted in the literature. Unlike physical goods, services cannot be stored or carried forward to be consumed at a later time. This makes services "time-dependent" and "time-sensitive," which adds to their perishable nature (Zeithaml, 1981). Hartman and Lindgren further emphasize that the expiration of services presents a significant concern for service providers. When demand exceeds the available service capacity, customers are often forced to wait, realizing that the service is time-sensitive and can’t be postponed or stored for later use. This aspect of perishability creates a challenge for businesses to manage the supply and demand of services effectively, as the inability to "stockpile" services means that any unsold service capacity during a given time period is effectively lost. For instance, empty hotel rooms or unused airline seats represent lost opportunities to deliver a service, which has immediate implications for revenue generation.

The perishability of services also affects pricing strategies. To manage the loss of potential sales, service providers often implement dynamic pricing models that adjust based on demand fluctuations. For example, during off-peak hours, services may be offered at lower prices to encourage consumption and reduce the impact of perishable service capacity. Conversely, during peak demand times, higher prices may be charged to maximize revenue.

Additionally, perishability in services requires businesses to carefully forecast and plan for demand. In industries like hospitality, healthcare, or transportation, overbooking is a common strategy used to account for the uncertainty in customer behavior and ensure that service capacity is fully utilized. However, overbooking comes with risks, as customers may experience dissatisfaction if they are turned away or face delays, highlighting the delicate balance between maximizing service usage and maintaining customer satisfaction.

Managing perishability is thus a crucial challenge for service providers. It requires them to have a deep understanding of customer behavior, demand patterns, and the timing of service delivery. Through the use of strategies such as dynamic pricing, overbooking, and efficient scheduling, businesses can mitigate the negative effects of perishability, ensuring that their service capacity is optimized while still delivering a positive customer experience.

In summary, perishability is a defining characteristic of services that sets them apart from tangible goods. Since services cannot be stored for future use, managing the timing and capacity of service delivery becomes a central concern for businesses. The perishability of services not only influences operational decisions but also affects how businesses approach pricing, forecasting, and customer satisfaction. Addressing these challenges requires service providers to be adaptive and responsive, finding innovative solutions to reduce the impact of perishable service capacity and maximize revenue opportunities.

2.3 Service Quality

Service quality refers to the performance of a service and plays a key role in optimizing operations and enhancing performance. The quality of service is closely linked to organizational success, influencing profitability, market share, customer satisfaction, and future purchase intentions. While related to satisfaction, service quality is distinct from it (Parasuraman A. , 1988). Service quality is determined by factors such as employee competence, the timeliness of the service process, and the overall service outcomes, with workers requiring the necessary skills and expertise to deliver high-quality service.

To improve customer service, both operations implementers and support agents must possess deep knowledge and skills related to the services they offer. Service quality plays a critical role in distinguishing a company from its competitors, often providing a competitive edge. Companies that focus on continually enhancing their service quality are better positioned to achieve customer satisfaction, which is essential for long-term success and growth. While definitions of service quality vary, it is commonly defined as the extent to which a service meets customer expectations. This gap between customer expectations and perceived service quality plays a significant role in determining overall satisfaction. When customers perceive that the service falls short of their expectations, dissatisfaction occurs. Evaluating service quality helps managers identify areas for improvement and ensure both quality service delivery and high customer satisfaction (Webster, 1988). Measurement is essential for crafting effective action plans to address service gaps and improve performance.

In the banking industry, which is considered a high-involvement sector, providing excellent services and products is essential for banks to differentiate themselves from competitors (Arisli , 2005). Several studies highlight that consumer perceptions play a crucial role in determining the value they place on services (Buttle, 2002). These perceptions directly influence customer satisfaction and future purchasing intentions (Bolton & Drew, 1991)To understand service quality, various scholars have defined it differently.

(Parasuraman A. Z., 1988) view service quality as a global judgment or attitude toward the superiority of a service. In contrast, (Bitner, 1990) describe it as a customer's overall impression of the relative inferiority or superiority of an organization and its offerings. Asubonteng et al. (1996) conceptualize service quality as the difference between customers' expectations before a service encounter and their perceptions of the service they receive. (Zeithaml, 1981) further defines it as a consumer's assessment of service quality based on both internal and external attributes, including low-level production quality and service features.

Despite the extensive research on service quality, there remains a lack of consensus among scholars regarding a comprehensive and universally accepted definition. This lack of agreement poses a challenge in fully understanding the complex nature of service quality and how it can be effectively measured and improved. As the banking sector continues to evolve, understanding and addressing these varying definitions of service quality becomes crucial for developing strategies that enhance customer satisfaction and drive long-term success.

2.3.1 Dimensions of Service Quality

(Parasuraman A. Z., 1988) identified five dimensions of service quality—Assurance, Reliability, Tangibles, Empathy, and Responsiveness—which are fundamental to evaluating service quality across various industries such as banking, tourism, transport, and hospitality. In the banking sector, these dimensions can be broken down further to provide a more precise understanding of service quality.

Tangibles refer to the physical appearance of the service environment, including the facilities, equipment, personnel, and communication materials. The cleanliness, organization, and condition of the physical environment serve as tangible evidence of the service provider's commitment to quality, reflecting their attention to detail. This dimension also extends to the behavior of other customers, as their conduct can also influence the overall service experience.

Reliability is the ability to consistently deliver the promised service accurately and without errors. It includes performing services on time, consistently, and with precision. Reliability is crucial as it sets the foundation for customer trust. For instance, customers expect to receive their services or products on time, such as receiving mail daily without delay. It also applies to internal processes like accurate billing and record-keeping, which are essential for establishing trust.

Responsiveness is the willingness and ability of the service provider to assist customers promptly. A service provider's capacity to respond quickly and efficiently, especially during disruptions, has a significant impact on customer perceptions. For example, offering complimentary services during a delay, such as drinks on a delayed flight, can transform a potentially negative experience into a positive one, fostering customer satisfaction.

Assurance relates to the knowledge and courtesy of employees, as well as their ability to instill confidence and trust in customers. This dimension includes factors such as the competence of service personnel, their politeness, respectfulness, effective communication, and the overall attitude that the service provider has the customer's best interests at heart. Customers expect service providers to be knowledgeable and capable of addressing their needs with expertise and courtesy.

Empathy involves the provision of personalized attention and care to customers, making them feel valued and understood. This dimension emphasizes customer-centric service, where service providers aim to address individual customer needs and provide tailored solutions. Empathy reflects the provider's effort to make customers feel exclusive, cared for, and respected. Empathy also relates to accessibility and comfort, ensuring that customers feel their needs are heard and prioritized. As (Discov, 2016) explained, empathy encompasses a commitment to caring for customers independently, especially during service delivery.

In their research, (Parasuraman A. Z., 1988) introduced these five dimensions as part of the SERVQUAL model, which became widely recognized as a tool for measuring service quality and customer satisfaction across various industries. However, while this scale has been effective in general terms, it has been critiqued for being too broad and, at times, not entirely applicable to specific industries such as hospitality. The SERVQUAL model has often been adapted to fit the unique needs of different sectors, yet its basic framework remains relevant in evaluating service quality in a wide range of service-oriented businesses.

2.4 Customer Satisfaction

Customer satisfaction is the emotional response or evaluation that results when consumers compare what they received from a product or service with their initial expectations (Kotler, 2009). It is typically determined by comparing pre-purchase expectations to the actual experience of the product or service (Oliver, 1980). This assessment of satisfaction has been widely acknowledged as a crucial factor in predicting customer loyalty, retention, and future purchase intentions, which in turn can drive market share and profitability (Taylor, 1994).

A satisfied customer is more likely to continue purchasing, recommend the company, and help build a solid reputation. (Kotler, 2009) further emphasized that customer satisfaction is a primary factor that influences the likelihood of customers returning to a business or supporting its brand in the future. Research has consistently shown that factors like service quality, price, convenience, and innovation significantly contribute to customer satisfaction (Athanassopoulos, 2000).

For businesses, particularly in the banking sector, customer satisfaction surveys provide valuable insights into how well products and services meet customer expectations (Mishra, 2009). These surveys help banks assess their performance and understand customer needs, offering opportunities to enhance service quality and refine offerings to be more appealing. Managers can use this feedback to improve their services, build a customer-focused culture, and reduce customer churn, ultimately leading to enhanced profitability (Muffatto & Panizzolo, 1995).

Measuring customer satisfaction is not merely about meeting customer needs but also a strategic tool for increasing profitability and gaining a competitive edge. Satisfied customers contribute to a positive brand image, strengthen market positioning, and boost long-term financial success. Thus, customer satisfaction serves as a vital means to achieving greater profitability, as businesses that prioritize satisfaction tend to see higher retention rates, repeat purchases, and overall growth.

2.5 Relationship between Service Quality and Customer Satisfaction

The relationship between service quality and customer satisfaction remains a key focus in service marketing literature, particularly in the banking sector (Avkiran, 1994). Service quality is widely recognized as an essential factor for measuring customer satisfaction (Pitt, 1995) and is fundamental to establishing and maintaining strong customer relationships. Improved service quality directly leads to higher customer satisfaction, which in turn fosters positive behavioral outcomes such as customer engagement, retention, loyalty, and favorable word-of-mouth (Reichheld, 1996).

Research has consistently shown that service quality positively influences customer satisfaction. (Siddiqi, 2011) demonstrated a significant correlation between service quality, particularly using the SERVQUAL model, and customer satisfaction. His study highlighted that incorporating all five dimensions of SERVQUAL—tangibles, reliability, responsiveness, assurance, and empathy—enhanced customer satisfaction. Similarly, Naik et al. (2010) emphasized that customers value the promptness of service as a critical factor contributing to their satisfaction. This relationship has been further supported by Ali and Raza (2015), whose research found that the elements of SERVQUAL significantly and positively impacted customer satisfaction.

In essence, service quality and customer satisfaction are interlinked, with high service quality leading to improved satisfaction, and satisfied customers contributing to enhanced business outcomes, including retention and positive customer advocacy. As organizations aim to differentiate themselves, understanding and improving service quality is vital for building long-term, mutually beneficial relationships with customers, especially in competitive sectors like banking.

2.6 Finding from the Previous Studies

Summarizing the existing body of research on service quality and customer satisfaction is a complex yet essential task, requiring considerable expertise to capture key findings from previous studies. This study particularly focuses on the significant link between various dimensions of service quality and the resultant customer satisfaction. The relevant studies underscore how factors like reliability, responsiveness, and empathy influence customer perceptions and experiences. A comprehensive overview of the key findings from these studies is provided in Table 2.1, which consolidates the different insights and conclusions drawn from previous research on the topic. This summary allows for a clearer understanding of the ongoing developments in service quality measurement and its impact on customer satisfaction.

Table (2.1) Findings from Previous Studies

Sr No.	Author/ Year	Independent Variables	Dependent Variable	Finding
1	Izogo and Ogba, 2014	Reliability Responsiveness Assurance Empathy Tangibles	Customer Satisfaction and customer loyalty	As a result of the investigation, 32 items were reduced to his 26 items with a total alpha value of 0.929. Additional results show that the service quality dimension is a significant predictor of customer satisfaction and loyalty, and the commitment dimension accounts for the highest degree

2	Khan, 2014	Tangibles Reliability Responsiveness Assurance Empathy	Customer Satisfaction and customer loyalty	Service quality and all aspects such as tangible, reliability, assurance and empathy are significantly and positively correlated with customer satisfaction and loyalty to the respective financial service provider.
3	Agarwal and Josh, 2016	Tangibles Reliability Responsiveness Assurance Empathy	Customer Satisfaction	As research shows that there is a strong positive relationship between service quality and customer satisfaction.
4	Soe, 2019	Tangibles Reliability Responsiveness Assurance Empathy	Customer Satisfaction	The result of reliability and correlation showed that offering quality service has positive impact on overall customer satisfaction and they are significantly correlated. The result represented that AYA Bank has to focus more effort in improving the quality of service it is offering to customers.
5	Rahaman et al., 2020	Reliability Responsiveness Empathy Assurance Tangibles Access to service	Customer Satisfaction	All items were found to be internally consistent and a total of 7 hypotheses were proposed. The test considers a 5% significance level for the hypothesis to be accepted. The results show

				that apart from employee competence, all other variables such as trustworthiness, security, specificity, responsiveness, empathy, and access to services positively impact customer satisfaction.

Source: own compilation based on previous studies

Izogo and Ogba (2014) conducted a study to explore the impact of service quality on customer satisfaction and loyalty, focusing on the dimensional structure of the SERVQUAL scale in non-Western service settings. The study employed a quantitative approach, utilizing a 32-item, 7-point Likert scale questionnaire administered to 384 participants, achieving a usable response rate of 55.99%. Data analysis involved exploratory factor analysis, Cronbach's alpha for internal consistency, and the gamma (γ) test to measure fit, utility, and the strength/direction of association. The investigation resulted in reducing the 32 items to 26 items, with a total alpha value of 0.929, indicating high reliability. The study found that service quality dimensions significantly predicted customer satisfaction and loyalty, with the commitment dimension having the highest impact. This underscores the importance of service quality in enhancing customer satisfaction and loyalty in non-Western contexts.

Khan (2014) investigated which aspects of service quality lead to higher customer satisfaction and loyalty. The study used a stratified random sampling method to select respondents from various demographics, including both public and private sector banks. A total of 270 customers from different banks participated in the survey, resulting in a valid response rate of 83% (225 respondents). The study found that service quality dimensions such as tangibles, reliability, assurance, and empathy were significantly and positively correlated with customer satisfaction and loyalty to the respective financial service providers. This empirical justification highlights the critical role of service quality in driving customer satisfaction and loyalty, providing valuable insights for financial institutions to enhance their service offerings.

Agarwal and Josh (2016) examined the impact of service quality on customer satisfaction in a private bank in Deira using the SERVQUAL service quality measurement model. The study was based on primary data collected in 2015 through a structured questionnaire distributed among 13 private banks currently active in Dilla. Correlation analysis revealed a strong positive relationship between all elements of service quality and customer satisfaction, with mean perception values ranging between 3.4 and 3.6, indicating a reasonable average level of service quality implementation. However, the study identified several implementation gaps, suggesting that private banks need to adopt a more proactive approach to improve service quality parameters to further enhance customer satisfaction. This highlights the need for continuous improvement in service quality to meet customer expectations and achieve higher satisfaction levels.

Soe (2019) explored the relationship between service quality and customer satisfaction, focusing on AYA Bank. The study examined the correlation between service quality dimensions—tangibles, reliability, responsiveness, assurance, and empathy—and customer satisfaction. A self-administered questionnaire was used to collect primary data from a random sample of customers in Yangon. Reliability and correlation scores indicated that providing quality service had a positive impact on overall customer satisfaction and were significantly correlated. The study recommended that AYA Bank should focus on improving service quality, particularly by enhancing reliability to achieve sustained customer satisfaction. This emphasizes the importance of addressing specific service quality dimensions to enhance customer satisfaction and loyalty.

Rahaman et al. (2020) examined the impact of various aspects of banking service quality on customer satisfaction in Bangladesh. The study involved 212 bank customers and used a structured questionnaire based on previous research results. Data analysis was conducted using SPSS, and a Likert scale was employed. The study found that all items were internally consistent, and seven hypotheses were proposed, with a 5% significance level for hypothesis acceptance. The results showed that variables such as reliability, assurance, tangibles, responsiveness, empathy, and access to service positively impacted customer satisfaction, except for employee competence. This study provided policy implications for the banking sector, highlighting the need to focus on specific service quality dimensions to enhance customer satisfaction and improve overall service delivery.

The reviewed studies collectively emphasize the significant impact of service quality on customer satisfaction and loyalty across various contexts. Izogo and Ogba (2014) highlighted the importance of service quality dimensions in non-Western settings, while Khan (2014) provided empirical evidence of the positive correlation between service quality aspects and customer satisfaction in both public and private sector banks. Agarwal and Josh (2016) identified implementation gaps in private banks, suggesting the need for proactive service quality improvements. Soe (2019) emphasized the need for specific service quality enhancements, particularly in reliability, to achieve sustained customer satisfaction. Rahaman et al. (2020) provided policy implications for the banking sector, highlighting the importance of focusing on specific service quality dimensions to enhance customer satisfaction.

The findings from these studies have several practical implications for financial institutions aiming to enhance customer satisfaction and loyalty:

Focus on Service Quality Dimensions: Financial institutions should prioritize improving service quality dimensions such as reliability, assurance, tangibles, responsiveness, and empathy, as these have been consistently shown to positively impact customer satisfaction.

Address Implementation Gaps: Private banks and other financial institutions should identify and address implementation gaps in their service quality parameters to ensure consistent and high-quality service delivery.

Proactive Service Quality Improvements: Institutions should adopt a proactive approach to improving service quality, regularly assessing and updating their service standards to meet evolving customer expectations.

Employee Training and Competence: Enhancing employee competence through training and development programs can further improve service quality and customer satisfaction.

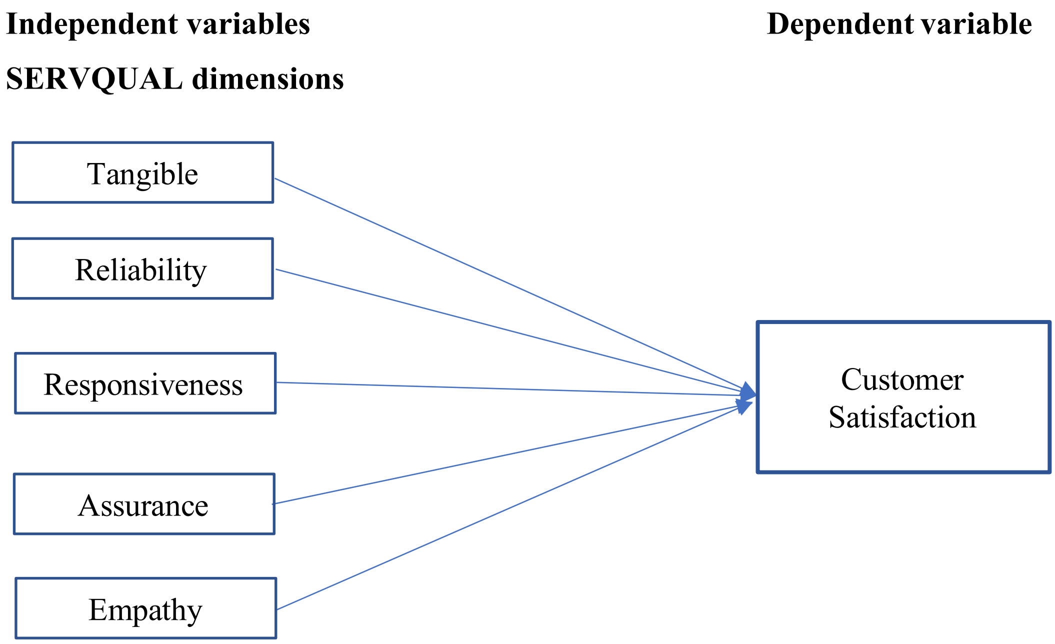
Policy Implications: Banking sector boards should consider the policy implications of service quality improvements, focusing on specific dimensions that have been shown to have the greatest impact on customer satisfaction.

The reviewed studies collectively demonstrate the critical role of service quality in driving customer satisfaction and loyalty in the banking sector. By focusing on specific service quality dimensions and addressing implementation gaps, financial institutions can enhance their service offerings and achieve higher levels of customer satisfaction and loyalty. These insights provide valuable guidance for financial institutions aiming to improve their service quality and meet the evolving needs of their customers.

2.7 Conceptual Framework of the Study

In 1985, Parasuraman et al. developed the SERVQUAL model, a conceptual framework that became the standard tool for measuring service quality. The model has been widely used in various industries such as education, banking, and telecommunications. In the context of the current study, the independent variables are the five dimensions of service quality—tangibility, reliability, responsiveness, assurance, and empathy—while the dependent variable is customer satisfaction. This conceptual framework forms the basis for the research, as shown in the following figure (2.1).

Figure (2.1) Conceptual Framework of the Study



Source: Own Compilation based on previous studies

CHAPTER III
RESEARCH DESIGN AND METHODOLOGY

This chapter outlines the research analysis and methodology, detailing the study's design and data collection approaches. It explains the sample composition, including respondents' demographic details, and highlights the measurement tools employed. Additionally, it addresses reliability-focused queries, the data collection procedures followed, and the statistical techniques used for data evaluation.

3.1 Research Methodology

Research methodology outlines the approach through which researchers conduct their studies, guiding them in formulating research problems and objectives, as well as presenting findings derived from data collected during the research process. According to (Sileyew, 2019) this methodology defines the steps and procedures taken to achieve the research goals and outlines how the research results will be obtained and aligned with the study's objectives.

For this particular study, a quantitative research approach and survey design were chosen as the most suitable methods to investigate the impact of compensation and benefits on employee satisfaction. Quantitative research is primarily focused on numerical data and statistical analysis, using tools such as questionnaires to collect data. Unlike qualitative research, which explores processes and meanings, quantitative research seeks to quantify variables and gather measurable responses from participants (Mabaso & Dlamini, 2018).

In quantitative studies, the emphasis is placed on objectivity and accuracy in measuring responses. Researchers collect data in the form of numbers and use statistical tools to analyze these results. This method allows researchers to examine trends, relationships, and patterns within the data, ultimately providing concrete evidence to support or refute hypotheses. It is particularly useful for studies aiming to establish generalizable findings and draw conclusions based on large sample sizes, as is the case in assessing employee satisfaction with compensation and benefits.

3.2 Research Design

A research design serves as a structured plan or framework developed to answer specific research questions. (Melnikovas, 2018) highlights the significance of thorough planning and design in conducting effective research. This study adopts a descriptive statistics approach to examine consumer satisfaction with KBZ Pay in Myanmar.

Initially, the study identifies and describes independent factors influencing customer satisfaction with the service. Subsequently, an analytical method is employed to evaluate and present insights into customer satisfaction levels. This design allows for the collection of data from a large sample of respondents, providing robust analysis and insights into how KBZ Pay influences customer satisfaction. The approach ensures a comprehensive understanding of customer experiences and perceptions, making it possible to draw meaningful conclusions regarding satisfaction metrics.

3.3 Population and Sampling

The term "population" refers to the complete set of units to which the findings of a study are applicable. It encompasses all units sharing the characteristics being investigated, making it the basis for generalizing results. A sample is a subset of the population that accurately represents its diversity. The selected sample should embody the population's key traits to ensure reliable generalization. Since collecting data from an entire population is often impractical, researchers focus on a representative sample. Proper selection is essential to align the sample's characteristics with the ideal representation (Shukla, 2020).

In this study, a simple random sampling technique will be employed to select respondents, ensuring unbiased representation of the population. This approach effectively captures customer perspectives, providing valuable insights into achieving customer satisfaction. The sample will consist of 300 KBZ Pay customers in Myanmar, enabling a focused analysis of their satisfaction levels with the service. This method allows for precise and meaningful conclusions while ensuring the findings reflect the population's overall experiences.

3.4 Data Collection

Data collection methods are typically categorized into primary and secondary data sources (Sileyew, 2019). In this study, primary data will be gathered through a structured questionnaire survey using a Five-Point Likert Scale. A sample of 200 respondents, selected from the larger pool of 300 KBZ Pay customers in Myanmar, will participate. To further validate the data, in-depth interviews with authorized individuals will also be conducted.

Secondary data will be obtained from previously published research, journals, books, and reliable online sources. The questionnaire consists of two sections: the first part addresses respondents' demographic characteristics, while the second focuses on how KBZ Pay influences customer satisfaction.

The survey employs a random sampling technique for distributing questionnaires. Respondents are asked to rate their agreement with statements using the Likert Scale, which ranges from 1 (strongly disagree) to 5 (strongly agree). This approach ensures a comprehensive understanding of customer satisfaction levels.

3.5 Data Analysis

The data analysis process is critical for interpreting collected information effectively. According to (Babbie & Mouton, 2001), data analysis provides an objective, systematic, and qualitative interpretation of clear content. In this study, raw data is transformed into tables, charts, frequency distributions, and percentages using descriptive statistics. Both descriptive and analytical research methods were applied. A quantitative research design was used to collect and analyze data for KBZ Pay. Descriptive statistics summarize the dataset, while inferential statistics explore relationships between variables.

Correlation and regression analyses will determine the impact of independent variables—such as tangibles, reliability, responsiveness, empathy, assurance, and customer satisfaction—on the dependent variable (customer satisfaction). Statistical tools like SPSS version 26 and Microsoft Excel 2019 will be utilized to process the data and derive insights into the relationships between the study variables.

CHAPTER IV

FINDINGS AND DISCUSSION

Data analysis involves gathering, coding, modeling, and reworking data to highlight useful insights, make recommendations, draw conclusions, and support decision-making. The results and interpretations of data analysis provide essential information for the study, particularly concerning customer satisfaction and internal and external evaluations. Returned questionnaires were checked for completeness. This research employed a five-point Likert scale, with 1 representing "strongly disagree," 2 "disagree," 3 "neutral," 4 "agree," and 5 "strongly agree."

Once questionnaires were collected and coded, data transformation and analysis followed. Descriptive statistical methods, including frequency analysis, reliability, and correlation, were applied to investigate the data. The study utilized the Statistical Package for the Social Sciences (SPSS Version 26) for data processing. This chapter encompasses an analysis of respondents' demographic profiles, reliability testing, correlation studies, and multiple regression analyses exploring the relationship between service quality and customer satisfaction.

4.1 Demographic profile of the Respondents

A convenient sample size of 200 respondents was selected for the study. The survey was distributed to 300 KBZ Pay customers in the Yangon region via private messages for a quicker response. With an 80% response rate, the final dataset included 200 respondents. These participants exhibited diverse attitudes, behaviors, intentions, and subjective norms.

The research findings are based on the actual data collected, ensuring no falsified data or subjective opinions were used in the analysis. The questionnaires were distributed broadly, avoiding bias toward easily accessible groups. All data sources and theoretical references were appropriately credited.

The demographic characteristics of the respondents included gender, age, education, occupation, and income level. A breakdown of the sample, categorized by gender, is presented in Table 4.1, summarizing the gender distribution among respondents.

4.1.1 Respondents by Gender

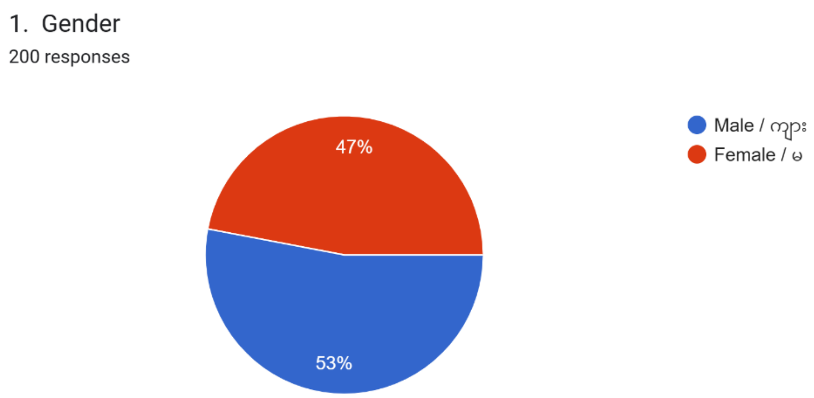
In this study, the gender of respondents is divided into two groups: male and female. The gender of respondents is shown in Table (4.1) and Figure (4.1).

Table (4.1) Gender of Respondents

Sr. No	Gender	No. of Respondents	Percentage (%)
1	Male	106	53%
2	Female	94	47%
	Total	200	100%

Source: Survey data, 2024

Figure (4.1) Comparison of Gender



The demographic breakdown of respondents by gender is presented in Table (4.1) and Figure (4.1). Out of the 200 total participants, 106 were male, representing 53% of the sample, while 94 were female, accounting for 47%. The table highlights the near-even gender distribution, ensuring diverse insights into customer satisfaction with KBZ Pay services. This balance provides a comprehensive view of gender-based perspectives in the study.

4.1.2 Respondents by Age

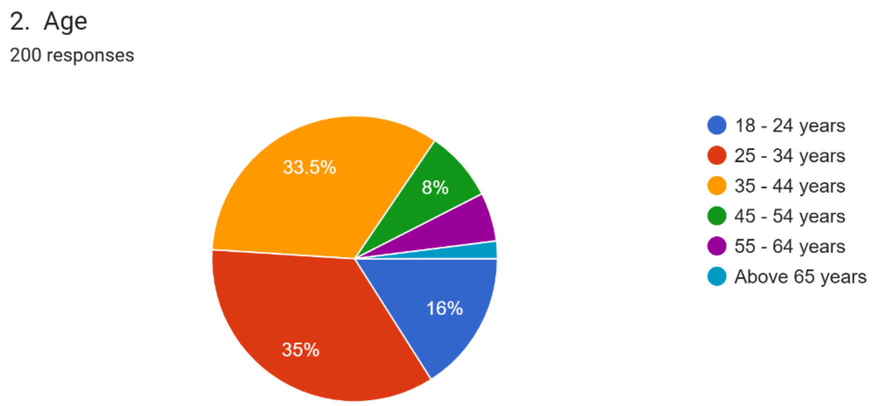
In this study, the age groups of the respondents are divided into six groups such as under 20 years, 20 – 30 years, 31 – 40 years, and above 40 years. The age of respondents is shown in Table (4.2) and Figure (4.2).

Table (4.2) Respondents by Age

Sr. No.	Age	No. of Respondents	Percentage
1	18 - 24 years	32	16.00
2	25 - 34 years	70	35.00
3	35 – 44 years	67	33.50
4	45 – 54 years	16	8.00
5	55 – 64 years	11	5.50
6	above 65 years	4	2.00
	Total	200	100.00

Source: Survey Data (2024)

Figure (4.2) Comparison of Age



The age distribution of respondents is summarized in Table (4.2) and Figure (4.2). The majority, 35%, fall within the 25–34 age range (70 respondents), followed closely by 33.5% in the 35–44 range (67 respondents). Participants aged 18–24 make up 16% (32 respondents), while those aged 45–54 account for 8% (16 respondents). The 55–64 age group represents 5.5% (11 respondents), and individuals above 65 years comprise the smallest segment, at 2% (4 respondents). This age diversity provides valuable insights into customer satisfaction across different age groups.

4.1.3 Education Level of Respondents

The respondents' educational backgrounds are divided into four categories: undergraduate, graduate, masters and above, and other. The following Table displays the number of responders broken down by educational level.

Table (4.3) Education Level of Respondents

Sr. No.	Education Level	No. of Respondents	Percentage
1	Undergraduate	26	13.00
2	Graduate	131	65.50
3	Masters and above	22	11.00
4	Others	21	10.50
	Total	200	100.00

Source: Survey Data (2024)

Figure (4.3) Comparison of Education Level

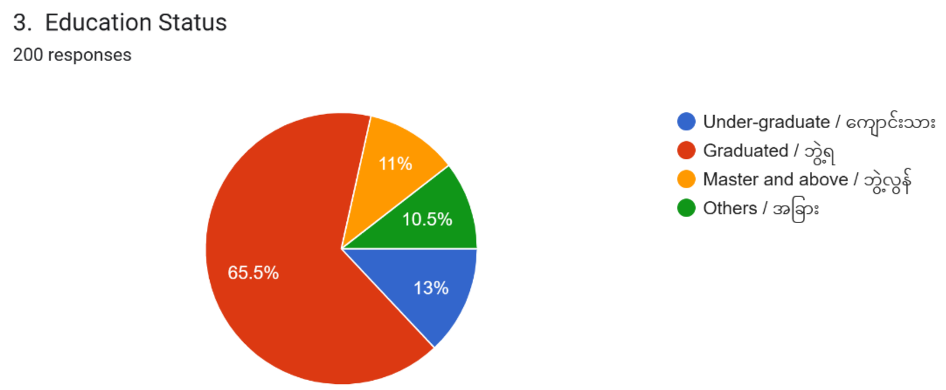


Table (4.3) and Figure (4.3) highlights the educational background of respondents. A significant majority, 65.5% (131 respondents), hold a graduate degree. Those with an undergraduate education represent 13% (26 respondents), while individuals with a master's degree or higher account for 11% (22 respondents). The "Others" category, comprising 10.5% (21 respondents), includes respondents with alternative educational qualifications. This distribution illustrates the varied educational levels among KBZ Pay users, reflecting diverse customer demographics and providing insights into their potential expectations and satisfaction levels.

4.1.4 Respondent of Occupation

In this study, occupation of the respondents is divided into five groups as Government Employee, Company Employee, Self-Employee, Student and Others. The position status of the respondents is shown in Table (4.4) and Figure (4.4).

Table (4.4) Respondent of Occupation

Sr. No.	Occupation	No. of Respondents	Percentage
1	Government Employee	13	6.50
2	Company Employee	92	46.00
3	Self-Employee	38	19.00
4	Student	18	9.00
5	Others	39	19.50
	Total	200	100.00

Source: Survey Data (2024)

Figure (4.4) Comparison of Occupation Status

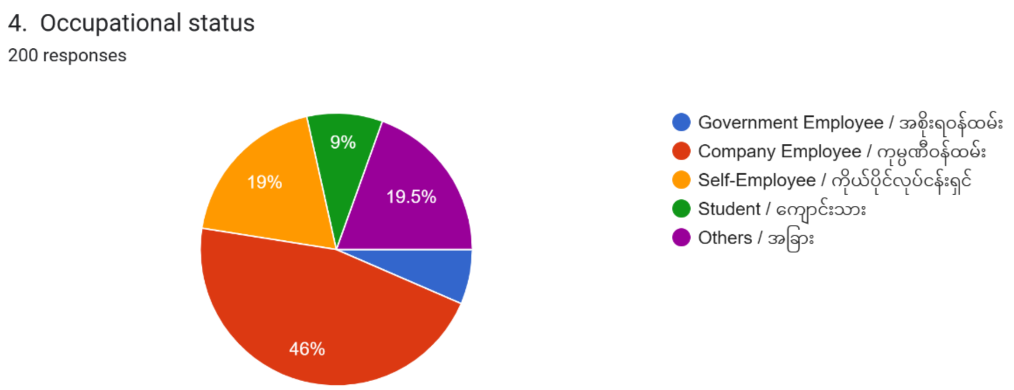


Table (4.4) and Figure (4.4) illustrate the occupational breakdown of respondents. The largest group, comprising 46% (92 respondents), consists of company employees. Self-employed individuals account for 19% (38 respondents), while 19.5% (39 respondents) fall under the "Others" category. Students make up 9% (18 respondents), and government employees represent 6.5% (13 respondents). This diverse occupational distribution highlights a variety of customer profiles, showcasing KBZ Pay's appeal across different professional demographics.

4.1.5 Salary of Respondents

The salaries of respondents are classified into five different parts such as 0 to 500,000 MMK, 500,001 to 1,000,000 MMK, 1,000,001 to 1,500,000 MMK, 1,500,001 to 2,500,000 MMK and Above 2,500,000 MMK. The number of respondents classified by salary group is shown in the following Table (4.5) and Figure (4.5).

Table (4.5) Salary of Respondents

Sr. No.	Income	No. of Respondents	Percentage
1	0 to 500,000 MMK	33	16.50
2	500,001 to 1,000,000 MMK	42	21.00
3	1,000,001 to 1,500,000 MMK	34	17.00
4	1,500,001 to 2,500,000 MMK	36	18.00
5	Above 2,500,000 MMK	55	27.50
	Total	200	100.00

Source: Survey Data (2024)

Figure (4.5) Salary of Respondents

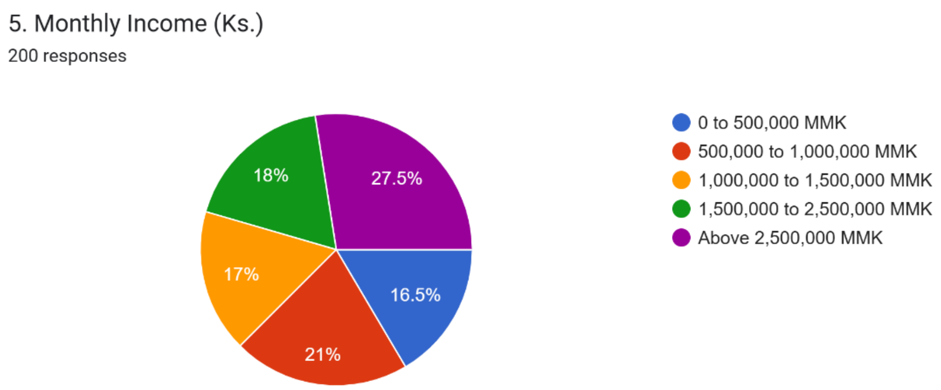


Table (4.5) and Figure (4.5) displays the income levels of the respondents. The highest proportion, 27.5% (55 respondents), falls into the "Above 2,500,000 MMK" category, indicating a significant presence of higher-income individuals among KBZ Pay users. The second-largest group earns between 500,001 to 1,000,000 MMK, representing 21% (42 respondents). Income brackets of 1,500,001 to 2,500,000 MMK and 1,000,001 to 1,500,000 MMK account for 18% (36 respondents) and 17% (34 respondents), respectively. Finally, 16.5% (33 respondents) earn between 0 to 500,000 MMK. This distribution highlights KBZ Pay's diverse user base across income groups.

4.1.6 Awareness of Respondents

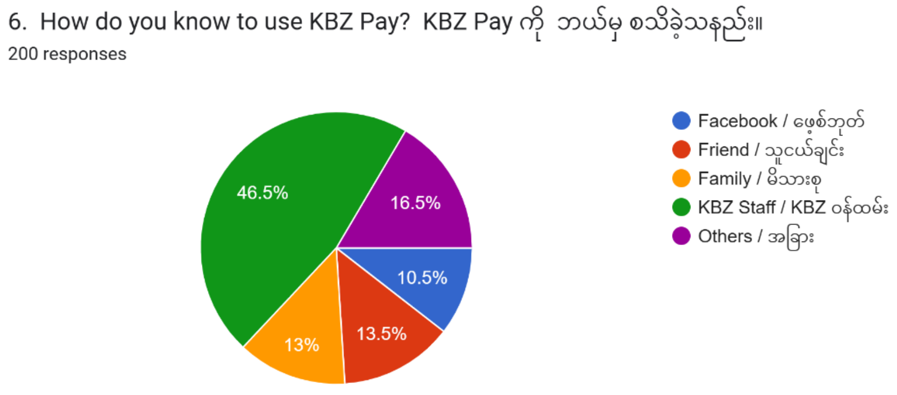
In this study, awareness of the respondents is divided into five groups as Facebook, Friend, Family, KBZ Staff and Others. The position status of the respondents is shown in Table (4.6) and Figure (4.6).

Table (4.6) Awareness of Respondents

Sr. No.	Awareness	No. of Respondents	Percentage
1	Facebook	21	10.50
2	Friend	27	13.50
3	Family	26	13.00
4	KBZ Staf	93	46.50
5	Others	33	16.50
	Total	200	100.00

Source: Survey Data (2024)

Figure (4.6) Awareness of Respondents



The analysis of KBZ Pay's awareness reveals key insights about how customers learn about and adopt the service. The majority (46.50%) of respondents became aware of KBZ Pay through interactions with KBZ staff, highlighting the importance of direct engagement and outreach in promoting the platform.

Recommendations from friends (13.50%) and family (13.00%) were also notable, demonstrating the role of social influence. Meanwhile, social media platforms like Facebook accounted for 10.50% of awareness, reflecting the growing impact of digital marketing. Other unspecified sources contributed 16.50%, showcasing diverse awareness channels. These findings emphasize the effectiveness of direct communication, personal networks, and digital platforms in increasing KBZ Pay's user base.

4.1.7 Usage of Respondents

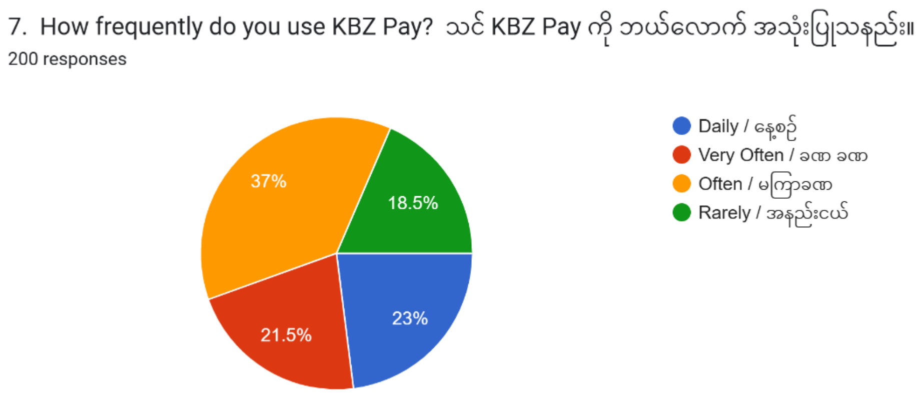
In this study, usage of the respondents is divided into four groups as Daily, Very Often, Often and Rarely. The position status of the respondents is shown in Table (4.7) and Figure (4.7).

Table (4.7) Usage of Respondents

Sr. No.	Usage	No. of Respondents	Percentage
1	Daily	46	23.00
2	Very Often	43	21.50
3	Often	74	37.00
4	Rarely	37	18.50
	Total	200	100.00

Source: Survey Data (2024)

Figure (4.7) Usage of Respondents



The Table (4.7) and Figure (4.7) presents the frequency of KBZ Pay usage among respondents. Most users (37%) use it "often," followed by 23% using it "daily." About 21.5% use it "very often," and 18.5% use it "rarely." This distribution shows that a significant proportion of the sample engages with the service regularly, indicating a strong adoption rate and frequent usage of the application among the respondents.

4.1.8 Services usage of Respondents

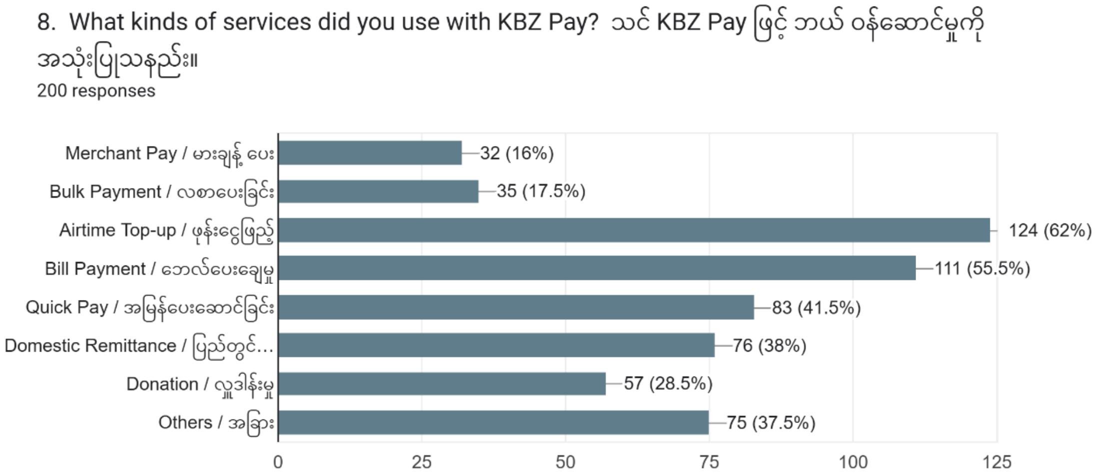
In this study, Services usage of the respondents under the groups as Merchant Pay, Bulk Payment, Airtime Top-up, Bill Payment, Quick Pay, Domestic Remittance, Donation and Others. The position status of the respondents is shown in Table (4.8) and Figure (4.8).

Table (4.8) Services usage of Respondents

Sr. No.	Services usage	No. of Respondents	Percentage
1	Merchant Pay	32	16.00
2	Bulk Payment	35	17.50
3	Airtime Top-up	124	62.00
4	Bill Payment	111	55.50
5	Quick Pay	83	41.50
6	Domestic Remittance	76	38.00
7	Donation	57	28.50
8	Others	75	37.50

Source: Survey Data (2024)

Figure (4.8) Services usage of Respondents



The Table (4.8) and Figure (4.8) reveals the most commonly used services of KBZ Pay among respondents. Airtime top-up is the most popular service, used by 62% of respondents, followed by bill payments at 55.5%. Quick pay and domestic remittance are also commonly used, at 41.5% and 38%, respectively. Other services like merchant pay, bulk payment, and donations have lower usage rates, with percentages ranging from 16% to 37.5%. This suggests that financial transactions such as airtime top-ups and bill payments are the most frequent activities for users of KBZ Pay.

4.2 Analysis of the Effect of Service Quality on Customer Satisfaction of KBZ PAY

To assess the impact of service quality on customer satisfaction at KBZ Pay, structured questionnaires were used for primary data collection. Initially, descriptive statistics, reliability tests, and mean values for the five dimensions of service quality were analyzed. The reliability analysis of the variables indicated that all items within each dimension met the acceptable levels of reliability. These findings confirmed that the selected variables were appropriate for measuring service quality and its effect on customer satisfaction at KBZ Pay.

4.2.1 Reliability Test

In this section, the reliability analysis of both independent and dependent variables for the study is presented. Reliability refers to the consistency of a measure, ensuring it produces stable results under similar conditions. Cronbach's alpha, a widely-used method for evaluating internal consistency, assesses the average correlation of survey items. It is often used when a survey includes multiple Likert scale questions to check if the scale reliably measures the intended variable. A score above 0.7 is generally considered acceptable for internal consistency. Table (4.9) illustrates the reliability of the variables used in this study.

Table (4.9) Reliability of the Variables

Sr. No.	Variables	No. of items	Cronbach’s Alpha
1	Tangible	4	0.693
2	Reliability	4	0.853
3	Responsiveness	4	0.788
4	Empathy	4	0.757
5	Assurance	4	0.875
6	Customer Satisfaction	6	0.874

Source: Survey Data (2024)

As shown in Table (4.9), the Cronbach's Alpha values for the selected variables—tangibles, reliability, responsiveness, empathy, assurance, and customer satisfaction—are all above 0.7, which indicates that they are reliable and consistent. This suggests that the items in the questionnaires are internally consistent, and the scales used in this study are sufficiently reliable for measuring the intended constructs. A Cronbach's alpha value higher than 0.7 is widely considered acceptable in ensuring the validity of the survey instrument.

4.3 Analysis of Respondents Perception on Service Quality and Customer Satisfaction of KBZ Pay

This section analyzes the service quality and customer satisfaction of KBZ Pay in Myanmar, focusing on five key dimensions: (i) tangibles, (ii) reliability, (iii) responsiveness, (iv) empathy, and (v) assurance. A structured questionnaire utilizing a Five-Point Likert Scale was used to survey 200 KBZ Pay users. According to Best (1977), the interpretation of the mean values for the Likert Scale is as follows:

(i) The score among 1.00-1.80 indicates strong disagreement,

(ii) The score among 1.81-2.60 indicates disagreement,

(iii) The score among 2.61-3.40 signifies a neutral stance,

(iv) The score among 3.41-4.20 shows agreement,

(v) The score among 4.21-5.00 indicates strong agreement.

Standard Deviation (SD) is a statistical measure that quantifies the variation or dispersion in data values. A low SD means the values are closely clustered around the mean, while a high SD suggests a wider range of data points. It is often used to assess the reliability of statistical conclusions.

4.3.1 Respondent Perception on Tangible

This section presents an analysis of respondents' perceptions regarding the tangibles of KBZ Pay. The respondents' views on the bank's tangible aspects are summarized in Table (4.10), which includes the mean values and standard deviations of the responses.

Table (4.10) Respondent Perception on tangibles

Sr. No.	Description	Mean	Standard Deviation
1	KBZ Pay Agents are near-by anywhere.	3.75	.913

2	The Features in the KBZ Pay are easy to learn and understand.	3.74	.927
3	It is easy to open an KBZ Pay accounts.	3.62	.970
4	KBZ Pay transfer can make through all the mobile operators number.	4.01	.980
	Overall Mean	3.78	

Source: Survey Data (2024)

The analysis of respondents' perceptions regarding the tangibles of KBZ Pay reveals that, on average, users find the service's features to be accessible and user-friendly. For instance, respondents agreed that KBZ Pay agents are conveniently located, and the platform's features are easy to learn (mean of 3.75 and 3.74, respectively). Moreover, respondents felt that transferring money through KBZ Pay across different mobile operators was highly accessible (mean of 4.01). The overall mean score of 3.78 indicates a generally positive perception of the service's tangibles, with a relatively low variation in responses (standard deviations range from 0.913 to 0.980).

4.3.2 Respondent Perception on Reliability

The perception level of respondents on reliability of KBZ Pay is measured with four statements and is shown in Table (4.11) with mean value and standard deviation.

Table (4.11) Respondent Perception on Reliability

Sr. No.	Description	Mean	Standard Deviation
1	KBZ Pay is reliable.	3.12	1.028
2	Using KBZ Pay is as safe as other channel of banking.	3.31	1.024
3	I trust using KBZ pay is secure and reliable.	3.31	1.100
4	KBZ pay charges are acceptable.	3.60	0.930
	Overall Mean	3.34	

Source: Survey Data (2024)

According to Table (4.11), the respondents showed a neutral stance on the reliability of KBZ Pay, as indicated by the overall mean value of 3.34. This suggests that respondents neither strongly agree nor disagree with statements regarding the reliability of KBZ Pay. The item with the highest mean value, 3.60, reflects the respondents' agreement that the charges for KBZ Pay are acceptable, while the lowest mean of 3.12 indicates neutrality regarding KBZ Pay's overall reliability. Additionally, the standard deviations ranging from 0.930 to 1.100 highlight varied responses among users, suggesting differing opinions on the reliability of KBZ Pay's services.

4.3.3 Respondent Perception on Responsiveness

The perception level of respondents on responsiveness of KBZ Pay is measured with four statements and is shown in Table (4.12) with mean value and standard deviation.

Table (4.12) Respondent Perception on Responsiveness

Sr. No.	Description	Mean	Standard Deviation
1	KBZ Pay has quick response to any enquiry.	3.45	1.050
2	KBZ Pay transactions can be operate for 24/7.	3.94	0.951
3	KBZ Pay is reasonable to expect prompt service from employees.	3.43	0.980
4	KBZ Pay's employees do always have to be willing to help customers.	3.40	0.977
	Overall Mean	3.56	

Source: Survey Data (2024)

According to Table (4.12), respondents exhibit a neutral stance on the responsiveness of KBZ Pay, with an overall mean value of 3.56. This indicates that customers neither strongly agree nor disagree that KBZ Pay provides quick responses and prompt service. The highest mean value, 3.94, reflects general agreement that transactions can be conducted 24/7, while the lowest mean value, 3.40, suggests that respondents neither agree nor disagree regarding employees being consistently willing to help. The standard deviation ranges between 0.951 and 1.050, showing varied responses on different aspects of responsiveness services.

4.3.4 Respondent Perception on Empathy

The perception level of respondents on empathy of KBZ Pay is measured with four statements and is shown in Table (4.13) with mean value and standard deviation.

Table (4.13) Respondent Perception on Empathy

Sr. No.	Description	Mean	Standard Deviation
1	I can use with KBZ Pay in every shop.	3.65	0.971
2	KBZ Pay's employees should get adequate support from the firm to do their job well.	3.69	0.990
3	KBZ Pay's should be trustworthy.	3.94	0.944
4	KBZ Pay's employees should be polite.	3.96	0.918
	Overall Mean	3.81	

Source: Survey Data (2024)

According to Table (4.13), the respondents generally have a neutral stance on the empathy provided by KBZ Pay, as reflected in the overall mean of 3.81. The highest mean score of 3.51 indicates that respondents agree that employees should receive adequate support, while a mean of 3.50 suggests that they perceive the employees as polite. However, the statements about employees being trustworthy (mean 3.30) and customers feeling safe (mean 3.15) suggest that respondents neither agree nor disagree. The standard deviations, ranging from 1.130 to 1.248, show varied responses regarding the different aspects of empathy.

4.3.5 Respondent Perception on Assurance

The perception level of respondents on assurance of KBZ Pay is measured with four statements and is shown in table (4.14) with mean value and standard deviation.

Table (4.14) Respondent Perception on Assurance

Sr. No.	Description	Mean	Standard Deviation
1	KBZ Pay is useful for my daily routines.	3.71	0.966
2	I have positive attitude about KBZ Pay.	3.65	1.007
3	Using KBZ Pay is a good idea.	3.72	0.994
4	Using KBZ Pay would improve my banking performance.	3.69	0.999
	Overall Mean	3.69	

Source: Survey Data (2024)

According to Table (4.14), respondents generally agree that KBZ Pay is useful for their daily routines, with an overall mean value of 3.69. The highest mean score of 3.72 is for the statement "Using KBZ Pay is a good idea," indicating a positive attitude towards the service. The second-highest mean score of 3.71 suggests that respondents find KBZ Pay useful for their daily activities. A mean score of 3.69 shows that respondents believe using KBZ Pay improves their banking performance. The standard deviations, ranging from 0.966 to 1.007, indicate some variation in responses, with most respondents showing a favorable view of the service.

4.3.6 Summary of Respondent Perception on Service Quality Dimension

The summary of the selected variables (tangibles, reliability, responsiveness, empathy and assurance) is presented for this part. The summary of respondent perception on service quality dimension is illustrated in Table (4.15) with overall mean values.

Table (4.15) Summary of Respondent Perception on Service Quality Dimensions

Sr. No.	Description	Overall Mean
1.	Tangibles	3.78
2.	Reliability	3.34
3.	Responsiveness	3.56
4.	Empathy	3.81
5.	Assurance	3.69

Source: Survey Data (2024)

According to Table (4.15), the highest overall mean value among the service quality dimensions is for "Empathy," with a mean of 3.81, indicating that respondents generally agree on the empathy provided by KBZ Pay. The other dimensions—tangibles (3.78), reliability (3.34), responsiveness (3.56), and assurance (3.69)—are closer to a neutral stance, suggesting that respondents neither agree nor disagree about the quality in these areas. Therefore, KBZ Pay should focus on enhancing its tangible, reliability, responsiveness, and empathy services to improve customer satisfaction.

4.3.7 Respondent Perception on Customer Satisfaction

This section describes the analysis on customer satisfaction of KBZ Pay. Customer satisfaction is measured with six items. The analysis on customer satisfaction of KBZ Pay is showed in the following Table (4.16).

Table (4.16) Respondent Perception on Customer Satisfaction

Sr. No.	Description	Mean	Standard Deviation
1	KBZ Pay is more convenience than other internet/mobile banking.	3.77	0.956
2	Transfer by using KBZ Pay is faster than over-the counter (at Branch).	3.99	0.940
3	Transfer by using KBZ Pay is faster than internet/mobile banking.	3.99	0.910
4	KBZ Pay has all the features I want to use.	3.74	0.952
5	I would use KBZ Pay in the future.	3.80	0.891
6	I would use KBZ Pay because it has variety of features.	3.81	0.912
	Overall Mean	3.85	

Source: Survey Data (2024)

According to Table (4.15), the overall mean value for customer satisfaction with KBZ Pay is 3.85, which indicates that respondents generally agree with the satisfaction levels provided by KBZ Pay. The highest mean value is for the statement "I would use KBZ Pay because it has a variety of features" (3.81), showing that respondents are satisfied with the range of features offered by the service. Additionally, the respondents agree that using KBZ Pay is faster than other banking methods, with a mean of 3.99 for both "Transfer by using KBZ Pay is faster than over-the-counter (at Branch)" and "Transfer by using KBZ Pay is faster than internet/mobile banking." Therefore, KBZ Pay has achieved a high level of customer satisfaction in terms of speed, convenience, and available features.

4.4 Correlation between Service Quality and Customer Satisfaction

Correlation is a statistical method that examines the relationship and strength of association between paired variables. Following the reliability test, the correlation of independent variables—tangibles, reliability, responsiveness, empathy, and assurance—is analyzed to evaluate their relationship with the dependent variable, customer satisfaction. According to Evans (1996), Pearson's correlation coefficient (r) quantifies the strength of a linear relationship and is constrained between -1 and 1. Positive values indicate a positive correlation, while negative values indicate a negative correlation. An r value of 0 indicates no correlation.

The closer the r value is to ±1, the stronger the linear correlation. Correlation is also an effect size, and its strength is interpreted using the absolute value of r: **0.00–0.19** (very weak), **0.20–0.39** (weak), **0.40–0.59** (moderate), **0.60–0.79** (strong), and **0.80–1.0** (very strong). These thresholds categorize the degree to which variables are related, providing a clear understanding of their interdependence.

The correlation test results for the variables in this study are presented in Table (4.17), focusing on a 90% confidence interval. The test assesses the relationship between customer satisfaction and the independent variables, providing insights into the significance and direction of their association. This analysis offers valuable information for interpreting how different service dimensions contribute to overall satisfaction.

Table (4.17) Correlation of Service Quality and Customer Satisfactions

Sr. No.	Variables	Pearson Correlation Coefficient	p-value
1	Tangibles	.500**	.000
2	Reliability	.388**	.000
3	Responsiveness	.526**	.000
4	Empathy	.638**	.000
5	Assurance	.737**	.000

Source: Survey Data (2024)

***Correlation is significant at 1% level (2-tailed)

Dependent Variable: Customer Satisfaction

Based on the Table (4.17) presented, the relationships between dimensions of service quality and customer satisfaction are as follows:

Tangibles: The Pearson correlation coefficient of **0.500** indicates a moderate positive relationship between tangibles and customer satisfaction. Customers value aspects such as up-to-date equipment, physical facilities, employee appearance, and cleanliness in KBZ Pay's service quality.

Reliability: With a correlation of **0.388**, reliability demonstrates a weak positive relationship with customer satisfaction. Customers consider dependable service, accurate records, and timely delivery of promises.

Responsiveness: The coefficient of **0.526** suggests a moderate positive correlation. Customers appreciate KBZ Pay's willingness to assist, quick responses, and effective communication.

Empathy: A correlation of **0.638** reveals a strong positive relationship. Customers feel valued when treated respectfully, provided adequate support, and made to feel safe.

Assurance: The strongest relationship is shown with a correlation of **0.737**, indicating a strong positive link. Customers highly regard personalized attention, understanding their needs, and confidence in the bank's operations.

These findings suggest that KBZ Pay's assurance and empathy dimensions significantly influence customer satisfaction, with tangibles and responsiveness also contributing moderately.

4.5 Multiple Regression Analysis of Service Quality and Customer Satisfaction

A multiple regression analysis was performed to evaluate the influence of service quality on customer satisfaction with KBZ Pay. This statistical method examines how the typical value of a dependent variable (customer satisfaction) changes when any one of the independent variables (service quality dimensions) varies, while other variables remain constant. The analysis aims to determine the extent to which tangible factors, reliability, responsiveness, empathy, and assurance predict customer satisfaction.

In this study, customer satisfaction serves as the dependent variable, and the five dimensions of service quality function as independent variables. The regression equation illustrates the relationship between these independent variables and customer satisfaction. This approach provides insights into the degree and significance of the effect of each service quality dimension on the dependent variable, enabling an understanding of their contributions to overall customer satisfaction. By identifying the most influential factors, the analysis aids in strategic decision-making to enhance service delivery.

The proposed model is:

$Yi = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \varepsilon i$

Where:

Yi = Customer Satisfactions $\beta 0$ = Constant (Intercept)

$\beta 1, \ldots, \beta 5$ = Regression Coefficients

X1 = Tangible X2 = Reliability

X3 = Responsiveness X4 = Empathy

X5 = Assurance

εi = Random Error

The result of multiple regression analysis of the effect of service quality and customer satisfaction is described in Table (4.18).

Table (4.18) Multiple Regression Analysis of Service Quality and Customer Satisfactions

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		p
Constant	.639	.210		3.048	.003
Tangibles (X1)	.200	.055	.188	3.616	.000
Reliability (X2)	-.081	.048	-.094	-1.685	.094
Responsiveness (X3)	.034	.059	.036	.579	.563
Empathy (X4)	.232	.060	.233	3.889	.000
Assurance (X5)	.465	.057	.541	8.132	.000
R					.790
R Square					.624
Adjusted R Square					.614

Source: Survey Data (July, 2022)

*** Significant at 1% level, **Significant at 5% level, *Significant at 10% level
Dependent Variable: Customer Satisfactions

The regression analysis results in Table 4.18 reveal the impact of service quality dimensions (tangibles, reliability, responsiveness, empathy, assurance) on customer satisfaction for KBZ Pay. Tangibles significantly and positively influence customer satisfaction (b=0.200, t=3.616, p=.000). Assurance also has a significant positive effect (b=0.465, t=8.132, p=.000). Empathy demonstrates a positive impact (b=0.232, t=3.889, p=.000). However, reliability and responsiveness show weaker or insignificant relationships (p>.05). The adjusted R square = 0.614 indicates that 61.4% of the variation in customer satisfaction is explained by these variables.

The estimated model is:

Ŷ = b0 + b1X1 + b2X2 + b3X3 + b4X4 + b5X5

Customer satisfaction = 0.639 + 0.200 Tangible – 0.081 Reliability + 0.34 Responsiveness + 0.232 Empathy + 0.465 Assurance

The regression analysis demonstrates the influence of service quality dimensions—tangibles, reliability, responsiveness, empathy, and assurance—on customer satisfaction at KBZ Pay. The regression equation shows that customer satisfaction can be predicted as:

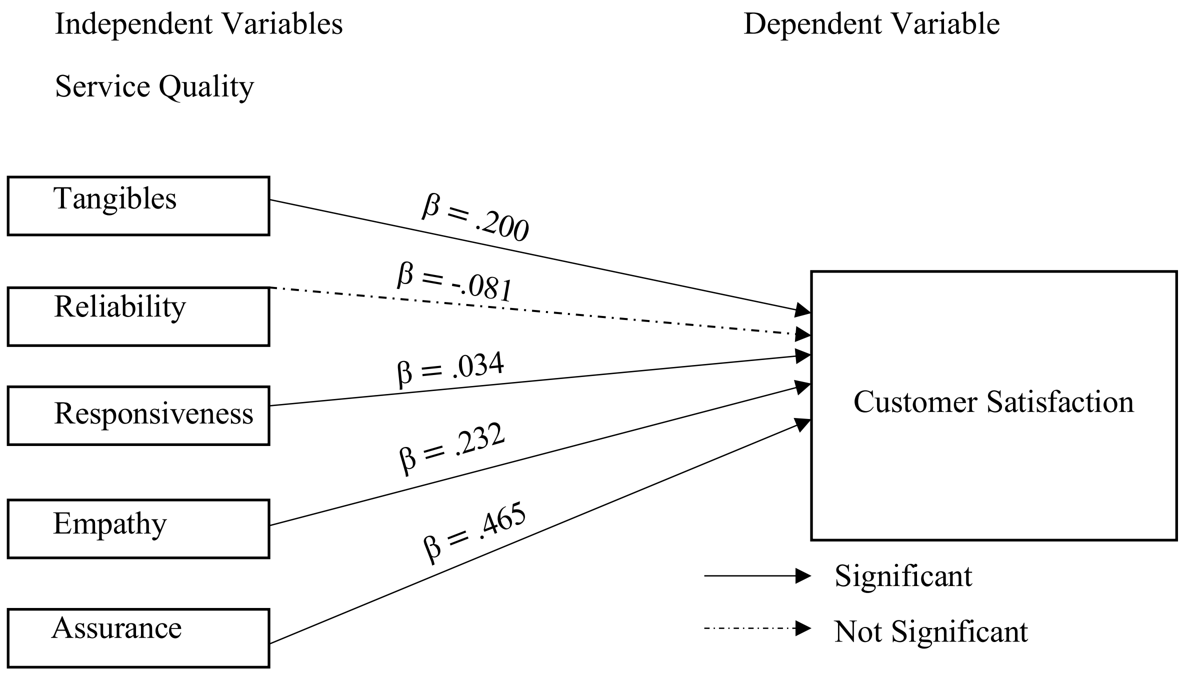
Customer Satisfaction = 0.639 + 0.200 (Tangibles) - 0.081 (Reliability) + 0.034 (Responsiveness) + 0.232 (Empathy) + 0.465 (Assurance).

The constant (0.639) indicates the baseline customer satisfaction when all predictors are held constant. Among the independent variables, assurance (b=0.465, t=8.132, p<.001) shows the strongest and most significant positive influence on customer satisfaction. A unit increase in assurance leads to a 0.465 increase in satisfaction. Similarly, tangibles (b=0.200, t=3.616, p<.001) and empathy (b=0.232, t=3.889, p<.001) positively and significantly impact customer satisfaction, suggesting that improvements in these areas also enhance satisfaction levels.

Reliability (b=−0.081, t=−1.685, p=.094) and responsiveness (b=0.034, t=0.579, p=.563) do not show statistically significant effects. While reliability has a negative coefficient, it is not significant, indicating that other factors might overshadow its influence in this model.

The R square = 0.624 and adjusted R square = 0.614 signify that approximately 61.4% of the variance in customer satisfaction is explained by these service quality dimensions. This highlights the importance of focusing on assurance, tangibles, and empathy, as they are the most influential predictors. Efforts to enhance these dimensions can substantially improve customer satisfaction. The results align with the conclusion that delivering high service quality leads to higher satisfaction and loyalty among customers in Figure

Figure (4.9) Conceptual Framework with Multiple Regression Results



Source: Survey Results (2024)

The Figure (4.9) shows the relationship between service quality dimensions (Tangibles, Reliability, Responsiveness, Empathy, and Assurance) and customer satisfaction, using multiple regression results. The beta coefficients represent the influence of each service quality dimension on customer satisfaction for KBZ Pay.

Tangibles : Significant positive impact on customer satisfaction. Improvements in physical facilities, equipment, and appearance can enhance satisfaction.

Reliability : Not statistically significant. Although reliability is important, it does not significantly influence satisfaction in this model.

Responsiveness : Not significant, indicating prompt responses and readiness to assist may not directly impact satisfaction levels.

Empathy : Significant positive effect. Personalized care and attention are key factors in satisfaction.

Assurance : Strongest significant positive impact. Customer confidence and trust in services play a crucial role.

The adjusted R square = 0.614 indicates that 61.4% of the variation in customer satisfaction is explained by these dimensions collectively. Assurance emerges as the most influential factor, highlighting the importance of trust and confidence in service quality for KBZ Pay.

CHAPTER V
CONCLUSION

This chapter comprises three key sections: findings and discussions, suggestions and recommendations, and areas for further research. The findings and discussions are derived from the analysis of data concerning service quality and customer satisfaction for KBZ Pay. Suggestions and recommendations are formulated based on the identified findings, offering practical solutions. Lastly, potential topics for further research are proposed, providing a foundation for continued exploration in this area.

5.1 Findings and Discussions

The study investigated the relationship between service quality dimensions—tangibles, reliability, responsiveness, empathy, and assurance—and customer satisfaction among KBZ Pay users in Myanmar. Data collected through structured questionnaires from 200 respondents provided a basis for evaluating how these factors contribute to customer satisfaction.

Findings

Demographic Insights:

Respondents were diverse in terms of gender, age, education, occupation, and income levels. The sample included a balanced mix of male and female users and covered a wide range of income and educational backgrounds. This demographic diversity provided a comprehensive understanding of KBZ Pay's user base.

Service Quality Dimensions:

Tangibles: Respondents generally agreed that KBZ Pay offers easy-to-use features and accessible services, with a high mean score of 3.78. Tangibles like physical appearance and ease of access positively influenced customer perceptions.

Reliability: The reliability dimension showed neutrality, with an overall mean of 3.34. While users acknowledged secure transactions, there was room for improvement in terms of consistent reliability.

Responsiveness: With an overall mean of 3.56, respondents appreciated 24/7 transaction capability but were neutral about employees' willingness to assist promptly.

Empathy: This dimension scored a high mean of 3.81, reflecting customers' agreement that KBZ Pay is empathetic in its service delivery. Respondents particularly valued employee politeness and trustworthiness.

Assurance: Scoring the highest mean of 3.85, assurance emerged as the most impactful dimension. Customers agreed that KBZ Pay is trustworthy and beneficial for daily routines.

Statistical Insights:

Reliability Tests: Cronbach's Alpha values above 0.7 for all variables confirmed the internal consistency of the questionnaire.

Correlation Analysis: Positive correlations were found between service quality dimensions and customer satisfaction, with assurance showing the strongest relationship ($r = 0.737$).

Multiple Regression Analysis: The regression results indicated that tangibles, empathy, and assurance had significant positive effects on customer satisfaction, while reliability and responsiveness had lower or insignificant impacts.

Customer Satisfaction:

The overall satisfaction score was moderately high, reflecting that while KBZ Pay meets user expectations, there is potential for enhancing service delivery, particularly in reliability and responsiveness.

Discussions

The findings align with prior studies emphasizing the importance of service quality dimensions in determining customer satisfaction. Tangibles, such as user-friendly features and accessibility, were highly valued, showcasing the importance of an intuitive and accessible platform for digital services. Empathy and assurance were critical in fostering trust and loyalty, indicating that customer-centric approaches and employee support are vital.

However, neutrality in reliability and responsiveness highlights areas where KBZ Pay can improve. Addressing issues like transaction delays or inconsistent support could enhance customer trust and ensure consistent satisfaction.

5.2 Suggestions and Recommendations

Based on the findings of this study, the following suggestions and recommendations aim to improve the service quality dimensions—tangibles, reliability, responsiveness, empathy, and assurance—thereby enhancing customer satisfaction for KBZ Pay in Myanmar:

5.2.1 Enhancing Tangibles:

Improvements in Accessibility: KBZ Pay should expand its network of agents and ensure their visibility to further convenience users.

User-Friendly Features: Simplify the design and navigation of the application for customers across all demographic groups, emphasizing ease of use and accessibility.

Promotional Efforts: Introduce campaigns highlighting the tangible benefits of using KBZ Pay, such as secure transactions and accessible locations.

5.2.2 Improving Reliability:

System Stability: Invest in technology infrastructure to reduce service outages and transaction errors, ensuring a seamless user experience.

Transparent Policies: Communicate charges and service details clearly to foster trust among users.

Error Resolution: Establish a dedicated team to handle transaction issues efficiently and professionally, enhancing customer confidence in the platform.

5.2.3 Strengthening Responsiveness:

24/7 Support: Expand customer support capabilities to handle queries and issues round the clock, providing real-time resolutions.

Response Timeliness: Set benchmarks for responding to customer complaints or inquiries promptly and track these metrics regularly.

Proactive Communication: Notify customers in advance about system updates, downtime, or policy changes to avoid dissatisfaction.

5.2.4 Fostering Empathy:

Personalized Assistance: Train employees to provide tailored support and empathetic customer interactions, which can significantly boost customer satisfaction.

Customer Feedback: Actively seek and implement suggestions from users, ensuring they feel valued and heard.

Inclusive Services: Address the specific needs of underrepresented user groups, such as senior citizens or rural populations, to expand the platform's reach and utility.

5.2.5 Bolstering Assurance:

Security Enhancements: Regularly update security protocols to safeguard user data and prevent breaches, fostering a sense of trust.

Training Programs: Equip employees with up-to-date knowledge and soft skills to handle customer interactions confidently and courteously.

Reputation Building: Engage in trust-building initiatives, such as publishing transparency reports or conducting user satisfaction surveys, to enhance credibility.

5.2.6 Marketing and Awareness:

Leverage digital marketing platforms to highlight the features and benefits of KBZ Pay, targeting both current and potential users.

Collaborate with community influencers and conduct awareness campaigns in regions with low adoption rates to boost user engagement.

5.2.7 Future Innovations:

Feature Expansion: Introduce advanced features like bill reminders, cashback offers, or loyalty rewards to enhance user engagement and satisfaction.

Accessibility Options: Explore multilingual support and voice-assisted features to cater to diverse user groups.

5.2.8 Regular Monitoring and Evaluation:

Conduct periodic surveys to gauge user satisfaction and identify service gaps.

Use data analytics to predict trends and adapt services proactively to meet evolving customer expectations.

By addressing these areas, KBZ Pay can position itself as a leader in Myanmar's digital payment landscape, ensuring sustained user satisfaction and loyalty.

5.3 Suggestions for Further Research

This study provides a comprehensive analysis of the relationship between service quality dimensions and customer satisfaction in the context of KBZ Pay. However, there are several areas where further research could enhance understanding and offer valuable insights into improving digital payment systems. Below are suggestions for future studies:

Exploring Other Service Quality Dimensions: This research focused on five service quality dimensions—tangibles, reliability, responsiveness, empathy, and assurance. Future studies could explore additional dimensions such as **convenience**, **trust**, or **security**, which may also impact customer satisfaction. The introduction of other variables could provide a more nuanced view of the factors influencing user experiences in mobile payment platforms (Parasuraman, Zeithaml, & Berry, 1988).

Longitudinal Studies: A longitudinal study tracking customer satisfaction and service quality over time would provide deeper insights into the **evolution of user perceptions** and satisfaction with KBZ Pay. Such studies would help identify trends, long-term shifts in customer behavior, and the lasting effects of service quality improvements (Oliver, 1980). This approach would allow researchers to examine how factors like new feature implementations or security updates influence user satisfaction over extended periods.

Cross-Regional Comparisons: Since this study focuses on KBZ Pay in Myanmar, further research could explore **cross-regional comparisons** between different countries or regions with varying economic conditions, technological infrastructure, and cultural norms. This would help assess whether the findings of this study are applicable to other digital payment platforms in similar or diverse contexts (Harrison-Walker, 2001).

Consumer Segmentation Analysis: Future research could include a more granular **segmentation analysis** to examine how various demographic groups (e.g., age, income level, and education) perceive service quality and customer satisfaction differently. This could involve conducting separate studies for younger users versus older users or examining how income disparities influence perceptions of service quality (Zeithaml, 1988). Understanding these differences could help tailor marketing strategies and service offerings.

Impact of Technology and Innovation: Another promising area for further research is the **impact of emerging technologies** on customer satisfaction, especially in the context of **artificial intelligence** (AI), **machine learning**, and **blockchain**. Research could explore how technological advancements in payment systems, such as AI-driven fraud detection or the integration of blockchain for transaction security, affect customer trust and overall satisfaction (Jouini, 2018).

Causal Relationships and Experimental Studies: This study employed a correlational approach to analyze the relationship between service quality and customer satisfaction. Future research could investigate **causal relationships** through experimental designs. By manipulating service quality dimensions (e.g., improving responsiveness or empathy), researchers could determine which specific elements directly cause changes in customer satisfaction (Fornell et al., 1996).

Service Quality and Loyalty: The focus of this study was customer satisfaction, but a subsequent investigation could delve deeper into the relationship between **service quality, customer satisfaction, and loyalty**. Understanding how service quality dimensions influence customer loyalty, repeat usage, and customer advocacy would provide valuable insights into building long-term customer relationships and sustaining competitive advantages in the digital payment industry (Reichheld, 1996).

Comparative Studies with Competitors: A comparative study between KBZ Pay and its competitors (e.g., Wave Money, Ok! Money) could further investigate the **relative strengths and weaknesses** of KBZ Pay's service quality dimensions. Understanding how customers perceive KBZ Pay in comparison to other mobile payment systems would offer insights into the competitive positioning of the platform and identify areas for improvement (Zeithaml, 1988).

By pursuing these avenues, researchers can enhance the knowledge base regarding digital payment systems and provide actionable recommendations for service providers like KBZ Pay to improve service delivery, customer satisfaction, and long-term customer loyalty.

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APPENDIX A

QUESTIONNAIRES

"Thank for your cooperation and precious time. Your answer will be kept strictly confidential and used for the purpose of my MBA thesis only"

This survey is a partial fulfilment of the requirements for Master Degree of Business Administration Program ("KBZ PAY"), aiming at FACTORS INFLUENCING OF SERVICE QUALITY ON CONSUMER SATISFACTION OF KBZ PAY IN MYANMAR. This survey is only concern with MBA thesis paper and not related with other business purpose. Please kindly answer the following questions.

PART (A)

DEMOGRAPHIC FACTORS

1. Gender

 - ☐ Male
 - ☐ Female

2. Age

 - ☐ 18 - 24 years
 - ☐ 25 - 34 years
 - ☐ 35 - 44 years
 - ☐ 45 - 54 years
 - ☐ 55 - 64 years
 - ☐ Above 65 years

3. Education Status

 - ☐ Under-graduate
 - ☐ Graduated
 - ☐ Master and above
 - ☐ Others

4. Occupational status

 - ☐ Government Employee
 - ☐ Company Employee
 - ☐ Self-Employee
 - ☐ Student
 - ☐ Others

5. Monthly Income (Ks.)

 - ☐ 0 to 500,000 MMK
 - ☐ 500,000 to 1,000,000 MMK
 - ☐ 1,000,000 to 1,500,000 MMK
 - ☐ 1,500,000 to 2,500,000 MMK
 - ☐ Above 2,500,000 MMK

6. How do you know to use KBZ Pay?

 - ☐ Facebook
 - ☐ Friend

- ☐ Family
- ☐ KBZ Staff
- ☐ Others

7. How frequently do you use KBZ Pay?
   - ☐ Daily
   - ☐ Very Often
   - ☐ Often
   - ☐ Rarely
8. What kinds of services did you use with KBZ Pay?
   - ☐ Merchant Pay
   - ☐ Bulk Payment
   - ☐ Airtime Top-up
   - ☐ Bill Payment
   - ☐ Quick Pay
   - ☐ Domestic Remittance
   - ☐ Donation
   - ☐ Others

PART (B)

DIMENSIONS OF SERVICE QUALITY [SERVQUAL]

Based on your experience with the bank, please state the level of your agreement as to the following factors.

Scales (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

Tangibles

Sr.	Statement	1	2	3	4	5
1	KBZ Pay Agents are near-by anywhere.					
2	The Features in the KBZ Pay are easy to learn and understand.					

3	It is easy to open an KBZ Pay accounts.					
4	KBZ Pay transfer can make through all the mobile operators number.					

Reliability

Sr.	Statement	1	2	3	4	5
5	KBZ Pay is reliable.					
6	Using KBZ Pay is as safe as other channel of banking.					
7	I trust using KBZ pay is secure and reliable.					
8	KBZ pay charges are acceptable.					

Responsiveness

Sr.	Statement	1	2	3	4	5
9	KBZ Pay has quick response to any enquiry.					
10	KBZ Pay transactions can be operate for 24/7.					
11	KBZ Pay is reasonable to expect prompt service from employees.					
12	KBZ Pay's employees do always have to be willing to help customers.					

Empathy

Sr.	Statement	1	2	3	4	5
13	I can use with KBZ Pay in every shop.					
14	KBZ Pay's employees should get adequate support from the firm to do their job well.					
15	KBZ Pay's should be trustworthy.					
16	KBZ Pay's employees should be polite.					

Assurance

Sr.	Statement	1	2	3	4	5
17	KBZ Pay is useful for my daily routines.					

18	I have positive attitude about KBZ Pay.					
19	Using KBZ Pay is a good idea.					
20	Using KBZ Pay would improve my banking performance.					

Customer Satisfaction

Sr.	Statement	1	2	3	4	5
21	KBZ Pay is more convenience than other internet/mobile banking.					
22	Transfer by using KBZ Pay is faster than over-the counter (at Branch).					
23	Transfer by using KBZ Pay is faster than internet/mobile banking.					
24	KBZ Pay has all the features I want to use.					
25	I would use KBZ Pay in the future.					
26	I would use KBZ Pay because it has variety of features.					

Thank you very much for your kind cooperation.

Correlations

		AVTangibility	AVReliability	AVResponess	AVEmpathy	AVAssurance	AVCS
AVTangibility	Pearson Correlation	1	.348**	.451**	.465**	.407**	.500**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	200	200	200	200	200	200
AVReliability	Pearson Correlation	.348**	1	.561**	.441**	.542**	.388**
	Sig. (2-tailed)	.000		.000	.000	.000	.000

APPENDIX B

	N	200	200	200	200	200	200
AVResponess	Pearson Correlation	.451**	.561**	1	.485**	.637**	.526**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	200	200	200	200	200	200
AVEmpathy	Pearson Correlation	.465**	.441**	.485**	1	.632**	.638**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	200	200	200	200	200	200
AVAssurance	Pearson Correlation	.407**	.542**	.637**	.632**	1	.737**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	200	200	200	200	200	200
AVCS	Pearson Correlation	.500**	.388**	.526**	.638**	.737**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	200	200	200	200	200	200

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

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	.639	.210		3.048	.003		
	AVTangibility	.200	.055	.188	3.616	.000	.715	1.400
	AVReliability	-.081	.048	-.094	-1.685	.094	.618	1.618
	AVResponess	.034	.059	.036	.579	.563	.499	2.004
	AVEmpathy	.232	.060	.233	3.889	.000	.542	1.844
	AVAssurance	.465	.057	.541	8.132	.000	.438	2.284

a. Dependent Variable: AVCS

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.790[a]	.624	.614	.45148	1.863

a. Predictors: (Constant), AVAssurance, AVTangibility, AVReliability, AVEmpathy, AVResponess

b. Dependent Variable: AVCS