



VISA

The Potential for a **Digital Myanmar**

Findings of the Visa Consumer Payment Attitudes Survey

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Foreword Note

Since Visa entered Myanmar in 2012, we have seen dramatic changes in the relationship between the people of this country and digital technology. Soon after the rise of smartphones and mobile internet, Myanmar consumers and merchants began to gain awareness of and interest in the potential for digital technology to enable them to pay for purchases in ways that are faster, more convenient, and safer than using cash.

To gain a deeper understanding how the country perceives and uses digital payments, Visa began conducting the Consumer Payment Attitudes survey in Myanmar in 2017. In July 2020, we released our third set of results, to be read by both key stakeholders in the payment industry and consumers.

Overall, we found that people in Myanmar are increasingly inclined to use digital payments when the infrastructure is available to them, in part due to growing trust in banking institutions. We also found an inspiring optimism about the potential for Myanmar to take the next step in the global digital revolution by making digital payments more easily accessible. We have taken this as a signal that the expansion of our presence and activities in Myanmar is both welcome and vital.

Myanmar is moving towards a time of rapid adoption of digital payments across all sectors of the economy, but that evolution is far from inevitable. To ensure that it happens, industry players will need to collaborate, share essential information, and listen to one another in order to move the needle farther and faster than ever before. As the world's leader in digital payments, Visa is committed to supporting Myanmar in understanding the benefits of digital payments. And as consumer behaviors and preferences shift, we are more committed than ever to understanding their evolution.

As always, we hope that this report will provide useful insights to everyone involved in digitalizing Myanmar's economy and broadening its commercial landscape. Just as importantly, we hope the findings from our Study will continue to spark curiosity and conversation in the public domain that is necessary to make digitalization a reality.

Sincerely,
Lillian Wang
Visa Country Manager, Myanmar



The 2020 Visa Consumer Payment Attitudes Survey





Methodology

Visa has used the Visa Consumer Payment Attitudes Survey in Southeast Asia for seven years to track payment habits and attitudes in the region and to explore emerging topics related to payments. In September 2019, we conducted our field work for the study in Myanmar for the third time, with face-to-face interviews of 515 people across Yangon, Pathein, Mandalay, and Magway, as we sought to understand the financial and payment habits and attitudes of Myanmar's urban population.

Our sample included people working full-time or part-time with a minimum monthly income of MMK 150,000, with an equal split of genders. Respondents belong to Generation X (ages 40-54) and Generation Y (ages 25-39). In 2020, we analyzed and drew conclusions based on this data, which we compiled into a whitepaper that is available for free on our website. What follows are some of its key findings.

State of the Nation

Visa has found that across Myanmar, 52% of those who do not use contactless card payments are aware of the technology, compared to only 10% in the 2018 study. Additionally, 37% are now aware of mobile contactless payments. These increases are the largest changes found in the study from the previous year, indicating that awareness campaigns for these technologies have been successful.



of respondents are interested in Digital Banking Platforms.



of cashless users expect to use it more next year.



Top reasons for carrying less cash

#1



59%

I use more cards

#2



35%

Cash withdrawals are easily accessible

Interest and Attitudes towards Contactless Payments

More people say they are using cashless payments, with most of the growth in contactless methods while swipe card users have stayed roughly the same. The primary reasons people adopt these methods are convenience, growth in acceptance, and the ability to carry less cash. They are also especially popular among those who travel abroad, where MMK is often difficult to exchange.

The top places where respondents use contactless payments:



72%

of Myanmar consumers are interested in making payments with contactless cards in the future.



52%

of respondents are now aware of contactless card payments vs 10% in 2018.

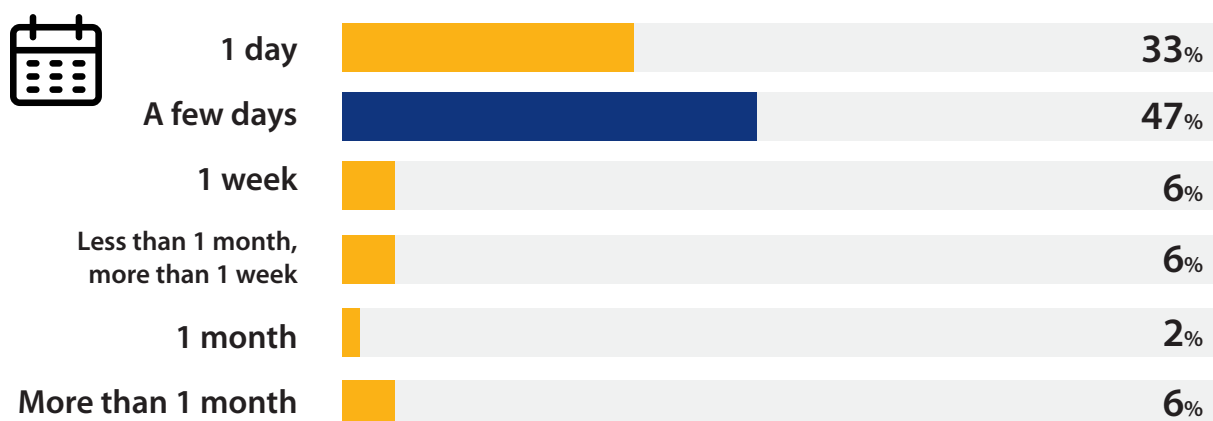
59% Gen Y **40%** Gen X

Experience with Going Cashless

A majority of respondents have gone cashless for some period of time, with most attempts lasting 1-3 days. While 70% of people are confident, they could go cashless for a week or more, only 20% have successfully done this.

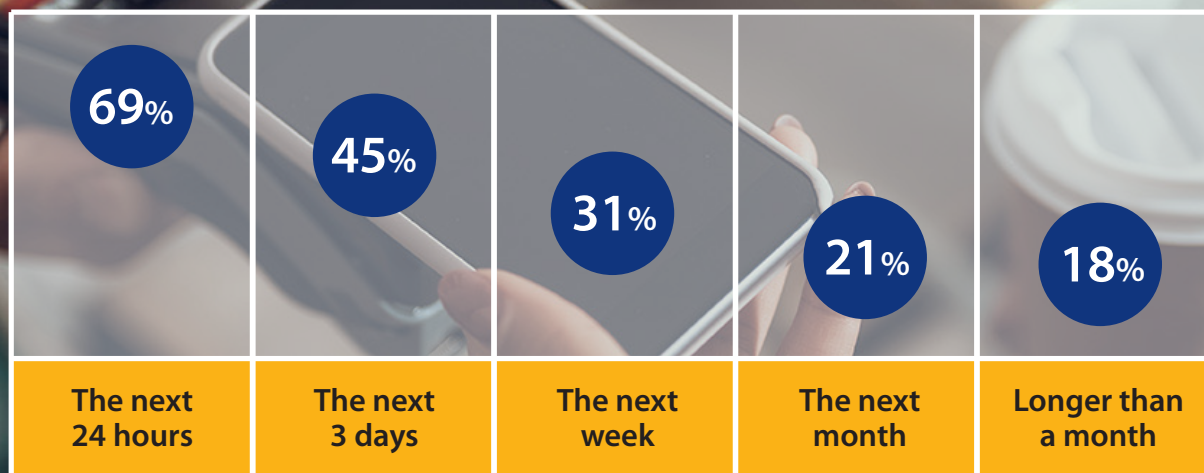
Longest period without cash

Despite their heavy reliance on cash, 1 in 4 consumers have tried to go cashless previously, and 67% said they lasted a few days or more.



Confidence in going cashless

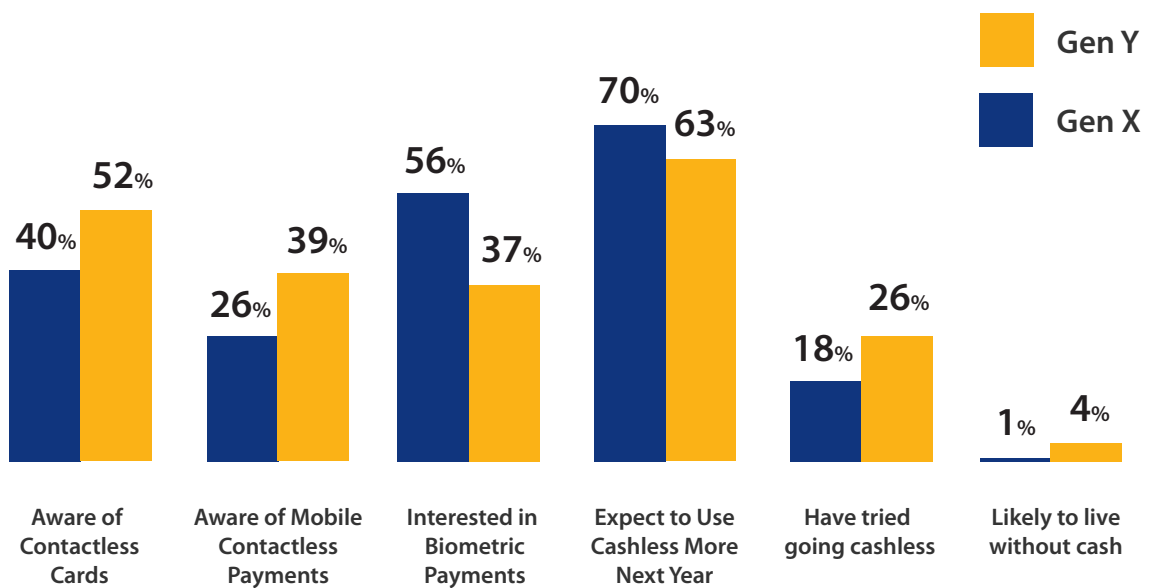
While most consumers are cautious in estimating how long they can go cashless, about half are confident they can go cashless for 3 days. A further 1 in 3 are confident they can do so for a week.





Gen X vs. Gen Y

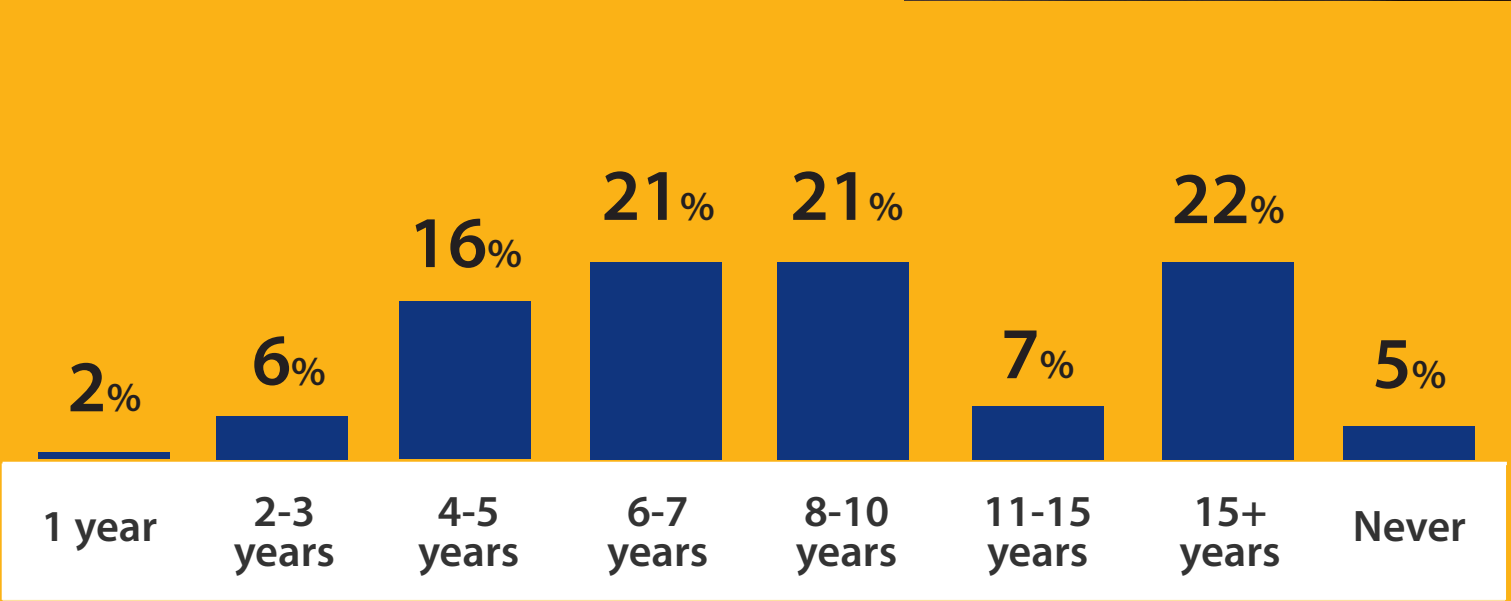
There are several pronounced differences between Myanmar’s Generations X (b.1965 to 1980) and Y (b. 1981-1994) regarding their awareness and usage of cashless methods of payment. In general, members of Gen Y have higher awareness and usage of all cashless methods, but surprisingly over half of Gen X express interest in biometric payments. Additionally, more members of Gen X than Gen Y say they expect to expand their use of cashless methods into the next year.





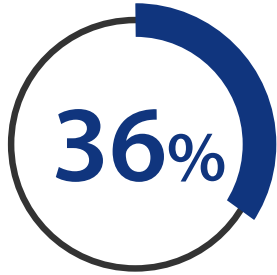
When will a cashless Myanmar be possible?

General perceptions of when a cashless society will be possible in Myanmar remain optimistic, with 2/3rds of people saying it is possible in the next decade. However, these rates have not changed significantly since the previous study. Among those who say they are carrying less cash than before, they have primarily switched to carrying cards, often due to the greater ability to access their cash when necessary.



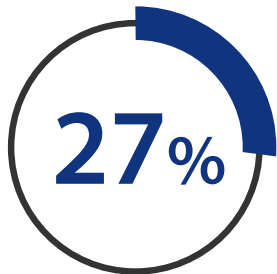
Perceptions of the Benefits of Going Cashless

#1



A more efficient society

#2



Ability to track financial records easily

People in Myanmar increasingly see benefits to going cashless and feel safer using these methods than ever before. The most commonly cited benefits are efficiency, ease of tracking, and security. A surprising 80% of respondents said they feel safe using their mobile phones to make payments, indicating a promising future for mobile payments as more merchants begin to support them.

21%

Provides greater security in transactions

20%

No hassle (no more queues at banks)

19%

A more environmentally-friendly society

17%

Lower risk of theft (ability to block usage of stolen cards etc.)

17%

Promote financial inclusivity

10%

Enable easier identification of unlawful transactions

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How safe do you think your personal information is when using a mobile phone to make payments?

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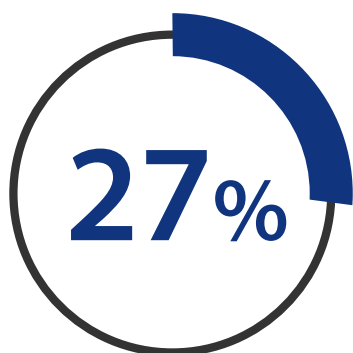
80%



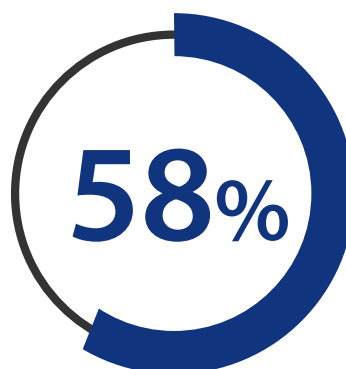
said that they feel their personal information is either 'very or somewhat' safe

Awareness of Digital Banking

More than 1 in 4 people in Myanmar are now aware of digital banking, and over half who were previously unaware said they would be interested in this service. The most popular functions of digital banking are paying bills and transferring money, both of which would otherwise require a visit to a bank branch.

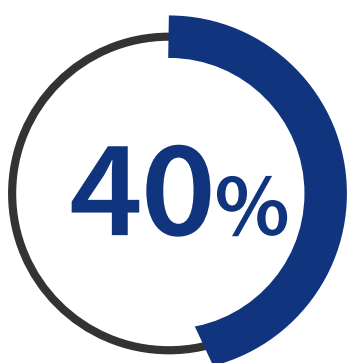


are aware of the concept of Digital Banking

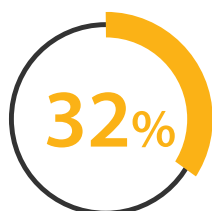


are interested in Digital Banking

Top 5 drivers of interest:



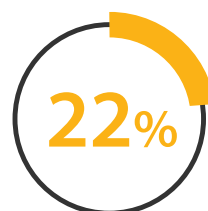
I think it is a faster and more convenient way of banking



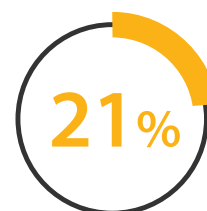
I don't have to spend time waiting in line at the bank branch



I am curious about it and would like to try something new



I think digital interactions give me a better banking experience



I am able to bank at any time of the day at my convenience

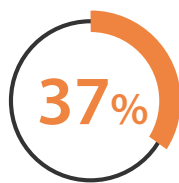
Zero Checkout

Zero checkout technology is one of the newest ways for retailers to enable a frictionless shopping experience by allowing consumers to make purchases using sensors or RFID technology, eliminating the need to go through physical checkout counters.

51% interested in using Zero Checkout technology



Curious to try something new



Save time by skipping the checkout queue



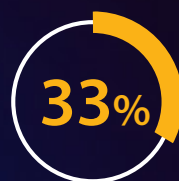
Innovative & modern way to shop



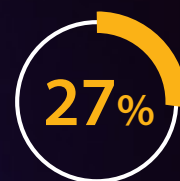
Virtual Reality (VR)

The application of Virtual Reality in retail – or ‘V-commerce’ – is expected to redefine the nature of shopping, especially in a post-Covid-19 world. VR can enable consumers to visualise and compare a variety of items in the retail environment or examine a products from the comfort of their homes through virtual showrooms.

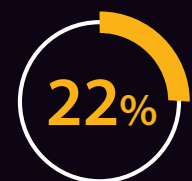
44% interested to adopt and interact through Virtual Reality (VR) technology



Curious to try something new



Desire to keep up with latest technology



Great way to help me interact & choose the product I need

The Hidden Cost of Cash

According to a global study commissioned by Visa to assess the hidden cost of cash and how digital payments help facilitate commerce in 100 cities around the world, businesses typically spend 2% of their revenue per month and 68 hours per week managing cash and non-digital payments. Once businesses begin accepting digital payments, their revenues increase an average of 17% period.

Those businesses in Myanmar that sell online but rely on cash-on-delivery payment could be facing unique obstacles, including the difficulty for a delivery agent to reach the buyer, or the lengthy process before sales can be finalized. Online sellers that switch to digital payment options do not have to deal with the hassle of relying on cash for settling transactions, and effectively avoid the risks of physical cash changing hands, including loss, human error, and deliberate counterfeiting.

For physical stores, the expenses of cash include costs to transport money and store it safely, plus the time employees must spend handling and counting bills.

- Consumers across the 100 cities currently spend an average of 32 hours a year – nearly a full work week - on cash-related payment activities. Greater adoption of digital payments is estimated to reduce this figure to 24 hours a year, saving consumers in the 100 cities an average of over USD 126 million per year. When other benefits of digital payments are taken into account, such as reduction in cash-related crime, these savings could increase to USD 278 million per city, equivalent to about USD 67 per adult per year.

- Accepting cash and checks costs businesses about 7 cents of every dollar received compared to 5 cents for every dollar collected from digital sources. When combining savings with increased sales from digital payments usage, our study projects that total net benefits to businesses across all 100 cities could amount to over USD 312 billion per year after transitioning to an achievable level of cashless activity.

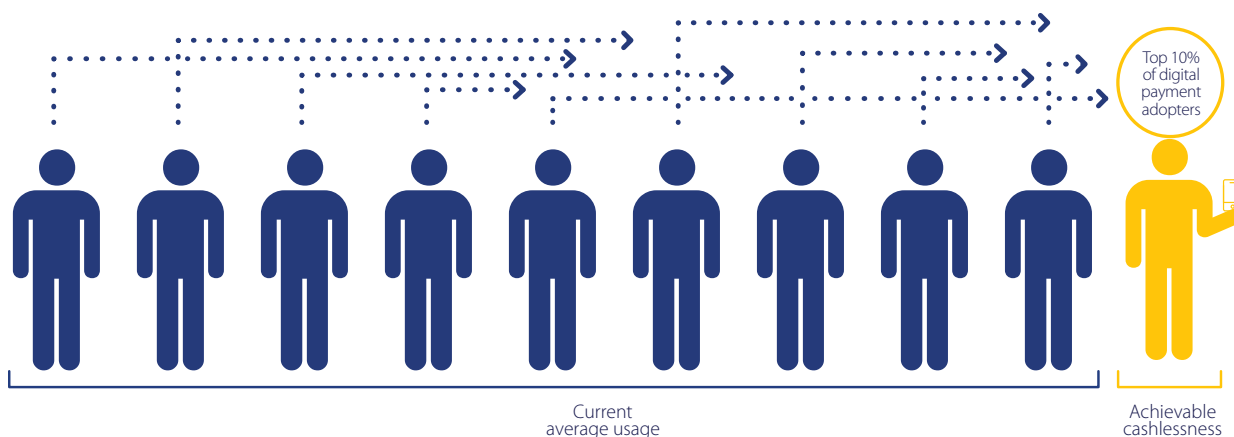
- Average annual savings to governments in direct administrative expenditures by making greater use of digital payments amounts to USD 710 million. A reduction in cash-related crime could save an additional USD 53 million per year. Meanwhile, the estimated potential increase in tax revenue from digital payment adoption amounts to an average of USD 534 million per year.

Source: "Cashless Cities: Realizing the Benefits of Digital Payments" Visa, 2017



Overall Benefits

Greater levels of cashlessness generate positive net benefits for cities



A selection of benefits if cities moved to achievable levels of cashlessness

Consumer

- Time savings in banking, transit and retail transactions
- Float savings
- Savings from avoidance of late payment fees
- Savings from reduced crime
- Increased convenience
- Improved budgeting and expense tracking
- More personalized customer service
- Better data to build credit profiles

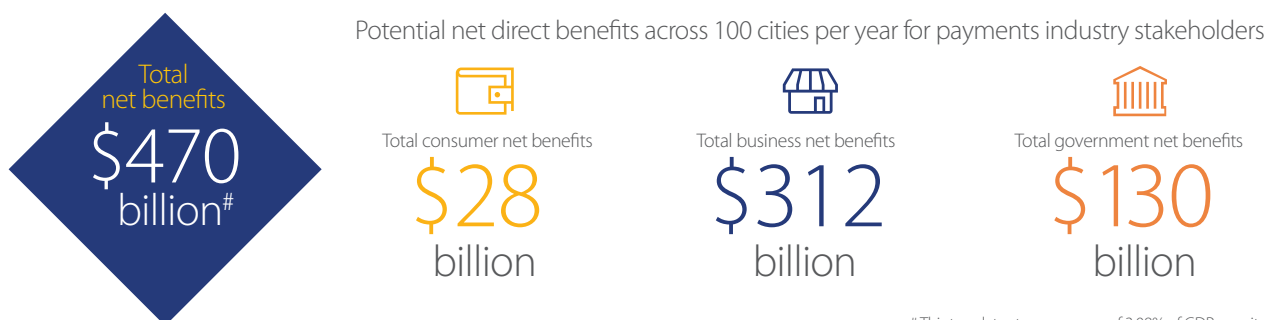
Business

- Reduced theft and pilferage
- Labor time savings
- Savings from reduced float times and costs
- Potential for greater sales through digital channels
- Better data to improve customer service
- Leverage data for targeted promotional campaigns
- Convenient inventory and expense tracking
- Utilize data to improve loyalty schemes

Government

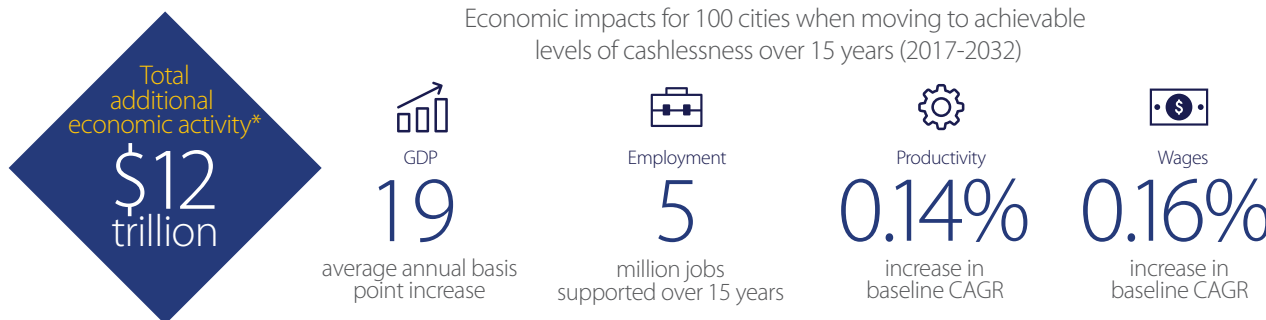
- Savings from more efficient government processes
- Increased tax revenues from recaptured informal economy
- Increased tax revenues from greater business sales
- Criminal justice costs savings from reduced crime
- Toll-road and transit agency cost savings
- Better data on citizen needs
- Lower costs of managing cash
- Smart cities to enhance quality of life for citizens

Potential net direct benefits across 100 cities per year for payments industry stakeholders



This translates to an average of 3.08% of GDP per city

Economic impacts for 100 cities when moving to achievable levels of cashlessness over 15 years (2017-2032)



*All figures in US Dollars.

Innovative Payment Methods for a Cashless Myanmar



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There are several ways to pay without using cash. Here are some of those and their respective strengths.

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Chip cards

Chip cards are faster, more convenient, and more secure than magnetic strip cards, which has led them to become the norm around the world. They use the EMV standard, which stands for Europay, MasterCard, Visa, the three organizations that developed and established EMV as the global standard for chip-based credit and debit transactions. The EMV standard helps to maximize security and global interoperability so that Visa cards can continue to be accepted around the world.

The chip prevents the card from being counterfeited, and its associated PIN uniquely identifies the owner of the card and prevents it from being used by someone else if the card is lost or stolen. When a chip card is used at the point of sale, the transaction message sent by the chip card to authorize the transaction does not contain any data that can be used to counterfeit a chip or conduct an unauthorized chip transaction reusing the data from a previous transaction. Chip cards also help to consolidate your wallet through their ability to combine multiple functions on one card, such as reward programs, discounts, and special offers. Many such offers can be found at https://myanmar.visa.com/en_mm/visa-offers-and-perks/

Contactless Card Payments

Contactless payments have recently become the preferred way to pay globally, with nearly 60 % of Visa transactions outside of the U.S. occurring with a tap. This is because they are faster than chip cards (requiring just a single tap – no signature or PIN necessary), and in countries heavily affected by Covid-19 they are crucial to avoid touching potentially contaminated surfaces

They use short-range wireless technology to securely complete payments between using a checkout terminal which features the Contactless Symbol . They do not transmit your name, card number, or three-digit security code, making it harder for thieves to steal your information.


Besides the card, you can make contactless payments effortlessly with a variety of payment-enabled devices – phones, smart watches, wristbands, fobs, and stickers.


FAQ

> What is the technology behind tapping to pay?

Tapping to pay uses short-range wireless technology to make secure payments between a contactless card or payment-enabled device and a contact less-enabled checkout terminal. When you tap your card or device near the Contactless Symbol, your payment is sent for authorization.

> What does the and mean?

The EMVCo Contactless Indicator*  indicates acceptance. When featured on a card, it means the card can be used to tap to pay. When featured on a checkout terminal, it means a merchant accepts tapping to pay.

The EMVCo Contactless Symbol*  indicates where you tap your contactless card or payment-enabled device on the checkout terminal to make a payment.

> Where can I tap to pay?

You can tap to pay where you see the Contactless Symbol on a checkout terminal. Millions of places around the world accept contactless payments, including fast-food restaurants, coffee shops, grocery stores, retail pharmacies, vending machines, taxis and more.

<http://bit.ly/Visa-FAQ-contactless-payments>

> Is tapping to pay safe?

Yes. Here's why:

- Just like with a chip card, each transaction generates a one-time code.
- You can't pay accidentally—your card or device must be within 1- 2 inches of the terminal for the sale to take place register. And you won't be billed twice, even if you accidentally tap twice.
- Tapping to pay with your Visa contactless card or payment-enabled device helps you avoid touching surfaces at checkout.

> Can I unknowingly make purchase if I'm in close proximity to a contact less-enabled payment terminal?

No. The technology behind tapping to pay requires the merchant to initiate the payment. Next, the contactless card or payment-enabled device must be tapped or held within 1-2 inches of the contactless-enabled terminal in order for a transaction to take place.

> Can I be charged twice if I have more than one contact less card in my wallet?

No. Contactless-enabled checkout terminals will only communicate with one card at a time. If you have more than one contactless card in your wallet, you should tap the individual card you want to use, rather than tap your whole wallet.

Mobile Payments and Digital Wallets



Online payment and transfers are convenient and safe, especially for those working from home. They allow people from all walks of life to access global markets and the digital economy using their phones.

Digital wallets such as Apple Pay, Google Pay, and Samsung Pay allow users to store credit and debit card information of their device to send and receive money and make purchases in stores and online.

In both cases, it is possible to use a mobile phone for contactless payments anywhere Visa contactless cards are accepted.

The benefits of these payment methods include:

- Acceptance – access markets around the world
- Security – secure portals
- Convenience – save time and find discounts
- The ability to save money by taking advantage of eCommerce promotions
- Verified by Visa <https://myanmar.visa.com/pay-with-visa/click-to-pay-with-visa.html>

The Benefits of Digital Payments in Real Life

Visa conducted an interview with a local merchant in the energy industry whose business has adopted several cashless payment methods in order to gain insight into how Myanmar companies benefit from the increase in acceptance.



Ma Wu Nu Wai is the Managing Director at Max Energy Co., Ltd, a retail and wholesale fuel business with 46 gas stations around Myanmar. Two years ago, Max Energy began accepting digital payment methods – including Visa debit and credit cards, Oway E-wallet, and Easy Fuel Pay – at 18 of those stations in Yangon. This year they expanded that list to include AYA Pay.

Before they began accepting digital payments, Max Energy had two employees at a time handling cash payments, which could use up a lot of time. Ma Wu Nu Wai says that spending time and resources moving and protecting large sums of cash remains Max Energy’s most significant challenge. Local Banks help to collect cash for some of the stations, but their internal cash collection team still needs to collect cash from most stations daily. Another challenge is fraud and crime, as there are large sums of money in each gas station which could be difficult to recover if lost or stolen.





Recognizing the growing popularity of cashless payment methods worldwide, Ma Wu Nu Wai decided that Max Energy should partner with Visa digital payment solutions. She cites the numerous benefits of accepting digital payments, including bringing more people into the formal financial system through account ownership, broadening a business's client base and visibility, and allowing a business to grow beyond a subsistence undertaking.

At first, Max Energy staff were a reluctant to use digital payments, as there could be connection problems due to the poor connectivity at stations. But now all the issues have been resolved, and some station employees say they prefer accepting Visa to cash since it is easier and requires less handling time.


Max Energy's customers have responded positively as well, with steady growth in the number of people using digital payment methods to buy fuel. This growth accelerated even further during the time of Covid-19.

“

If our customers are making more payments using Visa, it can reduce our costs of cash management and help limit transactions made with cash. As such, we are proud to partner with Visa and give our customers an easier and more convenient way to pay.

- Ma Wu Nu Wai,
Managing Director at Max Energy Co., Ltd

”



Ma Wu Nu Wai sees digital payments as a unique selling proposition that helps Max Energy stand out, and she is interested in exploring more advanced payment methods such as contactless cards.

While she recognizes that Myanmar is still a largely cash-driven society with technical and policy barriers to overcome before more advanced payment methods can become dominant, Ma Wu Nu Wai is optimistic about the country's progress towards a cashless future.

VISA