
Extended Abstract

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<<Impact of Brand Equity on Intention to purchase Inward Remittance Service of Government Owned Commercial Banks of Sri Lanka: Special Reference to Foreign Blue Collar Job Holders of Sri Lanka.>>

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1. Abstract

The aim of this study was to investigate the impact of brand equity on the intention to purchase inward remittance services of government owned commercial banks by the foreign blue collar job holders of Sri Lanka. Primary data gathered through a survey from 210 foreign blue collar job holders of Sri Lanka based on Stratified random sampling method. The main research instrument was a questionnaire which consisted of seven point Likert scale of measurement. Data were analysed through Descriptive Analysis, Multiple Linear Regression Analysis and Stepwise Regression Models. The findings of the research revealed that brand equity impact significantly and positively on the intention to purchase inward remittance service of government owned commercial banks by the foreign blue collar job holders of Sri Lanka. Brand Loyalty, Brand Awareness, Brand Association and Perceived Quality have significant and positive impact on the intention to use inward remittance services of government owned commercial banks by the foreign blue collar job holders of Sri Lanka who remit money to Sri Lanka.

Keywords: Brand Equity, Foreign, Blue Collar Jobs, Inward Remittances, Sri Lanka

2. Introduction and research problem/issue

Inward remittances are very crucial and foreign employment industry is the largest foreign exchange earner for Sri Lanka. Private remittances represents 66.56% of total export income in 2015, which was just 20.95% in 1990 (Central Bank of Sri Lanka, Annual Report 1995 to 2015); especially, personal remittances are very important to uplift the living standards of the beneficiaries and the prosperity of home country. The inward remittances have been growing in Sri Lanka since the opening of the economy for foreign transaction in 1970s. Rs. 948,957 million was received in the form of private remittances in the 2015. The number of foreign employments also increased in Sri Lanka

during the past decades and the main source of personal inward remittances is from blue collar workers. Those inward remittances flow to the home country of the employee working abroad through agents or commercial banks. Presently, personal inward remittances are the main targets of banks and other financial institutes in Sri Lanka due to the ability to earn high income from inward remittances. Further, this is a main mode of opening NRFC accounts, increasing foreign currency deposits and cross selling of banking products. Bank of Ceylon was the pioneer of introducing inward remittance service to Sri Lankans in 1970. People's Bank also introduced inward remittance service. The inward remittances portfolio of government owned commercial banks consist of SWIFT transactions, Exchange house transactions and Web Based payment transactions. In this study, Bank of

Ceylon (BOC) and People's Bank were selected as two commercial banks, since only those two banks are owned by the government of Sri Lanka.

Research Problem

The literature highlights that the inward remittances are determined through the micro and the macro economic factors including inflation, interest rate, inflation, foreign exchange rate, income, expenditure, job types, family size, number of beneficiaries and the relationship with the benefices etc. Further, the literature highlights that speed, accuracy, trust also affect the choice of remittance agent by the workers employed abroad. When a retail customer does banking in Sri Lanka locally, it was found that the brand equity is a main factor of selecting a bank by retail banking customers; especially, it was highlighted in literature that retail customers of Sri Lanka rely on government owned commercial banks to do banking over privately owned banks. In Sri Lanka, the main source of personnel inward remittances is the blue-collar workers. There is a limited literature available relevant to inward personnel remittances while with the researcher's literature review, it was unable to find that there is an impact of brand equity on intention to purchase inward remittance services offered by government owned commercial banks by the blue-collar job holders employed abroad and remitting money to Sri Lanka. There is a gap in knowledge whether there is an impact from brand equity on the intention to purchase inward remittance services offered by government owned commercial banks by blue collar workers employed abroad. Hence, the research problem of the study was to find out: 'Is there any impact from brand equity on the intention to purchase inward remittance services of government owned commercial banks by the foreign blue collar job holders of Sri Lanka?' Further, to find out

'What degrees of impact from each brand equity aspect on the intention

to purchase inward remittance services of government owned commercial banks by the foreign blue collar job holders of Sri Lanka?’

3. Research Methodology

Primary data gathered through a survey using sample of 210 foreign blue collar job holders of Sri Lanka employed abroad, or who came for vacation or are expecting to migrate at least for the second time. The sample was based on Stratified Random Sampling method covering Western Province of Sri Lanka. The main research instrument was a questionnaire that consisted of seven point Likert scale of measurement. The questionnaire consisted of 25 questions and at least 5 questions measuring each independent variable. A pilot survey was conducted and reliability and validity were ensured. Originally, the data were gathered from 223 respondents, and due to the problems in answering questionnaires, a sample of only 210 was selected for analysis. The data were analysed through descriptive analysis, multiple regression. The multiple regression formula was as follows:

$$IU = a + b_1PQ + b_2BL + b_3AW + b_4AS + e$$

IU = Intention to purchase inward remittance services of government owned commercial banks

PQ = Perceived Quality

BL = Brand Loyalty

AW = Brand Awareness

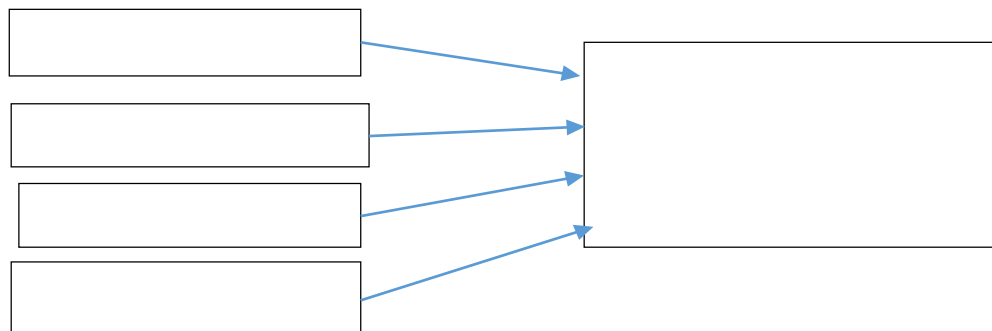
AS = Brand Association

e = error term, b1, b2, b3 and b4= slopes

Conceptual Framework

Fig 01: Conceptual Framework of the study

Brand Equity



Source:(Aaker 1991, and the literature relevant to purchase intention)

Hypotheses of the Research

Based on the conceptual framework, five hypotheses were built and tested as given below:

H1: There is an impact of brand equity on the intention to purchase inward remittance services of government owned commercial banks by foreign blue-collar job holders of Sri Lanka.

H2: There is an impact of brand awareness on the intention to purchase inward remittance services of government owned commercial banks by foreign blue-collar job holders of Sri Lanka.

H3: There is an impact of brand association on the intention to purchase inward remittance services of government owned commercial banks by foreign blue-collar job holders of Sri Lanka.

H4: There is an impact of perceived quality on the intention to purchase inward remittance services of government owned commercial banks by foreign blue-collar job holders of Sri Lanka.

H5: There is an impact of brand loyalty on the intention to purchase inward remittance services of government owned commercial banks by foreign blue-collar job holders of Sri Lanka.

4. Results and findings

Descriptive Analysis:

210 respondents represented the sample of this study: 40% of males and 60 % females. 30% of the sample represented by 20-30 age category and 30-40 years was reported 50%. 40-50 age group presented by 20 % of the sample. 60% of the sample represented the rural areas of Sri Lanka; 30 % of the sample, semi urban and 10%, urban areas.

Reliability:

The Cronbach's Alpha values reported for the independent and dependent variables were as follows: brand awareness = 0.811, brand association = 0.788, perceived quality = 0.760, brand loyalty = 0.728 and intention to purchase remittance service of government owned commercial banks = 0.766, those values which satisfied the decision criteria of internal consistency of the questionnaire as Cronbach's Alpha values were closer to 0.7. The results of Bartlett's test of Sphericity indicated that all the factors of brand equity and intention to use inward remittance services by government owned commercial banks are significant at 0.05 level of confidence. Based on the results of KMO test, it can be concluded that factor analysis was appropriate.

Analysis of multiple linear regression:

R Square value, 0.650 reported that independence variables explain 65% of the total variability of the dependent variable and the model was significant at 0.05% confidence level.

Linear regression model emphasized that there is a positive and significant impact from brand equity on Intention to use inward remittance services of government owned commercial banks by foreign blue-collar jobholders and remitting money to Sri Lanka.

Non-standardized coefficients of linear regression analysis were reported as given below: Brand Awareness = (0.118), brand association = (0.187), Brand Loyalty = (0.445) and Perceived Quality = (0.151). All the variables were significant and positive at 0.05 level of confidence. The resultant regression formula was built as follows:

$$IU = a + b_1PQ + b_2BL + b_3AW + b_4AS + e$$

$$IU = 0.355 + 0.151 PQ + 0.445 BL + 0.118AW + 0.187AS + e$$

Stepwise regression analysis reported that brand loyalty is the key contributor which impacts **on purchase intention on intention to purchase**

inward remittance services of government owned commercial banks by foreign blue-collar jobholders of Sri Lanka.

Results of Testing of Hypotheses:

All five hypotheses noted above were accepted at 0.05 level of confidence level by revealing there is a positive and significant impact of brand equity on the intention to purchase inward remittance services of government owned commercial banks by foreign blue-collar jobholders of Sri Lanka.

Findings of the study:

The findings of the research revealed that brand equity impact significantly and positively on the intention to purchase Inward Remittance Service of government owned commercial banks by foreign blue-collar jobholders of Sri Lanka. Brand Loyalty, Brand Awareness, Brand Association and Perceived Quality significantly and positively impact on the intention to use inward remittance services of government owned commercial banks by foreign blue-collar jobholders of Sri Lanka who remit money to Sri Lanka. Brand loyalty was the key contributor which impacts on the purchase intention of inward remittance services of government owned commercial banks by foreign blue-collar jobholders of Sri Lanka.

5. Conclusions, implications and significance

Bank of Ceylon and People's Bank need to understand that brand equity impacts on the Intention to purchase Inward Remittance Service by foreign blue-collar jobholders of Sri Lanka. The banks need to take steps to increase brand equity towards the bank within foreign blue-collar jobholders of Sri Lanka as to increase more inward remittances and increase cross Selling by putting special attention on improving brand loyalty. The findings support the articulation of strategies to increase inward remittance to banking sector, which brings many micro and macro level improvements and to reduce the gap in Balance of Payment in Sri Lanka. Policy makers also need to encourage government owned banks to increase the brand equity towards government owned banks by providing tax benefits on the expenses incurred on brand equity improvement programmes.

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