

Performance Appraisal of Selected Money Remittance Centers in the Philippines: Inputs in Improving Customer Loyalty and Satisfaction

John Roeder F. Lachica

ABSTRACT

The study evaluated the performance appraisal remittance centers in the Philippines as inputs to improve customer satisfaction and loyalty. The descriptive method with the quantitative design was used with 360 respondents purposively chosen. The survey questionnaire is the main instrument, validated by four clients of the remittance center and financial institution. A 5-point Likert's Scale was used as a scoring instrument. Frequency and percentage were used to determine the demographics of respondents while weighted mean was used to determine the average responses of the respondents. Findings showed that male customers often send money transfers compared to female customers. There was no significant difference in terms of performance appraisal among three remittance centers. Respondents rated the performance of three remittance centers in terms of the delivery of their services as Above Average Performing. Results showed that there was no significant difference in the performance offered by the three selected Remittance Centers; thus, they have the same level of performance and service. A digital solution, strategic marketing, training, and other research are recommended to improve performance of remittance centers in the Philippines.

Keywords: *business management, descriptive-quantitative, money remittance, performance appraisal, Philippines*

INTRODUCTION

Remittance is a global service that allows people to send money from one location to another for whatever purpose it may serve. As digital money transfer continues to grow and that inventive solutions nowadays are faster than banks, the remittance business is expected to grow at a faster rate. Many households, especially in developing countries, rely heavily on remittances since these are a steady source of income that is unaffected by domestic economic downturns. Remittances have been shown in studies to assist poor people in their home countries (Belayneh & Lalisho, 2015).

Due to the globalization process, where the entire world is viewed as a single market, labor mobility has increased. As a result, the flow of money becomes active in the market, and remittance became increasingly significant. Remittances are frequently given to relatives

and friends for living expenses, education, health, and even investment in the origin nation. In industrialized countries, remittances were the second greatest source of income for most developing countries next to foreign direct investment (Razali et al., 2016).

Remittance inflows are the major driver of the Philippine economy, with international remittances accounting for 10.5% of the total Gross domestic product GDP. It accounts for a significant portion of the country's GDP, driving economic growth and improving people's lives across the country. The market is fully based on the world's migratory population and their remittances. Overseas Filipino workers (OFWs) play an important role in the Philippine economy.

While performance appraisal has traditionally been the most popular method of evaluating performance, that is changing. These reviews are out of the current and fail to help improve performance on multiple levels. Instead, performance management is becoming more flexible, including data analytics and continual feedback to improve efficiency. Even if all aspects of service

✉: roedneck100@gmail.com

St. Vincent Co-op, Odiongan, Romblon

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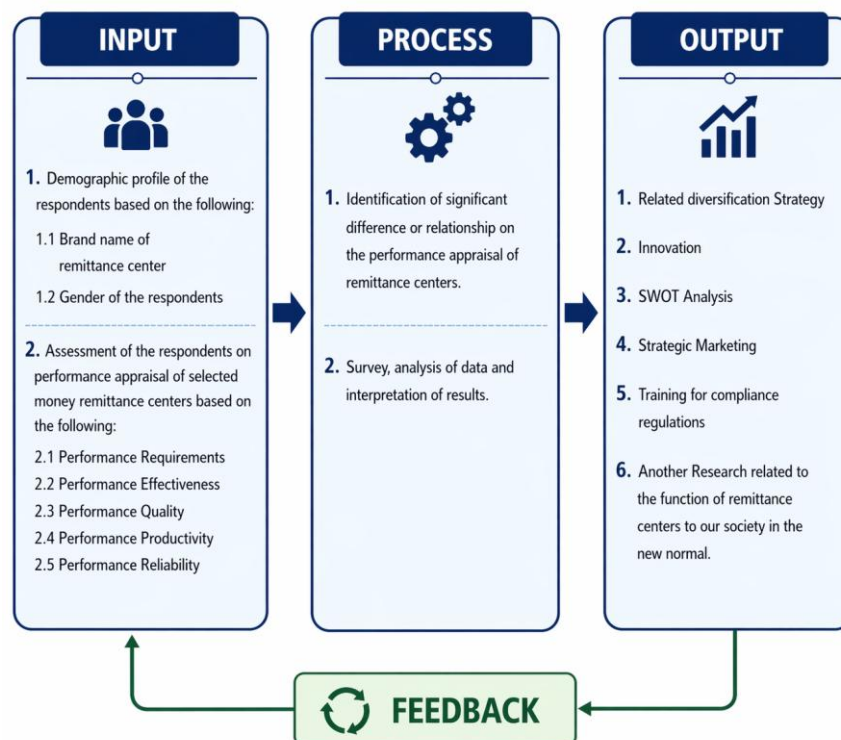


Figure 1. Conceptual Framework

quality have an impact on customer happiness, this does not imply that customers are equally satisfied with all aspects (Belayneh & Lalisho, 2015). This multidimensional approach to service quality, originally developed by Parasuraman, Zeithaml, and Berry, has been applied across diverse service industries to identify specific gaps between customer expectations and actual service delivery (Pena et al., 2013). Thus, the study evaluated the performance appraisal of a money remittance center as a basis for customer satisfaction and loyalty.

METHODOLOGY

Method

This study used the descriptive method of research since it focuses on the present occurrences of the times and the purpose of which is the search for the truth which may come in different forms that may result in a greater quantity of knowledge and generalization. Additionally, the method may be used largely in the development of an instrument that is employed in all types of quantitative research as data-gathering instruments, for instance, test questionnaires, interviews, observation schedules, checklists, scorecards, and rating scales.

Design

A quantitative method was used in which an interrelated set of variables under certain assumptions and aims to specify the relationship among the variables in terms of magnitudes. Its advantages are Accuracy, Rationality, Numerical Values, Forecasting Ability and Control.

The quantitative approach was used to ensure objectivity and statistical reliability, enabling the computation of numerical values such as weighted means and significance testing. This combination of descriptive and quantitative methods is suitable for studies that aim to measure perceptions, compare groups, and identify patterns or relationships.

The descriptive method with the quantitative design was used to determine the performance appraisal of money remittance centers to its consumers. This method applies to this study in acquiring data needed especially with the current condition of Money Remittance Centers according to the evaluation of the customers.

Input-Process-Output (IPO) model was used as the conceptual framework of this study. The main sources of the data were 360 customers purposively chosen (Table 1). Initially, the researcher asked the 3 managers of the three remittance centers in Cubao Quezon City, Philippines. All the managers responded that their

maximum number of transactions per day was hundred twenty (120).

The target population consisted of customers of selected money remittance centers operating in Cubao, Quezon City. Based on preliminary coordination with branch managers, each remittance center accommodates an average of approximately 120 transactions per day.

From this population, a total of 360 respondents were included in the study, with 120 respondents representing each of the three selected remittance centers (Palawan Remittance Center, Western Union Remittance Center, MLhuillier Remittance Center). Male respondents numbered 188 or 52% of the total respondents, while female respondents numbered 172 which represents 48% of the total respondents. This distribution ensured equal representation across service providers and allowed for meaningful comparison of performance evaluations.

The study utilized purposive sampling, a non-probability sampling technique. Respondents were selected based on specific criteria:

- Must be a customer of the selected remittance center
- Must have recently completed a transaction
- Must be willing to participate voluntarily

This method was chosen to ensure that all participants had direct and relevant experience with the services being evaluated, thereby improving the validity and reliability of the responses.

This study used the survey questionnaire, which served as the main instrument that aimed at generating information about the respondents. The instruments were prepared and created by the researcher. It was validated for further improvement. The validation was conducted on four experts in the industry of Money Transfers and Financial Institutions. Reliability was tested using Cronbach Alpha, with a value of 0.920. The type of question asked ultimately determined the type of approach necessary to complete an accurate assessment of the topic at hand.

The researcher first secured permission from the managers of the selected remittance centers. Upon approval, questionnaires were distributed to customers who had completed transactions at the branches. Respondents were informed about the purpose of the study and assured of the confidentiality of their responses. Participation was voluntary, and completed questionnaires were collected immediately after completion to ensure data accuracy.

Frequency and Percentage were used to determine the number of respondents needed in the study. While Weighted Mean was used to determine the average responses of respondents' appraisals regarding the performance of the remittance center using the Likert Scale.

RESULTS AND DISCUSSION

It can be gleaned in Table 1 that in terms of performance requirements, ML Kwarto Padala got the highest mean of 4.6, and Western Union got the lowest mean of 4.00. The respondents evaluate the performance of the selected remittance centers as "Above Average Performing". This may be because the selected remittance centers are the three well-known remittance centers in the country and have established track records for consumers. These remittance centers have already set a position in the mindset of consumers. These well-known remittance centers in the Philippines, Palawan Pawnshop, Cebuana Lhuillier, MLhuillier, Inc, Western Union, LBC Express Inc, BDO Unibank, Inc, and Others, make it easier for the consumer to get their money, they are so familiar with the process as well as the channels of transfer. In this case, it is easy for the customers to remember which remittance center they will use.

As to performance effectiveness, Western Union got the highest mean of 3.91 while on the other hand, ML Kwarto Padala and Cebuana Lhuillier got the lowest mean with an equal value of 3.74 (Table 1). The respondents also evaluated this performance as "Above Average Performing". Aside from being on the top list of remittance industries in the Philippines, consumers find the service of remittance centers effective in sending and receiving money. This is supported by the study of the Bangko Sentral ng Pilipinas (2019), due to the low banking penetration rate in the Philippines, banking services such as funds transfer are less common to the Filipinos. Instead, local remittance services are the trend in getting money across the country. As much as overseas remittance impacts the economy greatly, local remittance has also played a major role in microeconomics due to its ease of access and availability for all. It is no surprise that local remittance can be seen on every street corner in the Philippines and most of them have become household names because, for many Filipinos, it's become a way of life.

It can be seen in Table 1 that the respondents evaluate Performance Quality as "Above Average Performing" with the highest mean of 3.83 for the Cebuana Lhuillier, and the lowest mean of 3.69 for the Western Union. This may be due to the number of customers' experience in avail of the service of the remittance centers. The quality of service of the remittance centers has already been marked in the minds of the customers, and since it is already positioned in the mind of the consumers, it is easy for them to remember the brand of the remittance center. Some of the largely used remittance services in the Philippines constitute cash prepaid or-to-door delivery, branch pick-up, direct-to-account transfer, and cash prepaid cards. Filipinos inside the

Table 1. Mean of the assessment of the Respondents on the Performance of Remittance Center

Performance Indicators	Western Union		ML Kwart Padala		Cebuana Lhuillier	
	$\bar{x}$	DI	$\bar{x}$	DI	$\bar{x}$	DI
Requirements						
The remittance center is competitive.	3.87	AAP	4.23	HP	4.19	AAP
The agents in the store are properly trained and well skilled.	3.87	AAP	3.96	HP	3.88	AAP
Products/services are safe and secured	4.09	AAP	4.08	AAP	4.05	AAP
The remittance center can cope up with innovation and globalization.	4.17	AAP	4.02	AAP	4.02	AAP
Company Compliance (the remittance center is following the laws and regulations of the Republic of the Philippines)	4.01	AAP	4.02	AAP	4.02	AAP
Overall	4.00	AAP	4.06	AAP	4.03	AAP
Effectiveness						
Customer loyalty is remarkable to the mindset of the consumers.	4.00	AAP	3.82	AAP	3.79	AAP
Customer delight is well delivered to consumers.	3.83	AAP	3.94	AAP	3.98	AAP
Customer satisfaction is achieved by the consumers.	4.08	AAP	3.91	AAP	3.92	AAP
Service is accessible (Mobile App, Online Money Transfer, etc.)	3.49	AAP	3.23	AAP	3.23	AAP
Company Brand Name is recognized in the market industry.	4.14	AAP	3.78	AAP	3.79	AAP
Overall	3.91	AAP	3.74	AAP	3.74	AAP
Quality						
Service is convenient.	3.47	AAP	3.98	AAP	3.97	AAP
Agents show professionalism towards the customer.	4.08	AAP	3.98	AAP	4.02	AAP
Agents are good at product knowledge.	3.78	AAP	3.93	AAP	3.96	APP
Tangibles in the agent store location. (Ex. Air-condition, Chairs, Forms, Comfort Rooms, etc.,)	3.35	MP	3.43	AAP	3.43	AAP
Communication is always open between customer and customer service regarding the transaction's information.	3.79	AAP	3.78	AAP	3.75	AAP
Overall	3.69	AAP	3.82	AAP	3.83	AAP
Productivity						
Marketing promotions and company publications are available in media, billboards, magazines, etc.	3.22	MP	3.64	AAP	3.63	AAP
"Extra mile service" is provided to the customers.	3.47	AAP	3.27	MP	3.28	MP
The remittance center provides promos/discounts for the customers.	3.68	AAP	3.66	AAP	3.62	AAP
Agent locations are reaching out to remote areas to provide the needed service for the community.	3.48	AAP	3.53	AAP	3.53	AAP
Other forms of services related to money transfer are available (Related Diversification). Example: Money order. Bill Pays in 7/11 stores, etc.	3.44	AAP	2.91	MP	2.88	MP
Overall	3.46	AAP	3.4	AAP	3.39	MP
Reliability						
The company has integrity.	4.42	HP	4.41	HP	3.71	AAP
Rates and fees are accurate.	4.17	AAP	4.24	HP	4.29	HP
The company keeps the confidentiality and transparency of consumers' documents such as receipts, tracking numbers, etc.	4.14	AAP	4.13	AAP	4.10	AAP
The company brand name is trusted and proven in the market industry.	4.09	AAP	4.11	AAP	4.04	AAP
Money transfer arrives on time.	4.11	AAP	4.10	AAP	4.10	AAP
Overall	4.19	AAP	4.20	HP	4.05	AAP

Legend: 4.20 – 5.00 - High Performing (HP); 3.40 – 4.19 - Above Average Performing (AAP); 2.60 – 3.39 - Moderately Performing (MP); 1.80 – 2.59 - Below Average Performing (BAP); 1.00 – 1.79 Low Performing (LP)

$\bar{x}$ = mean; DI = descriptive interpretation

Table 2. Contingency Table on the Performance of Remittance Centers as Assessed by the Respondents.

Performance Indicators	Western Union		ML Kwart Padala		Cebuana Lhuillier	
	$\bar{x}$	DI	$\bar{x}$	DI	$\bar{x}$	DI
Requirements	4.00	AAP	4.06	AAP	4.03	AAP
Effectiveness	3.91	AAP	3.74	AAP	3.74	AAP
Quality	3.69	AAP	3.82	AAP	3.83	AAP
Productivity	3.46	AAP	3.40	AAP	3.39	MP
Reliability	4.19	AAP	4.20	HP	4.05	AAP
Overall	3.84	AAP	3.84	AAP	3.81	AAP

Table 3. t-test on the Performance of Remittance Centers as Assessed by the Respondents.

Sources	t – value	p-value	DI	Decision
Performance Requirements				
Western Union / ML Kwart Padala	-0.711	0.516	Not Significant	Retain Ho
Western Union / Cebu Lhuillier	-0.711	0.516	Not Significant	Retain Ho
ML Kwart Padala / Cebu Lhuillier	2.023	0.113	Not Significant	Retain Ho
Performance Effectiveness				
Western Union / ML Kwart Padala	2.196	0.093	Not Significant	Retain Ho
Western Union / Cebu Lhuillier	1.953	0.123	Not Significant	Retain Ho
ML Kwart Padala / Cebu Lhuillier	-0.535	0.621	Not Significant	Retain Ho
Performance Quality				
Western Union / ML Kwart Padala	-1.202	0.296	Not Significant	Retain Ho
Western Union / Cebu Lhuillier	-1.298	0.264	Not Significant	Retain Ho
ML Kwart Padala / Cebu Lhuillier	-0.466	0.666	Not Significant	Retain Ho
Performance Productivity				
Western Union / ML Kwart Padala	0.360	0.737	Not Significant	Retain Ho
Western Union / Cebu Lhuillier	0.443	0.681	Not Significant	Retain Ho
ML Kwart Padala / Cebu Lhuillier	1.510	0.206	Not Significant	Retain Ho
Performance Reliability				
Western Union / ML Kwart Padala	-0.768	0.485	Not Significant	Retain Ho
Western Union / Cebu Lhuillier	0.944	0.399	Not Significant	Retain Ho
ML Kwart Padala / Cebu Lhuillier	1.080	0.341	Not Significant	Retain Ho

country preferred pawnshops and other money transfer companies to send remittances. Key Players in the Philippines Domestic Remittance Market Palawan Pawnshop, Cebuana Lhuillier, MLhuillier, Inc, Western Union, LBC Express Inc, BDO Unibank, Inc, and Others.

Regarding the result of Performance Productivity in Table 1, respondents evaluated this performance as “Above Average Performing” for both Western union and ML Kwart Padala with the highest mean of 3.46 for Western Union and 3.40 for ML Kwart Padala. This is because the Western Union Company and ML Kwart Padala recently extended their longstanding partnership maximizing its productivity in all aspects and becoming the leading non-bank financial institution in the Philippines according to the article (Zacks Equity Research, 2022). On the other hand, Cebuana Lhuillier got the lowest mean of 3.39 with an interpretation of “Moderately Performing”. This contradicts the article by Philstar.com (2021), where they stated that Cebuana

Lhuillier remained consistent in being productive in all its services and other aspects.

As per Table 1 about Performance Reliability, the respondents evaluate this performance as “Above Average Performing” with a mean of 4.19 for Western union and 4.05 for Cebuana Lhuillier, and “High Performing” for ML Kwart Padala with a mean of 4.20 for. This is due to the legacy of these remittance centers. Their position in the market adds a trusted effect to consumers. The company's record in the industry and the operating years of its business affect the security factor of the consumers.

It can be gleaned in Table 3 that there exists no significant difference in the performance of the selected remittance centers in terms of performance requirements as indicated by the t value of -0.711 and p-value of 0.516 at a 0.05 level of significance between Western Union and the other two remittance centers, and t value of 2.023 and p-value of 0.113. This means that consumers of remittance centers in the Philippines are not quite

particular about the performance requirements of money transfer services. What only matters for Filipino consumers is to avail of the service and transfer money due to their needs. Instead, local remittance services are the trend in getting money across the country. As much as overseas remittance impacts the economy greatly, local remittance has also played a major role in microeconomics due to its ease of access and availability for all. It is no surprise that local remittances can be seen on every street corner in the Philippines and most of them have become household names because, for many Filipinos, it's become a way of life. Despite the availability of banks in the Philippines, the low banking penetration rate in the country positioned money remittance services front and center.

In terms of performance effectiveness as indicated by the t value of 2.196 and p-value of 0.093 at 0.05 level of significance between Western Union and the other two remittance centers, and t value of -0.535 and p-value of 0.621. This means that the effectiveness of the performance of money transfers in the Philippines has become common. It is very effective for consumers and the remittance industry that they can't even distinguish how effective it is, due to being overpopulated and available everywhere. In the statement of Zoleta, (2023), almost 20,000 money remittance centers operate all over the Philippines, including far-flung barangays where banks and ATMs are scarce. Aside from their accessibility, these money service businesses attract many unbanked Filipinos because of their other financial services such as pawning, bills payment, foreign exchange, and e-loading. Most of the top remittance centers in the Philippines can transmit cash in real-time or within minutes, so your loved ones won't have to worry and wait too long, especially if they need the money for an emergency.

As performance quality as indicated by the t value of -1.202 and p-value of 0.296 at 0.05 level of significance between Western Union and the other two remittance centers, and t value of -0.466 and p-value of 0.666. This means that the quality-of-service performance of remittance centers in the Philippines is not quite a priority of the consumers due to the large volume of remittance centers in the community. Maybe the services from the three remittance centers all look the same or almost the same in the perception of the consumers. In the statement of (Zoleta, 2020), almost 20,000 money remittance centers operate all over the Philippines, including far-flung barangays where banks and ATMs are scarce. According to the 2018 World Bank report, the Philippines raked in \$32.6 billion (₱1.72 trillion) of remittance in 2017, making it the third-largest remittance receiving nation in the world that year, with the majority of those remittances coming from OFWs. Consumers no longer think about the quality, what matters is to transact the money transfer

successfully due to their needs. Remittance is commonly sent for family and friends as living expenditure, education, health, and sometimes investment to the origin country. The values of remittances exceed foreign aid in developed countries. Remittance was the second largest contributor for most developing countries after foreign direct investment (FDI), (Razali et al., 2016)

On the other hand, performance productivity is indicated by the t value of -0.360 and p-value of 0.737 at a 0.05 level of significance between Western Union and the other two remittance centers, and the t value of 1.150 and p-value of 0.206. This means that the productivity of remittance centers in the Philippines in terms of service strategy, has an equal level due to consumers' needs, specifically Filipinos. Their service might become common or almost the same. The needs of Filipino consumers are the trigger for the productivity of the remittance centers. And most of the consumers are OFWs. This was being stated by Zoleta, 2023. A remittance center in the Philippines usually serves OFWs who send money back home, as well as their families who receive such remittances. It also enables online and home-based businesses to receive payments from their customers who have no credit card or savings account.

Meanwhile, performance reliability is indicated by the t value of -0.768 and p-value of 0.485 at a 0.05 level of significance between Western Union and the other two remittance centers, and a t value of 1.080 and p-value of 0.341. This means that due to the large volume of remittance centers in the industry of the Philippines, and being the common mode of money transfer in the community, consumers have already trusted these well-known remittance centers. Consumers did embrace the fact that remittance centers are much easy to avail. In fact, there are various types of money transfer services, and most of them nowadays are delivered electronically via the internet. Despite the availability of banks in the Philippines, the low banking penetration rate in the country positioned money remittance services front and center.

CONCLUSION

Based on the results of the analysis in this study, the researcher proved that male consumers often transact money transfers compared to female consumers regardless of age and occupation. Cebuana Lhuillier has the highest rate of customers followed by ML Kwarto Padala and lastly is the Western Union.

In regards to the assessment of the respondents on the performance of remittance centers, as to performance requirements, the researcher concluded that consumers have the same level of experience with the three remittance centers in this appraisal. The

researcher has proved that there is a similarity with these remittance centers in terms of performance requirements.

As to performance effectiveness, the researcher figured out that there is also the same level of experience from the customers and that there is no difference in the effectiveness of the remittance centers toward the consumers. At this point, there is no customer loyalty in the business because all other remittance centers can provide the same level of performance effectiveness. This is something that the remittance center needs to work on to improve the effectiveness of its business.

The researcher found out that there is an equal level of customer experience in terms of performance quality. This affects the customer's loyalty as well because it creates a uniform effect of the business strategy in the industry. How can you set your business in the mind of your customer if the level of service that you offer is the same as your competitors?

With the performance productivity, the researcher concluded that Western Union and ML Kwart Padala have greater customer experience compared to Cebuana Lhuillier. This makes a little difference in the assessment, but the two remittance centers are still the same and there's a small percentage of difference or almost close to the other remittance center that has lesser customer satisfaction.

The researcher also proved that ML Kwart Padala provides a greater customer experience in terms of performance reliability compared to Western Union and Cebuana Lhuillier. This makes ML Kwart Padala more reliable compared to the two other remittance centers.

The researcher concluded that the more the remittance centers population is rapidly increasing, the more that it becomes common to the consumers and in the market. Being common in the market affects the consumers' loyalty to the remittance brand because the customers think that all remittance centers are the same or have no difference in terms of providing service. Concerning the results of this study, the researcher highly recommends for companies to apply related diversification linked to innovation and technology upgrades that will support the needs of the global community despite any unexpected circumstance like pandemic, tragedy, etc. that may occur in the future time. Conduct strategic planning and competitive marketing to boost business performance among other competitors to maximize the business contribution to society's economic improvement.

AUTHOR'S CONTRIBUTIONS

The author confirms sole authorship of the article.

CONFLICT OF INTEREST

The author declares no financial, personal, or professional conflicts of interest that could have influenced this paper's research, analysis, or findings.

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