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The factors which create inconsistency in the stability of the non-banking financial industry of Sri Lanka emphasizing the experience of senior staff of Serendib Finance Ltd

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The research was conducted to identify the influencing factors which creates inconsistency of the stability of the nonbanking industry in Sri Lanka by assessing the experience of the senior staff of a Sri Lankan nonbanking financial institute, namely Serendib Finance Ltd., registered with Central Bank of Sri Lanka. The independent variables which have been identified for the research were individual company related issues, industry related issues and the regulator (Central Bank of Sri Lanka) related issues. The dependent variables identified were the profitability, growth of the portfolio, return on equity, portfolio per employee and the non-performing advances. Quantitative research was conducted by adopting a positivist, deductive approach. A questionnaire was used as the data collection instrument and data was gathered from 51 respondents from Serendib Finance Ltd. To validate the data, the respondents were selected from and above Executive grade with more than 3 years of experience in the industry. Data gathered was analysed using descriptive analysis, descriptive statistics, correlation analysis and regression analysis. From the findings it was identified that all three independent variables affected the inconsistency of the stability in the nonbanking industry in Sri Lanka.

It was further identified when assessing t-scores along with p values, that the behavior of individual Non-Banking Financial Institutes which are described as Company Internal Processors (CIP), Non-Banking Financial Industry as a whole, which are described as Industry Related Issues (IRI), and Regulator Central Bank of Sri Lanka, which is described as Regulator's Role (RR) had an impact on the inconsistency of the stability of the nonbanking industry in Sri Lanka since the scores are less than critical value of $\alpha = 0.05$ (.000, .000, .012, .002). With respect to t-stat values, CIP had a t-stat of 4.96, IRI had a t-stat 2.49 and RR had a t-stat of 2.95.

Keywords: Non-Banking Financial Institutes (NBFIs), Non-Banking Financial Industry (NBFI), Regulator Central Bank of Sri Lanka (CBSL), profitability, growth of portfolio, return on equity, portfolio per employee, non-performing advances.

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