

Analyzing the impact of online payments on business performance in San Jose, Occidental Mindoro

Rey Hipolito, Jhun Michael A. ✉

Divine Word College of San Jose, Philippines (jhunalmighty@gmail.com)

Limos-Galay, Jenny A.

Divine Word College of San Jose, Philippines (jennygalay05@gmail.com)



ISSN: 2243-7770
Online ISSN: 2243-7789

OPEN ACCESS

Received: 18 June 2023

Revised: 20 July 2023

Accepted: 18 August 2023

Available Online: 25 August 2023

DOI: 10.5861/ijrsm.2023.1111

Abstract

This study aimed to analyze and evaluate the impact of online payment on business performance in San Jose, Occidental Mindoro (SJOM), by examining its present situation, the challenges, and the prospective advantages it might provide for nearby companies and clients. In recent years, online payments have grown in popularity. Local businesses and communities must embrace the introduction of new digital payment methods as the usage of the Internet for shopping continues to grow around the globe. In SJOM, there are now just a few options available for making payments online; nonetheless, the majority of transactions still utilize traditional techniques, including the use of cash. It was found that the main obstacles to its widespread adoption were a lack of understanding and familiarity with online payment methods, as well as a lack of affordable access to dependable Internet infrastructure. It provides a quick and secure replacement for cash transactions, enabling companies to grow their customer bases outside of conventional retail spaces. Consumers can now buy goods and services over the Internet without leaving the comfort of their own homes, thanks to the growth of online payment methods. The adoption of online payments is being hampered in SJOM, by several issues, including concerns about data security, a lack of confidence in online platforms, and the need for better internet connectivity. If one were to fulfill the objectives of ensuring secure transactions and increasing internet accessibility, cooperation between local businesses, governmental bodies, and companies offering telecommunications services would be necessary. Making payments online is nevertheless advised despite these difficulties because there are numerous important advantages to doing so. Local businesses can increase their client base, lower operational costs related to processing cash, and improve their overall level of efficiency by automating payment operations. Additionally, customers can benefit from the ease of cashless transactions, which boosts their purchasing power and encourages financial inclusion.

Keywords: online payment, business performance, cash transactions, business owners, Occidental Mindoro

Analyzing the impact of online payments on business performance in San Jose, Occidental Mindoro

1. Introduction

As a direct result of the continued expansion of the eCommerce sector, different kinds of advancement are produced within the sectors. According to Snap (2020), one of the most significant and beneficial modifications invented to Internet commerce was the invention of online payment. Payment systems have developed over time compensation to people's desire to transact in larger volumes, with better efficiency, and across national borders. At the same time, the industry of online payments has grown to deliver efficient solutions and harness the potential for internet-based trade (Wu et. al., 2003). In addition, the impact of COVID "expedited the digitization of the payments industry by two or three years (Verde, 2020). Mobile commerce sales surpassed \$2.91 trillion in 2021, about 75 percent of all dollars spent on digital buying using a mobile device. These data should not be disregarded, nor should the change in consumer behavior that they indicate (Masihuddin et. al., 2017). The adoption of Internet payment methods has resulted in dramatic changes to how e-commerce is conducted in San Jose, Occidental Mindoro. As a result of the rapid advancement of technology and the growing popularity of e-commerce platforms, people's and organizations' approaches to the management of financial transactions have been completely transformed by the advent of online payment methods.

One of the most noticeable effects of online payment methods in San Jose, Occidental Mindoro, is their convenience. Payments were typically made with cash or checks for the vast majority of transactions, such as settling accounts or purchasing products. Internet payment systems, on the other hand, allow individuals and businesses to conduct financial transactions from the convenience of their homes or workplaces. Due to this convenience, they are no longer required to physically go somewhere to make a payment, which saves them considerable time (Yao et. al., 2018). Moreover, modest businesses and entrepreneurs in San Jose and Occidental Mindoro now have access to more prospects due to the widespread adoption of online payment systems. Now that they can accept payments online, even relatively small businesses have the opportunity to expand their consumer base beyond their immediate region. Due to this accessibility, increased sales and revenue are possible, which is advantageous for the local economy. Convenience is another significant advantage of online payment methods. In the past, it was common for individuals to fear being kidnapped or losing money. Due to the development of secure online payment methods and encryption technology, however, the risks associated with using actual currency have been significantly reduced. Businesses stand to benefit from the increased trust and confidence of their customers (Snap, 2020). Customers no longer need to worry about providing their financial information to complete a transaction.

Research Objectives - The research objectives for this study were to: analyze and determine the impact of online payments on San Jose Occidental Mindoro's business performance; analyze the benefits and drawbacks of online payments on the operation of businesses in San Jose, Occidental Mindoro, and find out how San Jose, Occidental Mindoro business owners are adjusting to the new technology of online payments.

Significance of the Study - The researcher has witnessed businesses that offer online payments for convenience, not only in San Jose, Occidental Mindoro but almost all over the world. The results of this study will be of great benefit to the following: First to the business owners, this research study will be significant to them in weighing the pros and cons of having online payments in their businesses. To the students, this study may serve as a guide and reference for students undertaking similar studies. To the professors, this research will aid them in their discussion regarding related lessons. It will be easier for them to tackle related topics in this research. To future researchers, this will be a great help to the researchers that are concerned with studies related to online payments and businesses. The study will provide them with baseline data that would lead to further researchable aspects that concern businesses with online payment. This will be a good guide and source of

relevant data for future research. This research study aims to investigate the impact of online payments on business in San Jose, Occidental Mindoro, and make a better conclusion and recommendation to every business owner about online payment transactions.

Scope and Delimitation of the Study - This research study focused on how online payments affect businesses' performance in San Jose, Occidental Mindoro. It also focused on how online payments in San Jose, Occidental Mindoro, determine their advantages and disadvantages. The research study will also focus on how San Jose, Occidental Mindoro business owners manage to adapt to the modern technology of online payments. Only the month of June-July 2023 were used for this research study's operation. The researcher has developed an interest in researching how online payments affect businesses, particularly those in San Jose, Occidental Mindoro. However, the researchers will only include businesses in San Jose, Occidental Mindoro, despite the fact that the study's goal is to elaborate on the impact of online payments on businesses. But not every barangay in San Jose, Occidental Mindoro, has establishments that accept online payments. As a result, the respondents to this research study only included companies that accept payments online.

2. Methodology

Research Design - This study used a qualitative-evaluative research design because this research study is all about analyzing the impact of online payments on businesses particularly on their business performance. After studying, researching, and knowing about the research topic, the researcher came up with the needed data to understand the challenges that business owners are facing. This research study also requires an evaluation process to recommend the needed action for improving the business performance of the different businesses.

Respondents of the Study and Sampling Technique - The respondents of this study focused on the business owners who have businesses located in San Jose, Occidental Mindoro, specifically on San Jose Town Plaza, Rizal Street, Liboro Street, and Aroma Beach because these are the commercialized places where most businesses are built. The researchers interviewed the different samples composed of 5 business owners of Restaurants in San Jose Town Plaza, 2 business managers of groceries on Rizal Street, 3 business owners of computer shops on Rizal Street, 5 business managers of shops on Liboro Street, and 5 business owners of food stalls on Aroma Beach who are using E-payment method on their business transactions. Therefore, there are twenty (20) respondents who participated in the interview. Purposive sampling was used by the researcher in determining his participants because its application is generally dependent on the characteristics of the population and the objective of the investigation. Subjective sampling is a type of non-probability sampling in which researchers use their discretion to pick survey participants from the general population.

Research Instrument - The majority of qualitative research involves conducting interviews, which involve asking one or more participants general, open-ended questions and recording their responses. To enable more accurate transcription, audiotapes are frequently used (Sutton & Austin, 2015). The researcher prepared specific questions related to the topic. The researcher got the consent of the respondents by personally informing them that the researcher will be conducting an interview and explaining thoroughly the purpose of the study. Before the administration of the interview, the respondents were informed that their privacy was treated ethically and confidentially. After the interview, the results were carefully consolidated and analyzed.

Data Collection and Data Analysis Technique - This research study used the primary data-gathering technique. Face-to-face interview surveys were used to gather data. The researcher, or interviewer, was the one who asked the respondents specific questions. Interviews are particularly useful for learning the context of a participant's experiences and gaining in-depth knowledge on a subject. Interviews can be used to follow up with specific respondents after they have completed questionnaires, for example, to further explore their responses (Sutton & Austin, 2015). The strategy employed aids in the collection of trustworthy data as well as in increasing the number of responses gathered and the validity of the responses. In order to analyze the results using interview questions, the researcher used thematic coding and analysis.

3. Results and Discussions

Impacts of online payments in selected businesses in San Jose, Occidental Mindoro - Diverse business enterprises, encompassing a range of perspectives. A common concern shared by all responders is their apprehension regarding their lack of proficiency in technology. The respondents exhibit diverse responses about their respective business circumstances. According to a statement made by one of the cafeteria owners situated in the San Jose Town Plaza, the present condition of their company is deemed to be lacking in positive prospects. She further remarked that individuals nowadays rarely visit physical stores, as they prefer the convenience of trendy internet deliveries. Based on insights provided by another cafeteria owner situated in the San Jose Town Plaza, it appears that a significant number of local entrepreneurs in the area are encountering challenges in maintaining their businesses. These difficulties primarily stem from the impact of inflation and the rapid advancements in business technology.

The responses given by owners of businesses previously situated in San Jose Town Plaza, Rizal Street, and Libro Street that are now situated in Aroma Beach are a compilation of those owners' individual responses. According to them, even after changing their business model to the current trend, they are still having trouble turning a profit with their business. This goes to illustrate that the influence of online payments on businesses does not only have positive effects, but it also has negative impacts, and it relies on what the business owners and the businesses themselves choose to do about it (Masihuddin et. al., 2017). Moreover, Kundu & Datta (2015), e-payments have a huge impact on businesses not only in the Philippines but all around the world. The study findings were similar to the study in China stating that this significant technological advancement, which was started by emerging Internet companies, is assisting the traditional financial industry's payment business, which is represented by commercial banks, in expanding both in terms of depth and breadth. In the meantime, there is also a significant degree of substitution, competition, and crowding out occurring among these banks with regard to the traditional financial industry's fundamental payment and settlement activities, potential consumers, deposit and loan services, and traditional intermediary activity (Yao et. al., 2018).

Advantages of having online payments in San Jose, Occidental Mindoro - Based on the interview results, making payments online saved them a significant amount of time regardless of whether they were a business owner or a customer. They are freed from the burden of standing in line and waiting for their paper banknotes. Furthermore, if customers perceive purchasing from your business to be convenient and advantageous in terms of both cost and time savings, this quickly converts into a great customer experience. As a commercial entity, it is critical to place the highest premium on the quality of the client experience. There are numerous ways that can be used to attain this goal, with one especially effective one being the integration of online payment solutions into your institution's structure.

According to a business owner, there is a rising inclination among people in modern society to conduct financial transactions online rather than using physical currency or traditional credit cards. Another advantage is the easy and quick integration of Internet payment gateways into your business operations. Instead of devoting time to the development of a complex payment process that demands specialized equipment and additional staff, one can save time by utilizing online payment gateways. However, before hiring the services of a certain vendor, it is recommended that you undertake an analysis of the available possibilities in order to select the most appropriate decision that matches your criteria. Hassan et. al. (2020) asserts that in the process of a global transition towards a cashless economy, online payment systems assume a pivotal position in the operational framework of contemporary firms. In the near future, firms that primarily engage in face-to-face transactions may experience an increased reliance on Internet sales. Consider, for instance, the events that unfolded during the lockdowns of 2020 and 2021, wherein a significant multitude of businesses were mandated to temporarily cease operations at their brick-and-mortar establishments.

The enterprises that successfully implemented a sales strategy emphasizing digital channels were better equipped to mitigate their financial setbacks. Numerous companies have observed that the shifts toward online

payment systems have become enduring in nature, with the utilization of such systems now being regarded as indispensable (Kabir et. al., 2015). Thus, Wells (2020) agreed that the adoption of online payment systems offers numerous advantages to companies, irrespective of their scale or industry. The significance of online payment systems is undeniable, as the absence of such systems would greatly hinder the growth of a firm, making it highly improbable for it to thrive without the capability to accept online payments. In the contemporary business landscape, it is imperative for companies to provide clients the opportunity to make online payments in order to establish themselves as progressive and up-to-date. It is important to note that the utilization of many online payment gateways is a viable option. This feature enables clients to select the most suitable payment gateway for their requirements, facilitating convenient and cardless transactions.

Disadvantages of having online payments - According to Javatpoint (n.d.), although online payment is widely regarded as advantageous for various evident reasons, it is important to acknowledge that this approach also entails certain inherent drawbacks. In the contemporary digital landscape, it is evident that each practical operation is accompanied by a certain level of inherent risk. The majority of these disadvantages can be addressed through effective problem-solving techniques and the implementation of appropriate protections and management strategies. Based on the interview results given by the respondents, one of the most significant drawbacks of making payments online is the widespread lack of technology literacy among many people, particularly among persons of older generations. They don't make use of online payment options because they don't have sufficient understanding of how to go about using technology or smartphones. The majority of them, out of fear of the intricacies involved, prefer to stick with the more conventional methods of payment. As per a cafeteria owner in San Jose Town Plaza, “*gustuhin ko man ng ganon ee hindi rin talaga pwede dahil narin sa edad ko at tsaka nakakalito mga ganyan.*”

According to testimonials from fellow business owners, an additional drawback of online payment systems is their vulnerability to technical problems or outages, similar to any other software that relies on technological breakthroughs. The issue at hand pertains to Internet payment methods. Although tech repair procedures are typically scheduled during nighttime hours and are pre-announced, customers may nonetheless experience frustration due to these occasional interruptions. Furthermore, comparable to the growing trend among consumers who are increasingly using online payment methods and exhibiting a preference for them over traditional payment modalities, hackers are also aligning themselves with this shift. The prevalence of identity theft, database hacking efforts, and phishing schemes is increasing. The implementation of a substantial number of payment-security software is among the several precautionary measures adopted by organizations, leading to the accumulation of considerable supplementary expenses. NTTDATA (2022) has reported that the utilization of online payment methods is linked to a considerable array of privacy and security apprehensions, as previously indicated. If sufficient security measures are not implemented, those engaging in fraudulent activities can swiftly obtain unauthorized access to confidential financial information and data. Due to the absence of verification mechanisms such as facial recognition or biometrics, perpetrators find it much effortless to elude apprehension and successfully perpetrate their illicit activities.

Understanding of business owners in coping with the emerging technology of having online payments as a mode of payment - In various sectors, organizations have implemented e-payments strategies to enhance their internal operational procedures and external interactions with their environment (Wu et. al., 2003). In addition, the impact of consumer perception on the adoption of digital payment is a topic of significant interest in research (M, 2022). It has been observed that consumer perception plays a crucial role in shaping the adoption of digital payment methods. The overall perception of consumers toward digital payment has been found to have a positive influence on their willingness to adopt such methods. This suggests that a favorable perception of digital payment among consumers is likely to lead to increased adoption rates.

Understanding the factors that shape consumer perception and how it affects the adoption of digital payment is therefore essential for businesses and policymakers aiming to promote the use of digital payment methods. According to Kabir et al. (2015), in the modern business environment, the use of an e-payment system is

becoming an increasingly bold means of making payments. This is a result of the fact that it is effective, convenient, and timely. It is a payment system that is continuously being welcomed and used in the financial system of both developed and developing countries with the aim of simplifying and easing payments in business transactions. This is being done with a view to simplifying and easing payments in business transactions.

4. Conclusions

Based on the findings of the researcher, the following conclusions were drawn; the impact of online payments on businesses is both positive and negative, depending on the business owners and the businesses themselves. E-payments have a significant impact on businesses worldwide, with a study in China showing that technology advancements are assisting traditional financial industry payment businesses. However, there is also a significant degree of substitution, competition, and crowding out among banks in terms of payment and settlement activities, potential consumers, deposit and loan services, and intermediary activities. Online payments offer a time-saving and convenient solution for both business proprietors and clients, hence increasing the likelihood of successful transaction completion.

The incorporation of online payment solutions into business operations is crucial in order to enhance the customer experience. The increasing global shift towards a cashless economy has rendered online payment systems essential since they facilitate firms in adjusting to the evolving economic environment. In order to position oneself as forward-thinking and contemporary, it is imperative for companies to provide their clientele with the option of conducting online payments. Utilizing numerous online payment gateways presents a feasible solution for facilitating simple and card-free purchases. Online payment methods possess inherent limitations, such as the absence of technological proficiency among older cohorts, susceptibility to technical malfunctions, and heightened exposure to identity theft, database breaches, and phishing attacks. In order to mitigate these drawbacks, it is imperative to employ efficacious problem-solving methodologies and implement suitable safeguards and management approaches. Moreover, the utilization of online payment methods is associated with apprehensions over privacy and security due to the absence of robust verification measures, hence facilitating illegal activities.

Recommendations - Based on the findings and conclusions of this study, the following recommendations were drawn; the researcher suggests that one of the best choices for a more sustainable and forward-thinking business would be to adapt to what the trend is, which implies adjusting the online payment system to businesses. It is important for business owners to make an effort to learn their target market and choose what form of online payment system best meets the needs of their customers. Owners of businesses should make an effort to participate in free webinars that discuss the latest business trend and the correct way to use them in their operations. It is for the purpose of improving their expertise and implantation in the event that they decide to apply it to their business. When it comes to the drawbacks of it, the researcher suggests to business owners that they choose or engage someone who is knowledgeable on how to safeguard their accounts or their money.

5. References

- Hassan, M. A., Shukur, Z., & Hasan, M. K. (2020). An Efficient Secure Electronic Payment System for E-Commerce. *Computers*, 9(3), 66. <https://doi.org/10.3390/computers9030066>
- Javatpoint. (n.d.) Advantages and Disadvantages of Online Payments - www.javatpoint.com.
<https://www.javatpoint.com/advantages-and-disadvantages-of-online-payments>
- Kabir, M. A., Saidin, S. Z., & Ahmi, A. (2015). Adoption of e-payment systems: a review of the literature. In *International Conference on E-Commerce* (pp. 112-120). Available online at www.icoec.my
- Kundu, S., & Datta, S. K. (2015). Reliability of the online payment process and its impact on online purchase behavior. *International Journal of Technology Marketing*, 10(4), 396-412.
- M, P. (2022). A Study on Consumer Perception Towards Digital Payment. *East Asian Journal of Multidisciplinary Research*, 1(6), 1033–1044. <https://doi.org/10.55927/eajmr.v1i6.688>

- Masihuddin, M., Khan, B. U. I., Mattoo, M. M. U. I., & Olanrewaju, R. F. (2017). A survey on e-payment systems: elements, adoption, architecture, challenges, and security concepts. *Indian Journal of Science and Technology*, 10(20), 1-19.
- NTTDATA (2022). Top 10 Advantages and Disadvantages of Online Payments - NTT Data Payment Services India. NTT Data Payment Services India.
<https://www.nttdatapay.com/advantages-and-disadvantages-of-online-payments/>
- Shani, A. B. (Rami), & Coghlan, D. (2021). Action research in business and management: A reflective review. *Action Research*, 19(3), 518–541. <https://doi.org/10.1177/1476750319852147>
- Snap, S. (2020). Impact of Modern Online Payment in the eCommerce Industry. Seller Snap.
<https://www.sellersnap.io/impact-online-payment-ecommerce-industry/>
- Sutton, J., & Austin, Z. (2015). Qualitative Research: Data Collection, Analysis, and Management. *Can J Hosp Pharm.*68(3):226-31. doi: 10.4212/cjhp.v68i3.1456. PMID: 26157184; PMCID: PMC4485510.
- Verde, D. L. (2020). Top Online Payment Options How to Accept Payments Online
<https://virtusingegneria.it/2020/09/02/top-online-payment-options-how-to-accept-payments/>
- Wells, M. (2020). Government Payment Processing: 4 Benefits of Online Payment. GovOS.
<https://govos.com/four-benefits-of-online-payment-processing/>
- Wu, F., Mahajan, V., & Balasubramanian, S. (2003). An analysis of e-business adoption and its impact on business performance - *Journal of the Academy of Marketing Science*. SpringerLink.
<https://doi.org/10.1177/0092070303255379>
- Yao, M., Di, H., Zheng, X., & Xu, X. (2018). Impact of payment technology innovations on the traditional financial industry: *A focus on China. Technological Forecasting and Social Change*, 135, 199-207.
<https://doi.org/10.1016/j.techfore.2017.12.023>

