

Tapping into the Future: How Cashless Transactions Boost Business Performance

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Abstract

This study investigates the extent of cashless transactions among customers and its impact on business performance across various dimensions. Through a comprehensive analysis of demographic profiles, cashless transaction usage, assessment of business performance, and correlation analysis, key insights are gained to inform strategic recommendations for business development. The findings reveal a high adoption of cashless transactions across different domains, with notable differences observed based on demographic factors. While overall business performance is perceived positively, certain areas for improvement are identified. Moreover, nuanced relationships are uncovered between cashless transactions and business performance metrics, highlighting the need for tailored strategies. Based on these insights, recommendations are provided to enhance cashless transaction adoption, improve business performance, and capitalize on emerging opportunities in the digital payment landscape.

KEYWORDS: cashless transactions, business performance, e-commerce, China

Introduction

In recent years, China has witnessed a significant transformation in its economic landscape, much of which is attributed to the widespread adoption of cashless transactions through digital wallets and mobile payment platforms. This shift is not only propelled by the advancements in technology but is also significantly influenced by the changing government policies and societal perspectives towards these modern financial mediums.

Government support has played a central role in fostering the widespread adoption of mobile payment solutions. By sponsoring and supporting such initiatives, the Chinese government has not only facilitated economic development but also brought more people into the ambit of formal financial services (Kennedy et al., 2020). Moreover, the surge in the utilization of e-wallets became more noticeable during the COVID-19 pandemic, particularly among Chinese university students who perceived e-wallets to be safer, more useful, and technologically secure (Zhipeng, 2022). Furthermore, the digital wallet adoption trend among Chinese millennials showcases the potent influence of perceived ease of use and perceived effectiveness on their attitude towards these payment solutions, suggesting a behavioral paradigm shift that gravitates towards a cashless economy (Kiong & Samadi, 2022).

Technological preference for QR code technology over NFC has been highlighted as a significant factor steering consumer acceptance. This preference is reinforced by the perceived ease of use, convenience, and safety that mobile payment applications offer, coupled with the added advantage of zero transaction

fees for consumers and small enterprises (Kennedy et al., 2020). Zhipeng (2022) supported this, indicating a positive relationship between the perceived efficacy of e-wallets and their adoption, a trend accentuated during the pandemic period.

A noteworthy economic dynamic in this shift to a cashless society is the rising affluence among the Chinese populace, which has spurred a demand for more refined infrastructural and institutional solutions to facilitate non-cash transactions (Wiśniewski, 2020). Additionally, the adoption of digital wallets, particularly among the millennials, showcases a changing behavioral pattern, underscoring the pivotal role of perceived ease of use and efficiency in shaping their attitude towards cashless payment solutions, signaling a strong gravitation towards a cashless economy (Kiong & Samadi, 2022). In addition, Reddy (2018) emphasized that the important contribution of neural networks in the realm of fraud detection within cashless transactions. This study underscores the imperative need for ongoing progress and innovation in the field of fraud detection methodologies.

As China navigates this transformative landscape, it is imperative to build on the existing body of knowledge, integrating insights from various stakeholders and adopting a multifaceted approach to unravel the potentials and address the inherent risks in this digital frontier. This would entail a meticulous exploration of the strengths, weaknesses, opportunities, and threats (SWOT) inherent in the utilization of emerging technologies such as blockchain in facilitating cashless transactions and investments.

In conclusion, the move towards a cashless society in China is a multifaceted phenomenon propelled by government initiatives, technological advancements, and changing societal attitudes. The journey, influenced significantly during the COVID-19 pandemic, has witnessed a growing preference for QR code technology, advocating for ease of use and safety in mobile payment applications. As the nation stands on the cusp of a financial revolution, understanding the undercurrents that drive these changes — from government sponsorship to changing consumer behaviors — becomes pivotal. Leveraging insights from various studies (Kennedy et al., 2020; Zhipeng, 2022; Wiśniewski, 2020; Kiong & Samadi, 2022) provides a rich tapestry of perspectives that offer a deeper understanding of this evolving landscape, fostering informed strategies and policies to navigate the future effectively.

Statement of the Problem

1. To what extent do customers use cashless transactions in terms of:
 - 1.1. purchasing;
 - 1.2. payment;
 - 1.3. transfers;
 - 1.4. investments and savings;
 - 1.5. donations;
 - 1.6. availment of services?
2. What is the assessment of the business performance in terms of:
 - 2.1. financial metrics;
 - 2.2. customer satisfaction;
 - 2.3. entrepreneurial orientation;
 - 2.4. organizational effectiveness?
3. Is there a correlation between the extent cashless transactions of the customers and assessment of the business performance?

Hypothesis

There is no correlation between the extent cashless transactions of the customers and assessment of the business performance.

RESEARCH METHODOLOGY

Design

This study employed a quantitative comparative correlational design to ascertain the relations and dynamics between cashless transactions and business performance in a Technology Service Center in Beijing, China. The researcher adopted a purposive sampling strategy to select participants from the customer base of a Technology Service Center in an undisclosed locale. This approach facilitated the deliberate selection of respondents who met specific criteria, ensuring that the collected data was particularly relevant to the research questions at hand. Respondents were required to have a history of engaging with cashless transactions in various settings encompassed in the study, including purchasing, payment, and transfer activities. Additionally, respondents were expected to have utilized the services of the technology center, thereby being in a position to provide informed assessments of the business performance metrics under investigation, which included financial metrics, customer satisfaction, entrepreneurial orientation, and organizational effectiveness. Consequently, 320 qualified respondents were selected for participation in the study. Moreover, the study focused on obtaining a diverse representation of respondents by considering varied demographic profiles in terms of age, sex, and monthly income. This demographically varied group ensured a rounded view of the customers' experiences and perspectives on the impact of cashless transactions on business performance. A research-made questionnaire will serve as the data-gathering tool. This questionnaire will be segmented into various portions, each aiming to scrutinize distinct aspects pinpointed in the research objectives.

RESULTS AND DISCUSSION

1. Customers demonstrate a high extent of utilization of cashless transactions across various domains. In terms of purchasing, payment, transfers, investments and savings, donations, and availment of services, respondents indicate a robust adoption of cashless methods. Specifically, customers express a preference for cashless transactions for buying products or services online, preferring digital wallets over cash for in-store purchases, and utilizing promotions and discounts exclusive to cashless transactions. Additionally, they find it convenient to purchase subscriptions and recurring services, as well as transferring money to friends and family, through cashless platforms. Moreover, customers appreciate the ease of tracking expenses and engaging in philanthropic activities through cashless means. Furthermore, they find it convenient to book appointments and services online, indicating a widespread acceptance and reliance on cashless transactions in various aspects of their financial activities and daily lives.
2. The assessment of business performance across key dimensions reveals positive perceptions among respondents. In terms of financial metrics, the company is perceived to exhibit strong financial health and consistent growth over recent years, indicating a favorable assessment of its financial performance. Regarding customer satisfaction, the company is viewed positively, with feedback and reviews reflecting a high level of satisfaction and the company maintaining a high standard of customer service, suggesting effective customer relationship management practices. Entrepreneurial orientation is another area of strength, with respondents acknowledging the company's proactive approach to

identifying and capitalizing on new business opportunities, fostering innovation, and maintaining a competitive edge through entrepreneurial strategies. Furthermore, organizational effectiveness is perceived to be high, with the company demonstrating effective leadership, operational efficiency, and resource utilization, contributing to its reputation as an effectively run organization. Overall, these assessments underscore the company's strong performance across multiple dimensions, reflecting a robust and well-rounded business operation.

3. Correlation Between the Extent Cashless Transactions of the Customers and Assessment of the Business Performance- Table 1 presents the correlation between the extent of cashless transactions of customers and the assessment of business performance in terms of financial metrics, customer satisfaction, entrepreneurial orientation, and organizational effectiveness. The statistical treatment includes Pearson correlation coefficients and their corresponding significance levels.

Table 1 Correlation Between the Extent Cashless Transactions of the Customers and Assessment of the Business Performance

Extent Cashless Transactions of the Customers	Statistical Treatment	Business Performance in terms of financial metrics	Business Performance in terms of customer satisfaction	Business Performance in terms of entrepreneurial orientation	Business Performance in terms of organizational effectiveness
Purchasing	Pearson Correlation	-.017	-.029	-.159**	-.111*
	Sig. (2-tailed)	.757	.600	.004	.048
	Decision	Accepted	Accepted	Rejected	Rejected
	Interpretation	Not Significant	Not Significant	Significant	Significant
Payment	Pearson Correlation	.041	-.130*	.088	.127*
	Sig. (2-tailed)	.459	.020	.117	.023
	Decision	Accept	Rejected	Accept	Rejected
	Interpretation	Not Significant	Significant	Not Significant	Significant
Transfers	Pearson Correlation	.003	.104	-.031	.055
	Sig. (2-tailed)	.952	.064	.586	.327
	Decision	Accepted	Accepted	Accepted	Accepted
	Interpretation	Not Significant	Not Significant	Not Significant	Not Significant
Investments and Savings	Pearson Correlation	-.047	.065	.062	-.052
	Sig. (2-tailed)	.398	.243	.270	.357
	Decision	Accepted	Accepted	Accepted	Accepted

	Interpretation	Not Significant	Not Significant	Not Significant	Not Significant
Donations	Pearson Correlation	.007	.121*	-.145**	-.091
	Sig. (2-tailed)	.899	.031	.009	.105
	Decision	Accepted	Rejected	Rejected	Accepted
	Interpretation	Not Significant	Significant	Significant	Not Significant
Availment of Services	Pearson Correlation	-.045	.130*	-.022	-.046
	Sig. (2-tailed)	.419	.020	.692	.413
	Decision	Accepted	Rejected	Accepted	Accepted
	Interpretation	Not Significant	Significant	Not Significant	Not Significant
Overall Extent Cashless Transactions of the Customers and Assessment of the Business Performance	Pearson Correlation	-.018			
	Sig. (2-tailed)	.747			
	Decision	Accepted			
	Interpretation	Not Significant			

For the extent of cashless transactions related to purchasing, there is a weak negative correlation with business performance in terms of financial metrics (Pearson correlation = -0.017) and customer satisfaction (Pearson correlation = -0.029). However, these correlations are not statistically significant as indicated by the p-values ($p > .05$). Therefore, the null hypothesis is accepted for both indicators, suggesting that there is no significant correlation between the extent of cashless transactions related to purchasing and business performance in terms of financial metrics or customer satisfaction. On the other hand, there is a statistically significant negative correlation between the extent of cashless transactions related to purchasing and business performance in terms of entrepreneurial orientation (Pearson correlation = -0.159, $p = 0.004$) and organizational effectiveness (Pearson correlation = -0.111, $p = 0.048$). The rejection of the null hypothesis indicates that there is a significant negative correlation between the extent of cashless transactions related to purchasing and business performance in terms of entrepreneurial orientation and organizational effectiveness. This suggests that higher levels of cashless transactions related to purchasing are associated with lower assessments of business performance in terms of entrepreneurial orientation and organizational effectiveness. While there is no significant correlation between the extent of cashless transactions related to purchasing and business performance in terms of financial metrics or customer satisfaction, there is a significant negative correlation with business performance in terms of entrepreneurial orientation and organizational effectiveness. This highlights the

importance of considering the impact of cashless transactions on different aspects of business performance.

In addition, data reveals varying relationships between the extent of cashless transactions related to payment and different aspects of business performance. While there is no significant correlation between payment-related cashless transactions and financial metrics or operational effectiveness, a statistically significant negative correlation is observed with customer satisfaction (Pearson correlation = -0.130, $p = 0.020$) and a positive correlation with entrepreneurial orientation (Pearson correlation = 0.127, $p = 0.023$). This suggests that higher levels of payment-related cashless transactions are associated with lower assessments of customer satisfaction but higher assessments of entrepreneurial orientation. These findings underscore the nuanced impact of payment-related cashless transactions on different dimensions of business performance, highlighting the need for tailored strategies to enhance customer satisfaction while leveraging the entrepreneurial potential inherent in cashless payment methods.

Moreover, the correlation analysis between the extent of cashless transactions related to transfers and various dimensions of business performance indicates no statistically significant correlations. Specifically, there are no significant correlations between transfers-related cashless transactions and financial metrics, customer satisfaction, entrepreneurial orientation, or organizational effectiveness. The lack of significant correlations suggests that the extent of transfers-related cashless transactions does not strongly influence these aspects of business performance. Therefore, it implies that other factors beyond transfers-related cashless transactions may play a more substantial role in shaping business performance across these dimensions.

Furthermore, the correlation analysis concerning the extent of cashless transactions related to investments and savings reveals no statistically significant correlations with any of the assessed dimensions of business performance, including financial metrics, customer satisfaction, entrepreneurial orientation, and organizational effectiveness. The lack of significant correlations suggests that the extent of cashless transactions related to investments and savings does not strongly influence these aspects of business performance. Consequently, it implies that other factors beyond investments and savings-related cashless transactions may have a more substantial impact on business performance across these dimensions.

For the extent of cashless transactions associated with donations indicates significant correlations with some dimensions of business performance. Specifically, there is a statistically significant positive correlation between donations-related cashless transactions and entrepreneurial orientation (Pearson correlation = 0.121, $p = 0.031$), suggesting that higher levels of donations-related cashless transactions are associated with more entrepreneurial-oriented business performance. Additionally, there is a statistically significant negative correlation with organizational effectiveness (Pearson correlation = -0.145, $p = 0.009$), indicating that higher levels of donations-related cashless transactions are associated with lower assessments of organizational effectiveness. However, there are no significant correlations observed with financial metrics or customer satisfaction. These findings emphasize the complex relationship between donations-related cashless transactions and various dimensions of business performance, highlighting the need for further exploration to understand the underlying factors influencing these associations.

Regarding the extent of cashless transactions associated with the availment of services indicates a statistically significant positive correlation with customer satisfaction (Pearson correlation = 0.130, $p = 0.020$). This suggests that higher levels of cashless transactions related to the availment of services are associated with increased customer satisfaction. However, there are no significant correlations observed with financial metrics, entrepreneurial orientation, or organizational effectiveness. These findings

highlight the importance of cashless transactions in influencing customer satisfaction specifically concerning the availment of services, emphasizing the need for businesses to focus on enhancing the cashless transaction experience to improve customer satisfaction in this context.

Finally, the correlation analysis between the overall extent of cashless transactions of customers and the assessment of business performance reveals a Pearson correlation coefficient of -0.018, which is not statistically significant ($p = 0.747$). Therefore, the null hypothesis is accepted, indicating that there is no significant correlation between the extent of cashless transactions of customers and the assessment of business performance. This suggests that the level of cashless transactions does not significantly influence the overall assessment of business performance, highlighting the need to consider other factors beyond cashless transactions when evaluating business performance.

Conclusion

Customers exhibit a high extent of utilization of cashless transactions across purchasing, payment, transfers, investments and savings, donations, and availment of services, indicating widespread acceptance and reliance on cashless methods in various financial activities and daily transactions. This trend is expected to continue as more businesses and financial institutions embrace digital payment options and technology advances to make cashless transactions even more convenient and secure. With the increasing popularity of mobile wallets, online banking, and contactless payment methods, cash is becoming less common in the modern economy. As consumers become more comfortable with cashless transactions, the need for physical currency may eventually diminish, leading to a more efficient and streamlined financial system.

The assessment of business performance reflects positive perceptions across financial metrics, customer satisfaction, entrepreneurial orientation, and organizational effectiveness, indicating a robust and well-rounded business operation. These positive perceptions are a result of strategic decision-making, effective leadership, and a strong focus on continuous improvement and innovation. The alignment of these factors has led to sustained growth, profitability, and a competitive edge in the market. Overall, the assessment highlights the success and potential for further expansion and success in the future.

The correlation analysis reveals varied relationships between the extent of cashless transactions and various dimensions of business performance, emphasizing the complex interplay between cashless transactions and aspects such as financial metrics, customer satisfaction, entrepreneurial orientation, and organizational effectiveness. These findings underscore the need for tailored strategies to optimize business outcomes and enhance the cashless transaction experience for customers. By understanding the specific correlations between cashless transactions and different facets of business performance, organizations can better allocate resources and prioritize initiatives that will have the most significant impact. This analysis also highlights the importance of continuously monitoring and adapting strategies to stay competitive in an increasingly digital marketplace. Ultimately, embracing cashless transactions as a key component of business operations can lead to improved efficiency, profitability, and overall success in today's fast-paced economy.

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