



Banking as a method of payment of obligations at merchants: A case study

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ABSTRACT

Banking is a topic that is booming thanks to the contribution of technology; taking this into account, about the payment of obligations, as a first step, we seek to identify the level of banking of the merchants of Florencia, Caquetá, about the payment of their duties, as well as to know which are their most used concepts and means of payment. Given this objective, to achieve the lines proposed in this research, it was essential to create a method that would adjust to the needs. From this perspective, the qualitative method played a fundamental role, given that an interview was carried out with digital means to a population sample of 361 inhabitants, with a validation of expert judgment. Thanks to this process, an analysis was made and some results were found, which were described in categories such as knowledge, benefits, means, and methods of payment, where it was possible to conclude that banking in the companies of Florencia, Caquetá, is not an easy process; due to the type of business, it faces users who do not perceive in the best way the use of financial instruments as a means of payment.

Keywords: banks, money; economy; regulations; technology.

INTRODUCTION

BANKING penetration in Colombia has occurred as a process mainly linked to microcredit. This has led to its establishment as an auxiliary system for financing small businesses, although it has also faced obstacles (Gomez-Gonzalez *et al.*, 2021; Olivar *et al.*, 2022; Salamanca & Vargas, 2020). However, the literature details it as a transactional evolution towards an electronic monetary regime, which can only be addressed

through education (Hasan *et al.*, 2021; Ozili, 2021; Fernández-Olit *et al.*, 2019). In that order of ideas, banking, in addition to inserting in the economic and tax regime, favors the training of users (Martillo Jeremías & Polo Peña, 2021). Therefore, every day, it becomes more necessary to use payment methods that allow taxpayers to protect their commercial transactions and, especially, to cover tax obligations, thus describing the gradualness of Florencia-Caquetá merchants in front of the use of different platforms.

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The National Government has issued clear instructions and conditions for tax control; that is why it is essential to strengthen the use of transactional means: deposits in financial accounts, electronic transfers, debit cards, credit cards, and checks, as this will allow a correct tax diagnosis of costs, deductions, liabilities, and deductible taxes. This information facilitates the processing of data coming from the Tax Statute and is oriented to compliance, as stipulated in a ruling of the Court, where there is a particular emphasis on achieving greater transparency in the administrative control of taxes but also in the strengthening of economic relations.

Thus, the implementation of banking is very arduous and complex, as it must face a constant struggle with educational paradigms and economic, social, and access habits (Fernandes *et al.*, 2021; Sanabria Martínez, 2022). Given this scenario, it is clear that this measure must face, in a systematic way, its applicability (Ledesma & Malave González, 2022); not immediately, but constantly and progressively adjusting to the situations that allow discerning the myths that exist around it (De La Cuesta-González *et al.*, 2021; Ibrahim, 2020; Morgan & Long, 2020; Morsy, 2020). Currently, there are some determining aspects that have a direct impact on the decision of individuals and companies when acquiring some type of financial service, which are due, among other vicissitudes, to aspects of the services and reliability of Colombian banking, similar to what has occurred in other similar contexts (Azofra *et al.*, 2020; Fouillet *et al.*, 2021; Guerrero-Amezaga *et al.*, 2022).

It is known that, among the elements that condition the low approval rates of electronic transactions according to merchants, are their representations of the high inherent costs of operating with the electronic system as opposed to the functionality of cash (Azevedo *et al.*, 2021; Ezzahid & Elouaourti, 2021; Mogrovejo Andrade, 2022). This state is seen in the acceptance of electronic channels as genuine payment methods, but also in the expected increase in taxes due to the influence of electronic traces in relationships and transactions (Panos & Wilson, 2020).

THEORETICAL FOUNDATION

To understand a little more about banking, the starting point is to define it and, among the definitions on the subject, we follow the one that conceives it as the legal and infrastructure provisions that guarantee the access of natural persons and entities with legal personality to financial processes and their tools (Albanese *et al.*, 2021). Seen in this way, it is a fiscal strategy for the economic development of the country, taking into account that the economy is directly related to the activities developed by banking, a type of activity whose essential purpose is to achieve economic growth through the consolidation of financial relationships (Roa *et al.*, 2021).

Colombia is moving forward in the implementation of strategies that promote the reduction of mechanisms that do not directly favor or hinder the desired access to services by the aforementioned economic actors. In this direction, the government structures themselves have stimulated the implementation of instruments or institutional dependencies to accompany the fulfillment of these objectives, an aspect recognized as essential in the literature. Among the most visible are Bancóldex, the Financiera de Desarrollo Territorial (Findeter), and the *Fondo para el Financiamiento del Sector Agropecuario* (Finagro, in Spanish), entities that together provide credit services to strengthen business development.

Regarding the local context, it is critical to observe aspects related to the benefits of the process, its long-term support to taxpayers, and the contributions to the security of the enterprises. In addition, it is harmoniously articulated in the main trends of technological integration and appropriation of new knowledge by allowing the use of easy-to-use platforms that link financial entities with higher quality and offer better digital support when using Internet tools to market services and products, make tax payments or other similar operations.

The articles of Law 1430 established the basis for the start of Banking as of 2014; to this end, it regulated its beginning and granted a deferral for 2019. Subsequently, progressive applicability was established for the tax disregard in payments made through

cash, without disregarding that, until 2017, all transactions made by such means could be accepted. However, for the years 2019, 2020, and 2021, these proportions were reduced in stages and significantly.

In this sense, achieving a favorable dynamic in terms of inclusion involves introducing and improving the alternatives consolidated in other contexts, but adjusted to the needs of national entrepreneurs and communities with greater difficulties (Lee *et al.*, 2020; Kuada, 2022). This must account for access to financial products that signify this type of inclusion, but also the transformation of the landscape of public policies that support the use of cash or do not promote the necessary technological integration. This is why financial education should be part of business training, small business support programs, as well as the general population, so as to raise awareness among economic actors on the benefits of banking (Tuffour *et al.*, 2022).

On the other hand, the process of banking becomes indispensable to guarantee the correct acceptance of costs, expenses, and deductions in tax returns. Thus, banking in companies generates a solid financial structure, which allows access to a wide range of virtual banking resources, while strengthening or creating alliances with other important allies such as distributors or consumers in the industry.

Finally, it should be noted that companies must constantly make financial decisions that allow them to achieve leverage to finance themselves, compete, and remain in the market. At present, financial entities have an extensive portfolio of services adjusted to the needs of each sector; among them, the most outstanding are data phones, correspondents, ATMs, and branches.

METHODOLOGY

For the accomplishment of this research, procedural aspects typical of systems research are essential. In addition, a quantitative method is used for the measurement and interpretation of human, individual, or collective actions. With this approach, it was possible to achieve the objectives proposed in this article.

The method with which this design was constructed was descriptive and it oversaw identifying the attributes and characteristics of the people and processes associated with banking. This is how the appropriate basis for the payment of banking in the participants of this research is described.

The type of population to be studied is that of the merchants of Florencia-Caquetá, which has a population of 6,081 merchants, thus having the statistical data to find the population sample randomly. The following formula was used to design the sample size with a confidence level of 95%.

$$n = \frac{NZ^2pq}{(N-1)E^2 + Z^2pq}$$

Process for finding the population sample

Z = 95%: 1.96 Confidence Level

E = 5%: 0,005 Margin of error

P = 0.5: Probability of success

q = 0.5 Probability of failure

$$n = \frac{NZ^2pq}{(N-1)E^2 + Z^2pq}$$

$$n = \frac{6081 * 1,96^2 * 0,5 * 0,5}{6081 * 0,052 * 1,96^2 * 0,5 * 0,5}$$

$$n = \frac{58401924}{161629}$$

$$n = 361$$

The following survey is entitled "Bankability of Florencia Caquetá merchants in the payment of their obligations". This was validated with an expert judgment, in order to proceed with the data collection, divided into two sections and with a total of eight questions, with different reagents in the answer. The first section is composed of two multiple-choice questions and the second section is composed of six multiple-choice questions.

The survey was transcribed into Google Forms for the sake of time and ease of collection; using the technology, a pilot test was carried out to determine the comprehension of the instrument. Then, the link was massmailed to the different randomly selected research participants.

RESULTS

Categorization of banking concepts

In the construction of this article, three specific objectives were created in order to operationalize and fulfill the research process. Next, it is possible to identify which are the collected knowledge of the Banking.

It is key to consider that banking, although it occurs as a process, is an instrument used to motivate or force the inclusion of economic actors in the financial system. Thus, out of 361 respondents, 202 people answered that the concept of banking is the use of products

and services provided by a banking entity. In this regard, these products and services are often acclimated in their design to the user's profile and the demands of their management. Others responded that these were commissions and taxes, demonstrating the still insufficient and negative representation.

Regarding the benefits of banking, it was commented as a safe method to save and maintain a better credit history, which is a long-term strength for extending credit support and other financial aid. In accordance with the above, according to the population sample, 14.8% stated that they did not know or did not respond to this section.

Bankarization concepts

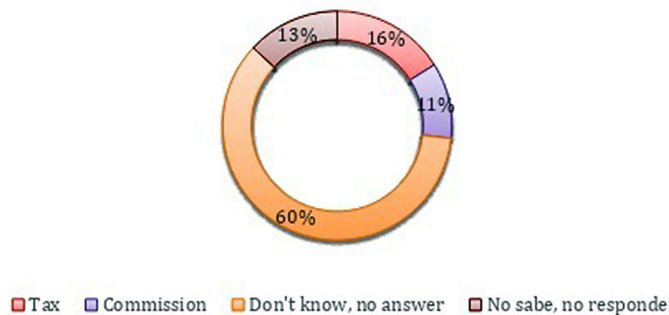


Figure 1. Concepts of banking.

Means and methods of payment

With the data from the survey, a comparison was made between the means and methods most used to make the different payments, thus fulfilling one of the specific objectives, that is identification and forms of payment of merchants in Florencia Caquetá. These methods are divided into the most used categories. The first of these is cash. In agreement with the respondents, 123 of them chose transfers. This is the transfer of money from one account to another without the intermediation of human personnel, either from the bank or other financial entities.

Consignments are another common method, which consists of delivering the amount owed to the bank and depositing it in the creditor's account. However, due to its legal requirements, this is a procedure that meets certain criteria of validity as it is of a civil nature.

The results of the survey allow us to understand the opinion on the influence of cash on economic activation. 62% answer "yes", while 25% say that the technological era has come to make a difference, given that the economy in virtual environments or aided by digital technology has grown both in use and importance in today's society, highlighting the vitality of financial inclusion and, therefore, of banking. Finally, 13% say that they do not know the economic driver, demonstrating that they have fulfilled one of the objectives described above.

CONCLUSIONS

Through the analysis of the findings, it was possible to identify that the merchants under study have a marked tendency to use financial services to improve their commercial activities, gradually abandoning the use of cash.

Regarding banking in the companies of Florencia-Caquetá, it must be said that it is not an easy process; due to the type of business, there are users who do not perceive the use of financial instruments as a means of payment in the best way. On the one hand, there is the peasant and small livestock sector, the vast majority of which prefers to handle cash, so as not to be immersed in additional costs that impact their economy, and on the other hand, there are the local suppliers who do not yet have a financial culture that allows them to adapt to the standard. Both parties agree that the use of banking does not generate an attractive cost/benefit to consolidate immediately in this process.

Finally, it was found that the merchants of Florencia Caquetá have a clear understanding of the inclusion of electronic banking as a mechanism that generates security and ease when collecting and making all payments for commercial activities; in addition, the merchants generally perceive the tax implications that the practice of cash payments may generate. It could also be seen that the fiscal pressure from the DIAN has played a very important role in forcing companies to adopt the use of electronic payments gradually and progressively. ■

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