

Online Sellers' Compliance with the E-Commerce Act (Republic Act 8792) Of 2000 in Santa Cruz, Laguna

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Abstract- *In recent years, research on the E-Commerce Act (Republic Act 8792) of 2000 in the Philippines highlighted critical gaps, emphasizing the need for deeper exploration. While acknowledging the Act's implications, existing studies exhibited limited comprehension concerning challenges faced by small business owners in compliance and the efficacy of penalties in deterring violations. Additionally, the integration of mobile banking in e-commerce remained underexplored, urging a closer examination of its role in ensuring secure transactions. This study investigated the compliance of online sellers in Santa Cruz, Laguna to the ECommerce Act (Republic Act 8792) and how it influenced their business behavior, focusing on areas where understanding was lacking, including compliance challenges for small businesses. The researchers employed a purposive sampling technique, engaging 30 online sellers in a study concerning the Electronic Commerce Act (RA 8792) of 2000 in Santa Cruz Laguna. Using a scale ranging from "Always" to "Never", the study assessed the correlation between online sellers' compliance with the ECommerce Act (RA 8792) of 2000 and its compliance through Pearson's ProductMoment Correlation Coefficient. The findings demonstrated an "Always" or "Often" overall rating across all criteria, underscoring the Act's profound impact on diverse facets of online business operations. High-weighted values in recognizing electronic data, contracts, mobile banking, and penalties emphasized its significant influence. It concluded that the E-Commerce Act (RA 8792) significantly influenced online sellers in Santa Cruz, Laguna, impacting various business aspects like e-data transmission, electronic contracts, and mobile banking. Respondents noted positive outcomes but emphasized*

the Act's need for refinement. Online sellers extensively used electronic contracts, understood the Act's terms, and showcased proactive compliance, especially in mobile banking. However, concerns persisted about contract legality and penalties' impact on compliance. Despite its profound influence, the Act required refinement to address legal and security challenges, bolstering its impact on seller compliance in the region.

I. INTRODUCTION

“Starting and Growing a business is as much about the innovation, drive, and determination of the people who do it as it is about the product they sell.” – Elon Musk
The Official Gazette of the Republic of the Philippines (Republic Act 8792 - 2000) has stated that the Republic Act 8792 also known as the E-commerce Act, Chapter I of the General Provisions, Section 3 the act facilitates domestic and international dealings, transactions, arrangements, agreements, contracts and exchanges and storage of information through the help of electronics.

The law also establishes the criteria for determining the attribution, acknowledgment, and dispatch of electronic data messages, goods, services, and electronic documents, as well as the rules for determining their originality, integrity, and preservation.

II. THEORETICAL BACKGROUND

The theoretical framework of this study is organized around a theoretical base from different existing sources such as articles, websites, books, and studies. Technology Acceptance Model (TAM) Theory was

developed by Fred Davis in 1986. Figure 1 illustrates that two factors determine whether a computer system will be accepted by its potential users: (1) perceived usefulness, and (2) perceived ease of use. To explain the behavior of computer users that is based on beliefs, attitudes, desires, and user behavior relationships.

This theory enables users' behavioral intention, which is in turn influenced by how beneficial they believe a piece of technology to be in carrying out a task and how simple they believe it to be to use, and will determine whether or not a technology will be accepted. (Davis, 1986, Marikyan, & Papagiannidis, 2022). As cited in the study, the theory explains how people are being motivated by perceived usefulness, perceived usability, and attitude. Two ideas significantly influence the mindset of the user which are perceived by utility and ease of use. (Taherdoost, 2018).

The theory has been developed as a framework to research how users perceive and respond to new technologies, how they might use them, and what might happen if they keep using them. (Momani 2020). This theory is used to identify the acceptance and compliance of the seller, and how it was beneficial for them to use technology while conducting business. These two theoretic substances are strongly related to the research objective of this study because this study aims to know how online sellers' compliance is affected by the E-Commerce Act (RA. 8792) of 2000.

III. RESEARCH QUESTION OR RESEARCH HYPOTHESIS OR PROBLEM STATEMENT

It specifically tackled to determine the business profile of the respondents with regard to product or service, Length of the period in the online selling, average monthly income. Likewise, it is to show online sellers compliant with the E-Commerce Act in terms of the following: recognition of e-data messages, e-docs, e-signature, electronic contracts, and mobile banking. In addition, it is to determine the significant relationship between the business profile and the level of compliance with the E-Commerce Act (Republic Act 8792) of 2000.

IV. DATA AND METHODS

Quantitative descriptive research design was utilized in this study to determine the level of compliance of online sellers in Santa Cruz, Laguna. The data is gathered in numerical format, and analyzed in a quantitative way using statistical tools. Thirty (30) respondents were chosen based on the registered list to accomplish the questionnaires.

V. RESULTS

Table 1 shows the business profile according to products or services.

Table 1. Business Profile according to Products or Services

Products or Services	Frequency	Percentage
Clothing	7	23%
Food	7	23%
Beauty products	2	7%
Others	14	47%
Total	30	100%

It presents that a substantial portion of the respondents, comprising forty-seven percent (47%) which was equivalent to 14 out of 30 respondents have access to various other businesses provided by online sellers. In addition, the food and clothing businesses comprise twenty-three percent (23%) or 7 out of 30 respondents, while 2 out of 30 or seven percent (7%) were from beauty products. It shows that other products or services have the highest frequency while beauty products have the lowest frequency.

The study of Fu and Li (2020) supports this study. It provides a broad range of products and services to consumers to make purchasing items online easy and convenient will attract more buyers, consumer rights, and e-commerce platforms will remain fair and safe if the sellers are trustworthy.

Table 2 presents the business profile according to the length of years in the online business.

Table 2. Business Profile according to Length of Years in the Online Business

Length of Years in the Online Business	Frequency	Percentage
Less than a year	2	7%
1-2 years	9	30%
3-5 years	12	40%
More than 5 years	7	23%
Total	30	100%

Based on the tabulated data, it shows that a significant portion of the online sellers, comprising forty percent (40%), have engaged in online selling for 3-5 years, while 9 out of 30 respondents, which was equivalent

to thirty percent (30%) of the total, fall between to 2 years. In addition, 7 out of 30 registered online sellers which was equivalent to twenty-three percent (23%) have been in more than five years in online business, while there were 2 out of 30 respondents who started their online business in less than a year. It was reasonable to grasp this notion since online sales commenced merely a year or two ago, amidst the COVID-19 pandemic, consequently escalating Filipinos' longing for online shopping as they adapted to working from home.

It shows that in 3 to 5 lengths of years, online business has the highest frequency. This was supported by the study of Lorenciana (2021), which stated that due to the COVID-19 pandemic, many businesses are shifting to online sales. The increasing percentage of online buyers has increased the number of online sellers.

Table 3 illustrates the frequency and percentage of the business profile according to average monthly income.

Table 3. Business Profile according to Average Monthly Income

Average Monthly Income	Frequency	Percentage
₱5,000 - 10,000	8	27%
₱10,001 - 20,000	11	37%
₱20,001 and above	11	37%
Total	30	100%

Based on the tabulated data, ₱10,001 to 20,000 average monthly income has the highest percentage of thirty-seven (37%) with a frequency of 11 respectively. Second, ₱20,001 and above average monthly income has a percentage of thirty-seven (37%) with a frequency of 11. Lastly, ₱5,000 to 10,000 average monthly income has eight (8) respondents.

The result was supported by the study of Luo & Niu (2019). One of the findings of the role of e-commerce participation in household income growth. E-commerce participation was associated with higher household income, with some indications that participation has a strong positive effect on household incomes. The findings suggest that targeted education and training programs could help to increase e-commerce participation and further boost household incomes.

Table 4 shows the mean and standard deviation of the recognition of electronic data messages, electronic

documents, and electronic signatures in the level of compliance with the E-Commerce Act.

Table 4. Level of Compliance with the E-Commerce Act with regards to Recognition of E-data messages, E-docs, and E-signature

Statements	Mean	Standard Deviation	Interpretation
1. I am familiar with the recognition of e-data messages, e-docs, and e-signatures under the E-Commerce Act	4.17	0.75	Often
2. In my personal or professional experience, the use of e-data messages, e-docs, and e-signatures has improved efficiency and reduced paperwork	4.37	0.76	Always
3. I encountered challenges regarding the recognition of e-data messages, e-docs, or e-signatures in legal or professional situations	3.57	0.82	Often
4. The rules and regulations about e-data messages, e-docs, and e-signatures are clear and consistent in my town	4.07	0.78	Often
5. I am confident with the security and privacy protection of e-data messages, e-docs, and e-signatures used in my work and personal life.	4.07	0.83	Often
Composite Mean	4.05	0.79	Often

Note. N=30. The mean is interpreted as follows: 4.21-5.00=Always, 3.41-4.20=Often, 2.61-3.40=Sometimes, 1.81-2.60=Seldom, 1.00-1.80=Never.

Based on tabulated data, the second statement “In my personal or professional experience, the use of e-data messages, e-docs, and e-signatures has improved efficiency and reduced paperwork” got the highest mean of 4.37 with SD of 0.76 respectively. This indicates that the respondents always use e-data messages, e-docs, and e-signature to improve efficiency and reduce paperwork.

The second-highest mean score 4.17 was given to the first statement “I am familiar with the recognition of e-data messages, e-docs, and e-signatures under the E-Commerce Act.” With an SD of 0.75. This indicates that the respondents were generally familiar with the recognition of e-data messages, e-docs, and e-signatures under the E-Commerce Act. Next is the fifth statement “I am confident with the security and privacy protection of e-data messages, e-docs, and e-signatures used in my work and personal life” which got a mean of 4.07 with SD of 0.83. This indicates that respondents generally often have levels of confidence in the privacy and security of e-data messages, e-docs, and e-signatures used in their work and personal lives. The fourth statement “The rules and regulations about e-data messages, e-docs, and e-signatures are clear and consistent in my town” got a mean of 4.07 with an SD

of 0.78. This indicates that respondents generally perceive a good level of clarity and consistency in the rules and regulations related to electronic data and documents in their town. Lastly the third statement “I encountered challenges regarding the recognition of e-data messages, e-docs, or e-signatures in legal or professional situations” got the lowest mean score of 3.57 among the other statements and had an SD of 0.82. This indicates that the respondents have often encountered some challenges when it comes to the recognition of electronic data, documents, or signatures in legal or professional situations.

The weighted value of 4.05 with a standard deviation of 0.79 indicates the level of compliance of the E-Commerce Act in terms of recognition of e-data messages, e-docs, and e-signature, which has a verbal interpretation of “Often”. This aligns with the weighted value of 4.05, indicating that the respondents often frequently utilize the E-Commerce Act for the recognition of electronic data, documents, and signatures in their legal or professional activities. The standard deviation of 0.79 indicates that there is some variability in the level of compliance among respondents.

In summary, the data indicate that respondents generally have positive experiences using electronic methods to improve efficiency and reduce paperwork and that they generally have confidence in the security and privacy of these methods. They also tend to be knowledgeable about legal aspects and perceive clarity in rules and regulations. However, they encounter some difficulties in identifying data and electronic documents with different levels of difficulty.

This result was supported by the study of Sepashvili (2020). She said that electronic commerce is gaining popularity in both business operations and among consumers, The advancement of e-commerce has resulted in reliable and operational business and financial structures support, the business as it transforms the banking model into digital ones that require new changes in the fields of regulation, physical infrastructure, consumers’ awareness and skills, economic environment, and technology.

Table 5 shows the weighted mean (WM) and standard deviation (SV) of Electronic Contracts in the level of compliance with the E-Commerce Act.

Table 5. Level of Compliance with the E-Commerce Act with regards to Electronic Contracts

Statements	Mean	Standard Deviation	Interpretation
1. I am aware of the E-Commerce Act (RA 8792) and its provisions regarding electronic contracts and signatures in the Philippines	4.17	0.75	Often
2. I am aware of the concept of electronic contracts in online transactions	4.37	0.76	Always
3. If I have used electronic contracts in my online selling activities, I use them regularly	3.57	0.82	Often
4. I am concerned about the legal validity and enforceability of electronic contracts in online transactions	4.07	0.78	Often
5. I have taken specific actions or precautions in response to the E-Commerce Act (RA 8792) regarding electronic contracts in my online selling activities	4.07	0.83	Often
Composite Mean	4.05	0.79	Often

Note. N=30. The mean is interpreted as follows: 4.21-5.00=Always, 3.41-4.20=Often, 2.61-3.40=Sometimes, 1.81-2.60=Seldom, 1.00-1.80=Never.

Based on the tabulated data presented in Table 5, the second statement “I am aware of the concept of electronic contracts in online transactions” got the highest mean of 4.37 with a corresponding SD of 0.76. Followed by the first statement, “I am aware of the E-Commerce Act (RA 8792) and its provisions regarding electronic contracts and signatures in the Philippines” received a mean of 4.17 with SD 0.75. Next is the fifth statement, “I have taken specific actions or precautions in response to the E-commerce Act (RA 8792) regarding electronic contracts in my online selling activities' which got a mean of 4.07 with SD 0.83. Then the fourth statement, “I am concerned about the legal validity and enforceability of electronic contracts in online transactions” achieved a mean of 4.07 with SD 0.78. Lastly, the third statement, “If I have used electronic contracts in my online selling activities, I use them regularly.” got a mean of 3.57 with SD 0.82.

The computed weighted Value is 4.05 with a standard deviation of 0.79 represents the level of compliance of the E-Commerce Act in terms of Electronic Contracts, with a verbal interpretation of "OFTEN"

The study of Poskonin (2018) supports the results that the Electronic Document Modern System solutions, which facilitate the storage, cataloging, and transfer of documentation, have a direct relevance to the

management of electronic contracts for online sellers. Additionally, according to the study of Serzo (2021), The Electronic Commerce Act of 2000 or RA 8792 provides that electronic transactions have the same legal effect and enforceability as manual transactions. By the use of digital technologies, online sellers can streamline their contract process, improve productivity, and enhance customer experience in an increasingly digital marketplace.

Table 6 shows the weighted mean (WM) and standard deviation (SD) of Mobile Banking in the level of compliance with the E-Commerce Act.

Table 6. Level of Compliance with the E-Commerce Act with regards to Mobile Banking

Statements	Mean	Standard Deviation	Interpretation
1. I am aware of the E-Commerce Act (RA 8792) and its implications for online selling and mobile banking in the Philippines	4.17	0.70	Often
2. I have taken specific actions or precautions in response to the E-Commerce Act (RA 8792) regarding my online selling and mobile banking activities	4.17	0.75	Often
3. I use mobile banking for online selling transactions on a regular basis	4.17	0.79	Often
4. I have a sense of security when conducting transactions through mobile banking	4.23	0.73	Always
5. Mobile banking allows me to respond to customer inquiries and process orders more efficiently	4.20	1.00	Often
Composite Mean	4.19	0.79	Often

Note. N=30. The mean is interpreted as follows: 4.21-5.00=Always, 3.41-4.20=Often, 2.61-3.40=Sometimes, 1.81-2.60=Seldom, 1.00-1.80=Never.

Based on the tabulated data, the fourth statement, “I have a sense of security when conducting transactions through mobile banking” achieved the highest mean of 4.23 with a corresponding SD of 0.73. Following closely, the fifth statement, “Mobile banking allows me to respond to customer inquiries and process orders more efficiently” got a mean of 4.20 and an SD of 1.00. The third statement, “I use mobile banking for online selling transactions on a regular basis” received a mean of 4.17, accompanied by an SD of 0.79. Then the second statement, “I have taken specific actions or precautions in response to the E-Commerce Act (RA 8792) regarding my online selling and mobile banking activities” got a mean of 4.17 with an SD of 0.75. Lastly, the first statement, “I am aware of the E-Commerce Act (RA 8792) and its implications for online selling and mobile banking in the Philippines” got a mean of 4.17 with an SD of 0.70.

The weighted value of 4.19, along with a standard deviation of 0.79, signifies a high level of E-

Commerce Act compliance in terms of Mobile Banking, which has a verbal interpretation of “Often”. These results were supported by the study of Visa (2019). It revealed that 80 percent of survey participants were knowledgeable about e-payment systems. As per Chen's work (2020), tasks like bill payments, fund transfers, and check deposits can be conveniently accomplished through the mobile app provided by online banks or by logging in online. In the study of Kirana (2018), the context of mobile customer relationship management (CRM), the incorporation of mobile banking management played a crucial role in improving and sustaining customer satisfaction and loyalty.

Table 7. Pearson's Product-Moment Correlation Coefficient

Variable	T-Value	P-Value	Decision (Ho)	Remarks
The relationship between the business profile and the level of compliance with the E-Commerce Act (Republic Act 8792) of 2000	1.436	0.005	Rejected	Significant

The significant impact of the E-commerce Act (Republic Act 8792) of 2000 and the online seller's compliance was exemplified in Table 7. The obtained result indicates a P-value of 0.005. Hence, the null hypothesis is rejected. Furthermore, the T-value, which stands at 1.436, supports the idea that there is a significant relationship correlation between the E-Commerce Act (RA 8792) of 2000 and online seller's compliance.

CONCLUSION

The results revealed that compliance with the E-Commerce Act (Republic Act 8792) of 2000 significantly impacted various aspects of online sellers' businesses in Santa Cruz, Laguna. Adoption and understanding of e-data transmissions, e-docs, e-signatures, electronic contracts, mobile banking, and regulatory fines were integral parts. Respondents commonly emphasized positive outcomes, highlighting increased productivity and reduced paperwork as significant benefits, reinforcing the law's value in ensuring secure electronic transactions. Despite respondents' high level of knowledge, encountered difficulties signaled the need for further refinement in implementing the Act.

Moreover, the study showed extensive use of electronic contracts among online sellers in Santa Cruz, Laguna, who displayed a comprehensive understanding of the Act's terms. Their proactive compliance and favorable stance toward mobile banking underscored its perceived security. However, concerns persisted regarding the legality of electronic contracts, and the observable impact of penalties on seller conduct persisted.

Overall, the E-Commerce Act (Republic Act 8792) of 2000 had a significant impact on online business activities in Santa Cruz, Laguna. Nonetheless, issues such as legal difficulties and security challenges necessitated additional attention and refinement to enhance its effectiveness, beyond its evident influence on online sellers' compliance in Santa Cruz, Laguna.

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