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Perceived Benefits, Risks and Acceptability of Online Lending as Financing Source Among Micro, Small, Medium Enterprises (MSME) in General Santos City

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Abstract— **This quantitative research investigated the benefits, acceptability and risks of online lending as a financing option among Micro, Small, and Medium Enterprises (MSMEs) in General Santos City. With the rise of FinTech platforms and challenge to traditional financing options, this research sought to explore the perspective of MSMEs towards online lending applications. Data was gathered through validated survey questionnaires from a sample of 272 owners of businesses using correlational design. Despite having high awareness of online lending, actual usage was extremely low which was one of the findings. Both the benefits and risks of online lending were captured by the respondents and viewed as moderate. Key benefit factors like profit and growth, and flexibility and customization were closely associated with acceptability, while security and privacy concerns, collection methods, and transparency were also linked to risk dimensions related to acceptance levels. These findings indicate that online lending still has prospects, but the MSMEs' lack of experience with the system as well as their more guarded viewpoint toward risk limits its implementation. This study emphasizes the importance of achieving adequate transparency and financial literacy as well as better regulation to improve trust and FinTech adoption by local businesses.**

Index Terms—**MSMEs, Online Lending, Fintech, Perceived Benefits, Perceived Risks, Financing Source, Digital Finance.**

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) have been recognized for a long time as key drivers of any economy owing to the value addition in employment opportunities and the gross domestic product of a variety of nations (Madan, 2020). However, MSMEs in the Philippines suffered the brunt of the financing gap which hindered their optimal development. Conventional methods like bank loans were nearly impossible for MSMEs to obtain because of the stringent collateral demands and perceived high risk (Raquiza, 2021).

To meet their financing requirements, a large segment of MSMEs resorted to "loan sharks" or informal lending with exorbitant interest rates. Government funded initiatives like Pondo sa Pagbabago at Pag-asenso (P3) sought to provide better served subsidized lines of credit with lower interest rates. Regardless, the financial gap continued to be significant where MSME's depended on government sponsored programs and alternative funds provided by micro financing institutions (Teves et al., 2020).

In the Philippines, the rise of these platforms had sparked interest, yet MSMEs remained cautious in adopting them as viable financing options due to concerns over transparency, hidden fees, and the lack of regulatory oversight (Gonzales, 2021).

At present, many financial applications or online lending applications (OLA) were available on smartphones (Lee, 2019). Given that Fintech relied on a substantial amount of personal data, overseeing the platform proved beneficial for ensuring consumer protection (Anugerah, 2019). The effect of using data was complicated and extensive, prompting this industry to prioritize its security. Security applied not only to technology but also to data (Bello, 2019). Fintech must protect consumers from issues regarding data leaks and data access restrictions, including personal data protection. On this basis, the level of data security and infrastructure must be continuously developed. Strict rules regarding personal data protection were needed (Abubakar, 2019).

Studies have shown that users were more likely to engage with online platforms that were perceived as easy to use, intuitive, and user-friendly. Similarly, perceived cost had been identified as a significant determinant of individuals' intention to engage in financial transactions, with concerns about fees, interest rates, and hidden charges influencing decision-making processes (Lee et al., 2019). Trust towards the platform, utilitarian value, and perceived risk were also noted to be critical elements (Hair et al, 2019) shaping one's perception and actions with regard to online lending mobile applications.

Zhang et. Al (2021) suggested that online lending offers MSMEs a unique opportunity to access short-term financing as compared to traditional financial institutions, thereby filling a crucial gap. Some other studies highlight risks such as higher

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default rates and lack of regulatory protection. In the KPMG report (2021) online lending is described as a double-edged sword due to the absence of proper regulatory frameworks. Financial literacy is equally important and, in the Philippines, the Bangko Sentral ng Pilipinas has highlighted the need for regulation and protection from such practices (BSP, 2022).

As in many other urban cities globally and nationally, residents along with MSMEs in General Santos City turned to fintech platforms to obtain quicker accessibility to meet their financial burdens. While there is immense potential for online lending, its adoption amongst MSMEs in this research locale has not been well documented.

By examining the acceptability of these platforms among MSMEs in General Santos City, this study aimed to provide insights that could guide policymakers and FinTech companies in enhancing financial inclusivity and designing better financial products tailored to the needs of MSMEs crossing the juncture of convenience and financial responsibility in the digital age.

A. Research Hypotheses

H01: There is no significant relationship between perceived benefits and overall acceptability of online lending among respondents.

H02: There is no significant relationship between perceived risks and overall acceptability of online lending among respondents.

2. Review of Related Literature

A. Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) played a critical role in the economic growth of the Philippines. They played an important role in generating employment, poverty reduction, and innovation. MSMEs owned over 99% of Philippine businesses and played an important role in employment and gross domestic product (GDP) contributions. According to the Department of Trade and Industry or DTI data for 2020, MSMEs constitute 99.5% of the businesses in the country and they account for 63.2% of the employment in the country. Furthermore, the MSME business segments have been instrumental in economic development, having made remarkable contributions to agriculture, manufacturing, and services. Moreover, the Philippine Statistics Authority PSA also commended MSMEs for stimulating the economy albeit on a smaller scale through the supply of goods and services on a peripheral level.

In a recent study, several challenges facing MSMEs were identified that include finance, compliance with regulations, and digitalization. As for MSMEs in the Philippines, access to financial capital was one of the most urgent concerns. The MSME financing gap in the Philippines was estimated to be approximately $30 billion in 2019, according to an International Finance Corporation report. The lack of access to loans due to exorbitant interest rates, inadequate collateral, and tedious bureaucratic lending processes restricted most businesses from obtaining loans (IFC, 2019). Although programs like Pondo sa Pagbabago at Pag-asenso (P3) intend to provide micro-loans to MSMEs, a Llanto research in 2021 showed that a lack of awareness regarding such programs, coupled with inadequate financial literacy, was a major hindering factor (Llanto, 2021).

Moreover, a severe cash flow problem accompanies these financing complications, with a great number of MSMEs being unable to cover their operational costs. The ADB conducted a survey in 2020 that showed that approximately 70% of MSMEs in the Philippines faced liquidity challenges during the pandemic and, therefore, needed more inclusive financing solutions (ADB, 2020).

Another key concern which MSMEs face is digitalization, particularly with the emergence of the Fourth Industrial Revolution. Most businesses operated using traditional methods and lacked the requisite digital infrastructure and tools to thrive in today’s economy. Only 25% of the MSMEs had a website by 2019, and this signified a large digital deficiency (DTI, 2019). This gap became worse during the pandemic as businesses with internet-related resources were better positioned to cope with the heightened focus on e-commerce and remote work. Regulatory compliance was a recurring problem for MSMEs. A study conducted by Capili (2022) observed that a high proportion of MSMEs struggle to comprehend and adhere to labor legislation, tax laws, and business licenses. Costs of compliance, along with bureaucratic inefficiencies, discourage a significant number of small firms from formalizing, resulting in an extensive informal sector. The Philippine state had also attempted to ease the process of doing business by registering through schemes such as the Philippine Business Registry (PBR), but adoption had been sluggish, especially in rural areas (Capili, 2022).

On the other hand, the government responded to the pandemic by implementing several relief programs such as the Bayanihan to Heal as One Act and the COVID-19 Assistance to Restart Enterprises (CARES) program which provided hard hit enterprises with fiscal aid. The Aldaba and Dita (2021) study showed how well-meaning these programs were for MSMEs, but many still have problems with accessing funding due to strict eligibility criteria and a lack of information on available assistance.

The Philippine Government has put in place various policies and programs aimed at promoting the growth of MSMEs. The Magna Carta of MSMEs (Republic Act No. 9501), enacted in 1991, continues to be the cornerstone of MSME policy in the country. It mandated the financial institutions to set aside 8 percent of their total loan portfolio to MSMEs (DTI, 2020). Research has shown, however, that the implementation of this mandate has been patchy, with most banks being unwilling to lend to MSMEs because of perceived risks (Quimba et al., 2020).

In the last few years, DTI has implemented a number of programs aimed at boosting the development of MSMEs such as the creation of Negosyo Centers and the Go Negosyo Act which provided business advisory, training, and financing for MSMEs. The Philippine MSME Development Plan 2017-2022 created a strategy to enhance the competitiveness of MSMEs through improved access to finance, technology, and markets (DTI, 2020).

B. Perceived Benefits

Acceptability indicates to what level users are willing to agree, accept, and plan to conduct financial transactions using online lending apps. Based on a study by Bhattacherjee (2001), acceptance was determined by users' perception of usefulness and convenience, as well as factors external to users such as social influence and facilitating conditions.

User Perception of Ease of Use has several determining factors such as trust and security, system interactivity, and user interface design as mentioned above. The user interface design in the Alalwan et al. (2018) study contributed to perceptions of ease of use by altering the interfaces of online lending applications. Users found new interfaces more intuitive or minimum so that they could breeze through it. Also, Liébana-Cabanillas et al. (2019) showed that system interactivity contributed to the perceived ease of use. Features that aid in better perceiving as well as ease of use include instant responses, interactive guides, and personalization which serve to improve responsiveness and overall ease of use for users. Trust and security were equally important in affecting perceived ease of use in online lending applications according to Fang et al. (2021). User's perception of friendliness in an application increases with their level of trust in the application's security features protecting sensitive financial and personal information.

Some researchers have examined the mediating role of perceived ease of use on the relationship between system attributes and intention to transact. For example, Li et al. (2020) showed that perceived ease of use partially mediated the effect of user interface design on intention to transact in online lending applications. Also, Chen et al. (2022) studies showed that perceived ease of use mediates the relationship between system interactivity and acceptance of transaction.

Already established research notes that they attracted clients because they were able to offer advanced tele-banking services and instant access to funds, devoid of extensive paperwork (Cheng et al., 2019). The ability to obtain loans anywhere, anytime, and at the click of a button further enhanced the perceived online lending application's usefulness (Hussain et al., 2020). Another dimension pertaining to convenience was the cost-effectiveness of online lending that shaped consumers' acceptance. Studies suggested that consumers were willing to adopt these platforms as they perceived them to provide competitively lower interest rates, fees, and straightforward pricing in contrast to traditional bank services (Xiao et al., 2018). The ease of comparing loans from different lenders contributed to the perceived cost-effectiveness of online lending applications (Bao et al., 2021).

The facilitatory nature of access to the restricted banking exposes these communities – as discussed in Gupta and Khurana's thesis – heightened the appeal to serve a purpose for society. Research indicated consumers perceived the available online lending applications as more accepting and accommodating of diverse and complex socio-financial backgrounds (Li et al. 2023). As online lending applications were primarily perceived from a utilitarian standpoint, concern for security and trust issues were always paramount.

Guo et al. stated such consumers would engage more with these platforms if they had strong systems protecting clients' confidential information, deeming them secure and trustworthy (Zhang et al. 2021). Other studies have identified the lack of adequate safeguarding data privacy, enforcement of encryption technologies, and compliance with laws as detrimental to trust and security against online lending application related breaches of security (Luo et al. 2019).

C. Perceived Risks

The use of financial technology (FinTech) has developed at an unparalleled pace, changing how individuals and businesses access financial services. For instance, the available online lending platforms offer micro, small, and medium enterprises (MSMEs) a more accessible alternative for bank loans, extending credit on easier terms. Regardless, the acceptability of the online lending apps varied because of the user's attitude toward technology, trust, risk, ease of use, and even the financial literacy of the person.

Supplementary to this, De La Torre et.al. (2022) showed MSMEs in developing countries including the Philippines, perceive online lending apps to possess advantages bypassing bureaucratic procedures and empowered financial access. Their findings pointed out that the MSME's attitude towards technology adoption directly correlated with their use of funding methods such as online lending.

Trust issues primarily affected the acceptability of online lending applications and their relative "new-ness" when compared to traditional banks. The gap between trust and technology adoption in the FinTech space has been explored before. Some of the works such as in Kim et al. (2020), trust toward online lending was based on openness, peer feedback, and the regulatory environment. The authors argued that MSMEs would only trust online lending platforms, hence would be more willing to use them, if they were assured of safe transactions.

Perceived risk also contributed equally to formulating the attitude towards online lending applications. In a fresh research, Pham and Huynh (2021) noted that concerns over data protection, fraud, and legitimacy were some of the key reasons for reluctance to adopt online lending services by MSMEs within Southeast Asia. This was along the lines of Ryu's (2019) ideas that perceived risks negatively impacts small businessmen's intention to use FinTech services. The study emphasized that firms were more likely to embrace these products and services if there were transparency in lending and strong legislation on customer protection.

The recent initiatives of the BSP (Banko Sentral ng Pilipinas) and the Securities and Exchange Commission (SEC) of the Philippines have focused on improving the safety of online lending. These included transparency and borrower protection measures as well as the prohibition of abusive collection practices (SEC, 2022). As a result, some studies such as the one conducted by Villanueva (2021) pointed out that online lending apps were more accessible to MSMEs in the Philippines when there was assurance of fair lending practices and protection from unscrupulous lenders.

The impact of trust in the use of FinTech services has been established by a number of studies. For instance, Gai, Qiu, and Sun (2018) held that trust in FinTech platforms was significantly related to intention to use behavioral models, especially concerning high-risk transactions like loans. Their conclusions stated that online lending institutions need to adhere to policies of openness, assurance, and forthrightness to win user trust. Equally, Ryu's (2020) study of P2P lending platforms in South Korea showed that trust, perceived utility, and intention to use the platform were significant for both borrowers and lenders.

OLAs or online lending applications has trust issues among MSMEs or lower middle-class micro and small business owners. Reyes and Javier (2021) conducted a study wherein they found that users with a positive perception of the security and privacy policies of the system were more willing to borrow from the system, or had a greater behavioral intention to apply. Furthermore, government supervision and regulation were also considered trust builders. Trust was enhanced because MSMEs believed that OLAs are supervised by primary financial regulators such as the Bangko Sentral ng Pilipinas (BSP) (Mercado & Francisco, 2022).

n the other hand, the lack of financial literacy, which entails the ability to make appropriate and well-informed financial choices, was also a predictor towards the behavioral intention of MSMEs concerning the use of OLAs. Literature suggests that the level of financial literacy will positively strengthen the adoption of FinTech, including online lending services, among users. According to Lusardi and Mitchell (2019), the more financially literate individuals are, the more they tend to engage in online financial transactions due to the well understood risks and benefits that abound such platforms.

D. Research Design

This online lending acceptance evaluation study examined the use of online lending as a financing option for Micro, Small and Medium Enterprises (MSMEs) in General Santos City. It employed a quantitative approach whereby the researcher gathered and analyzed the data that was organized and can be measured numerically which strived to develop exact and dependable estimations which could be subjected to statistical analysis (Creswell, 2017). This study utilized the case study correlational design to determine the degree of relevant relationships between perceived benefits, perceived risks and the acceptance level of online lending as a financing option. More specifically, the researcher used surveys with validated questionnaires that enabled her to assess the level of acceptance of online lending by the MSMEs.

E. Sampling Method and Respondents of the Study

The sample of the study consisted of business owners of Micro, Small, and Medium Enterprises (MSMEs) located at General Santos City. The researcher used purposive sampling where participants were selected based on certain criteria pertinent to the study's purposes, with the goal of having people who can supply the greatest amount of information or the most varied information (Palinkas et al., 2015).

The researcher established the respondents in this study on the following criteria: (a) must be a business owner of Micro, Small, or Medium Enterprise in General Santos City; and (b) must be aware of or have previously used online lending applications.

Based on the official roll of the City Business Permits and Licensing Division, the total number of MSMEs in General Santos City as of October 2024 was 13,218. Utilizing Cochran Formula with a 5% margin of error and a 95% confidence level and bounded by the central limit theorem, a sample size of two hundred seventy-two (272) MSME business owners were the respondents of the study.

3. Results and Discussions

Table 1
Business profile in terms of business classification

Business Classification	Frequency	Percentage
Medium (Assets of 15,000,001 to 100,000,000)	805	6.09
Micro (Assets of less than 3,000,000.00)	11,114	84.08
Small (Assets of 3,000,001 to 15,000,000)	1,299	9.83
Grand Total	**13,218**	**100.00**

The table showed that the largest proportion of respondents were from micro-enterprises owning assets less than PHP 3,000,000 followed by Small Businesses and Medium enterprises.

This pattern followed the national data from PSA which showed that microenterprises have more than 88% share of the total registered businesses in the Philippines (PSA, 2023). Furthermore, the overwhelming presence of microenterprises suggested that the majority of the respondents were operating on modest capital bases which was likely due to restricted access to traditional bank credit due to stringent collateral and documentation requirements (ADB, 2022). Therefore, the significant percentage of microenterprises emphasized the importance of considering alternative funding solutions like online lending, which tended to be more lenient and less structured application procedures.

In terms of industry distribution, the table revealed that the respondents were primarily involved in retail and services businesses. Manufacturing and agriculture came next, while other industries including real estate, food business, construction, and merchandising made up the remaining percentage.

This was the entrepreneurial mix common among new urban economies such as General Santos City, where trade and service establishments were usually the most available and sought-after forms of enterprise for local entrepreneurs (DTI, 2023). These industries, particularly retail and services, were often characterized by fluctuating cash flows and urgent working capital requirements, which made them likely candidates for exploring digital financial solutions such as online lending (World Bank, 2021).

Table 2
Business profile in terms of industry

Industry	Medium	Micro	Small	Grand Total	Percentage
Agriculture	4	14	6	24	8.63
Car for rent		1		1	0.36
Construction	1			1	0.36
Fishing	1			1	0.36
Food Business		1	1	2	0.72
Manufacturing	8	31	10	49	17.63
Merchandising			1	1	0.36
Others	3	15	7	25	8.99
Real Estate (Rental Property)	1			1	0.36
Retail	15	53	27	95	34.17
Sari Sari Store		1		1	0.36
Services	9	44	23	76	27.34
Wholesale/Trading			1	1	0.36
Grand Total	**42**	**160**	**76**	**278**	**100.00**

Table 3
Business profile in terms of number of employees

No. of Employees	Medium	Micro	Small	Grand Total	Percentage
100-199	5			5	1.80
10-99	13	40	39	92	33.09
1-9	21	120	37	178	64.03
200 or more	3			3	1.08
Grand Total	**42**	**160**	**76**	**278**	**100.00**

Regarding workforce size, the majority of MSMEs reported having 1 to 9 employees, reaffirming their microenterprise status. Businesses with 10 to 99 employees came next, while only a marginal fraction employed more than 100 people.

This finding signified the small-scale nature of businesses in the region, which may also reflect constrained financial capacity and operational limitations. According to the International Finance Corporation (IFC, 2019), enterprises with fewer employees were more likely to experience difficulty accessing formal financial services, which positioned online lending platforms as a viable alternative for bridging financing gaps.

Table 4
Business profile in terms of length of operation

Length of Operation (in years)	Medium	Micro	Small	Grand Total	Percentage
1-3	12	57	25	94	33.81
3-5	8	36	18	62	22.30
Less than 1	5	31	13	49	17.63
More than 5	17	36	20	73	26.26
Grand Total	**42**	**160**	**76**	**278**	**100.00**

The table showed that a significant portion of the businesses have been operating for 1 to 3 years, followed by businesses with operations for over 5 years. It was followed by businesses operating between 3 to 5 years, and lastly, by businesses operating for less than one year.

This mixture of young and mature businesses indicated a vibrant entrepreneurial ecosystem. Notably, businesses in their early years were more prone to financing challenges due to limited credit histories and unestablished revenue streams (Beck & Demirguc-Kunt, 2006). The presence of a considerable number of young enterprises may explain the emerging awareness and interest in non-traditional financing mechanisms such as online lending, which can offer faster approval processes compared to conventional banking.

Table 5
Business profile in terms of experience with online lending (Usage)

	Medium	Micro	Small	Grand Total	Percentage
Aware but have not used online lending.	23	99	50	172	61.87
Used online lending.	19	61	26	106	38.13
Grand Total	**42**	**160**	**76**	**278**	**100.00**

The table showed that the majority of the respondent MSMEs were aware but have not used online lending as a financing source.

This suggested that although knowledge of digital financial services was prevalent, actual adoption remained limited. The respondents' hesitation to engage fully with online lending may stem from concerns about data privacy, high interest rates, or limited understanding of the loan terms — concerns that were frequently cited in financial inclusion studies (OECD, 2022).

Table 6
Business profile in terms of experience with online lending (Frequency)

	Medium	Micro	Small	Grand Total	Percentage
Always		6	2	8	2.88
Never	23	99	50	172	61.87
Often	2	6	3	11	3.96
Rarely	15	29	18	62	22.30
Sometimes	2	20	3	25	8.99
Grand Total	**42**	**160**	**76**	**278**	**100.00**

In relation to experience with online lending in terms of frequency, the majority of the respondents had never used online lending while only a few reported frequent use or always.

This conservative engagement with online lending signified the persistent trust gap in digital financial solutions among MSMEs, a phenomenon that was also documented in other developing economies (Gabor et al., 2017). Despite its convenience, the acceptability of online lending appeared to be moderated by business owners' perception of its risks, costs, and reliability.

The interpretation of respondents' convenience and ease of accessibility was seen as Moderate Benefit. On individual items, the highest score was for "Online lending offers a convenient way to finance business needs, regardless of location", followed by "Online lending provides quicker access to funds than traditional financing sources".

This signified that while the respondents acknowledged the prospective speed and convenience associated with online lending, their Moderate Benefit rating indicated hesitation towards fully committing to such platforms. Prior work has established the lack of physical barriers as a notable aspect of digital lending (Lai & Turban, 2008). However, unfamiliarity with online loan options and doubts about the reliability of digital platforms (Zavolokina et al., 2016) stood as reasons for lesser perceptions of convenience among the MSME participants in this study.

Table 7
Level of perceived benefits as a factor for acceptability of online lending in terms of convenience and accessibility

Indicator	WM	Interpretation
1) Online lending provides quicker access to funds than traditional lending sources.	3.32	Moderate
2) It is easier to apply for loans through online lending than in person at financial institutions.	3.14	Moderate
3) Online lending offers a convenient way to finance business needs, regardless of location.	3.33	Moderate
Overall Mean	**3.27**	**Moderate**

Legend: 4.50-5.00 Very High Benefit, 3.50-4.49 High Benefit, 2.50-3.49 Moderate Benefit, 1.50-2.49 Low Benefit, 1.00-1.49 Very Low Benefit

Table 8
Level of perceived benefits as a factor for acceptability of online lending in terms of cost and efficiency

Indicator	WM	Interpretation
1) The costs associated with online lending (e.g., interest rates, fees) are affordable for my business.	3.64	High
2) Online lending helps in reducing the time spent on loan processing and documentation.	3.23	Moderate
3) Using online lending can minimize operational disruptions, as the process is more efficient.	3.29	Moderate
Overall Mean	**3.38**	**Moderate**

Legend: 4.50-5.00 Very High Benefit, 3.50-4.49 High Benefit, 2.50-3.49 Moderate Benefit, 1.50-2.49 Low Benefit, 1.00-1.49 Very Low Benefit

In terms of cost and efficiency, the category obtained an overall interpretation of Moderate Benefit, although the statement "The costs associated with online lending are affordable for my business", interpreted as High Benefit. This suggested that respondents acknowledge the potential for competitive interest rates, lower fees, or reduced upfront costs compared to traditional bank loans.

This aligned with global observations that fintech lenders, due to their digital-only nature and algorithmic underwriting, were often able to offer lower interest rates and faster service, thereby improving cost-efficiency (Bazarbash et al., 2020). However, the medium benefit perception in the remaining items highlighted that MSMEs may still be evaluating the real-world efficiency of these platforms, or may lack sufficient firsthand experience to fully appreciate their advantages.

As to flexibility and customization, the table was interpreted as Moderate Benefit. The highest scoring statement was "I find the loan approval criteria on online lending less restrictive compared to banks".

Table 9
Level of perceived benefits as a factor for acceptability of online lending in terms of flexibility and customization

Indicator	WM	Interpretation
1) Online lending offers flexible loan amounts and repayment terms that meet my business's needs.	3.07	Moderate
2) I find the loan approval criteria on online lending less restrictive compared to banks.	3.23	Moderate
3) Online lending provides a variety of loan options suited to different business needs.	3.18	Moderate
Overall Mean	**3.16**	**Moderate**

Legend: 4.50-5.00 Very High Benefit, 3.50-4.49 High Benefit, 2.50-3.49 Moderate Benefit, 1.50-2.49 Low Benefit, 1.00-1.49 Very Low Benefit

This implied that while respondents were cognizant of the less stringent credit terms provided by most online lenders (Zetzsche et al., 2020), such perception was still weak to carry over into widespread acceptability or confidence. It may be the case that local MSMEs, especially those who were limited in terms of digital literacy or were unaware of fintech services, remained wary even if there was a theoretical benefit in loan structure tailoring and qualification.

Table 10
Level of perceived benefits as a factor for acceptability of online lending in terms of profit and growth

Indicator	WM	Interpretation
1) Using online lending can contribute to the growth of my business by providing necessary funding.	3.67	High
2) The quick access to funds through online lending can help improve my business's profitability.	3.47	Moderate
3) Online lending helps my business seize growth opportunities that require immediate funding.	3.12	Moderate
Overall Mean	**3.42**	**Moderate**

Legend: 4.50-5.00 Very High Benefit, 3.50-4.49 High Benefit, 2.50-3.49 Moderate Benefit, 1.50-2.49 Low Benefit, 1.00-1.49 Very Low Benefit

Profit and Growth received the highest level of perceived benefit among all four dimensions. The statement "Using online lending can contribute to the growth of my business by providing necessary funding" was interpreted as High Benefit, while "The quick access to funds through online lending can help improve my business's profitability" was interpreted as Moderate Benefit.

These findings affirmed that MSMEs recognized the potential of online lending to act as an enabler of growth and business continuity, especially in scenarios where immediate funding is needed to seize market opportunities or cover short-term operational deficits. According to the World Bank (2021), access to timely financing plays a crucial role in enhancing SME profitability and competitiveness, particularly in developing economies where bank financing is often difficult to secure.

Table 11
Overall mean of the level of perceived benefits as a factor for acceptability of online lending

Indicator	WM	Interpretation
Convenience and Accessibility	3.27	Moderate
Cost and Efficiency	3.38	Moderate
Flexibility and Customization	3.16	Moderate
Profit and Growth	3.42	Moderate
Overall Mean	**3.31**	**Moderate**

Legend: 4.50-5.00 Very High Benefit, 3.50-4.49 High Benefit, 2.50-3.49 Moderate Benefit, 1.50-2.49 Low Benefit, 1.00-1.49 Very Low Benefit

The overall computed mean across all categories reflected a moderate benefit rating of online lending among MSMEs in General Santos City. The findings suggested that while business owners acknowledge the theoretical advantages of online lending — especially in terms of affordability and potential for growth — their cautious or undecided stance in other areas like convenience, flexibility, and customization implied that full trust in this financing method has yet to develop.

Table 12
Level of perceived risks as a factor for acceptability of online lending in terms of security and privacy concerns

Indicator	WM	Interpretation
1) I am not concerned about the security of my personal and financial data when using online lending.	3.04	Moderate
2) There is no high risk of fraud or scams when using online lending platforms.	2.73	Moderate
3) I do not worry about unauthorized access to my information when using online lending.	2.82	Moderate
Overall Mean	**2.86**	**Moderate**

Legend: 4.50-5.00 Very High Risk, 3.50-4.49 High Risk, 2.50-3.49 Moderate Risk, 1.50-2.49 Low Risk, 1.00-1.49 Very Low Risk

The table showed that the overall perceived risks of the respondents of the acceptability of online lending in terms of security and privacy concerns is moderate. Among the indicators, the statement “I am not concerned about the security of my personal and financial data when using online lending” was the highest. However, the statement “There is no high risk of fraud or scams when using online lending platforms” was marked as low, which still remained in the Moderate Risk category but indicated higher concern.

This result meant that MSMEs viewed online lending sites to have a moderate amount of security risk, mainly in fraud and data protection. While not classified as High Risk, the scores were indicative of residual apprehension. Earlier international research has highlighted security and privacy as major impediments to embracing digital financial services (Yuen et al., 2021). Against this backdrop, perceived risk can be increased by ambiguous regulations, a lack of digital literacy, or previous adverse experience with online transactions—all factors that could impact MSMEs' willingness to place entire confidence in online lending platforms.

Table 13
Level of perceived risks as a factor for acceptability of online lending in terms of financial risks

Indicator	WM	Interpretation
1) Interest rates and fees of online lending are not higher compared to traditional lenders.	3.04	Moderate
2) Online loans cannot lead to potential over-indebtedness even due to easy access to credit.	2.90	Moderate
3) The repayment terms on online lending may not create financial strain on my business.	2.94	Moderate
Overall Mean	**2.96**	**Moderate**

Legend: 4.50-5.00 Very High Risk, 3.50-4.49 High Risk, 2.50-3.49 Moderate Risk, 1.50-2.49 Low Risk, 1.00-1.49 Very Low Risk

In terms of financial risks, the findings revealed a weighted mean that corresponds to a Moderate Risk perception. Among the specific statements, the item “Interest rates and fees of online lending are not higher compared to traditional lenders” received a weighted mean reinforcing a Moderate Risk stance regarding cost concerns. Meanwhile, the statement “Online loans cannot lead to potential over-indebtedness even due to easy access to credit” indicated that respondents perceived a Moderate Risk related to excessive borrowing enabled by easy credit access.

These results suggested that MSMEs remained cautious about the financial implications of using online lending platforms. While they did not perceive the risks as severe, there was evident awareness of the possibility of unfavorable lending terms and over-indebtedness. This aligned with the findings of Jagtiani and Lemieux (2018), who noted that although fintech platforms expanded credit access for small businesses, the streamlined loan application processes and rapid disbursement can unintentionally contribute to unsustainable borrowing practices, particularly in the absence of adequate financial management.

Table 14
Level of perceived risks as a factor for acceptability of online lending in terms of reliability and transparency

Indicator	WM	Interpretation
1) The loan terms and conditions on online lending are always transparent.	3.04	Moderate
2) Online lending has reliable customer support to address issues or concerns.	2.96	Moderate
3) Online lending may be dependable for long-term business financing.	3.01	Moderate
Overall Mean	**3.00**	**Moderate**

Legend: 4.50-5.00 Very High Risk, 3.50-4.49 High Risk, 2.50-3.49 Moderate Risk, 1.50-2.49 Low Risk, 1.00-1.49 Very Low Risk

For reliability and transparency, the table showed Moderate Risk perception. Although the statement “The loan terms and conditions on online lending are always transparent”, suggested a slightly lower perceived risk, the assessments of online lending platforms having reliable customer support and being dependable for long-term financing remained close to the Moderate Risk threshold.

These findings implied that MSMEs perceived a moderate level of risk concerning the dependability and transparency of online lenders. While there was no clear indication of high risk, the data suggested a lack of strong confidence. Trust remained a critical factor in financial decision-making, particularly where information asymmetry existed (Gefen et al., 2003). In emerging economies, such risk perceptions may be influenced by the absence of standardized regulatory frameworks or visible mechanisms for resolving disputes, reinforcing MSMEs' cautious stance toward digital lending platforms.

Table 15
Level of perceived risks as a factor for acceptability of online lending in terms of collection method

Indicator	WM	Interpretation
1) I am not concerned about the collection methods used by online lending (e.g., harassment, frequent reminders).	3.23	Moderate
2) The collection practices of online lenders may not harm the reputation of my business.	3.30	Moderate
3) I do not fear aggressive or unfair collection practices if I am unable to meet payment terms	3.33	Moderate
Overall Mean	**3.29**	**Moderate**

Legend: 4.50-5.00 Very High Risk, 3.50-4.49 High Risk, 2.50-3.49 Moderate Risk, 1.50-2.49 Low Risk, 1.00-1.49 Very Low Risk

Among all dimensions, Collection Method received the highest mean weighted score, which corresponded to a Moderate Risk perception. The specific statement “I do not fear aggressive or unfair collection practices if I am unable to meet payment terms” received the highest score, indicating a relatively lower perceived risk in this area compared to other dimensions, yet still not reaching a Low Risk classification.

This suggested that MSMEs were moderately confident that exploitative or overly aggressive collection practices were unlikely when dealing with online lenders. Such perceptions may be influenced by the increasing adoption of automated and standardized collection protocols in the fintech sector, which were often viewed as less intrusive than traditional methods (BIS, 2022). Nevertheless, the Moderate Risk rating indicated that MSMEs maintained a cautious outlook, likely due to the absence of consistent enforcement or regulation of these practices in their local context.

The overall computed mean across all categories reflected a Moderate Risk perception regarding online lending among MSMEs in General Santos City. While respondents did not indicate a strong sense of danger or threat, their reluctance to express low-risk views suggested a persistent uncertainty—particularly in areas such as security, over-indebtedness, and long-term reliability.

Table 16
Overall mean of the level of perceived risks as a factor for acceptability of online lending

Indicator	WM	Interpretation
Security and Privacy Concerns	2.86	Moderate Risk
Financial Risks	2.96	Moderate Risk
Reliability and Transparency	3.00	Moderate Risk
Collection Method	3.29	Moderate Risk
Overall Mean	**3.03**	**Moderate Risk**

Legend: 4.50-5.00 Very High Risk, 3.50-4.49 High Risk, 2.50-3.49 Moderate Risk, 1.50-2.49 Low Risk, 1.00-1.49 Very Low Risk

These findings aligned with previous studies which emphasized that, although digital lending has the potential to expand financial access for small enterprises, trust-related risks—including concerns over data security, transparency, and equitable debt collection practices—continued to play a critical role in shaping borrowing decisions (Lee, 2009). To reduce perceived risks and encourage wider adoption, online lending platforms must demonstrate greater platform reliability, implement robust security measures, and operate within clear regulatory frameworks that protect borrowers.

Table 17
Level of acceptability of the perceived benefits of online lending as a financing source in terms of convenience and accessibility

Indicator	WM	Description
1) I accept online lending as a financing source because of its convenience and accessibility.	3.03	Moderate
2) I find online lending platforms reliable for quick and hassle-free loan processing.	2.99	Moderate
3) The accessibility of online lending increases its appeal for my business needs.	3.04	Moderate
Overall Mean	**3.02**	**Moderate**

Legend: 4.50-5.00 Very High Acceptability, 3.50-4.49 High Acceptability, 2.50-3.49 Moderate Acceptability, 1.50-2.49 Low Acceptability, 1.00-1.49 Very Low Acceptability

The table indicated that online lending as a source of financing was viewed with a moderate rate of acceptability in being convenient and accessible. From the indicators, online lending platforms' accessibility to meet business needs recorded the highest, while the view that online lending platforms can be trusted to allow for quick and easy processing of loans recorded the least.

These results indicated that although MSMEs realized the convenient aspect of online lending platforms, they were slightly confident in using and relying on them. Such slight confidence can be attributed to problems like low internet literacy, fear of internet security, or absence of direct contact with lenders. Saiedi et al. (2020) stated that financial technologies' adoption was partly determined by perceived ease of use and confidence in financial technologies, particularly for small business owners.

Table 18
Level of acceptability of the perceived benefits of online lending as a financing source in terms of cost and efficiency

Indicator	WM	Description
1) I accept online lending due to its cost-effectiveness compared to traditional lenders.	3.67	High
2) Online lending platforms provide efficient services that save time and effort.	3.76	High
3) The affordability of online loans makes them a viable financing option for my business.	2.95	Moderate
Overall Mean	**3.46**	**Moderate**

Legend: 4.50-5.00 Very High Acceptability, 3.50-4.49 High Acceptability, 2.50-3.49 Moderate Acceptability, 1.50-2.49 Low Acceptability, 1.00-1.49 Very Low Acceptability

In cost and efficiency, online lending remained in the range of moderate acceptability but was approaching high acceptability. Significantly, the ability to provide services efficiently saving time and effort were given the highest rating, followed by cost savings compared to conventional lenders, both being understood as high acceptability. However, the perceived affordability of online loans as a viable option received a lower score, indicating moderate acceptability.

Table 19
Level of acceptability of the perceived benefits of online lending as a financing source in terms of flexibility and customization

Indicator	WM	Description
1) I accept online lending because it allows me to tailor loan terms to my business needs.	3.08	Moderate
2) The flexibility of online lending products encourages me to use these platforms.	3.08	Moderate
3) I value the ability to customize loan amounts and repayment schedules through online lenders.	3.07	Moderate
Overall Mean	**3.08**	**Moderate**

Legend: 4.50-5.00 Very High Acceptability, 3.50-4.49 High Acceptability, 2.50-3.49 Moderate Acceptability, 1.50-2.49 Low Acceptability, 1.00-1.49 Very Low Acceptability

The aspect of flexibility and customization yielded a mean that corresponded to a moderate level of acceptability. The ability to tailor loan terms, customize loan amounts, and adjust repayment schedules all received similar mean scores, indicating that while there was recognition of the personalized benefits offered by online lenders, these were not viewed as highly compelling by MSMEs.

This moderate rating could be influenced by the standardization of online lending products, which may not sufficiently accommodate the diverse needs of MSMEs. As Berger and Udell (2006) explained, relationship-based lending was often preferred by small businesses due to the personalized terms that banks can offer through traditional financing channels.

Table 20
Level of acceptability of the perceived benefits of online lending as a financing source in terms of profit and growth

Indicator	WM	Description
1) I accept online lending because it helps me achieve my business growth goals.	3.43	Moderate
2) Online loans enable me to improve profitability by addressing immediate financial needs.	3.44	Moderate
3) The potential for business expansion through online loans makes them acceptable.	2.97	Moderate
Overall Mean	**3.28**	**Moderate**

Legend: 4.50-5.00 Very High Acceptability, 3.50-4.49 High Acceptability, 2.50-3.49 Moderate Acceptability, 1.50-2.49 Low Acceptability, 1.00-1.49 Very Low Acceptability

The perceived benefit of online lending in supporting profit and growth was also rated with a moderate level of acceptability. The indicators for improving profitability and achieving growth goals were rated higher than the potential for expansion, which was the lowest among the three.

These results indicated that while MSMEs recognized the potential of online lending in addressing immediate financial needs and improving short-term profitability, they were less confident in its capacity to support long-term business expansion. This was consistent with Claessens et al. (2018), who believed that although digital financial services met working capital requirements, their scalability for long-term development remained a priority for business owners.

Table 21
Overall mean of the level of acceptability of the perceived benefits of online lending as a financing source

Indicator	WM	Description
Convenience and Accessibility	3.02	Moderate
Cost and Efficiency	3.46	Moderate
Flexibility and Customization	3.08	Moderate
Profit and Growth	3.28	Moderate
Overall Mean	**3.21**	**Moderate**

Legend: 4.50-5.00 Very High Acceptability, 3.50-4.49 High Acceptability, 2.50-3.49 Moderate Acceptability, 1.50-2.49 Low Acceptability, 1.00-1.49 Very Low Acceptability

The average acceptability of advantages that respondents perceived regarding online lending was of moderate acceptability. This showed that in General Santos City, MSMEs were somehow open to online lending as a means of financing, albeit rather carefully, which was most likely influenced by constraining factors related to cost, credibility, and the ability to accommodate specific tailored business needs.

These results provided insight on the need to strengthen the MSME's trust and confidence towards online lending solutions through more openness, affordable rates, and customized lending solutions that adequately address their unique challenges. Also, and as referenced on Demirgüç-Kunt et al. (2018), these MSMEs can be missing the mark on employing a range of fintech tools which suggested the proactive need for financial educational programs calibrated to their specific needs to be designed.

Table 22
Level of acceptability of the perceived risks of online lending as a financing source in terms of security and privacy concerns

Indicator	WM	Description
1) Despite security concerns, I accept online lending as a practical financing option.	3.27	Moderate
2) I believe the benefits of online lending outweigh the risks to my data security.	2.89	Moderate
3) I am willing to use online lending platforms if they provide clear data privacy guarantees.	3.42	Moderate
Overall Mean	**3.19**	**Moderate**

Legend: 4.50-5.00 Very High Acceptability, 3.50-4.49 High Acceptability, 2.50-3.49 Moderate Acceptability, 1.50-2.49 Low Acceptability, 1.00-1.49 Very Low Acceptability

The table indicated that MSMEs have a moderate level of acceptability of online lending despite security and privacy concerns. Interestingly, the highest rating in this dimension was for willingness to use sites that provide explicit privacy assurances, and the lowest rating was for the idea that advantages prevail over data security risk.

This indicated a balanced confidence in online credit services, subject to the availability of explicit security features. As Kshetri (2017) has pointed out, cybersecurity continued to be a major determinant of financial technology adoption. The lower score for perceived risk-benefit trade-offs reflected that MSMEs remained cautious, possibly as a result of increased awareness of data breaches and digital fraud in financial transactions.

Table 23
Level of acceptability of the perceived risks of online lending as a financing source in terms of financial risks

Indicator	WM	Description
1) I accept online lending despite the potential for high interest rates.	2.82	Moderate
2) The convenience of online loans outweighs concerns about financial risks.	3.16	Moderate
3) I am willing to manage financial risks associated with online lending for business purposes.	3.13	Moderate
Overall Mean	**3.04**	**Moderate**

Legend: 4.50-5.00 Very High Acceptability, 3.50-4.49 High Acceptability, 2.50-3.49 Moderate Acceptability, 1.50-2.49 Low Acceptability, 1.00-1.49 Very Low Acceptability

The table showed that the level of acceptability of the perceived risks of online lending as a financing source in terms of financial risks was moderate. The indicator reflecting convenience outweighing financial risk was rated relatively high, while the lowest score was given to accepting online lending despite potentially high interest rates.

This implied that, though some MSMEs were willing to take on financial risk for greater convenience, ease of access, and lower administrative burden, significant constraints imposed by interest rate levels were still a major concern. Gabor and Brooks (2017) explained that online lending platforms tended to charge smaller borrowers higher than other forms of financing, as they do not have collateral, and the risk of lending to small businesses was higher. These concerns were especially relevant for MSMEs operating on tight margins and limited access to financial advisory services.

Table 24
Level of acceptability of the perceived risks of online lending as a financing source in terms of reliability and transparency

Indicator	WM	Description
1) I accept online lending as a financing option because I trust reliable platforms.	2.98	Moderate
2) I am willing to use online lending platforms if they are transparent about fees and terms.	3.72	High
3) The dependability of some online lenders makes them an acceptable choice for financing.	2.83	Moderate
Overall Mean	**3.18**	**Moderate**

Legend: 4.50-5.00 Very High Acceptability, 3.50-4.49 High Acceptability, 2.50-3.49 Moderate Acceptability, 1.50-2.49 Low Acceptability, 1.00-1.49 Very Low Acceptability

In terms of reliability and transparency, the results indicated moderate acceptability. Respondents showed strong agreement with using online lenders that were transparent about fees and terms, indicating that clarity in financial dealings significantly enhanced trust. However, the overall trust in online lending platforms and the dependability of lenders received lower ratings.

These findings suggested that transparency can mitigate some of the trust deficits associated with online lending. As identified by Buchak et al. (2018), one of the key challenges in digital financial services was building a reputation for reliability, especially in environments where regulatory oversight may be limited. MSMEs, therefore, demanded clarity and openness before fully committing to digital lending platforms.

Table 25
Level of acceptability of the perceived risks of online lending as a financing source in terms of collection method

Indicator	WM	Description
1) I accept online lending despite concerns about potential aggressive collection practices.	3.27	Moderate
2) If online lenders ensure fair collection practices, I find them acceptable as a financing source.	3.31	Moderate
3) I value online lending platforms that prioritize respectful collection methods.	3.52	High
Overall Mean	**3.37**	**Moderate**

Legend: 4.50-5.00 Very High Acceptability, 3.50-4.49 High Acceptability, 2.50-3.49 Moderate Acceptability, 1.50-2.49 Low Acceptability, 1.00-1.49 Very Low Acceptability

The acceptability of online lending in terms of collection methods scored a moderate rating, the highest among the four risk dimensions. Respondents particularly valued respectful collection practices, indicating that ethical post-loan behavior played a crucial role in platform acceptability.

This indicated that while aggressive collection practices were an accepted risk, MSMEs accepted online lending as long as humane and respectful treatment existed. This was as found by Balyuk and Davydenko (2019), who contended that borrower-centric post-loan processes played a crucial role in ascertaining the legitimacy and ethical image of fintech lending platforms.

Table 26
Overall mean of the level of acceptability of the perceived risks of online lending as a financing source

Indicator	WM	Description
Security and Privacy Concerns	3.19	Moderate
Financial Risks	3.04	Moderate
Reliability and Transparency	3.18	Moderate
Collection Method	3.37	Moderate
Overall Mean	**3.19**	**Moderate**

Legend: 4.50-5.00 Very High Acceptability, 3.50-4.49 High Acceptability, 2.50-3.49 Moderate Acceptability, 1.50-2.49 Low Acceptability, 1.00-1.49 Very Low Acceptability

The overall mean calculated for all risk dimensions brought out a moderate level of acceptability. This indicated that although online lending risks were acknowledged by MSMEs in General Santos City, they did not scare away the functionality much. The conclusion was cautious but increasingly open toward digital financing solutions tied to security, financial terms, transparency, and practice of ethics.

The moderate risk acceptability indicated a call on online lending institutions to strengthen their data protection mechanisms further, embrace open lending practices, and institute borrower-focused collection policies. Further, awareness programs and capacity-building activities could also assist MSMEs in better managing the online lending landscape, minimizing the psychological and informational barriers moderating risk acceptability (Zetzsche et al., 2020).

Table 27
Correlation between perceived benefit and acceptability of online lending

Perceived Benefits		Level of Acceptability	Remarks
Convenience and Accessibility	Correlation Coefficient	-0.064	Not Significant
	Sig. (2-tailed)	0.291	
Cost and Efficiency	Correlation Coefficient	0.088	Not Significant
	Sig. (2-tailed)	0.144	
Flexibility and Customization	Correlation Coefficient	.126*	Significant
	Sig. (2-tailed)	0.036	
Profit and Growth	Correlation Coefficient	.280**	Significant
	Sig. (2-tailed)	0.000	

The findings disclosed a statistically significant positive correlation between the perceived benefit of Profit and Growth and the acceptability of online lending. This indicated that MSMEs that believed online lending can 35support their profitability and growth goals were more likely to accept it as a feasible financing option. This finding is in line with Claessens et al. (2018), who highlighted the attraction of fintech products in addressing short-term profitability requirements and aiding small-scale business growth, though with some restraints concerning scalability.

A weaker but still statistically significant relationship was also found between Flexibility and Customization and acceptability. Although the correlation was relatively modest, it implied that the ability of online lending platforms to offer customizable loan terms and repayment options contributed positively to their acceptability. This aligned with Berger and Udell's (2006) argument that small businesses tended to favor financing models that provided adaptable and personalized solutions, even within digital lending frameworks.

On the other hand, Convenience and Accessibility and Cost and Efficiency did not show significant correlations with the acceptability of online lending, as indicated by their non-significant p-values. This indicated that while MSMEs moderately acknowledged the convenience and operational efficiency of online lending, as discussed in earlier findings, these benefits did not appear to significantly influence their overall acceptance. The absence of statistical significance might be as a result of dominant issues with trust, online literacy, or ambiguity regarding the cost structure, which might mask the perceived value of such factors (Saiedi et al., 2020; Gabor & Brooks, 2017).

These results indicated that MSME acceptance of online lending was primarily based on concrete financial benefits (e.g., profit and growth opportunities) and the presence of customized lending offerings, as opposed to general convenience or efficiency. It put forward the argument that without demonstrating clear economic benefits and adaptability, widening access to online lending will not increase its perceived acceptance and usefulness.

Table 28
Correlation between perceived risks and acceptability of online lending

Perceived Risks		Level of Acceptability	Remarks
Security and Privacy Concerns	Correlation Coefficient	.238**	Significant
	Sig. (2-tailed)	0.000	
Financial Risks	Correlation Coefficient	.190**	
	Sig. (2-tailed)	0.001	Significant
Reliability and Transparency	Correlation Coefficient	.201**	
	Sig. (2-tailed)	0.001	Significant
Collection Method	Correlation Coefficient	.235**	
	Sig. (2-tailed)	0.000	Significant

*. Correlation is significant at the 0.05 level (2-tailed).

The table showed that all four dimensions of perceived risk were related to the acceptability level and all p-values were less than .05. Of these, the most significant relationship was between Security and Privacy Relations and acceptability. This meant that MSMEs have a higher chance of accepting online lending platforms if they see the potential for robust measures for data protection and digital security. This result corroborated the findings made by Kshetri (2017) stressing that concerns about cybersecurity were fundamental in determining the employment of financial technology, especially in emerging economies where regulatory protection was still inadequate.

The Collection Method factor also had a significant correlation. Therefore, MSMEs cared very much in regard to post-loan collection ethics and respect and this affected the acceptability level of the digital lenders. As in Balyuk et al.'s (2019) study, borrower-friendly recovery policies enhanced lender reputation and foster trust in relations that otherwise were devoid of personal contact in financial transactions.

Moreover, the dimension of Acceptability was associated equally and strongly positively with Reliability and Transparency. This was particularly relevant in regard to openly published terms, known charges, and lender trust. As Buchak et al. (2018) argued, digital lending trust was characteristically built on transparency and foreseeability—core traits that many MSMEs focused on due to the lack of legal or professional advisory services that understood complicated loan contracts.

Lastly, there was a sustained strong correlation for Financial Risks too. This suggested that even when being aware of other financial risks, including penalties or high-interest rates, MSMEs were still inclined to dominate online lending if the perceived utility or benefit exceeded these risks. This was supported by Gabor and Brooks (2017), who suggested that small firms often resort to using fintech platforms out of necessity, irrespective of the prevailing unfriendly cost structures in servicing them, because there were barriers to access traditional banking services.

Overall, the findings indicated that perceived risks did not completely discourage the uptake of online lending; instead, MSMEs in General Santos City exhibited tempered acceptance, driven by the perceived capacity of digital lenders to contain or manage these risks in a responsible manner. These findings highlighted the pivotal importance of digital platform design, ethical considerations, and clarity of communication in guiding MSME financing behavior.

4. Conclusion

In the light of the findings of this study, it can be concluded that there was a significant relationship between the perceived benefits of online lending and its overall acceptability among Micro, Small, and Medium Enterprises (MSMEs) in General Santos City. As such, the null hypothesis (H01), which stated that there was no significant relationship between perceived benefits and the overall acceptability of online lending among MSMEs, was rejected. The findings indicated that specific benefit dimensions related to Profit and Growth and Flexibility and Customization were positively and significantly correlated with acceptability. This showed that MSMEs were more likely to accept online lending platforms that demonstrated tangible business value and adaptable financing solutions.

Furthermore, it can be concluded that there was a significant relationship between the perceived risks of online lending and its overall acceptability among the respondents. Hence, the null hypothesis (H02), which posited that there was no significant relationship between perceived risks and the overall acceptability of online lending among MSMEs, was also rejected. The study revealed that all four perceived risk dimensions: Security and Privacy, Collection Methods, Reliability and Transparency, and Financial Risk, bore significant correlations with the level of acceptability. This indicated that MSMEs aptly and highly regarded how responsible digital lenders were in handling their data as well as the clarity of the terms offered.

5. Recommendations

Based on the conclusions of the study, the following are the recommendations.

In light of the perceived risks with security and privacy concerns emerging as the lowest mean scores, financial institutions especially those offering online lending services were encouraged to protect clients against fraud and data breaches by improving cybersecurity infrastructures and data protection measures. Additionally, these institutions were advised to redesign their application forms to reduce data entry to the bare minimum and enhance ease of use. This recommendation stemmed from the low mean score of convenience and accessibility. Trust and satisfaction may be improved by incorporating AI approval systems, real-time customer service representatives, and mobile-friendly applications. Also, lenders may change the negative financial risk perception mean score and financial burdens from over-indebtedness burdens MSMEs by recalibrating their interest cost structures to more justifiable rates.

MSME proprietors in General Santos may increase their knowledge and vigilance when choosing an online lending platform. In consideration of the low mean score pertaining to flexibility and customization, proprietors may determine whether digital lenders, in fact, provide repayment plans that align with their business requirements. Also, given the low acceptability ratings regarding ease of access and convenience, proprietors may respond to these lending institutions concerning usability and accessibility issues they encounter in order to assist the system enhancement processes. Further, it was recommended for the proprietors to evaluate other online lenders in order to find those who provide affordable, clear, and adjustable terms.

For the Local Government Unit (LGU), they may consider actively engaging in promoting webinars and campaigns on digital financial literacy specifically aimed at MSME marketing. Since flexibility and customization had the lowest rating among benefits perceived, the LGU may partner with fintech sponsors to show businesses how to choose and bargain for online loan products that match their repayment capacity as well as the nature of their business cycles. The LGU may also think about setting up a local online lending oversight committee to handle complaints and ensure proper collection procedures and referral to verified lending sites that support healthy lending practices aligned with responsible lending guidelines.

Considering the results of the study, the national policymakers may reconsider the regulatory policies of online lending platforms with particular emphasis on consumer protection frameworks that address financial risk mitigation. Since financial risk had the lowest mean under the acceptability of perceived risks, policies may be developed regarding capping interest rates, prohibiting predatory lending, and enforcing cost disclosure obligations. Moreover, the creation of national digital lending policies focused on the protection of borrowers, especially for MSMEs at a heightened risk of over-indebtedness, may foster a safer and more reliable environment for online lending.

Lastly, future researchers may pursue qualitative studies like in-depth interviews or focus group discussions to find explanations for the low mean scores observed for flexibility and customization and convenience among MSMEs in online lending platforms. Addressing these topics from a user-experience perspective may greatly complement, if not outweigh, the qualitative insights. Later studies may focus on a more homogeneous population, as in studying micro, small, or medium enterprises separately, to strengthen the reliability of the findings across the varying sizes of industries. Also, the researchers were encouraged to be more punctual and to observe the timeline to meet the needed respondents for the study and deadlines as this will increase the accuracy of the data gathered and the efficacy of the survey.

References

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