

# Benefits of the Paylater Payment Method as a Transaction Tool in E-Commerce

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Abstract: The aim of this research is to find out what benefits pay later users get from e-commerce. The research data sources are online news, YouTube and research articles for 3 years, namely 2021 to 2023. Data sources are selected based on credibility and suitability of the data to the problem being studied. Data are processed using NVivo 12 Plus software. There are four stages of data processing, namely data entry, coding, visualisation and inference. Coding validity was assessed using a triangulation approach. The research results revealed eight points of benefits of the Paylater payment method as a transaction tool in e-commerce. First, increasing motivation at work. Second, it satisfies emergency needs. Third, you can buy even if you don't have a credit card. Fourth, the system is easy to understand. Fifth, the payment terms are more flexible. Sixth, the payment process is simpler. Seventh, the application requirements are simpler. Eighth, it is easier to pay household bills. The implications of the research findings can be used by users of the Paylater system. If you want to gain a better understanding of the benefits of paylater, we recommend that you study these eight benefits. For people who are not yet familiar with the use of paylater, the results of this research can be used as a reference.

## 1 INTRODUCTION

Fintech continues to innovate and produce new products, new techniques for conducting electronic transactions have been created as a result of the considerable evolution of fintech (Pravitasari & Fauziyah, 2023). According to the Financial Services Authority, the business of digital-based financing companies, known as paylater financing, has bright prospects along with the growth of e-commerce transactions. According to Kredivo & Kata Data Insight Center's findings, the percentage of Paylater service users in the market location will increase significantly from 28.2 percent in 2022 to 45.9 percent in 2023. Kredivo & Kata Data Insight Center research states that Paylater is now able to overtake the bank transfer method, as many as 16.2 percent of consumers choose Paylater as the most frequently used payment method in the market, while 10.2 percent of consumers choose the bank transfer / virtual account payment method. These results explain that the Paylater payment method is now a step change in the world of technology, especially in the digital or online business industry.

This study discussed how the COVID-19 pandemic changed consumer behaviour and led to the

emergence of Paylater as a new payment method for online purchases. Major Indonesian e-commerce platforms quickly adopted Paylater, which had a positive impact on online purchasing decisions and the economic growth of the e-commerce industry.

The results of previous research in relation to the problem under study, there are several things that have been achieved. The benefits of a technology are the positive results or conveniences achieved by the users of that technology (Davis, 1989). These benefits take the form of increased productivity, innovation, quality improvement and cost reduction. If the user believes that the technology is easy and provides benefits, then he will use the technology (Asja et al., 2021). The benefits in this study are to discuss the benefits of using Paylater.

The difference between this research and previous research lies in the problems studied and the benefits of the resulting research. The benefits of this research can be implemented directly by the community as the use of Paylater is quite easy to access and the community needs to be educated on how to use Paylater so as not to cause problems in the future. The uniqueness of this research is that it uses data processed from different sources on the internet. The coding created comes from different sources, namely

online news, YouTube and research articles, where there are no research topics using this data source. It provides details on the benefits of the Paylater payment method as a transaction tool in e-commerce, where these benefits are confirmed from different sources and their validity is tested using a triangulation approach.

The purpose of this research is to get answers to research questions. The benefits and education of using the Paylater payment method as a transaction tool in e-commerce. Education on the use of Paylater for the general public is an important thing to do, because the public is still not sufficiently educated about the various benefits of this Paylater technology. The benefits will be gathered from various sources, which will then be coded to form a detailed and systematic concept. This research will create a new view for the general public about the benefits of Paylater payment methods and remove the negative stigma that has been embedded in the public's view of Paylater payment methods.

The benefits of the results of this research can be used by the general public out there. The public can from now on increase their self-education by knowing the various advantages of Paylater payment methods from different platforms on the Internet. Paylater users can use the information from this research as a basis for increasing their knowledge about Paylater payment methods. Paylater users can learn a lot from the results of this study, such as how to manage their finances. This is a basic thing that can help in managing daily life and avoiding self-defeating waste.

## 2 LITERATUR REVIEW

The term paylater comes from the words "pay", which means to pay, and "later", which means later. In general, paylater is a payment method that offers instalments without the need to use a credit card. The digital company in question will initially cover the payment when a product is purchased (Amira, 2021). This Paylater payment system is actually nothing new. Most people are more familiar with this paylater system than with the credit system. At present, the Paylater payment method is becoming more and more popular among the public due to its convenience in various types of transactions, especially with the promotions and cashbacks offered by Paylater service providers. Here are some basic principles of Paylater payments. First, buy now, pay later: Consumers can buy goods or services without paying directly at the time of purchase. They make the payment at some point in the future, usually in a few weeks or

months. Second, no or low interest: Some paylater services offer a period during which no interest is charged if payments are made on time. However, if payment is late, some interest or fees may be charged. Third, a quick application process: Paylater services often have an easy and quick application process, especially when compared to traditional loans from banks or financial institutions. Fourth, payment flexibility: Consumers can choose how much they pay in each payment period, although there is usually a minimum amount that must be paid. Fifth, the importance of financial discipline: Using paylater requires discipline in personal financial management as there are risks if payments are not made on time. Late payments can result in additional charges. In Indonesia alone, the paylater feature has been facilitated by various companies ranging from banks, fintech P2P lending and others. Meanwhile, the marketplace providing Paylater services should work with OJK to ensure its safety. Paylater itself is now an alternative to buying something you want. However, users must remain careful and pay the Paylater bill on time, because if it is late, it will affect iDeb SLIK if you want to apply for a mortgage to buy a house.

While Sari (2021) emphasises the effect of Paylater on the impulsive buying behaviour of Indonesian e-commerce users, Damayanti (2022) finds that the influence of benefits is the most important factor in the interest in using Paylater. However, Khasanah (2022) questions the compliance of Paylater transactions with Islamic law. Using Shopee Paylater, Aprianto (2023) emphasises even more the benefits of convenience and perceived benefits when making purchasing decisions. All of these studies suggest that Paylater can offer benefits such as flexibility and convenience, but they also raise moral and legal questions.

## 3 METHODS

This research uses a qualitative research method with a systematic literature review approach. The literature reviewed came not only from research articles, but also from various online sources. The data sources used come from YouTube, online news, research articles and other social media. Data sources must come from credible sources, both YouTube channels, online news and other sources. Data will be searched using keywords relevant to the research question. The consideration of using these data is due to the availability of adequate data on the internet and easy access (Hafidhah & Yandari, 2021). The selected data sample consists of data published for the last three

years, namely 2021 to 2023. NVivo 12 Plus software was used to process the data. This software was chosen because it is able to produce coding visualisation images and the way the software is used is very user friendly (Tambun & Sitorus, 2023).

There are four stages that are carried out in the data processing process with NVivo, namely the data entry stage, the coding stage, the visualisation stage and the conclusion stage (Sitorus & Tambun, 2023). In the first stage, data entry uses two methods, namely internal data entry and external data. Internal data is data that is entered into NVivo without the use of an internet connection. This data is usually data that is already available on a laptop, such as research articles. Meanwhile, external data is data whose input process into NVivo uses an internet connection, the data input process using the ncapture for nvivo facility. Examples of external data from the internet include YouTube, online news and various social media. The second step is to code the data according to the answers to the research questions. Coding is a simple word or phrase that is the answer to a research question. At this stage, content analysis is carried out, which is the stage of understanding the words or phrases in the research data (Tambun, 2021). Specifically for the coding process for YouTube data sources or social media sources in the form of videos, the coding is done after there is a transcript of the YouTube or video content. The analysis is carried out by making a transcript, then the coding process is

carried out (Salahudin et al., 2020). The third step is to create a coding visualisation. A coding visualisation is a collection of codings that form an image. Coding images are linked to different data sources. This coding picture is analysed in the process of drawing research conclusions. The fourth stage is the determination of research conclusions. Research conclusions are answers to research questions. The answer is seen in the coding. Coding is considered to have strong validity if the coding is confirmed by different data sources. Coding validity is strong if it is confirmed at least three times by different data sources. This principle is a measure of coding validity using the triangulation method (Natow, 2020). Furthermore, the codings are sorted from the most confirmed to the least confirmed coding. These codings are used as answers to the research questions and as research conclusions.

#### 4 RESULTS AND DISCUSSION

This research produces several references consisting of 2 Youtube, 5 online news and 4 research articles. The coding process was carried out using NVivo 12 Plus software.

There are eight valid codings, confirmed at least three times in the data sources studied. Below is a visualisation of the resulting coding.

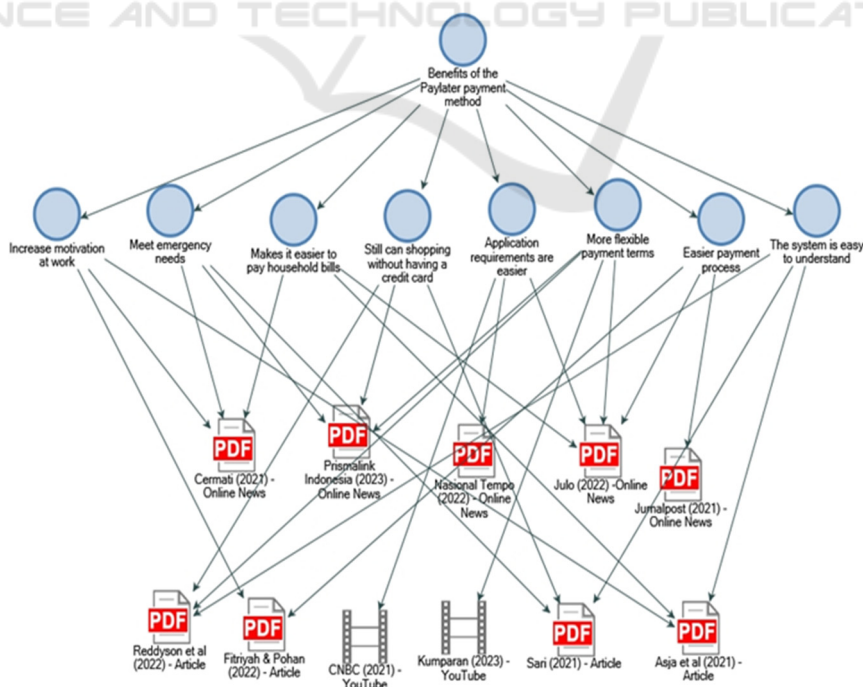


Figure 1: NVivo Result.

Table 1: Coding Results.

No.	Coding	Intensity	Reference
1	Increase motivation at work	3	Prismalink Indonesia (2023) – Online news Cermati (2021) – Online news Fitriyah & Pohan – Online news
2	Meet emergency needs	3	Cermati (2021) – Online news Prismalink Indonesia – Online news Asja et al (2021) – Online news
3	Makes it easier to pay household bills	3	Cermati (2021) – Online news Asja et al (2021) – Online news Julo (2022) – Online news
4	Still can shopping without having credit card	3	Reddyson et al (2022) – Article Prismalink Indonesia (2023) – Online news Sari (2021) – Article
5	Application requirements are easier	3	CNBC (2021) – Youtube Nasional Tempo (2022) – Online news Julo (2022) – Online news
6	More flexibels payment terms	4	Reddyson et al (2022) – Article Prismalink Indonesia (2023) – Online news Kumparan (2023) – Youtube Julo (202) – Online news
7	Easier payment process	3	Reddyson et al (2022) – Article Julo (2022) – Online news Jurnal post (2021) – Online news
8	The system is easy to understand	3	Reddyson et al (2022) – Online news Sari (2021) – Article Asja et al (2021) - Article

All coding in Figure 1 is in response to the research question. The coding results from the content analysis of the various data examined. The coding process uses the features available in the NVivo 12 Plus software. Below is a summary table and the intensity of each coding produced.

#### 4.1 Increase Motivation at Work

Users of the Paylater application believe that when they make a decision to use Paylater, they gain a perception of its benefits. Perceived benefit is a person's belief in the process of making a decision, where if a person has a sense of belief that the Paylater technology system will be useful, they will use the system. Perceived usefulness is the extent to which the subject believes that a Paylater technology system is able to enhance the performance level of its users (Asja et al., 2021). If a Paylater user is lazy at work or wants to quit his job, then Paylater can be a

reminder of the Paylater user's bills and dependents. If not, the user of Paylater can be subject to late fees, which can increase the user's bill even more (Cermati, 2021).

#### 4.2 Meet Emergency Needs

Paylater is like an emergency fund provided by other parties to help you in an urgent situation or emergency. Paylater should only be used for emergency purposes, for example, you are laid off, there is no severance pay and you have financial problems. Paylater services can be a helper to finance daily needs, such as buying food, paying bills and others (Cermati, 2021). Paylater can also be useful when there are some household needs that are urgently unmet. For example, there is a shortage of different types of equipment in the house because they are too old or damaged. Then Paylater can provide a solution to this problem by providing

alternative payments so that the household needs of Paylater users can be met immediately (Sari, 2021).

### **4.3 Still Can Shopping Without Having Credit Card**

Nowadays there are many applications that already have Paylater features, such as GoPaylater. Shopee Paylater (SPaylater), Ovo Paylater, Traveloka Paylater and many more. GoPaylater can be used when entering the payment method menu when using features on the Gojek application according to the limit set by the application (Reddyson et al., 2022). Not everyone has access to or wants to use a credit card. Paylater provides an option for those who do not have a credit card to still be able to transact online or offline. This opens up wider access to customers of different consumers (Sebastian, 2023). Paylater is an alternative payment method that uses an online instalment system without the need for a credit card. Several platforms are currently starting to adopt this cardless credit instalment technology. In 2023, Paylater can be used by the public on several online shopping platforms, ticket and hotel bookings, and online transportation (Sari, 2021).

### **4.4 The System is Easy to Understand**

In Indonesia, the use of Paylater is very widespread because the process of activating the Paylater feature is easy. In addition, the Paylater feature has been integrated into e-commerce, so that transactions can be made without having to switch to another platform. Although there are already several instalment providers in Indonesia, such as home credit, credit plus, etc., consumers do not need to come to the store to shop and apply for instalments (Reddyson et al., 2022). Perceived ease of use is the action of an individual who believes that using a particular technology can reduce his or her effort in doing something. In the research conducted here, this dimension refers to the extent to which users feel that the paylater technology is easy to use and simple (Sari, 2021).

### **4.5 Flexibels Payment Terms**

One of the main advantages of Paylater is the flexibility of payment. Customers can enjoy the product or service immediately without having to pay immediately. This gives customers room to organise bill payment according to the user's time period and income cycle (Sebastian, 2023). When using Paylater, the payment period of the bill from the usage system

makes it easy for Paylater users to determine the payment deadline, so that users can satisfy their primary needs first without feeling burdened by their Paylater bills (Kumparan, 2023). Therefore, with flexible payment features, the influence of Paylater users grows because the features offered by Paylater benefit more users and the effect of this influence creates satisfaction on the part of Paylater users (Darwin, 2021).

### **4.6 Easier Payment Process**

Ease of payment is one of the features offered by paylater. A person's belief that if they use the system, their effort to do something will be reduced. Payment methods such as the easy-to-use Gopaylater support the Gojek and Tokopedia platforms, which are widely used by Indonesians (Fitriyah & Hotman Tohir Pohan, 2023). This convenience is one of the influences for consumers in making purchase decisions. Perceived convenience refers to the extent to which users feel that Gopaylater technology is easy to use. The level of public online consumption is increasing every day. Therefore, the convenience provided by the Paylater system can make it convenient for users to complete the payment process without leaving home (Wahyuningtias, 2019).

### **4.7 Application Requirements Are Easier**

The requirements for activating Paylater are relatively simple. Compared to credit cards, the requirements and submission of the Paylater function are much simpler with similar functions and benefits. Many Paylater services can be applied for with just a few personal documents (Tempo.co, 2022). The simplicity of the registration process is a new experience for users of the Paylater feature. It is not uncommon for users to want to apply for a loan similar to Paylater, but the conditions required of the user are too many, which makes the user feel uncomfortable (CNBC, 2021).

### **4.8 Makes It Easier to Pay Household Bills**

If someone does not have a credit card or a digital wallet, then paylater can be an alternative to pay your household bills and daily (Cermati, 2021). The convenience and benefits offered in using Paylater can meet the needs of the needs that we often enjoy every day, so people need a good understanding of Paylater services so that users can avoid bills that are

wrapped around, this effect can lead to negative perceptions of using the Paylater system. If the Paylater system can be used wisely, it can help people meet their needs (Asja et al., 2021).

## 5 CONCLUSIONS

The results of this study have provided answers to the research questions posed at the beginning. There are eight points of benefits that can help the users of the payment system so that it can be an alternative and solution for the community in meeting their daily needs. The eight benefits are: increased motivation at work, meeting emergency needs, being able to shop even if you don't have a credit card, the system is easy to understand, the payment period is more flexible, the payment process is easier, the application requirements are simpler, making it easier to pay household bills. The results of this study can be used by paylater users to inform and educate themselves about the functions and benefits of paylater, so that they can avoid various types of conflicts or problems. The research recommends eight benefits to become a wise paylater user or user in the technological era where the paylater process can be easily activated by the general public.

Suggestions for further research that could build on the existing benefits of placing financial inclusion include examining how Paylater affects the ability of underbanked or unbanked populations to access e-commerce and whether it can close the financial inclusion gap. Examining the psychological aspects of using Paylater by examining how it affects impulse purchases and whether it encourages responsible spending by conducting surveys or interviews with Paylater users to gain insight into their decision-making processes. and finally, analysing the impact of Paylater on the average order value (AOV) in e-commerce by comparing the average order value (AOV) of transactions made with Paylater versus traditional payment methods or monitoring changes in AOV.

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