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**“Factors Influencing the Non-Adoption of
Online Payment Systems Among Sari-Sari Store Owners in Malabon
City”**

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i. INTRODUCTION

The increasing adoption of technology has changed how numerous companies manage financial transactions. Online payment platforms, including wallets, internet banking and QR code payments provide convenience, quickness and safety for both businesses and their customers. Due to these advantages government bodies and financial institutions in the Philippines have promoted payment options, for micro and small business operators.

Nonetheless with these improvements numerous sari-sari shop proprietors still depend on conventional cash dealings. Sari-sari stores continue to be a component of local neighborhoods particularly in urban locations such, as Malabon City, where they function as convenient suppliers of everyday essentials. Research indicates that although certain sari-sari stores have started using wallets many store owners continue to encounter obstacles, like security worries, insufficient understanding, low customer awareness and technological limitations which affect their readiness to implement online payment methods (De Guzman & Santos 2022).

Many sari-sari store owners still use cash despite the advantages of online payment systems because of issues such low digital literacy, budgetary limitations, outdated technology, and worries about security and trust (Widayani, Fiernaningsih, & Herijanto, 2023). These problems emphasize the necessity of investigating the reasons behind their non-adoption.

ii. Background of the Study

The local government of Malabon City has teamed up officially with GCash as part of their modernization of financial transactions to allow cashless payments and increase the availability of electronic money services for people and companies (Malabon City Government & GCash, 2024).

Although these measures have been taken, uneven digital payment technology adoption continues to be a situation with a lot of traditional companies still sticking to old cash-based methods and not willing to make a switch because of a variety of barriers like technical difficulty, infrastructure not being up to par, and anxiety regarding security and digital literacy (Raza, 2025). Numerous studies have analyzed the determinants of electronic payment adoption in sari-sari shops, but most of them are conducted in places such as Davao City (Gesta et al., 2025) whose tech support and buyer attitude may vary from other localities.

In particular, limited research has explored how urban density, diverse customer demographics, and varying levels of digital literacy affect e-payment adoption in small retail businesses in Malabon City (Gesta et al., 2025). This gap highlights the need for localized studies that examine operational, technological, and transaction-related factors, providing insights that are directly relevant to policymakers, financial institutions, and sari-sari store owners in the city. Understanding these factors can help ensure that digital payment initiatives are both accessible and effective in Malabon's unique urban context.

iii. Problem Statement

The use of digital payment platforms has completely revolutionized the transaction process of businesses by providing them with quicker, more convenient processing and improved security features. These systems already allow for instant or near-instant payments, and therefore, one can say that they lead to a decrease in physical cash dependency (Grenawalt, 2023).

While the availability of cashless payment systems is continually on the rise in the Philippines, still a lot of sari-sari store proprietors in Malabon City prefer to transact in cash and this is mainly due to a lack of trust, limited knowledge, and security and costs concerns (Trout, 2022). The hesitancy not only constricts business operations' efficiency but also impedes the worldwide adoption of cashless payment methods that the local government is promoting.

iv. Objectives

This study aims to identify the factors influencing the non-adoption of online payment systems among sari-sari store owners in Malabon City and to examine their perceptions regarding these systems.

v. Significance of the Study

- Sari-sari store owners – helps them understand challenges that come with using online payments in their quest for an easier and safer way of transaction.
- Micro-Entrepreneurs/Local business communities – offers knowledge to help improve business operations and go digital.
- Local government units (LGUs) – guideline programs in support of small businesses, including financial inclusion.
- Banks and E-Wallet Services providers – highlights concerns of consumers to improve their services.
- Scholars and policymakers – adds knowledge on online payment usage and will inform future projects related to micro-business development.