



## Invoice

Dear Ms Current Name,  
I authorize myself to make following invoice:

Num	Qty	Units	Article No	Goods/Service	Unit Price	Price
1	1	pcs		Food photography for summer menu. Menu design and printing on glossy cardboard DIN A5 double sided 20 pieces	273.11	273.11
1	33	pcs		Single product photo on white background	83.16	2745.28
1	1	pcs		Photo Licenses for Certificates	16.80	16.80
Total						2875.19
VAT 10%						287.52
Total Amount Payable						3162.71

# 2024 REPORT ON PAYMENTS

Findings from the  
**2023 Small Business Credit Survey**

**PUBLISHED DECEMBER 2024**

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**FEDERAL RESERVE BANKS of**

Atlanta • Boston • Chicago • Cleveland • Dallas • Kansas City • Minneapolis  
New York • Philadelphia • Richmond • St. Louis • San Francisco

# ACKNOWLEDGMENTS

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The Small Business Credit Survey is made possible through collaboration with business and civic organizations in communities across the United States. The Federal Reserve Banks thank the national, regional, and community partners who share valuable insights about small business financing needs and collaborate with us to distribute and promote the survey.<sup>1</sup>

Special thanks to colleagues within the Federal Reserve System, especially the community affairs officers, for their ongoing support for the SBCS. The 2023 SBCS is the result of the collaborative effort and input of the following individuals in the Federal Reserve System:

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*The views expressed in this report are those of the authors and not necessarily those of the Federal Reserve Bank of Cleveland or the Federal Reserve System. Data used in this report may be subject to updates or changes.*

<sup>1</sup> For a full list of partner organizations, please visit [www.fedsmallbusiness.org/partnerships/partner-organizations](https://www.fedsmallbusiness.org/partnerships/partner-organizations).

# TABLE OF CONTENTS

i	EXECUTIVE SUMMARY
1	CUSTOMER PAYMENT FORMS, TERMS AND ARRANGEMENTS
3	PAYMENT TERMS AND ARRANGEMENTS BY INDUSTRY
4	FORMS OF PAYMENT ACCEPTED BY INDUSTRY
5	FORMS OF PAYMENT AND PAYMENTS-RELATED CHALLENGES
6	PAYMENTS-RELATED CHALLENGES BY TERMS AND ARRANGEMENTS
7	PAYMENTS-RELATED CHALLENGES BY INDUSTRY

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# EXECUTIVE SUMMARY

## INTRODUCTION

Managing cash flow ranks as one of the top financial challenges that small businesses face, and timely collection of customer payments is critical to firms' cash flow. While firms also rely on funds from lenders and personal sources, customer payments are the primary source of cash available to businesses. To understand firms' experiences with customer payments, the 2023 Small Business Credit Survey (SBCS) included special questions regarding the forms of payment firms accept, their typical payment terms and arrangements, and the payments-related challenges they face.<sup>1</sup>

## SURVEY FINDINGS

The survey was fielded from September through November 2023 and yielded 6,131 responses from a national sample of small employer firms with 1 to 499 full- or part-time employees (hereinafter "businesses" or "firms") from all 50 states and the District of Columbia. This report summarizes data from the 4,920 employer firms that responded to one or more payments-related questions posed in an optional end-of-survey module.

**Small businesses set a variety of terms and arrangements for customer payments. Payment in full at the time of service or purchase is the most common arrangement.**

- Businesses may offer multiple payment terms and arrangements to their customers; the survey asked which of these arrangements accounts for the highest share of their revenues. More than one third of firms (38%) responded that they collect payment in full at the time of service or purchase, the most common response.

- 28% of firms said they collect payment after delivery of the product or service, for example, by invoice.

**Checks and card payments—that is, credit card, debit card, and digital/mobile payments—are the most commonly accepted forms of payment.<sup>2</sup>**

- More than 80% of firms accept three or more forms of payment. The forms of payment accepted vary based on a business's terms and arrangements for collecting customer payments.
- Firms that take payment at the time of sale are more likely than other firms to accept cash and card payments. Those other firms—which take payment after delivery, on a set schedule, in installments, or through a third party—are more likely to accept checks.

**Approximately 80% of firms experience payments-related challenges, the most common of which is fees associated with payments processing.**

- Fees are the most common challenge for firms that take payment at the time of sale. Among these businesses, more than 9 in 10 accept card payments.
- Challenges with time-consuming processes and delays in settlement or availability of funds are most frequently experienced by firms that receive payments through a third party.<sup>3</sup>
- Slow-paying customers are a common challenge for firms that collect payments after delivery, on a set schedule, in installments, or through a third party.

**Payments experiences vary across industries.**

- Factors such as customer expectations, product or service characteristics, and operating processes affect industry practices regarding customer payments. The survey highlights the payment practices of firms in various industries. See Table 1 for industry classifications.
- Leisure and hospitality and retail firms are more likely than firms in other industries to require their customers to pay in full at the time of service or purchase. They are also more likely to accept both card and cash payments and to cite challenges with payments-processing fees.
- Firms in professional services and real estate and in manufacturing are more likely than those in other industries to accept payment after delivery of the product or service. They are also more likely to accept checks and ACH<sup>4</sup> as forms of payment and to report that slow-paying customers are a challenge.

<sup>1</sup> The data for this analysis were drawn from an optional end-of-survey module in the 2023 SBCS. Approximately 80% of employer-firm respondents opted to answer the module questions. The Survey also collected data on the payments experiences of nonemployer firms; see [Appendix](#) for details.

<sup>2</sup> Firms that accept at least one form of credit card, debit card, or digital/mobile payment are collectively considered to be firms that accept card payments. Examples of digital/mobile payments provided to respondents were PayPal, Venmo, and ApplePay.

<sup>3</sup> Examples of third parties given to respondents were insurance, lender financing, and "buy now, pay later."

<sup>4</sup> ACH is an electronic money transfer made between depository institutions across the Automated Clearing House (ACH) network.

# EXECUTIVE SUMMARY

(Continued)

Table 1. Small Business Credit Survey Industry Categories <sup>5</sup>	
Industry category	Examples of small businesses in industry category
Business support and consumer services	Barbers, business-event planners, cleaning services, repair services, salons, spas, and travel agencies
Finance and insurance	Loan brokers, insurance carriers, and portfolio management firms
Healthcare and education	Counseling services, daycare services, dentists, professional training services, sports instruction, and tutoring services
Leisure and hospitality	Bars, restaurants, caterers, fitness centers, gyms, hotels, and performing arts venues
Manufacturing	Electronics manufacturers, engraving services, packaging services, print shops, textile manufacturers, and wineries
Nonmanufacturing goods production and associated services	Construction, farming, logistics, mining, taxis, wholesale suppliers and distributors, and warehousing
Professional services and real estate	Book publishers, consulting services, graphic designers, notaries, real estate agents, and vehicle rental services
Retail	Boutiques, craft stores, ecommerce providers, grocers, and hardware stores

## ABOUT THE SURVEY

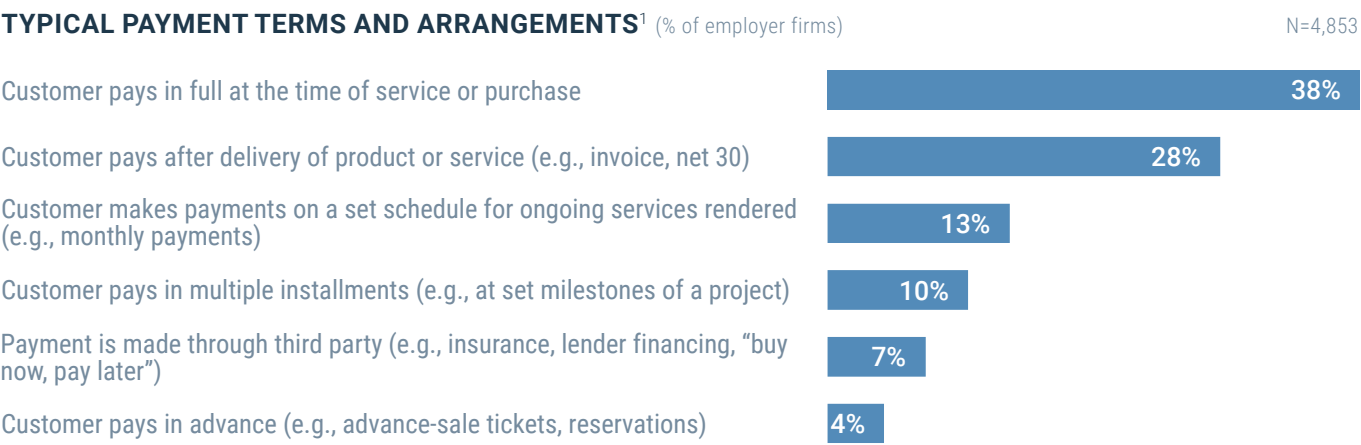
The SBCS is an annual survey of firms with fewer than 500 employees. These types of firms represent 99.7% of employer establishments in the United States.<sup>6</sup> Respondents are asked to report information about their business performance, financing needs and choices, and borrowing experiences. Responses to the SBCS provide insights into the dynamics behind lending trends and shed light on various segments of the small business population. The SBCS is not a random sample; results should be analyzed with awareness of potential biases that are associated with convenience samples.

This report relies on findings from an optional end-of-survey module. The sample of employer firms that completed the module is assigned a set of module-specific weights used only for analysis of the module questions.<sup>7</sup> For detailed information about the survey design and weighting, please consult the survey methodology.<sup>8</sup>

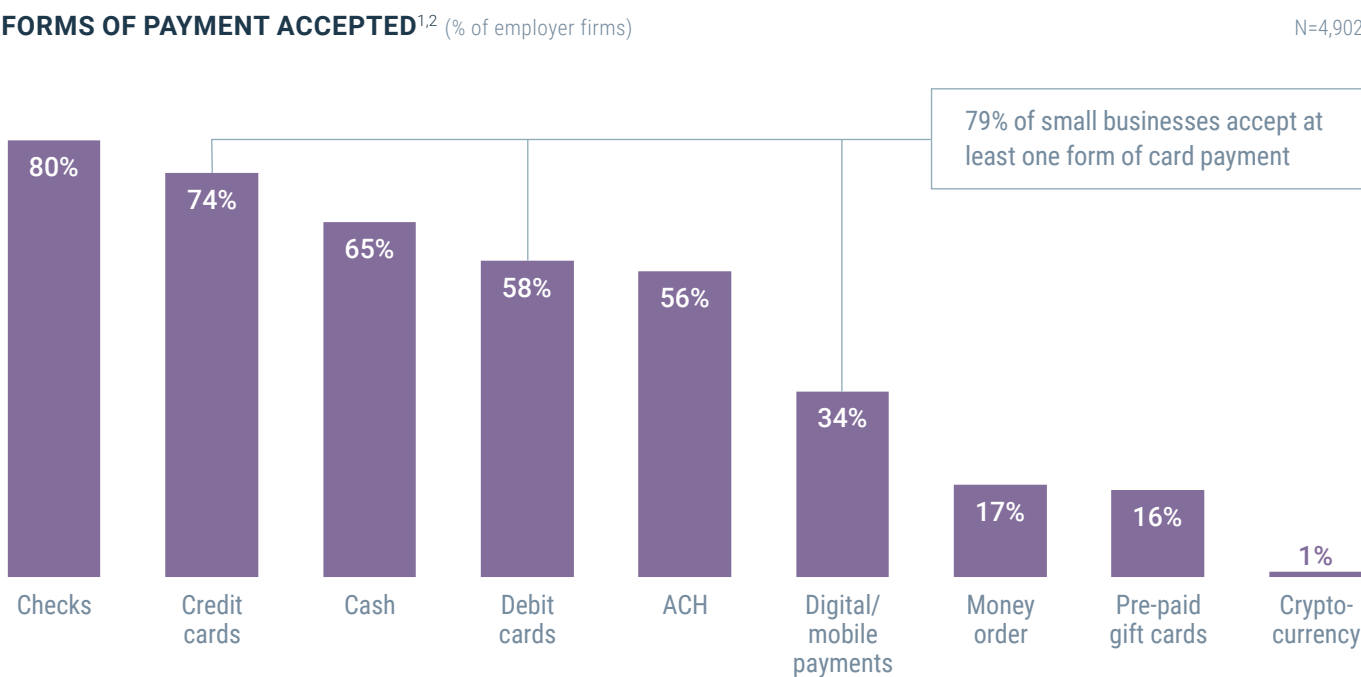
<sup>5</sup> See [Appendix](#) for more details on SBCS industry categories, including the associated NAICS codes. US Census Bureau, County Business Patterns, 2021.  
<sup>6</sup> US Census Bureau, County Business Patterns, 2021.  
<sup>7</sup> Similar to the weighting scheme for employer firms responding to the main track of the survey, the sample data in the module are weighted so that the weighted distribution of firms matches the distribution of the small-firm population by number of employees, firm age, industry, geographic location (census division and urban or rural location), gender of owner(s), and race or ethnicity of owner(s).  
<sup>8</sup> <https://www.fedsmallbusiness.org/our-data/methodology>

# CUSTOMER PAYMENT FORMS, TERMS AND ARRANGEMENTS

Small businesses set a variety of terms and arrangements for customer payments. Payment in full at the time of service or purchase was the most common arrangement.



Checks and card payments—that is, one or more of credit cards, debit cards, and digital/mobile payments—are the most commonly accepted forms of payment.

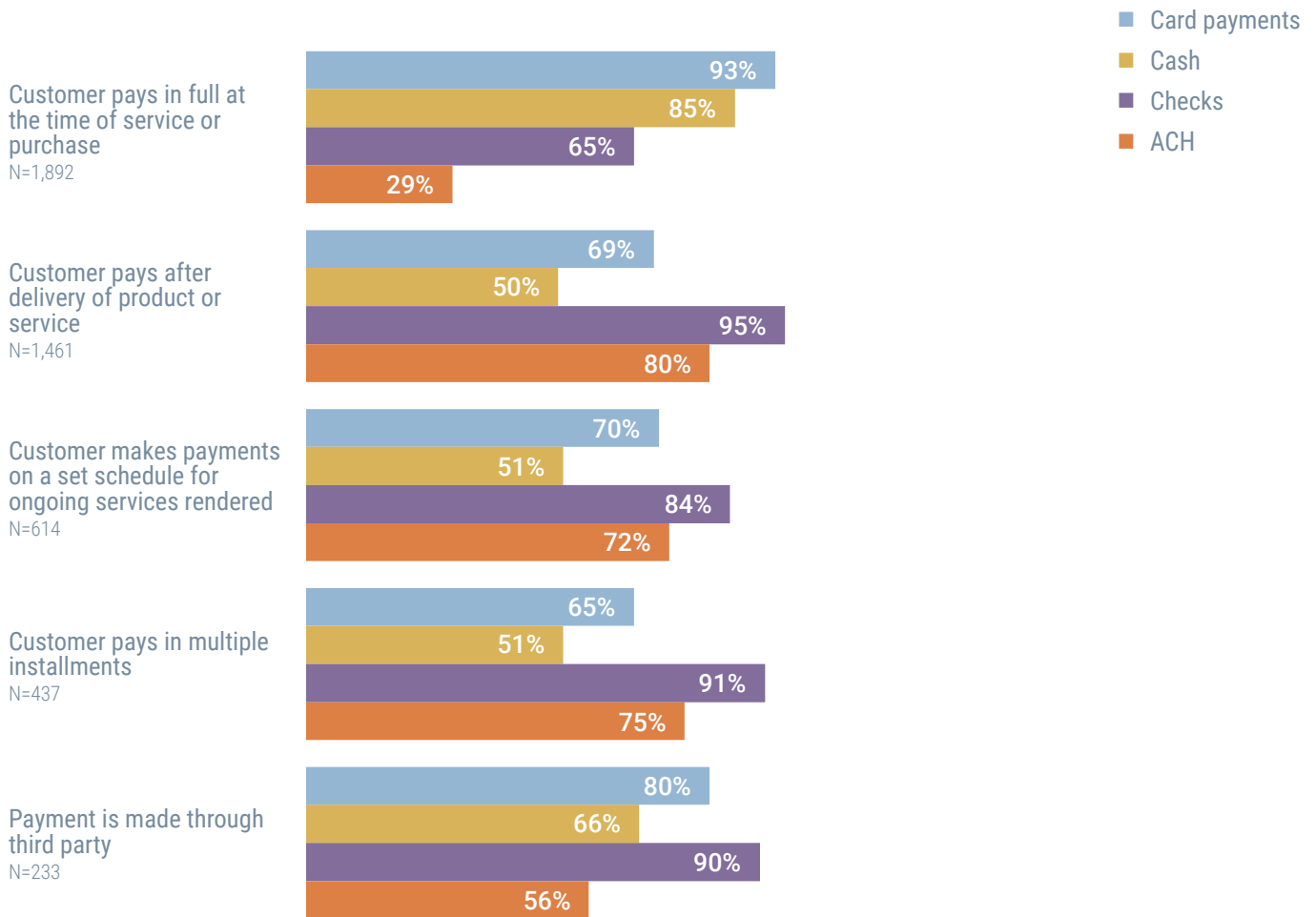


<sup>1</sup> Response option "other" not shown. See [Appendix](#) for more details.  
<sup>2</sup> Respondents could select multiple options. Examples of digital/mobile payments provided to respondents were PayPal, Venmo, and ApplePay.

# CUSTOMER PAYMENT FORMS, TERMS AND ARRANGEMENTS (Continued)

Firms that require payment in full at the time of sale accept card and cash payments more often than those that take payment either after delivery, over time, or through third parties.

**FORMS OF PAYMENT, By Typical Payment Terms and Arrangements<sup>1</sup>** (% of employer firms)


















<sup>1</sup> Card payments include at least one form of credit card, debit card or digital/mobile payments. Select payment forms, terms and arrangements shown. See [Appendix](#) for more details.

# PAYMENT TERMS AND ARRANGEMENTS BY INDUSTRY

Leisure and hospitality and retail firms most often require payment in full at the time of sale. Manufacturing firms typically take payment after delivery.

**TYPICAL PAYMENT TERMS AND ARRANGEMENTS, By Industry<sup>1</sup>** (% of employer firms)

	Most frequent response	Second most frequent response	Third most frequent response
Leisure and hospitality N=680	 <b>79%</b>	 <b>10%</b>	 <b>6%</b>
Retail N=567	 <b>76%</b>	 <b>9%</b>	 <b>7%</b>
Manufacturing N=617	 <b>53%</b>	 <b>32%</b>	 <b>8%</b>
Professional services and real estate N=888	 <b>41%</b>	 <b>19%</b>	 <b>18%</b>
Healthcare and education N=564	 <b>25%</b>	 <b>25%</b>	 <b>24%</b>



Customer pays  
in full at the time  
of service or  
purchase



Customer makes  
payments on a  
set schedule



Customer pays  
in advance



Customer pays  
after delivery  
of product or  
service



Customer pays  
in multiple  
installments



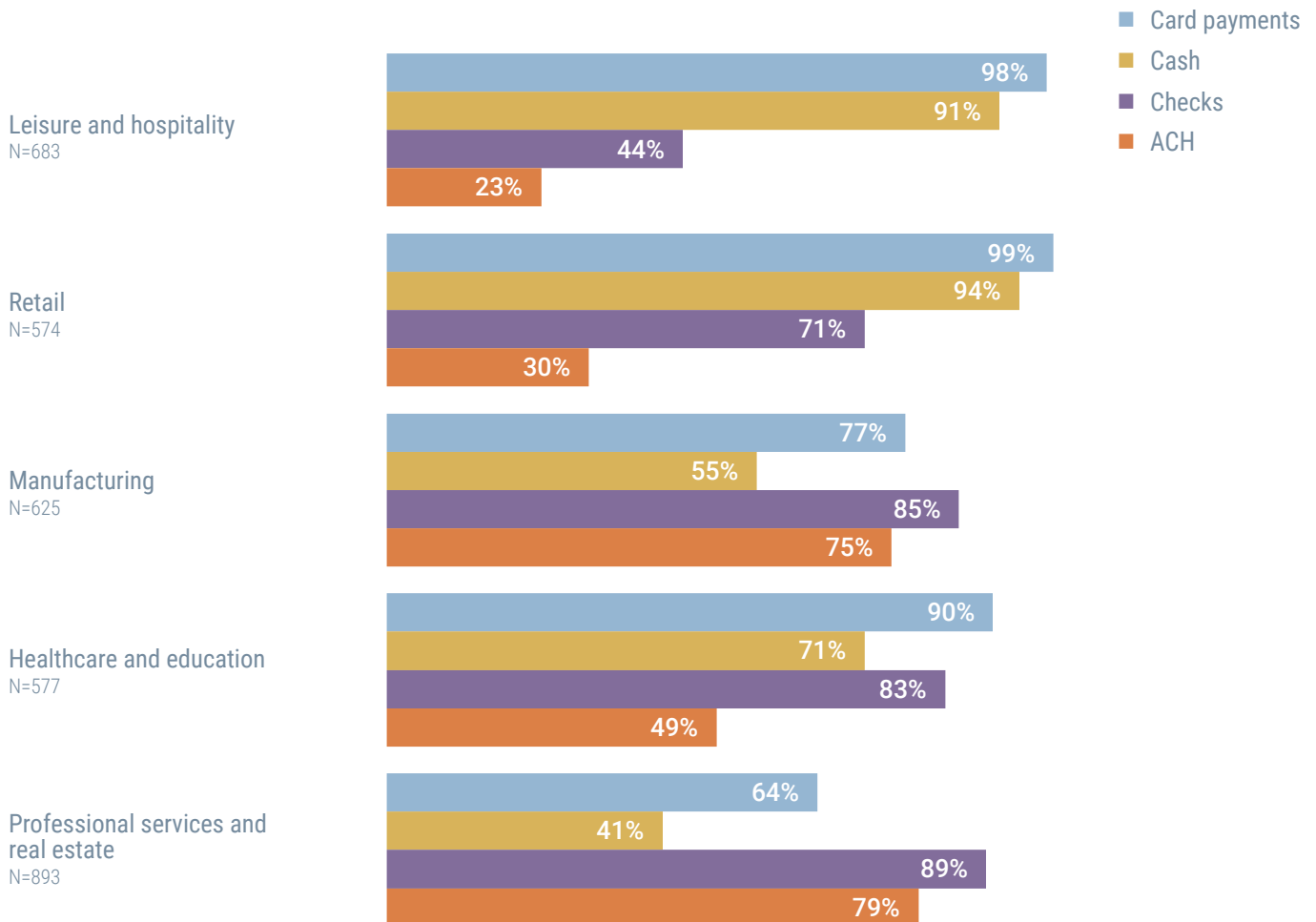
Payment is  
made through  
third party

<sup>1</sup> Select industries and payment terms and arrangements shown. See [Appendix](#) for more details.

# FORMS OF PAYMENT ACCEPTED BY INDUSTRY

Firms in leisure and hospitality, retail, and healthcare and education accept card payments more than other forms of payment. Firms in manufacturing and professional services and real estate most commonly accept checks.

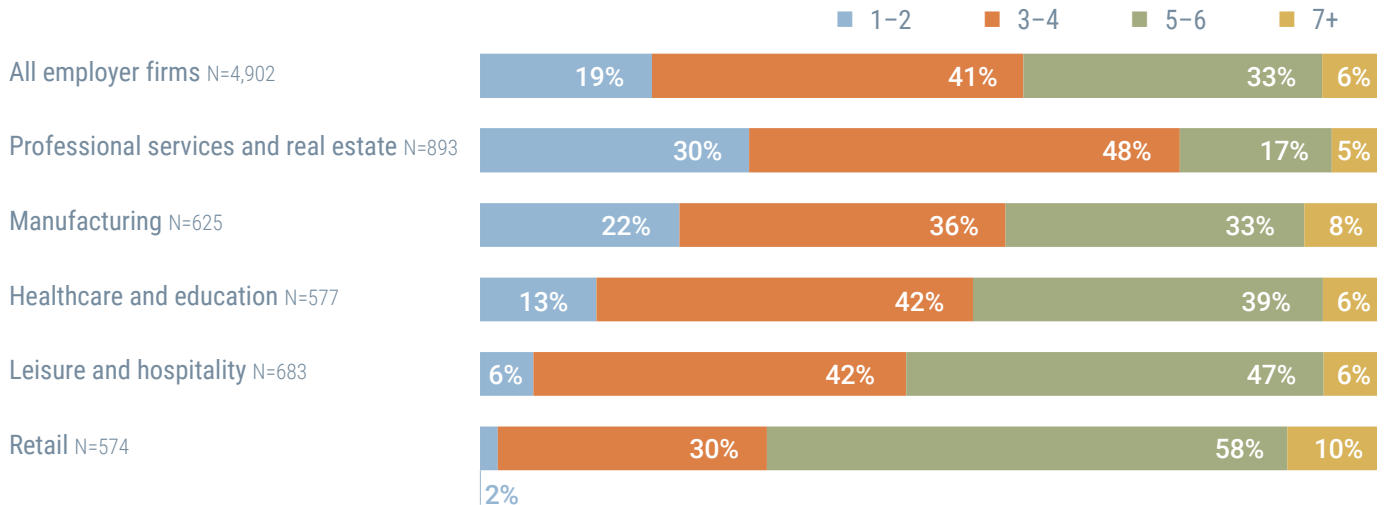
FORMS OF PAYMENT ACCEPTED, By Industry<sup>1</sup> (% of employer firms)



<sup>1</sup> Card payments include at least one form of credit card, debit card or digital/mobile payments. Select industries and forms of payment shown. See [Appendix](#) for more details.

# FORMS OF PAYMENT AND PAYMENTS-RELATED CHALLENGES

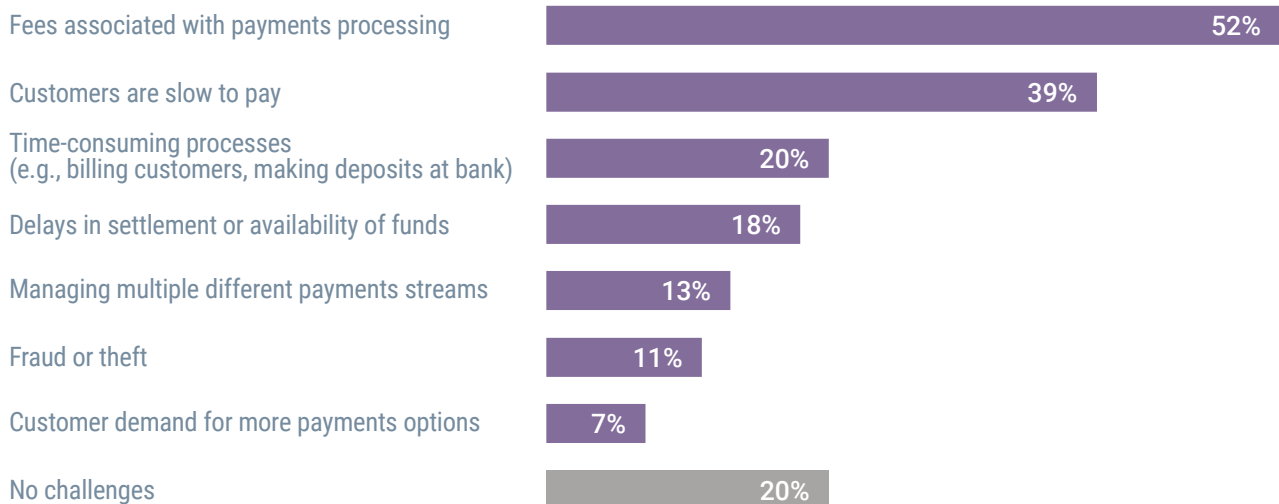
## NUMBER OF FORMS OF PAYMENT ACCEPTED, By Industry<sup>1,2</sup> (% of employer firms)



**Fees associated with payments processing are the most frequent payments-related challenge. One fifth of firms reported no challenges.**

## PAYMENTS-RELATED CHALLENGES<sup>2</sup> (% of employer firms)

N=4,858

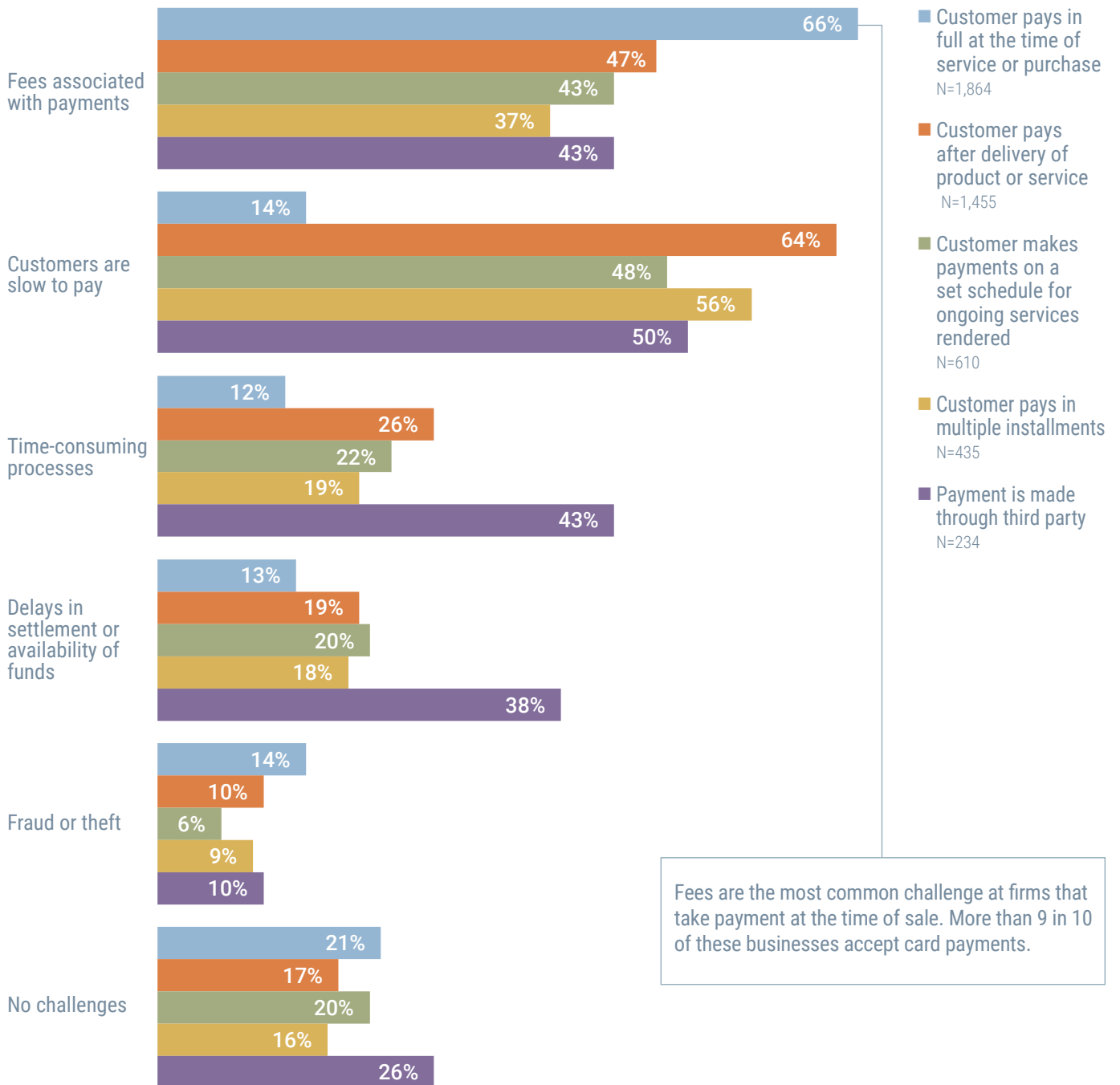


1 Each card payment type (credit card, debit card, and digital/mobile payments) are counted as separate forms of payment. Select industries shown. See [Appendix](#) for more details.  
 2 Response option "other" not shown. See [Appendix](#) for more details.

# PAYMENTS-RELATED CHALLENGES BY TERMS AND ARRANGEMENTS

Challenges with time-consuming processes and delays in settlement or availability of funds are most frequently experienced by firms that receive payments from third parties.

**PAYMENTS-RELATED CHALLENGES**, By Typical Payment Terms and Arrangements<sup>1</sup> (% of employer firms)

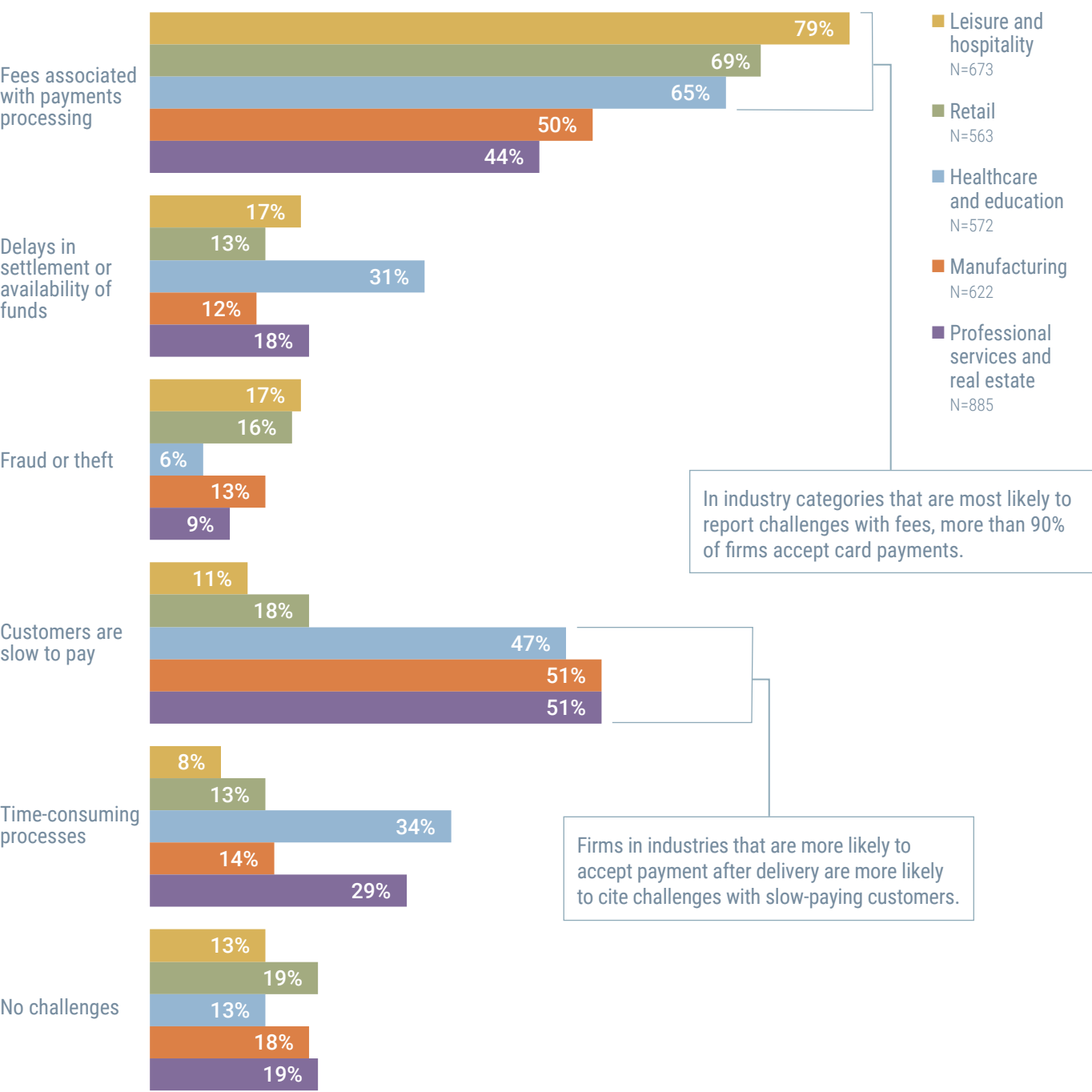


<sup>1</sup> Respondents could choose multiple challenges. Select payment terms and arrangements and payments-related challenges shown. See [Appendix](#) for more details.

# PAYMENTS-RELATED CHALLENGES BY INDUSTRY

Across industry categories, fees associated with payments processing are among the top challenges; firms in industries that typically accept card payments were most likely to report that fees are a challenge.

PAYMENTS-RELATED CHALLENGES, *By Industry*<sup>1</sup> (% of employer firms)



<sup>1</sup> Select industries and challenges shown. See [Appendix](#) for more details.