



The Small Business Payments Pulse

# Make or Break: How Cash Flow Challenges Imperil Small Business Growth



## Executive Summary

### Growth plans thrive when cash arrives on time.

But uneven receivables will threaten small businesses, no matter how much they invest in technology or talent.

A single delayed payment often sends small businesses into crisis mode. Payroll is deferred, business relationships suffer. Late fees and interest on stopgap solutions eat into money that should have gone toward growth.

These companies, which make up close to half of the U.S. workforce, feel the headwinds of a high-interest-rate environment, persistent inflation and volatility. But they continue to invest in their own futures. They hire new talent and invest in new technology and infrastructure. Two-thirds of the small businesses we surveyed have considered financing options within the past six months.

The health of their cash flow is a wild card in these plans.



**92%** say that **demonstrating stable cash flow** to vendors is very or extremely important when accessing growth capital.

**43%** select **inefficient/inconsistent cash flow** as their biggest challenge for their business in ensuring consistent funding.

**49%** state that **late customer payments** were one of their biggest cash flow challenges.



Even in the best of cases, the lag time of mailing and processing physical checks constrains the ability of small businesses to meet their day-to-day obligations or react to emergencies. For small businesses to grow, cash flow must be predictable, visible and secure. No individual business can influence the broader market and economic conditions, or the fortunes of their customers. But there are levers that small businesses can control that can help them lower risks and shore up the stability of their cash flow. Accelerating payment speed, improving financial workflows and strengthening defenses against fraud are the most direct ways to remove fragility and protect the growth that powers the U.S. economy.

We produced this report to shed light on the cash flow challenges that too often limit small business potential. Our hope is that these insights help shape the conversation among business leaders, policymakers, and technology providers **so small businesses can thrive with the financial stability they deserve.**



**Dan Holt**

*Co-founder, CEO, Board Director*

The **payments accelerator**  
for small businesses

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# Growth on the Mind in 2025

Small businesses approach the second half of 2025 with a mix of optimism and trepidation. Owners and operators still hire new talent and plan for future capital expenses. In conjunction with Ipsos, we surveyed more than 250 small business leaders of businesses with more than one and fewer than 100 employees. The results create a snapshot of businesses that are constructive on near-term growth and operation decisions...to a point.

Nearly all (99%) of surveyed businesses have either invested in **new technology or equipment**, or plan to in the near future. More than two-thirds of surveyed businesses have considered applying for growth financing in the past 6 months, and 34% are planning to do within the next year.

The National Federation of Independent Businesses (NFIB) validates this optimism. The NFIB Economic Trends report for July 2025 found 65% of small businesses rated their overall health as either good or excellent, representing a month-to-month increase. This positive outlook stands in contrast to a high-interest-rate-environment, softening demand and persistent concerns around the impact of tariffs and inflation.



**99%**

have invested in new technology



**65%**

say overall health is good or excellent



Small businesses are only too aware of these factors. The NFIB report shows the Small Business Uncertainty Index rose sharply to 97. For perspective, that value stood at 90 in March of 2020, the onset of the COVID-19 pandemic. Businesses report persistent challenges in hiring and lower sales.

Business leaders are not ignoring these headwinds. They understand their confidence in the near term comes with a large asterisk: **it all depends on cash flow.**

The survey found that three-quarters (76%) of respondents believe that securing a small business loan is very important to fueling their ongoing growth. A steady supply of growth capital hinges on cash flow: 92% of small business leaders say demonstrating stable cash flow is very or extremely important when they need to exercise their financial options.

Small businesses are confident in their ability to demonstrate stable cash flow, but that confidence is measured: our research found 53% of respondents are very confident and 38% somewhat confident that they can show positive cash flow to lenders. But small business leaders are only too aware how quickly a cash flow crunch can impact the health and longevity of their businesses in this economic climate.



# Cash Flow Is Critical

**Small businesses can't survive if cash doesn't arrive when it should.** Uneven receivables introduce fragility in small businesses that undercuts any investment in technology or people.

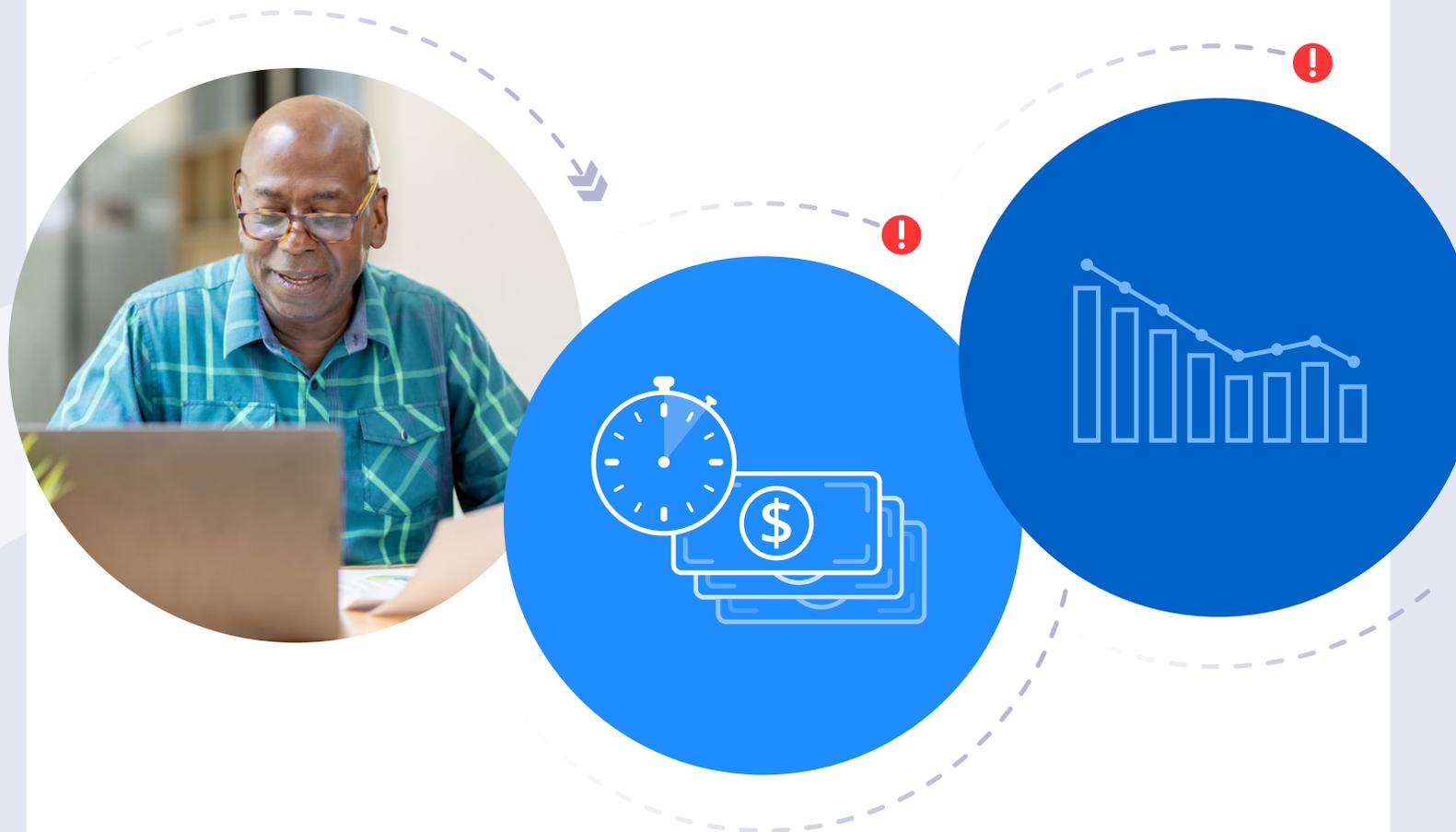
Late or hard-to-collect receivables are one of the most common sources of cash flow constraint. Nearly half (49%) of all respondents pointed to late payments as one of the biggest cash flow challenges. Other constraints included high operating expenses (51%), lack of real-time financial visibility (33%) and limited payment methods (25%).

For a small business with tight margins, **a \$10,000 delay can quickly spiral into a series of setbacks.** If a customer payment arrives late, the owner will face pressure to push back payroll or vendor invoices, straining relationships with employees and suppliers. That disruption can trigger late fees, higher interest on short-term credit, or the need to rely on a line of credit at elevated rates.



To adapt, a small business must divert cash earmarked for growth to cover emergency expenses. Long-term plans for new hires or new equipment evaporate to meet a short-term need. This is not an extreme case. Many small businesses face the possibility of a delayed receivable setting off a sequence of costs and missed opportunities that weakens financial stability and erodes the business's ability to present a strong case for financing.

This is why, when asked to rank their top challenges to qualifying for financing, 43% of survey respondents ranked inefficient or inconsistent cash flow as the biggest barrier. This rated twice as high as the next ranked challenge, the ability to pay vendors on time, at 22%. Inconsistent cash flow makes it difficult for a business to cover recurring obligations like payroll, vendor invoices and debt service on time. Lenders view those irregularities as a signal of higher risk, which reduces a business's chances of qualifying for credit or forces them to accept more restrictive terms.



# The Weight of Fraud

Fraud is a drag on every business, but its effects on cash flow are particularly sharp for small businesses that have fewer staff and thinner operating margins.

When a large enterprise encounters a fraudulent transaction, it deploys compliance teams, legal staff and dedicated technology budgets to contain the fallout. Small business owners, by contrast, must often investigate suspicious charges themselves and coordinate with banks or card processors. Each hour spent unwinding a fraudulent check or an unauthorized payment is an hour taken away from the customers a small business needs to survive.

Our survey shows how widespread this burden has become: **70% of small businesses report that payments fraud has negatively impacted their cash flow.** For many, fraud sets off a chain reaction that weakens their financial foundation. Just over 40% of respondents say fraud has increased their operational costs through legal fees, IT security upgrades or additional accounting services. Nearly one-third (28%) say it has caused delayed payments to vendors, while nearly one-quarter (24%) cite a loss of trust from customers or vendors. In the most severe cases, 11% have reported missing payroll because of fraud.



## Effects of payments fraud



**70%**

say it has **negatively impacted cash flow**

**41%**

say it has **increased operational costs**

**28%**

say it has **delayed vendor payments**

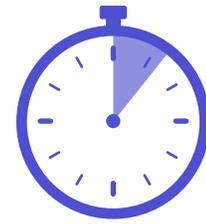
**24%**

say it has caused **lack of trust from customers & vendors**



When vendors are not paid on time because cash has been tied up in a dispute, supplier relationships suffer. A missed payroll damages employee morale and leads to higher turnover, which compounds recruiting and training costs that are already elevated. Even when the immediate financial loss is relatively small, the erosion of trust and the diversion of resources can create a long shadow that lingers for months.

Fraud forces small business owners to lean on financing that might otherwise have been avoidable. More than 20% say they rely more heavily on short-term loans as a direct result of fraud. Short-term credit coincides with higher interest rates. If a business must borrow to fill a gap left by fraud, the owner is essentially paying twice: once for the fraudulent activity itself, and again in financing charges to bridge the gap.



**When vendors are not paid on time**

because cash has been tied up in a dispute, supplier relationships suffer.



## Example

### An all-too common scenario

The business owner discovers a fraudulent check for \$12,000. The owner spends the next week in back-and-forth calls with their bank, filing reports and freezing accounts to prevent further losses. During that period, they miss vendor payment deadlines totaling \$8,500. They have to delay payroll by several days, leaving six workers waiting on a combined \$15,000 in wages. This strains relationships with suppliers and employees. To bridge the shortfall, the owner taps a short-term loan at a 15% interest rate, incurring \$600 in fees for just one month of borrowing. By the time the funds are recovered, the business absorbs about \$2,000 in direct costs loses goodwill with partners, misses out on new revenue-generating work and diverts 40 hours of the owner's time away from billable work.

Fraud undermines confidence in financial operations at the very moment when businesses need to demonstrate stability to lenders. Owners know that loan readiness depends on showing predictable inflows and outflows. When fraud interrupts that cycle, it casts doubt on the reliability of the business's financials. For larger firms, sophisticated fraud detection systems and insurance coverage can provide a cushion. For small businesses, those tools are often out of reach, leaving owners more exposed.



**-\$12,000**

fraudulent check



**-\$8,500**

missed vendor payments



**-\$15,000**

six workers without pay



**-\$600**

fees incurred from short-term loan



**-\$2,000**

direct costs absorbed



# The Way Forward

Small businesses anchor the U.S. economy. According to the U.S. Small Business Administration, they account for nearly half of the U.S. workforce and GDP. While the NFIB Economic Trends report shows a spike in uncertainty, it also reveals optimism. The NFIB Small Business Optimism Index reported in July 2025 that sentiment stood at 100.3, slightly above the 51-year average of 98, signaling continued confidence in hiring and capital investment.

But this optimism is fragile. It depends on a stable flow of cash that allows a business to meet its obligations and secure the capital needed to grow for the future. On an individual level, there are three paths small businesses can take to strengthen the resilience of their cash flow.

## Accelerating Payment Speed

The first priority is getting money in the door faster. For nearly half of surveyed owners, late customer payments are one of the biggest threats to their cash positions. **But about 75% of the 33 million U.S. small businesses still rely on physical checks to travel through the mail.**

In practice, those checks take an average of 10 days to clear without any complications. Any delay slows vendor payments and forces owners to dip into credit lines. Any move away from legacy systems of mailed checks will give businesses more time to satisfy their short-term obligations and continue operation. Solutions that allow businesses to request and accept digital payments from customers, including ACH transfers, instant bank payments, virtual cards and digital wallets all accelerate cash for small businesses and reduce reliance on short-term loans.



Small businesses account for **nearly half the U.S. workforce and GDP**



**75%**  
of U.S. small businesses still rely on physical checks



## Streamlining Financial Workflows

**Businesses need cash flow**, but they also need to understand where their money comes from and goes.

A third of survey respondents (33%) say a lack of real-time financial visibility is a top challenge to their cash flow. Without a clear view of their cash positions, owners must wait until the end of the day or week to reconcile accounts and confirm available cash. That delay limits their ability to make informed decisions about hiring, vendor negotiations or capital purchases.

Businesses should look for systems that integrate invoicing, payments and reconciliation under one roof. Financial clarity reduces the need for guesswork and gives lenders greater confidence in a business's operations.

## Strengthening Fraud Defenses

Any proactive fraud defenses will increase a small business's effective cash flow by default. Fraud introduces instability at the very moment when stability is most needed. For small businesses, the cost of prevention is often outweighed by the cost of inaction.

With increasingly diverse payment channels, businesses need scalable, resilient fraud protection for every transaction flow. Embedding fraud detection tools, working with payment processors that provide guarantees and adopting digital systems with stronger authentication can all reduce exposure. Fraud prevention protects growth plans from disruption.



**33%**

say lack of real-time financial visibility is top challenge



Businesses need **scalable, resilient fraud protection** for every transaction flow



## Looking Ahead

Small businesses are ready to hire, ready to invest and ready to borrow. They are a pillar supporting the U.S. economy, and they have weathered the volatility and headwinds of the last few years. But their growth depends on cash flow that is predictable, visible and secure.

**Any impediment to cash flow can send an otherwise healthy business into a spiral of lost opportunities and stopgap measures.**

At best, cash flow crunches limit growth opportunities. In the worst case scenario, they force businesses to close for good.

In this environment, anything that removes friction from the way small businesses are paid will reduce the risks posed by delays and fraud. There are measures that businesses can take now to shore up their sustainability and clear the way for the next phase of their growth.



## Methodology

In July 2025, BillGO partnered with Ipsos, a leading global market research firm, to conduct a nationwide survey of U.S. small business owners and operators. The study was fielded online between July 18 and July 19, 2025, and gathered responses from 253 decision-makers representing privately owned businesses with at least one but fewer than 100 employees. The survey excluded sole proprietors and independent contractors in order to focus on employer firms, where cash flow management has broader implications for payroll, vendor relationships and loan eligibility. Respondents were screened to ensure they held financial authority in their organizations, with 85% identifying themselves as the final decision-maker on company finances and 13% reporting that they were one of several key decision-makers. No weights were applied to this study, and the findings reflect the opinions of these surveyed respondents only.

The sample reflected a broad cross-section of the U.S. economy. Participants represented a range of industries and geographies, with respondents distributed across all major U.S. Census regions, including the South Atlantic, Pacific, Middle Atlantic and West South Central states. Company sizes also varied: 24% employed 2–9 workers, 19% employed 10–19, 26% employed 20–49, and 31% employed 50–99. Annual revenues ranged from less than \$250,000 to over \$100 million, though the majority fell between \$1 million and \$5 million. The survey instrument included 26 questions covering growth expectations, financing priorities, cash flow challenges, policy impacts and fraud exposure, allowing Ipsos to develop a robust picture of the pressures shaping small business financial health in 2025.





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