

Time is money.

Small business moves fast. Payments should too.

America's small businesses are digital-first, serving customers and paying their suppliers online. More than 90% of consumers report using digital payments,¹ and in 2023, digital wallets accounted for 50% of e-commerce spending and \$13.9 trillion in global transaction value.² However, the regulatory framework governing US payments has not kept pace with this transformation. The current system, designed for an analog era, locks out the most innovative and trusted payment processors that have led the charge to bring small businesses online. This has resulted in unnecessary friction and costs for small businesses that currently navigate a complex maze of intermediaries and fees to access the money they have earned. **Modernizing America's payment infrastructure to enable trusted third-party payment processors to access federal payment rails directly would help our small businesses grow and foster a more competitive economy.**

Challenge:

The current payments system isn't set up to meet small business needs. Lengthy payment processing times and high transaction costs inhibit growth and competition by causing gaps in cash flow. Lacking access to faster payments, small business owners and entrepreneurs are forced to make tradeoffs, leading to impossible choices between paying their employees, suppliers, or themselves. In fact, **82% of business failures are linked to cash flow problems.**³ Economic pressures, including inflation, further exacerbate cash flow challenges for small businesses. The Intuit Small Business Index found that revenue fell by nearly \$12,000 per small business last year on average.⁴

Solution:

To better support small businesses and foster greater economic competition, **policymakers must embrace payments modernization.** By bringing trusted third-party payment processors into the regulatory framework and granting them direct access to federal payment rails, policymakers can significantly reduce costs, increase efficiency, and foster innovation for America's small businesses.

The benefits of direct access for small business success:

- ▶ **Reduced costs:** Increased competition in payment processing will drive down transaction fees, putting more money back into the pockets of small business owners.
- ▶ **Increased speed and efficiency:** Direct access will enable faster payment settlement times, improving cash flow and reducing the need for costly bridging strategies.
- ▶ **Fueling innovation:** A modernized system will encourage the development of innovative payment solutions tailored to the needs of small businesses, making them more competitive globally.

1. McKinsey & Company. "State of Consumer Digital Payments in 2024." 2024.

2. Worldpay. "Worldpay Global Payments Report 2024: Digital Wallet Maturity Ushers in Golden Age of Payments." 2024.

3. U.S. Bancorp. "2017 Annual Report: Building Your Trust Every Day." 2017.

4. Intuit QuickBooks. "Intuit QuickBooks Small Business Index Annual Report 2025." 2025.

Read small business owners' insights on navigating payments:



18Ninety Creative
Jade D. Chase, ID

"Being able to predict my expenses is critical, yet around 70% of my customers still pay by check, sometimes to avoid ACH-related fees themselves. I recently had to decline a virtual card transaction due to high fees, and it took over a month to switch that customer to ACH, creating cash flow strain. Delayed payments force me to dip into reserves, stressing me out. Faster payments and instant access to funds would reduce my stress and empower me to grow my business more aggressively!"



Ravenox
Sean Brownlee, NC

"Delayed payments slow our ability to reinvest in the business, pay suppliers promptly, or seize time-sensitive opportunities. We've carried unnecessary credit card balances to float operations while waiting for funds to clear. In some cases, we miss out on early pay discounts or have to pay rush fees for expedited shipments, throwing off our planning cycles and adding administrative overhead. Access to more affordable instant payments would help us focus on growing our business."



Be A Good Person
Drick Bernstine, CO

"Faster, cheaper payments would boost efficiency and simplify how we manage our cash flow. Currently, hidden costs and delays, like waiting 3 days over a weekend, can delay our ability to process orders. Instant access to our funds would definitely change that."



Worxbee
Kenzie Biggins, SC

"Cash flow is key! Receiving deposits days sooner, or even instantly, would help us avoid cash flow crunches and save tens of thousands of dollars a year in payment processing fees—enough to hire another person. Right now, delayed payments force us to use expensive credit and cut into our profitability."



AnaOno
Dana Donofree, PA

"For small businesses like mine, fees eat into already tight margins, especially now. We're stuck weighing the costs of payments against the timing of payments. Additionally, the complexity of managing payments for vendors who are using dozens of different payment platforms adds substantial time and costs to our operations."



SOVRN
Joe Rice, ID

"Payment fees significantly cut into our margins and those of our vendors. Over a year, those fees could mean forgoing staff raises, delaying equipment purchases, or missing crucial hires. While I have a line of credit, I shouldn't have to sacrifice my profit margin for faster payment."



Olivia Network for Education
Ryan Ross, CA

"Slow ACH and delays with international wire transfers directly impede our ability to begin new projects and hire the talent we need. We can't start projects until we receive funds in our account, and slow payments systems have pushed our start dates back, sometimes up to two weeks. We've even lost out on hiring opportunities due to funding delays, adding weeks to our timelines."



VerveSimone Consulting
Teniqua Broughton, AZ

"Currently, payment delays can mean deferring or reducing my own compensation or dipping into business savings to cover obligations. Unlike slow checks, electronic payments are instant. Delayed or lost checks hinder our ability to meet financial obligations promptly. Faster electronic systems would boost efficiency and stability."