

Despite Growth of Mobile Banking, Small Businesses Pay by Check More Frequently Than Retail Customers

Biz2Credit evaluated check usage of small and medium businesses (SMBs) and found that despite the growing prevalence of online banking, small companies write eight times as many checks as their retail customers. **SMBs issued an average of 406 checks per year compared to retail customers, who write around 50 checks per capita per year.**



THE ANALYSIS COVERED BANK STATEMENTS OF MORE THAN

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18,000

companies

EXPENSE TRANSACTIONS

2.2

Million

MADE BY FIRMS

\$2.8

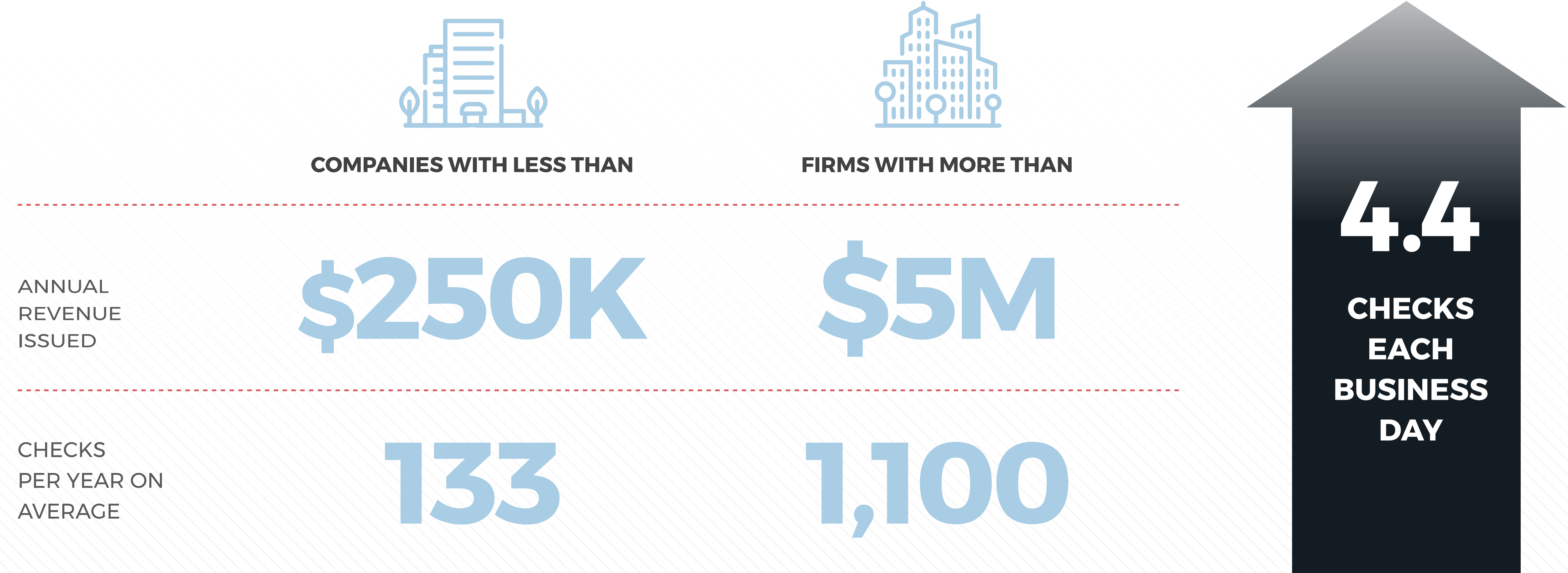
Billion

made by firms that uploaded primary data onto Biz2Credit's online small business finance marketplace.

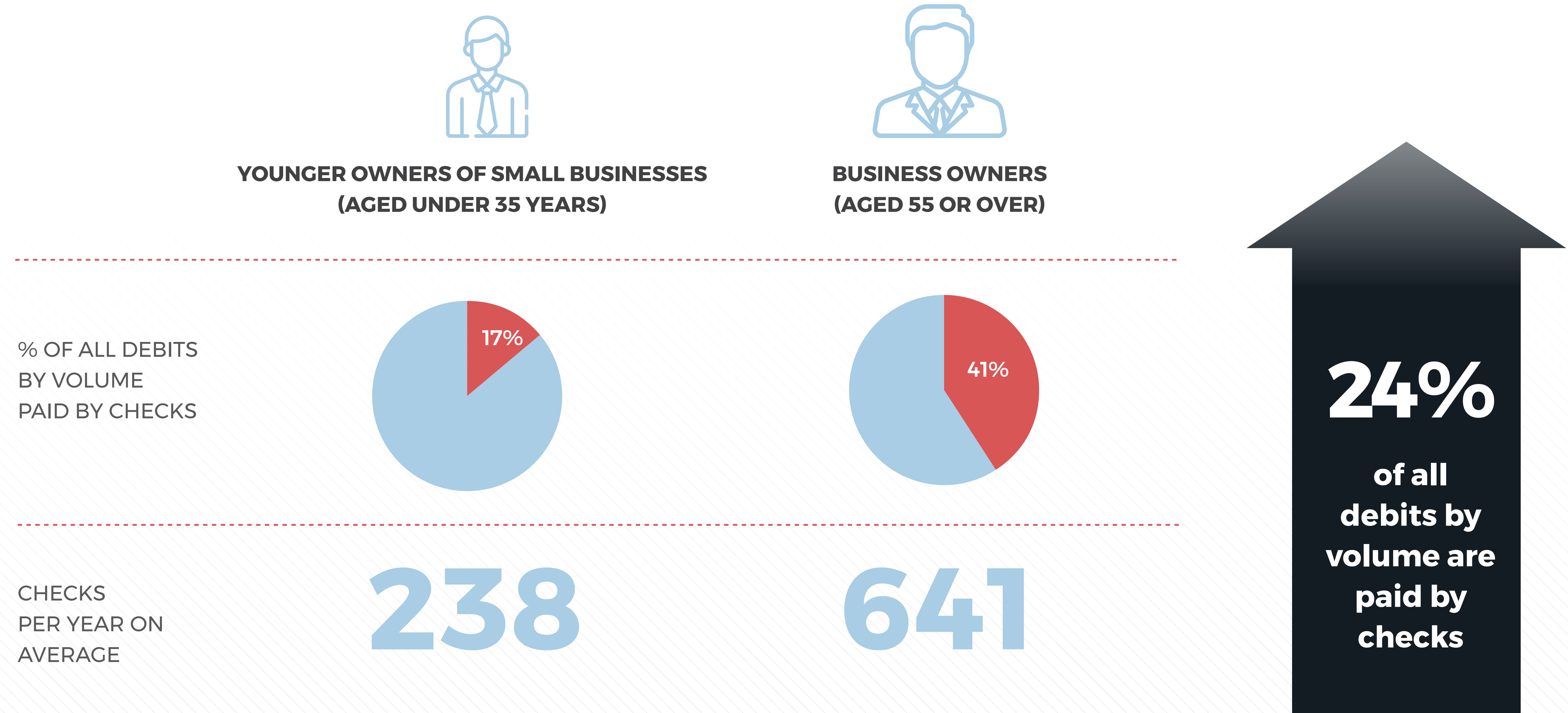
“Small business are true holdouts. Many times, they use checks as a way of controlling cash flow. Issuing checks provides a built-in delay in the payment of vendors and employees, whereas online transfers and direct deposits move the money directly into other bank accounts immediately.”

Venkatesh Bala, PhD, Chief Risk Officer for Biz2Credit, who conducted the study.

INTERESTINGLY, CHECK ISSUANCE INCREASES SYSTEMATICALLY WITH THE SIZE OF THE BUSINESS.



CHECKS ISSUE COMPARISON BETWEEN YOUNGER OWNERS OF SMALL BUSINESSES (AGED UNDER 35 YEARS) AND BUSINESS OWNERS AGED 55



REFLECTS THE FACT THAT YOUNGER BUSINESS OWNERS ARE LESS ESTABLISHED AND HAVE A LOWER REVENUE, WHICH IS ASSOCIATED WITH LOWER CHECK USAGE.

THE CHECK USAGE VARIES WIDELY BY INDUSTRY



THE PERCENTAGE OF CHECK USAGE BY SIZE OF THE BUSINESS



USAGE BY VALUE PEAKS AT A REVENUE RANGE OF **\$1M TO \$3M**

This indicates that **smaller SMBs** use a **small number of checks** for a **large share of their expenditures**, while **larger SMBs** use **checks broadly**, including for relatively small expenses.

THE CHECK USAGE BY THE ASSET SIZE OF THE SMB'S PRIMARY BANK RELATIONSHIP (LARGE INVESTMENTS IN DIGITAL AND OTHER TECHNOLOGY)



“Small business owners continue to use checks for many reasons, including for more effective cash management and, in employer firms, as a way to exert oversight and control over expenses. Banks seeking to lower check processing costs and to cut check fraud for their SMB customers should investigate alternative electronic payment technologies that can provide these and other benefits.”

Rohit Arora, Biz2Credit CEO

About Biz2Credit

Founded in 2007, Biz2Credit has arranged more than \$2 billion in small business loans and has several times been named to Crain's New York's Fast 50. The firm was ranked among the top 200 fast-growing companies on Deloitte's 2017 Technology Fast 500. Biz2Credit is expanding its industry-leading technology in custom digital platform solutions for leading banks and other financial institutions, investors and service providers in the U.S. Visit www.biz2credit.com or follow Biz2Credit on [Twitter](#), [Facebook](#), and [LinkedIn](#).