

# Less cash, more possibility.

Habits are changing with consumers and business,  
so what's next?

A WHITEPAPER FROM DOJO IN PARTNERSHIP WITH YOULEND

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# Contents

- 4 INTRODUCTION**
- 6 SAMPLE**  
Who we spoke to
- 7 SECTION ONE**  
Ever cashless
- 10 SECTION TWO**  
Business breadth
- 13 SECTION THREE**  
Payment perceptions
- 14 SECTION FOUR**  
Today's solutions
- 17 CONCLUSION**



# Your opportunity awaits

Over the last few years, everyone in business have seen the reports and noticed the trend: **cash is on the way out.**

While this is nothing new, there's still a whole lot to learn about what that really means for daily trading.

Why are habits changing? Who's at the forefront of new innovations? What are businesses doing to keep up? And most importantly, **how can your business make the most of it?**

The huge diversity of businesses across the UK means that there's **no one-size-fits-all solution.**

So with YouLend, we've gathered data on who's doing what, and why, to help you decide how you can future-proof your business payments.

Ready to think ahead? Read on.



# Who we spoke to

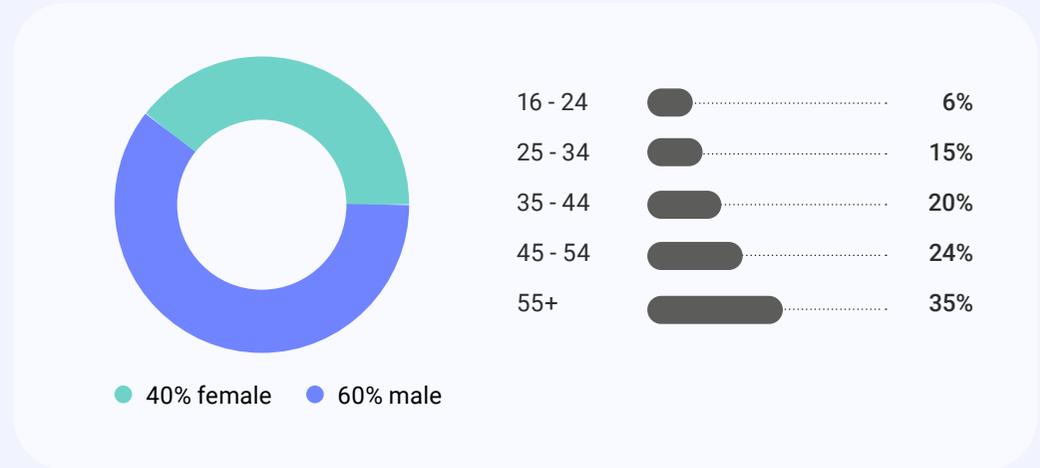
Last year, in partnership with YouLend\*, we asked 500 small and medium-sized businesses their thoughts on accepting cash, cards and digital payments. Here's how our sample breaks down in terms of geography, age and trading.

## Region

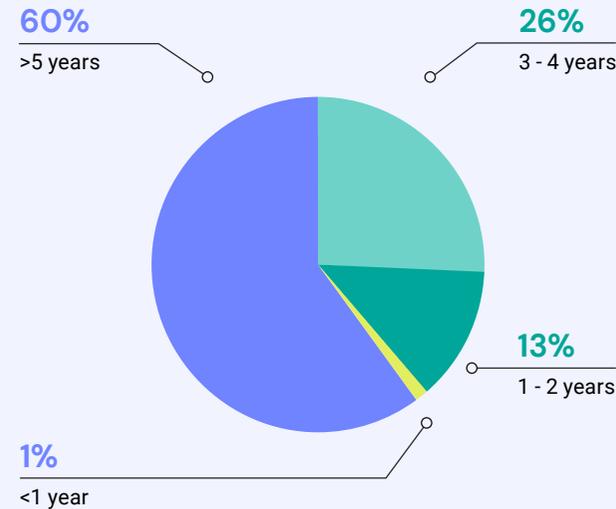


\*Research conducted on 500 businesses with up to a hundred staff who sell online and have been trading for more than three years. All statistics used in this report came from research conducted by Cencuswide on behalf of YouLend and Dojo.

## Age



## Years trading



# 1 / EVER CASHLESS

## Confirming the trend

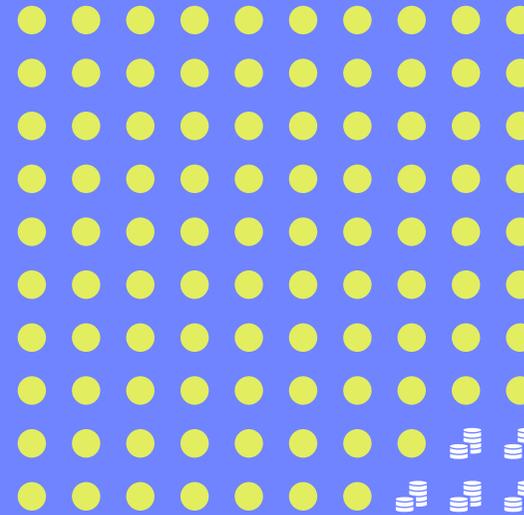
It's been known for a while now, cash payments are decreasingly important to consumers and businesses. Here's the latest data on what's what, confirming the trend.



# Cash-only is now very rare

There are almost no cash-only businesses left. The vast majority take other payments, whether it's by card payments, digital payments or online or remote payments.

This doesn't mean cash is out of the question, though. It simply shows that a range of payment solutions are broadly necessary in all types of business.



95% 

Of businesses accept payments other than cash

5% 

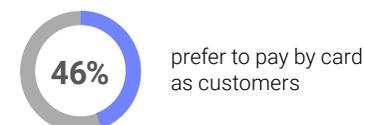
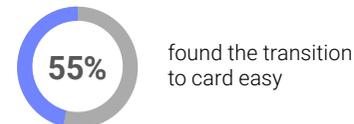
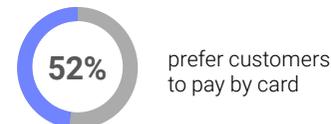
Of businesses are only accepting cash

## Business and consumer payment perceptions

Currently, consumer trends show signs of being less cash-oriented and we see a similar trend in businesses, too.

Both sets, although inspired by different needs, are part of a self-propelling cycle with a reluctance to rely on cash.

### Business feelings



### Customer habits

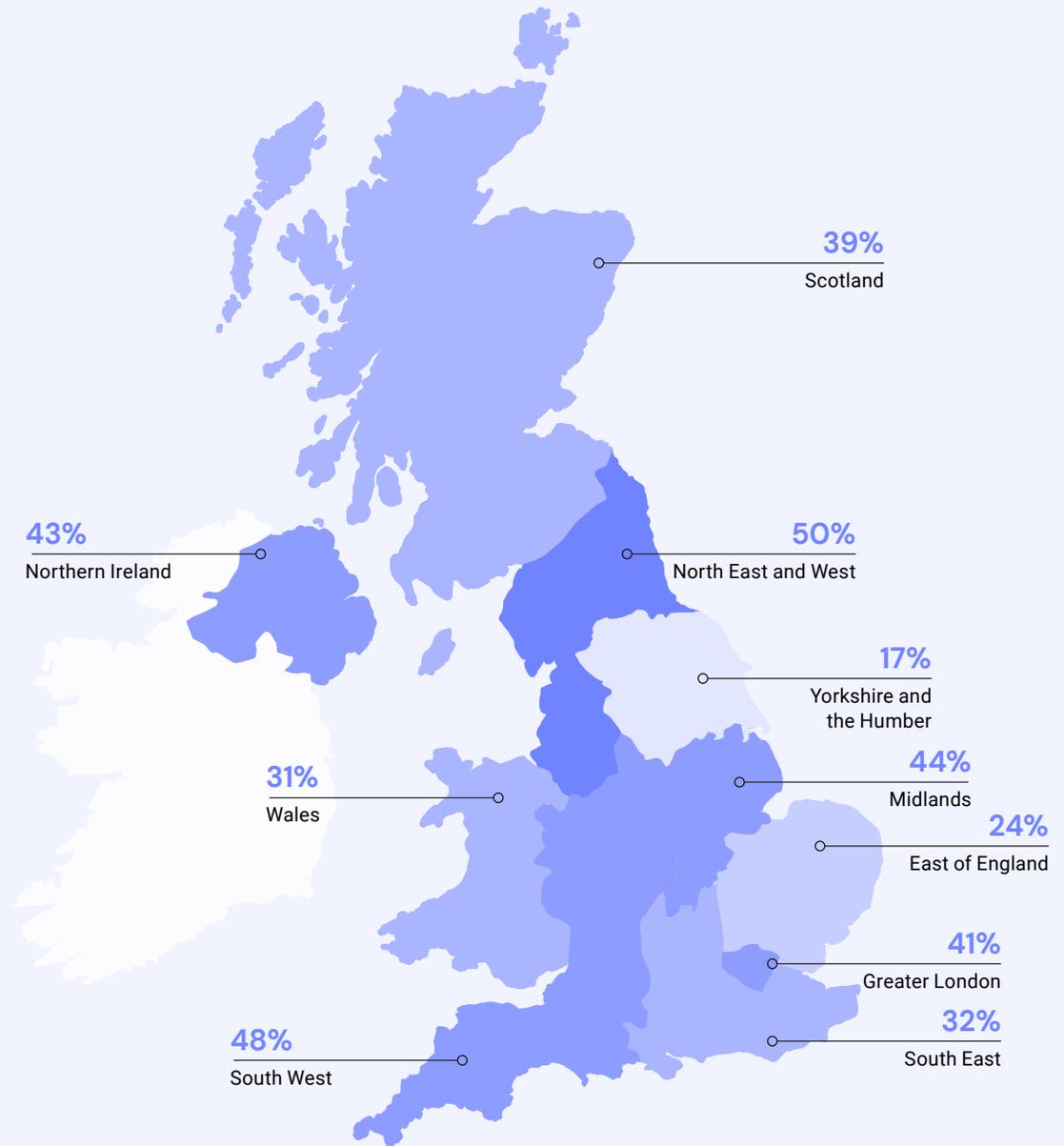


# It's not just a London thing.

Of businesses considering going fully cashless, we see a pretty even spread nationally. This shows that cash-aversion isn't really something limited to large metropolitan centres any more. With an increasingly strong broadband and mobile network, tech-led payment solutions are accessible to businesses right from the highlands of Scotland to the high streets of Bristol.

In the North East and West there are a few major cities who could be pushing this trend, but another high cashless region is the predominantly rural South West. Along with an increased national communication network, cashless companies may also be profiting on newfound domestic tourism – a larger wave of British metropolitan consumers could lead to a higher expectation for card and digital payments.

With businesses showing a nationwide preference for going cashless, we can see the scale of opportunity at hand for all kinds of businesses.



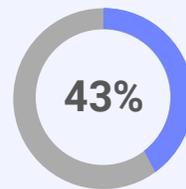
Percentage of businesses going cashless by region

# Card acceptance saw its biggest growth pre-pandemic

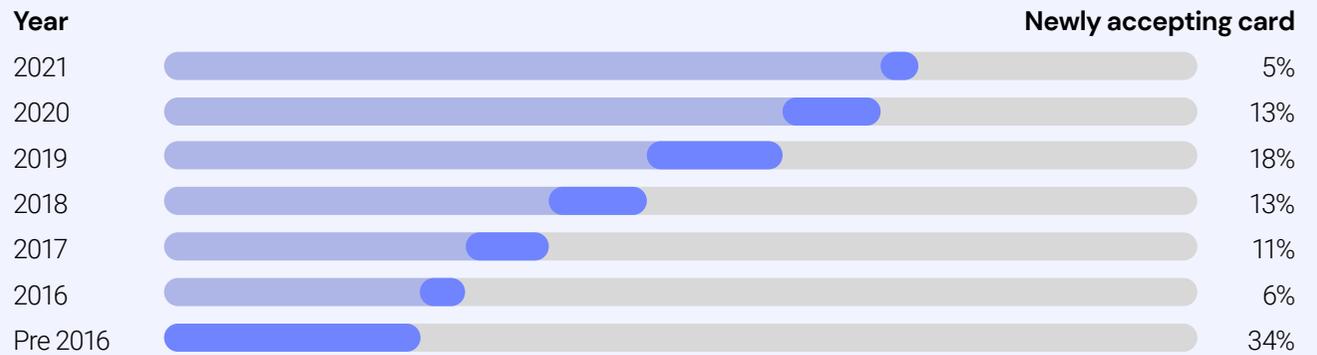
Rather than pinning less contact-reliant payment methods on **social-distancing-based thinking**, the peak growth in 2019 shows there are bigger reasons than our newfound sanitary sensibilities at play.

And since we see that a very large proportion of the remaining cash-only businesses are thinking about making the switch, this just provides more evidence for the fact that the move is more part of a **gradual, inevitable shift**, rather than being based on short-term factors.

Even with the pressure to reduce person-to-person contact in 2020 and 2021, the incentives to accept card were still stronger than before, indicating richer, longer-term reasons to switch for the majority of business.



**Most businesses have accepted card for more than 5 years.**  
Those still cardless, 43% are thinking of carding up.



Percentage of businesses newly accepting card payments

# 2 / BUSINESS BREADTH

## The modern business landscape is more diverse than ever

Every business is different. In different places physically and economically, with different kinds of owners and different ambitions.

To get to the bottom of why habits are changing and which sectors are leading in innovation, we got a sense of the many faces of the contemporary business-owner.

These data profiles show the **new and unexpected sides of modern business** that are out there. With that, it's clearer why a richer diversity of payment options exist to complement them.



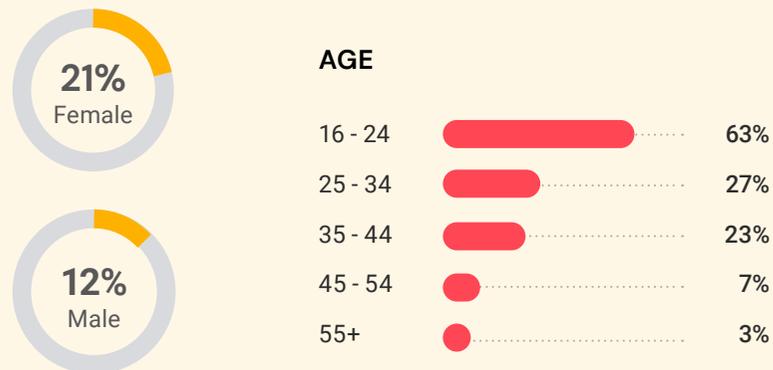
# The emergence of the side-hustle

These are the businesses that don't provide the primary income for their owners. For example, they might have a full time job but also run a bakery stall on the weekend.

**16% of all businesses are a side-hustle.** These are enabled by the increasing ease with which you can find your audience via social media or pop-up markets.

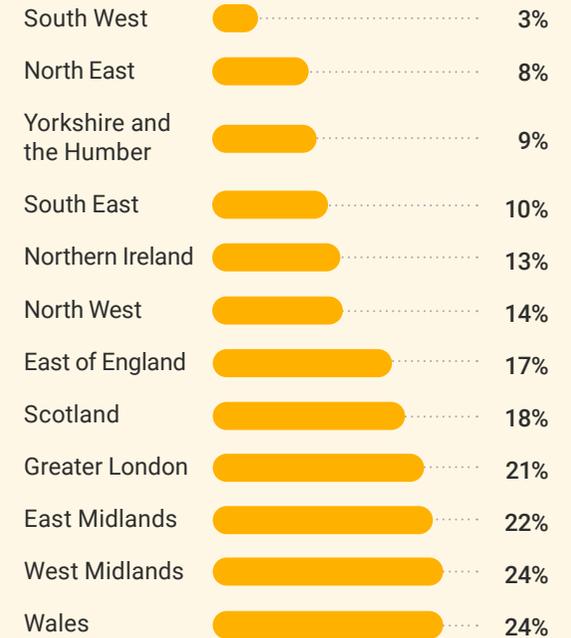
## Who are the side-hustlers?

12% of male-owned businesses are side-hustles while 21% of female-owned businesses are a side-hustle.



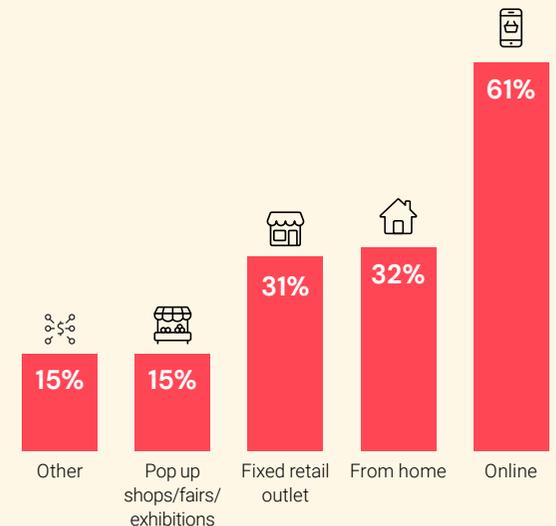
## Where do we find side-hustlers?

Nearly a quarter of entrepreneurs in the West Midlands lead the trend in running their business in their spare time, ahead of the East Midlands and London.



## How do side-hustlers sell?

This kind of set-up has very different needs. Since they're less based in bricks and mortar, they may see more portable or card-not-present payment solutions. If their business isn't their bread-and-butter, **owners may also take a different approach to their provider** – perhaps looking for simpler, more flexible contracts or more reliable service.



# 3 / PAYMENT PERCEPTIONS

## Explaining why businesses are changing habits

There are two broad ways to look at why businesses change their habits: internal practicality reasons and external reasons inspired by their own customers.

Some businesses may make a change because of **internal practicalities** like wanting less cash around or easier accounting. Other businesses may feel the need to move away from cash as a result of ongoing **customer requests** or noticing that cash-paying customers spend less.

For a greater insight into how these changes make a positive impact on business, we asked them directly why they choose to use card payments.



# Why are businesses sticking to coins and notes?

While a general aversion to tech is an incentive to remain cash-only, almost half of businesses are still expecting to move to other types of payment in the mid-term.

Suggesting that, above all, the advantages of staying cash-free are seen to be finite or temporary.

This is backed up by the fact that **44% of cash-only businesses plan to add other payment methods in the next five years.**

Plus, 45% of non-card businesses would reconsider their payment options if they could get faster speeds than currently available.

Looking at the reasons that businesses prefer to stick to cash, they revolve around simplicity. However, these should be counter-pointed with how businesses see the benefits.

Easier for customers - no need to learn new technology

Helps cash flow

The perceived benefits of cash-only

Accountancy and taxes are simpler

End of day reconciliation is more straightforward



# What motivates card-accepting businesses?

Over half of businesses cite consumer preference and cash-flow as motivators.

In terms of consumer preference, we're reminded that the shape of the payments economy isn't led entirely by businesses' own interest. **If the consumer demand changes, enterprises follow suit.** And as mentioned in section one, 55% of consumers already have this preference.

Good cash flow is key for the health of any business, especially when it comes to seasonal fluctuations in trade, paying suppliers and ordering stock from wholesalers. And businesses, regardless of payment method acceptance, rightly cite improving cash flow as critical.

This would suggest that cash-flow is probably not an

objective differentiator – instead, an attitudinal change needs to be inspired by something other than logical factors. But cash-only businesses concerned with tracking their takings can note that **42% of businesses using card cite that card acceptance improves their cash-flow.** This suggests that leaning into the shift towards card payments can help businesses make their money work harder and control their cash-flow.



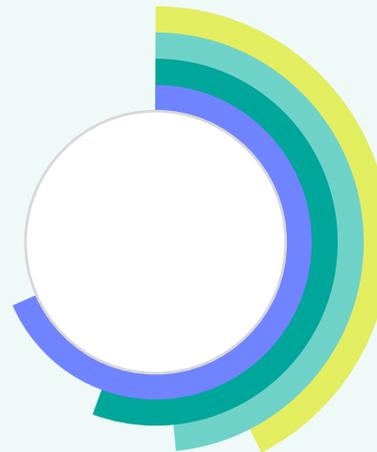
# Whose picture of a non-cash business is truer?

## Card payment myths



- 36% think there are high transaction fees relative to card turnover
- 20% think it's difficult for chargebacks and refunds
- 18% think there are additional overheads

## Card payment facts



- 69% say next day payments help with cash-flow and business management
- 56% say it's what the customers want
- 48% say it's faster than handling cash
- 42% say it positively affects cash-flow

These results show that there's a gap to be closed in terms of understanding the relative difficulties of different payment methods.

This suggests that averaged-out data doesn't pick up individual business needs. A business-owner making a change, from dropping cash to adopting cryptocurrencies, may well see myths like additional overheads counterbalanced by a relative drop in turnover.

The myths and realities here could be reinterpreted: **it's a myth that there's a single payment solution for all businesses**, and the reality is that perceptions and habits change.

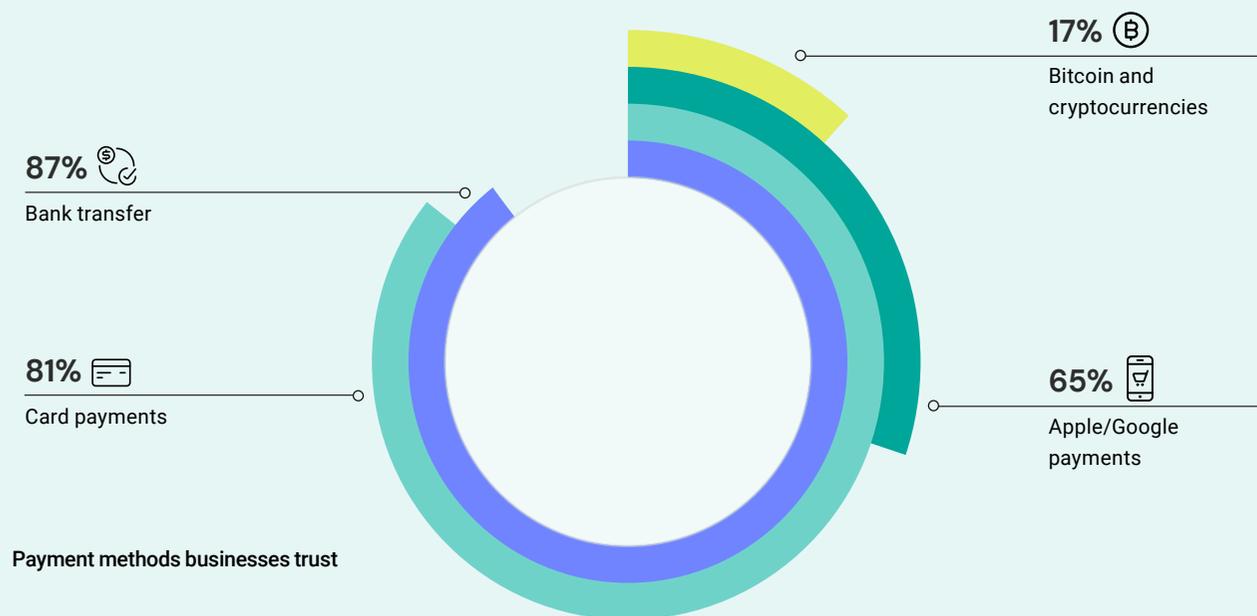
# What's the most-trusted non-cash payment type?

One of the fundamentals of taking on new tech or processes in business is breaking habits. And trust in any new system needs to be earned.

Right now, card payments are high up when it comes to payments solutions businesses can rely on. And, as we see an increased use in other digital payments, trust in these will increase too.

As this adoption increases, we can expect a lot more trust and social-proofing, leading to a **compounded growth in these newer payment solutions.**

While card and bank transfers are already very well trusted, the future will probably see an even wider variety of well-trusted options to suit an even wider pool of businesses.



# 4 / TODAY'S SOLUTIONS

## Exploring all the options out there

Other than cash, the ways to get paid spread much further than by card payments alone. As well as paying with physical cards, many customers prefer to use smart payments like Apple Pay and Google Pay.

There are also varied cryptocurrency options like bitcoin and NFTs (non fungible tokens). And at the moment, the way businesses take payments can flex by gender and business sector.

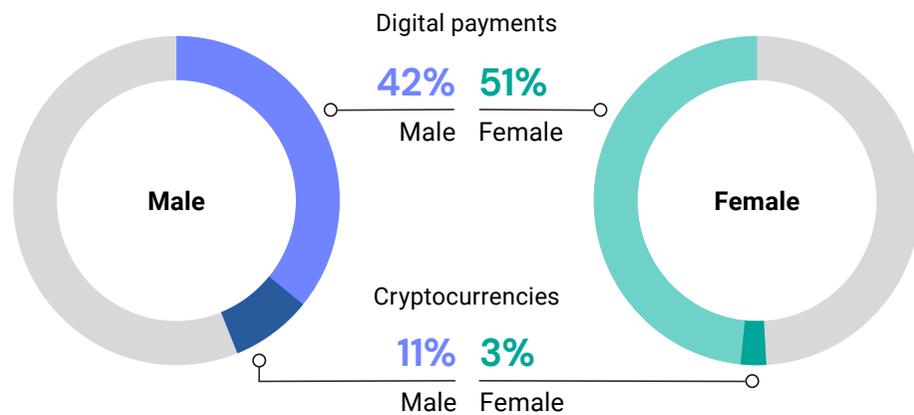


# Digital payments

Of all female business owners, over half accept digital payments. Whereas only 42% of male owners have gone digital.

## Cryptocurrencies

Unlike with digital payments, male business owners show a stronger preference to cryptocurrencies than female ones.



Preference for digital payments



# Who's leading in the digital payments landscape?

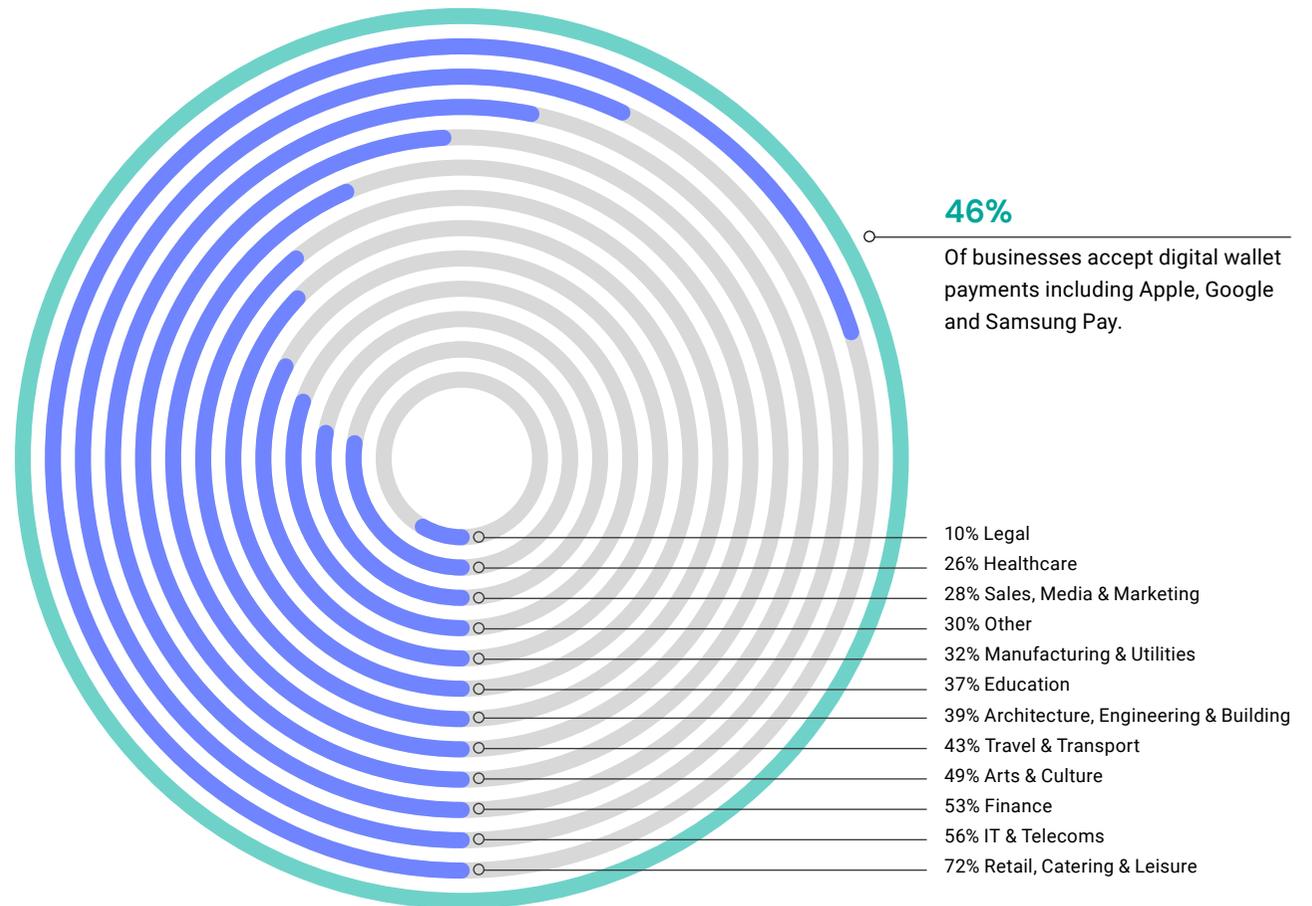
Nearly half of businesses accept digital wallet payments including Apple, Google and Samsung Pay. **Retail, Catering and Leisure businesses tend to be known for adopting new tech early**, so it's no surprise they're leading the march towards digital payments.

## Online and on the phone – the story of remote payments

Lockdowns, social distancing and consumer choice have all contributed to the rise in remote payments.

71% of all businesses accept remote payments (online, over the phone, via email).

As a result, different sectors are adopting remote payment methods. In fact, 100% of businesses surveyed in the legal sector offer remote payments, followed by retail, catering and leisure sectors with a combined 81%.



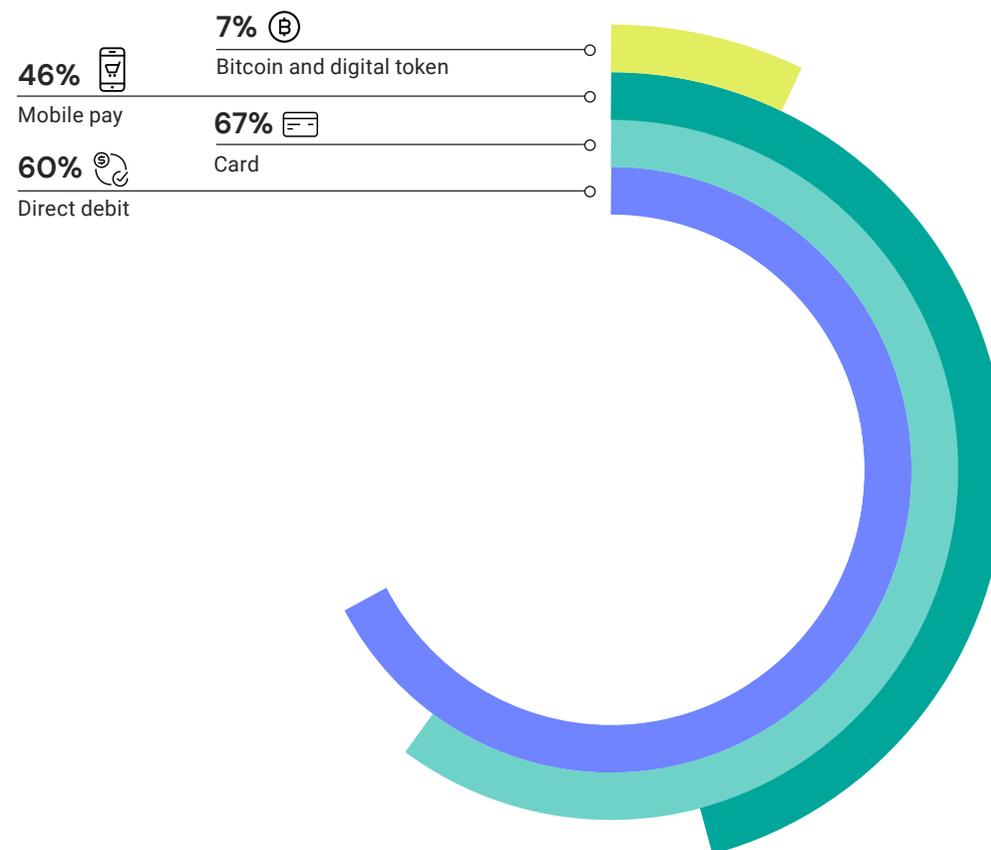
# The split of non-cash payments suggests a move to digital

While there are new payment options entering the market, for all non-cash in-person payments, we can see that **card still leads the way**. Although this isn't a surprise given the prevalence of smartphones and mobile banking, it's interesting that it's closely **followed by mobile payments**.

As consumers and tech-users, we've all noticed that our mobile devices are becoming a one-stop-shop for our daily admin.

Aligning this idea with the fact that two thirds of businesses also accept remote payments, we should remember the role of digital purchases made using your mobile.

As payment options increase, it's quite possible that soon they may all be made from consumers' phones.



Over two thirds of businesses accept remote payments

# So what will you do?

We've looked at the question of every businesses' payments future from four angles: confirming the known trends, showing the breadth of modern businesses, rationalising business and consumer habits and analysing all the current payment options.

## The story so far

When it comes to looking at where businesses are in terms of cash-use, we see a clear confirmation that it's on its way down. We also show that these habits aren't limited to the larger urban areas, with rural parts of the UK also going totally cash-free. At the same time, we note that the majority of businesses still use cash to some extent.

## A varied landscape

We found also that business types are more varied than ever, and that they're using different means to reach their like-minded audiences. This showed us that not only are more payment options going to be needed, but also that the markets will be led just as much by consumer preferences as businesses'.

## Fact and fiction

The data behind reasons, preconceptions and realities of payment preferences are contradictory - in general, those reasons against and for relate to directly the same experiences. With this in mind, it's important to keep sight of the fact that this is no objective measure of superiority of cashlessness, it's more a case of showing that any non-cash payment method needs to be at least as appealing to new adopters.

## Where we're heading

And finally, we see that the adoption of newer payment methods is spread differently between demographics. Business-owners with this demographic knowledge could choose to get ahead by breaking the mould. Or others might feel like now's the time to match up to their peer sector. In addition, we noticed that customers now make a lot of mobile-based transactions and suggest that future payments may well skew towards mobile and app-based methods.

With this data extrapolated, you can get a much greater insight into why other businesses make their payment choices and how you fit into the puzzle. There's no one-size-fits-all payment solution, and no matter the size or type of business, cashless payments are inevitably part of the future. Consumers simply expect it now.



# What can you do to capitalise on it?



## PLAN WHAT'S NEXT

A cashless future's coming



## RESEARCH THE OPTIONS

As businesses are getting more and more diverse, so are your new payment options



## TRACK CONSUMER TRENDS

Always be ready to question your preconceptions



## GET IN TOUCH

We know a thing or two about all this

Our findings also highlight how important cash-flow is to every business, and that getting next-day takings is essential for improving cash-flow when accepting card payments. With **Dojo**, our customers get integrated card machines that process payments in a flash, and the day's takings are in our customers' accounts from 10am the next working day – faster than any other provider as standard. No more waiting, no extra charges.

In partnership with **YouLend**, we offer **Dojo Advance** to help boost cash flow when businesses need it most. Unlike a traditional bank loan, repayments are made as a fixed percentage of your daily card takings – so no need to pay back the same agreed amount every month. It's funding that ebbs and flows with each customer.



