

The Cost Of Accepting Cash

There are many myths about the benefits of accepting cash as a business. While it may seem fairly straightforward and hassle-free, when you break down the cost of accepting cash, it's not as simple as you might think.

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Cash Handling

The idea that accepting cash is cheap is actually a myth. While some business owners might think the 3 percent fee for processing credit cards is a burden, research from [IHL Group](#) shows that cash handling costs many retailers between 4.7 and 15.3 percent. This means for every \$100 sale, a business is paying between \$4.70 and \$15.30 just to manage their cash. And, the cost is only increasing as more businesses and consumers trend away from cash.

Handling cash also comes with many unwanted risks. The process business owners must go through to manage cash is a clear burden. They have to account for it; count the drawer nightly and rely on employees to use the honor system when doing so; package it up and either hire a courier or send an employee to transport it to a bank; pay fees for processing and handling; and ultimately run the risk of exposing the employee, cash, and the business to liabilities that may not be recoverable.

Consumer Behavior

The move toward a cashless society is largely driven by the demands of consumer spending behavior. In the U.S., 16 percent of North Americans use cash while shopping in person, according to [Worldpay Global Payments Report](#) and Point of Sale (POS) cash transactions in North America are expected to fall to 11 percent by 2022. This movement away from cash has only accelerated due to the COVID-19 pandemic, which has changed the dynamics of our daily interactions. Businesses will need to offer the payment options consumers come to expect and demand in a post-pandemic world. Options like [contactless payments](#) at checkout and eliminating cash payments altogether have become widely adopted by many businesses that collect money from consumers directly.

Going Cashless

For businesses that have stopped accepting cash altogether, the benefits of reduced costs, time savings, and operational efficiencies can be significant. The cash replacement technologies that exist today simplify and secure the payment process, leading to fewer errors in processing, accounting and security. By relying on digital payment tools rather than cash, businesses can improve their overall operations and bottom line.

POS transactions made through Mobile Wallets will more than double by 2022, according to [Worldpay Global Payments Report](#). For B2C

companies, offering consumers contactless payment options at checkout enables them to use their Mobile Wallet and keeps your business current and adaptable.

B2B companies that accept checks can utilize Lockbox services, encourage digitized checks, and implement cloud-based check acceptance solutions. In addition, businesses can leverage mobile and online solutions that allow consumers to make payments electronically at their convenience. Restaurants and retailers are more frequently offering an order-online and pick-up in-store option to allow more purchase flexibility for the consumer.

If you have any questions on how your business can adopt digital payment processing to improve and grow your business, or need personal insight and support to help your company during the COVID-19 pandemic, call a PlainsCapital representative today at 866.762.8392.