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Analysis in Brief

Analysis of payment methods accepted by businesses, third quarter of 2023

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As consumer preferences shift from traditional physical payment methods to digital and contactless payment methods, businesses must balance consumer preferences with the feasibility, logistics and associated costs of accepting a broader variety of payment methods. While the shift has been happening for years, the COVID-19 pandemic accelerated the payment preferences of consumers towards digital and contactless methods of payment for the long term.¹ This shift in consumer preferences has implications for businesses as certain payment methods have a higher service charge (e.g., credit cards) compared to other payment methods. Even though it may be more expensive for businesses to accept credit cards, businesses typically do not pass this service charge onto consumers.²

From the beginning of July to early August 2023, Statistics Canada conducted the Canadian Survey on Business Conditions to better understand the current environment businesses in Canada are operating in and their expectations moving forward. Based on the results of the survey, payment methods accepted by businesses vary depending on the industry of the business, the size of the business, and their geographic location. This article provides insights on the payment methods accepted by businesses, what payment methods they plan to accept over the next 12 months, and the reasons why businesses do not accept certain payment methods.

Current payment methods are sufficient for a majority of businesses

In Canada, 7 in 10 businesses accept cheque (70.1%) as a method of payment and 6 in 10 businesses accept electronic funds transfer (EFT) (60.8%). Furthermore, over half of businesses accept cash (53.4%) or credit cards (52.4%) and half of businesses accept Interac e-transfer (50.0%) as a method of payment.

Table 1
Payment methods currently accepted by businesses, third quarter of 2023

Payment method	Percentage of businesses
Cheque	70.1
Electronic funds transfer (EFT)	60.8
Cash	53.4
Credit card	52.4
Interac e-transfer	50.0
Debit card	40.9

Source: Statistics Canada. Canadian Survey on Business Conditions, third quarter of 2023 ([Table 33-10-0703-01](#)).

Businesses plan to accept more digital and contactless payment methods in the next 12 months, including Interac e-transfer (20.2%), electronic funds transfer (EFT) (10.2%), wire transfer (9.2%) and debit cards (7.9%). Businesses that did not accept certain payment methods were asked the reasons for not accepting those payment methods. While over two-thirds (67.8%) of businesses reported that their current payment methods were sufficient, some reported service fees (22.6%), security or privacy concerns (15.1%) and incompatibility with existing equipment or software (13.0%) as reasons why they did not accept certain payment methods.

1. Payments Canada (2022). [Canadian Payment Methods and Trends Report 2022](#).

2. Bank of Canada (2021). [Distributional Effects of Payment Card Pricing and Merchant Cost Pass-through in Canada and the United States](#).

Businesses in retail trade and accommodation and food services are the most likely to accept cash, credit, and debit cards

Businesses in retail trade (92.3%) and accommodation and food services (91.3%) were most likely to accept cash. This was also the case for the acceptance of credit (92.5%, 94.0% respectively) and debit cards (87.8%, 93.3%), but businesses in these two industries were also least likely to accept cheques (52.6%, 31.2%). Businesses most likely to accept cheques as a method of payment were those in construction (91.9%), manufacturing (88.0%) and wholesale trade (86.3%).

Over one-third (35.7%) of businesses in accommodation and food services and 30.3% of businesses in mining, quarrying, and oil and gas extraction planned to start accepting Interac e-transfer as a payment method over the next 12 months. Furthermore, 14.1% of businesses in retail trade, 12.1% of businesses in transportation and warehousing and 12.1% of businesses in health care and social assistance planned to start accepting electronic funds transfer (EFT) over the next 12 months.

Businesses that indicated that there were some payment methods that they did not accept were asked the reasons for not accepting those payment methods. Reasons why businesses do not accept certain payment methods varied by sector. Businesses most likely to cite current payment methods as meeting their needs and those of their clients or customers are businesses in manufacturing (78.4%) and wholesale trade (78.3%).

One in three (30.5%) businesses in administrative and support, waste management and remediation services reported service fees as a reason why they do not accept other payment methods, followed by construction (27.7%) and retail trade (27.6%). Businesses in finance and insurance (7.4%) and transportation and warehousing (9.6%) are the least likely to be concerned with service fees.

About one-sixth (15.3%) of businesses in retail trade and construction (15.0%) reported lacking knowledge of available payment methods as a barrier to accepting certain payment methods. Over one-quarter (27.7%) of businesses in retail trade reported incompatibility with existing equipment or software as a reason, followed by businesses in information and cultural industries (16.1%). Businesses in mining, quarrying, and oil and gas extraction (5.4%), real estate and rental and leasing (6.2%) and finance and insurance (7.7%) were the least likely to report incompatibility with existing equipment or software as an obstacle to accepting certain payment methods.

Legal issues, barriers or concerns were reasons that were most likely to be selected for businesses in real estate and rental and leasing (10.4%), transportation and warehousing (8.6%) and finance and insurance (8.6%) for not accepting certain payment methods.

Businesses with 5 to 99 employees are most likely to accept a variety of payment methods

While many businesses with 5 to 19 employees (64.4%) and 20 to 99 employees (65.0%) accept cash, the rate of acceptance is smaller for very small and very large businesses, with 44.9% of businesses with 1 to 4 employees and 49.4% of businesses with 100 or more employees accepting cash. This trend is similar for cheque, credit card, debit card and digital wallet or electronic wallet (eWallet) methods.

Businesses with 100 or more employees were the most likely to accept electronic funds transfer (EFT) (74.7%) compared to smaller businesses. Similarly, wire transfer is more likely to be accepted by larger businesses with over half (54.5%) of businesses with 100 or more employees accepting it as a payment method.

Table 2
Payment methods accepted, by employment size, third quarter of 2023

Payment method	Businesses with	Businesses with	Businesses with	Businesses with	All employment sizes
	1 to 4 employees	5 to 19 employees	20 to 99 employees	100 or more employees	
	percent				
Cheque	68.1	72.8	72.9	68.3	70.1
Electronic funds transfer	57.6	63.3	67.5	74.7	60.8
Cash	44.9	64.4	65.0	49.4	53.4
Credit card	38.5	69.2	72.4	58.8	52.4
Wire transfer	20.5	24.4	34.1	54.5	23.9
Digital wallet or electronic wallet (eWallet) methods	5.6	13.8	13.3	11.6	9.2

Source: Statistics Canada. Canadian Survey on Business Conditions, third quarter of 2023 ([Table 33-10-0703-01](#)).

Businesses with 100 or more employees were most likely to cite security or privacy concerns (29.3%), incompatibility with existing equipment or software (24.9%) and legal issues, barriers or concerns (10.8%) as reasons to not accept certain payment methods compared to smaller businesses. Service fees were more likely to be a barrier for smaller businesses with over one-fifth (21.6%) of businesses with 1 to 4 employees and 25.4% of businesses with 5 to 19 employees citing them as a barrier to not accepting certain payment methods. Businesses with 100 or more employees were the least likely (3.8%) to cite lacking knowledge of available payment methods as a barrier to accepting certain payment methods, compared to smaller businesses. The larger the business, the more likely it is to have its current payment methods meet their needs, with over three-quarters (77.6%) of businesses with 100 or more employees reporting that existing payment methods meet their needs.

Table 3
Reasons business does not accept certain payment methods, by employment size, third quarter of 2023

Reason	Businesses with	Businesses with	Businesses with	Businesses with	All employment sizes
	1 to 4 employees	5 to 19 employees	20 to 99 employees	100 or more employees	
	percent				
Current payment methods meet the needs of the business or organization and its clients or customers	64.5	71.1	73.0	77.6	67.8
Service fees	21.6	25.4	21.4	12.7	22.6
Security or privacy concerns	12.7	16.7	20.2	29.3	15.1
Incompatibility with existing equipment or software	9.1	16.5	20.3	24.9	13.0
Lack knowledge of available payment methods	8.6	11.8	6.8	3.8	9.3
Legal issues, barriers or concerns	5.5	5.9	5.4	10.8	5.7

Source: Statistics Canada. Canadian Survey on Business Conditions, third quarter of 2023 ([Table 33-10-0704-01](#)).

Urban businesses are more likely to accept credit and debit cards

Over half (54.7%) of urban businesses accepted credit cards compared with 42.0% of rural businesses. Similarly, urban businesses (41.8%) were more likely to accept debit cards compared to rural businesses (36.7%). Urban businesses were also more likely to accept wire transfer (25.1%) and PayPal (7.2%) compared to rural businesses (18.8%, 5.0% respectively). Rural businesses were more likely to accept cheque (78.7%), electronic funds transfer (EFT) (65.7%), and cash (57.0%) compared to urban businesses (68.2%, 59.8%, 52.6%).

Over one-quarter (28.6%) of rural businesses cited service fees as a reason why they do not accept certain payment methods compared to 21.3% of urban businesses. Security or privacy concerns were more likely to be selected as reasons for urban businesses (15.9%) to not accept certain payment methods than for rural businesses (11.8%). Similarly, 6.0% of urban businesses reported legal issues, barriers or concerns as reasons for not accepting certain payment methods, compared with 4.2% among rural businesses.

Methodology

From July 4 to August 8, 2023, representatives from businesses across Canada were invited to take part in an online questionnaire on business conditions and business expectations moving forward. The Canadian Survey on Business Conditions uses a stratified random sample of business establishments with employees classified by geography, industry sector, and size. An estimation of proportions is done using calibrated weights to calculate the population totals in the domains of interest. The total sample size for this iteration of the survey is 30,634 and results are based on responses from a total of 15,224 businesses or organizations.