Flute

The Visibility Problem

What It Costs When Payments Won't Get Out of the Way

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Introduction

Payment friction is the rare business cost that doesn't carry a line item. It surfaces as a customer who didn't return, a deposit that didn't arrive when payroll was due, a fee nobody can quite parse, or an hour of the owner's week given over to reconciling a statement. The everyday economy is paying a tax on its payment infrastructure, and most of the time, the people paying it can't see the bill.

That tax was always expensive. Now, it's harder to afford. Inflation, tariffs, and tighter consumer spending have already narrowed the margin for error. Payment infrastructure that demands time, obscures costs, and gives nothing useful back is one more thing standing between an owner and their ability to scale.

One negative moment at the register impacts everyone. The consumer decides not to come back. The owner loses a sale they'll never know they lost. Neither connects the moment to the cause.

Payment friction rarely announces itself. It builds up over time — in the customer who doesn't return, in the hour spent reconciling a statement no one can parse, and in the gap between what operators pay and what they actually see. This report puts numbers to what most business owners have only felt.

Our new survey of 1,000 U.S. consumers and 210 small-business operators shows just how much is riding on a single moment at the counter.

55%

of consumers said they'd stop or seriously reconsider shopping at a local business after one bad payment experience

38%

of operators said their current setup has definitely or probably cost them a customer or sale

Operators have learned to live with payment friction

Ask independent retailers, jewelers, and service businesses what they think of their payment processor, and most will tell you it's fine. Nearly 88% say their tools fit their business well, and 51% report no major challenge.

For owner-led businesses, administrative work doesn't get handed off to a back-office team; it falls on the person already managing customers, inventory, payroll, and growth. Without the right systems in place, that added burden can stunt a business for years.

Friction shows up where people don't always look for it.

38%

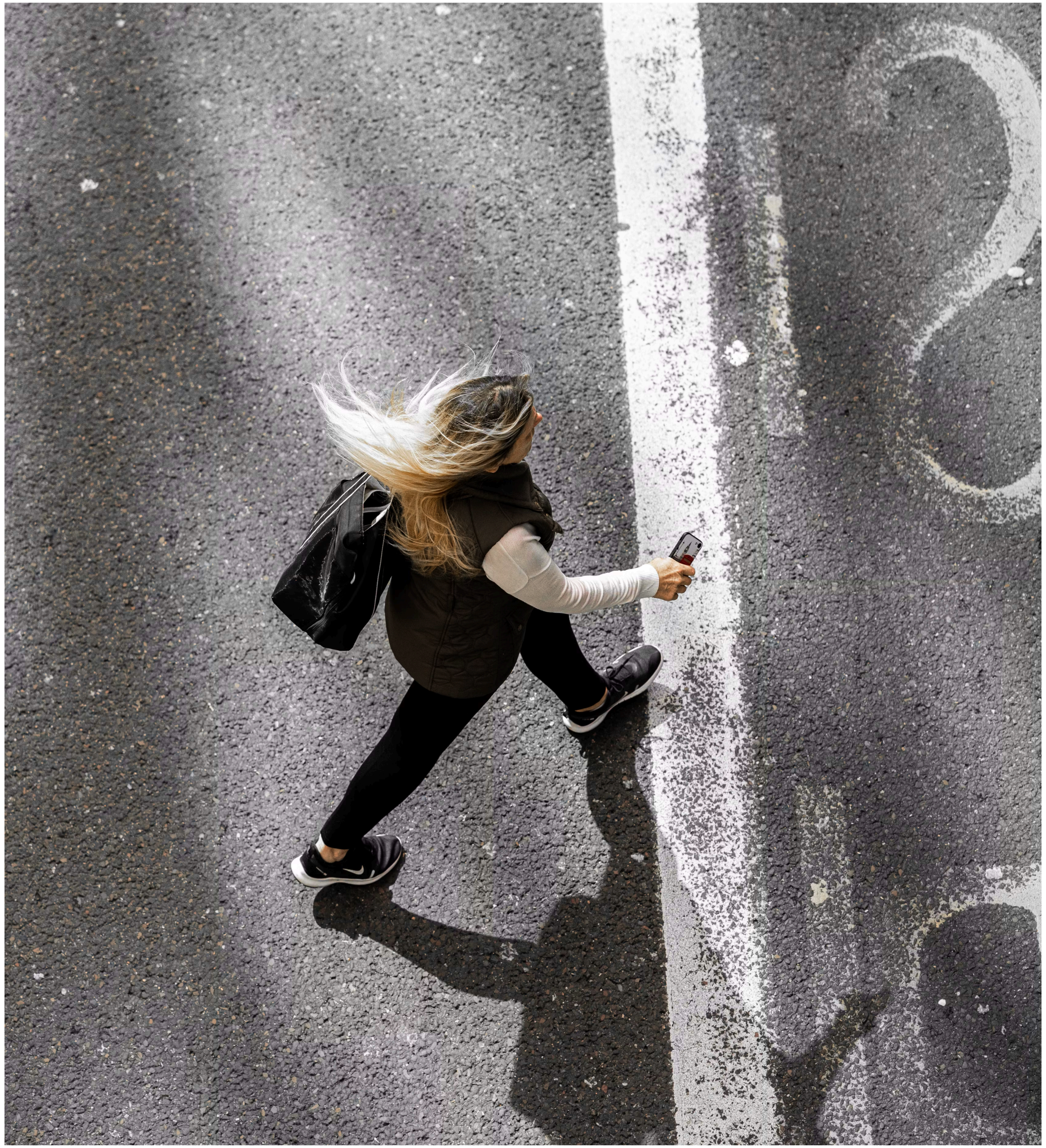
of operators say their setup has definitely or probably cost them a sale

52%

spend at least an hour a week on administrative work like reviewing statements, reconciling transactions, and chasing down disputes

33%

name better pricing or fee transparency as their top reason to switch processors, ahead of features, hardware, support, and faster funding. A meaningful share say they can see fee data and find it confusing or inaccurate



When checkout fails, consumers walk away without saying why

The tougher cost for local businesses comes from feedback they never receive. When payments fail a customer, they don't write a review or talk to a manager. They just stop coming.

The checkout problem is only getting more expensive to ignore. More than half of Gen Z consumers have abandoned a local purchase because paying felt too inconvenient or confusing — compared with 44% of Millennials, 29% of Gen X, and 22% of Boomers. That sensitivity doesn't disappear with age; it compounds. And as Gen Z's spending power grows, so will the cost of a bad checkout.

37% of operators say they offer a more personalized checkout experience than chains. Less than 24% of consumers agree, and 63% say checkout at an independent business feels the same as a chain. That means the advantage business owners believe they're delivering isn't showing up in the customer experience.

What consumers do want from a local checkout is the speed and clarity of a chain, paired with the personal feel that brought them in.

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38%

of consumers said one bad payment experience would make them stop or seriously reconsider shopping at a local business

52%

have already decided not to complete a purchase at a local business because paying felt too inconvenient or confusing

93%

Almost 93% say clear, upfront pricing matters

61%

say flexible payment options like payment plans, split payments, and tap to pay matter when buying local

Both sides of the counter are asking for speed

The clearest pattern between merchants and consumers is also the simplest: speed. Consumers and operators are asking for it in different ways.

Consumers express the need for speed (and ease) in more places than the checkout line. The next most common answers, easier returns (33%), more ways to pay (32%), and a business that remembers their preferences (22%), are all asking for the same thing: a payment experience that takes less effort. Speed and ease at the counter outrank the loyalty features and add-ons many businesses invest in first.

44%

of consumers say a faster, smoother checkout would make them more likely to spend at a local business

52%

of operators say instant or same-day funding would help their business become more profitable or efficient, ahead of every other capability tested, including analytics, lending, and AI tools

For consumers,
speed is convenience.

For operators,
speed is control.

When operators need cash, they reach for their personal credit card

The strongest signal that payment infrastructure isn't carrying its full weight shows up in how operators handle cash gaps.

36% of operators have delayed a business expense like payroll, inventory, or rent in the past year while waiting on deposits. Money in transit can't pay people, restock shelves, or fund an opportunity. Deposit timing is where a payment setup either functions as infrastructure or becomes a constraint.

A business's payment processor has more visibility into its revenue than almost anyone. And yet, it's rarely where owners think to turn when cash runs short. Instead, they absorb the risk personally. When an owner funds inventory or payroll with a personal credit card or savings account, the line between company and personal finances blurs, and they end up carrying that business risk.

The best providers will offer built-in funding, based on real revenue data, not a credit check, so owners can access capital when they need it most — without going to a bank or dipping into their personal finances.

Nearly 40% of operators needed additional cash in the past 12 months to cover a business expense or pursue a growth opportunity.

7%

Less than 7% turned to their payment processor

54%

used personal savings or personal credit cards

14%

said they don't have a reliable source of capital at all

The everyday economy's payment system is a patchwork

Using personal credit cards to cover business expenses is just one symptom of a bigger pattern. The local businesses that make up the everyday economy run their payments through a patchwork of tools that were built for someone else, stitched together to cover what no single product was designed to handle.

What looks like a market full of choices is, from inside the business, a maintenance problem.

Each tool was built for a different scenario, and none was designed around how a local business actually operates. The cost shows up in the time it takes to reconcile across them, data that doesn't flow cleanly, and gaps where a feature was never meant to do the job it's now being asked to do.

1 out of 3

More than one-third of operators use two or more separate systems, platforms, or provider logins to manage payments, reporting, and business finances

17%

say the one thing they'd change about payments is having everything in one system

Local businesses need payment infrastructure built around how they actually run

The everyday economy has been operating in a category the payments industry hasn't built for, somewhere between the enterprise stacks designed for chains and the consumer-grade apps stretched into business platforms. The middle of the market has been left to assemble its own setup from whatever fits, and the cost of that gap is what this data measures.

Most of that expense never makes it into the books. It shows up on a personal credit card statement, covering inventory, payroll, or rent that the business should have been able to fund on its own. Those costs hit the business whether or not anyone counts them. The everyday economy can't afford to keep paying a tax it can't see.

The fix isn't complicated — it's just been missing. Payment infrastructure built for growing businesses looks different: pricing that's transparent, funding that moves when the business needs it, and capital tied to revenue instead of a credit score. The everyday economy doesn't need a workaround; it needs tools built around the way it actually works.

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