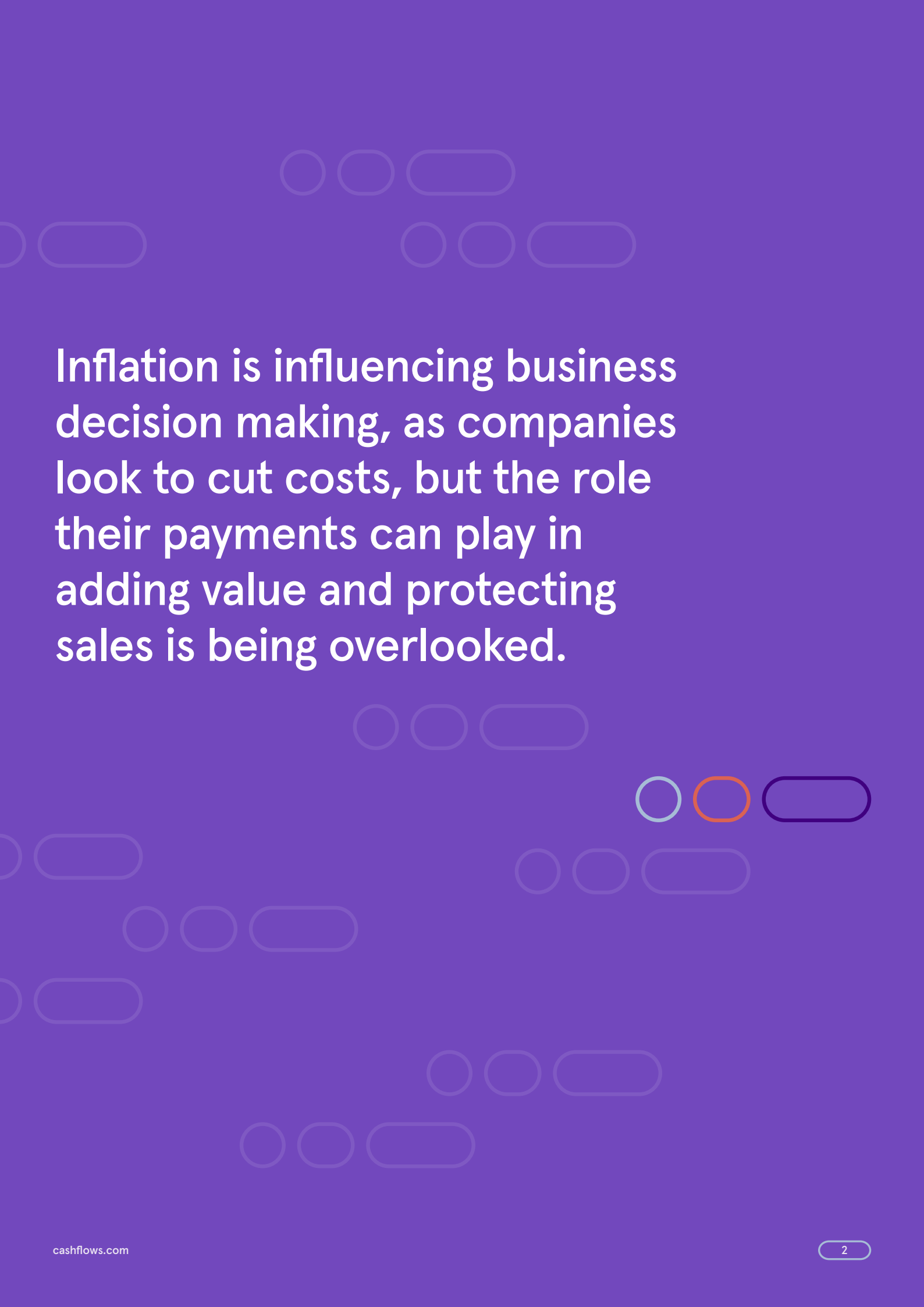


# The People Behind Payments

Imagining success in the face of inflation





**Inflation is influencing business decision making, as companies look to cut costs, but the role their payments can play in adding value and protecting sales is being overlooked.**



## Introduction

With the UK seeing its fastest rise in inflation in more than 40 years, consumer demand has slowed with recession now confirmed. The coming months and years promise to be challenging for businesses of all sizes as the effects of the economic slowdown continue.

At Cashflows, we know that business is personal. To live by that mantra, we need to understand the challenges and pain points being experienced by those at the frontline of the payments industry. As such, we surveyed 250 individuals in charge of payments in businesses with annual turnover of £250,000-£50m to find out more about their motivations and pain points.

Significantly, almost a fifth (19%) of payment decision makers across the country have already made redundancies to mitigate the impact of inflationary pressures, with a further fifth (20%) expecting to do so in the coming year. With SMBs employing almost half (48%) of the UK population this could have considerable social and economic consequences nationally.

In this third chapter of the People Behind Payments series, we explore how inflation is influencing business and payment decision making, looking at what else could be done to help them cut costs and protect sales.



# 19%

**of payment decision makers across the country have already made redundancies to mitigate the impact of inflationary pressures**

## Inflation is hitting hard

When facing economic uncertainty, business leaders may feel as though their options are limited.

Almost half (47%) of small and medium businesses (SMBs) have reported feeling the impact of inflation since January 2022. The payment decision makers we surveyed cited an increase in shopping cart abandonment (35%), a rising cost of bills (34%) and decrease in sales (29%).

For these businesses, job cuts, hiring freezes and reducing staff benefits may seem the most obvious choice to mitigate financial pressure. A fifth (20%) said that they expect to make redundancies in future to cope with the impact of inflation.

There were however regional differences: in Scotland, for example, a third of businesses (33%) have already made redundancies, compared with almost half that figure (15%) in London. There are any number of factors that may be influencing this – from local unemployment levels to reductions in tourism – which have a knock-on impact on customer footfall and spending.

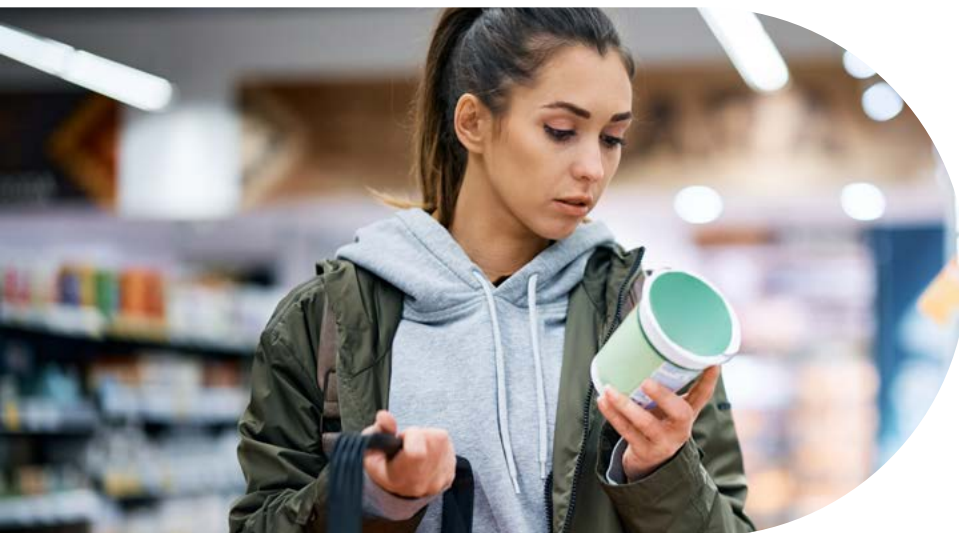
One way or another, a hit on business revenue means difficult decisions become unavoidable.

**47%** of small and medium businesses (SMBs) have reported feeling the impact of inflation since January 2022

**35%** Cited an increase in shopping cart abandonment

**34%** Cited rising cost of bills

**29%** Cited a decrease in sales





## Drastic measures

Big decisions made now need to be weighed against the long-term consequences.

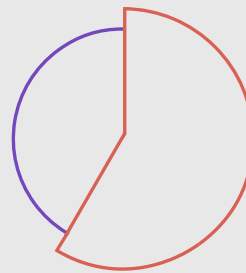
Almost a third (30%) of C-level executives surveyed said that they had reduced staff benefits. While helping businesses to avoid redundancies, cutting benefits may lead to the loss of critical employees in the long term.

Research from the Chartered Institute of Personnel and Development (CIPD) found that over a third (35%) of workers expect to change jobs in the next 12 months to secure better pay and benefits. While cutting benefits can bolster cash flow in the short-term, losing important team members could create challenges further down the line – such as increases in the cost of recruitment and training.

Making redundancies and reducing staff benefits aren't the only strategies that businesses have deployed since January 2022 to cope with economic pressure. At the time of our research, over a third of businesses (35%) planned to hike their prices, with 60% having already done so.

The obvious downside here is the risk of alienating customers, causing them to either reduce spending or shop elsewhere, therefore further exacerbating the problems being faced by SMBs.

### Information gathered regarding businesses hiking prices:



**60%**

Have already hiked prices



**35%**

Plan to hike prices soon

## An unlikely alternative

While businesses cut costs to navigate the economic downturn, few have considered switching merchant acquirer. In fact, only 13% of payment decision makers have considered doing so since January 2022, despite this being a relatively easy way for businesses to reduce operational expenditure.

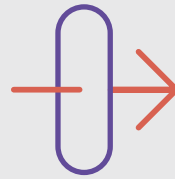
Further, only 6% of businesses are considering switching merchant acquirer or payment processor in the future. This is perhaps another symptom of the complexity that is so inherent in the payments industry as a whole, making it difficult for SMBs to understand their options or to implement change.

In our first report we found that 78% of payments decision makers don't know how to conduct a search for a new payments provider. Considering the findings identified by The Payment Systems Regulator (PSR) in its 2022-2023 investigation this is perhaps unsurprising.

As well as outlining a need for increased transparency, the regulator proposed that standardised language should be used by all merchant acquirers and payment processors when describing products, costs, and features.

This will make it easier for payments decision makers to compare solutions and choose the best provider to fit their needs.

By partnering with the right acquirer, businesses will be able to minimise costs and increase sales by optimising the payments and checkout process.



**78%**

**of payments  
decision makers  
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for a new payments  
provider.**



## What now?

Our research indicated that SMBs have deployed a variety of measures to mitigate increasing inflation. Few payments decision makers, however, have considered switching merchant acquirer – a good way to reduce operational overheads.

To make this achievable, businesses must have greater means of comparing the different payment products and services available to them. We need a commitment from the industry at large, to increase transparency and to make it easier for SMBs to access the information they need.

Only then will payment decision makers be able to make informed decisions and implement the required strategies to weather the economic storm ahead.

### What to consider in the face of inflation?

- What costs will your business incur in the long-term by deploying short-term fix cost-cutting strategies?
- Have you considered whether your payment provider meets your business needs?
- How can your payment and checkout process be optimised to increase conversions and avoid cart abandonment?
- Have you thought about switching payments provider to help reduce operational overheads?

### Tips:

- Speak to different payment providers to gain an understanding of the different solutions available in the market and how they might fulfil your business needs.
- Research the best deals and pricing structures to help your business cut costs.
- Look for an acquirer that aligns with your business – preferably one that offers hands on account manager support that will support you in navigating periods of economic uncertainty.
- Review your payments provider on an annual basis to make sure you always have the right partner as you grow.

# Cashflows Payment School



Unlocking eCommerce payments

[Find out more](#)



A simple guide to Secure Customer Authentication (SCA)

[Find out more](#)



How to get the most from your payments partner

[Find out more](#)



Understanding your payments data

[Find out more](#)



Combatting payment fraud

[Find out more](#)



Unpacking online payment options

[Find out more](#)



Reducing cart abandonment:  
How to turn window shopping into sales

[Find out more](#)



## Research methodology

This survey was conducted by Censuswide, among a sample of 250 people in charge of payments within SMEs with annual turnover of £250,000-£50m, with an equal split across the following job functions: Finance, Marketing, Operations, eCommerce and Payments, and Others.

The survey was conducted from a random sample of UK adults. Fieldwork was carried out in June 2022. Censuswide abides by and employs members of the Market Research Society which is based on the ESOMAR principles.



# About Cashflows

Cashflows is a new breed of fintech payments company that makes it easy for small corporates and SMEs to accept card and digital payments – online, in store and on the move.

Through our own acquiring platform and gateway, Cashflows provides a safe, secure ecosystem for processing payments right across Europe. Cashflows products and services are built with the latest technology and the future in mind, always to meet the specific needs of partners and customers.

With Cashflows, business is always personal. Our people work hard to understand our partners, customers and industries, inside out. Our people steer our business, transforming challenges, ideas, and technology into uncomplicated payment solutions that are easy to use and make perfect sense for businesses.

Learn more at [www.cashflows.com](http://www.cashflows.com)

