

In 2007 the Federal Reserve fielded a unique survey to businesses to collect information on the number and value of cash and other types of payments they received along with stated preferences and other related data during 2006. Results indicate that 69 percent of surveyed businesses accepted cash and 40 percent of businesses accepted cards. This suggests that there was substantial opportunity for card adoption growth amongst businesses. Additional findings show that the size of small monetary incentives may have little effect on response, but that email reminders significantly boost participation. The study provides valuable evidence useful in the design of future establishment surveys.

In this paper, we relate business characteristics to payment acceptance and payment proportions to give an indication of business preferences for cash and other payment types conditional on current usage. About one-third of businesses in 2006 would prefer their customers to use cash more often, and almost three-quarters would prefer that they use more checks. Only a few businesses indicated they wanted their customers to use cards more often. Significant differences existed between industries hypothesized to be cash intensive and those that were not.

The hypothesis underlying the study was that because businesses typically record their sales transactions, the ability of firms to refer to their sales and other records could allow high-quality responses. The survey was meant to determine if a broad set of sizes and types of businesses could provide data of sufficient quality to establish a national benchmark and, if repeated, track trends for cash payments made to businesses. Experimental results suggest that national aggregate estimates of proportions could be feasible and cost-effective, but requirements for comparisons of proportions by business size and type quickly raise study costs. Response-effect experiments performed as part of the study showed no significant difference between offering a \$10 or \$20 incentive, but did show a significant increase in response from sending an email thank you/reminder.