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A new survey finds that one in four (25%) of microbusiness owners have waited more than a year to get paid or haven't been paid at all for work. Additionally, seven in 10 (70%) respondents have waited between one and six months to get paid as a result of overdue invoices. A microbusiness is defined by the US Small Business Administration as having fewer than 10 employees.

The survey was commissioned by [Wave](#), an all-in-one money management solution for small businesses, and included more than 1,000 United States-based microbusiness owners.

According to the Association for Enterprise Opportunity, microbusinesses make up 91% of all businesses in the US, and are a small but mighty economic force. The

survey exposed widespread financial challenges among this group, from getting paid

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received the invoice (24%), and being on vacation (13%).

Whatever the reason, late payments often leave business owners scrambling to cover expenses like payroll and rent. Three in 10 (30%) respondents have had to borrow from personal funds to cover business expenses, nearly one in five (19%) have had to borrow from family or friends, and the same number (19%) have had to forgo or reduce their own paycheck. Additionally, 13% have been forced to take out a loan, over one in 10 (11%) have had to take up another job, and 8% have had to sell off a family heirloom or another valuable in order to cover business expenses.

- **The pandemic accelerated digital practices.** The most common digital practices that started during the pandemic and are expected to continue include: virtual services like sales, consultations, and quotes (27%), accepting digital payments (21%), adopting digital banking/checking (15%), and sending digital invoices/bookkeeping (8%). On the flipside, many plan to end pre-pandemic practices like visits to bank branches to deposit checks (18%), in-person meetings with an accountant to file taxes (13%), and paper invoices/bookkeeping (12%).

According to research conducted by the Peterson Institute for International Economics, the number of business startups in the US grew from 3.5 million in 2019 to 4.4 million in 2020, a 24% increase in new business applications, despite the challenges of an economic downturn.

Looking ahead, business owners are confident and motivated as vaccine rollouts and economic recoveries continue. Nearly two in five (39%) feel even more motivated to continue working for themselves, 35% are confident about the financial future of their business, and over one-third (34%) say business has increased since vaccine distribution began.

- **Microbusiness owners admit to poor money management habits.** Nearly two in

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- **Traditional payment practices reign supreme.** The survey found that while some business owners accept digital payments, the majority rely on more traditional forms like cash (71%) and paper checks (61%). Half accept debit/credit cards (50%).
- **Cash flow remains a top challenge.** With late payments from customers and widespread digital payment acceptance falling short, it's no surprise that almost half (45%) of those surveyed cite cash flow as a major challenge. Moreover, respondents cite other barriers to cash flow like high bank account fees (27%) and slow access to funds paid into their bank account (16%) as key reasons why they would consider switching from their current banking provider.

“As small businesses rebound from the impacts of the pandemic, cash flow is key to ensuring both their recovery and their ability to thrive in the months and years ahead,” said Kirk Simpson, co-founder and CEO of Wave. “Our survey shows that—for many reasons, ranging from outdated practices to late payments—cash flow remains a major pain point for entrepreneurs. More than ever, small business owners need simple, intuitive money management solutions that help them get paid faster, and free them up to spend time doing the work they love.”

Wave helps microbusiness owners manage cash flow through intelligent bookkeeping and financial solutions that are integrated and easy to use. From customizable, professional invoicing software that can remind customers of payment due dates to powerful invoice management features that enable business owners to track customer activity in one place, Wave's solutions are built to enable better cash flow. With Wave Money—the no-fee business bank account—business owners get fast access to funds deposited into their account, and when they spend on their Wave Money debit card, their bookkeeping is managed automatically. To learn more, visit [wavemoney.com](https://wavemoney.com).

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