FreshBooks

The State of Financial Flow in 2026

How Freelancers and Small Businesses Think About Payments

FreshBooks and Stripe surveyed 260 freelancers and small businesses to explore how they manage payments today—and which choices help them reclaim time, cash, and confidence.

Introduction

There's no question that getting paid is essential to a freelance business or small company—everything else depends on it. That's why it's so important to understand the evolving tools and payment methods that determine how money moves in and out of a business each day.

This report explores the current payments processes of freelancers and small businesses, and what value they find in payment solutions inside their financial software—from faster payouts to flexible payment methods—as they work toward smoother operations, better customer experiences, and stronger, more resilient businesses.

> ***"Small businesses aren't just asking to get paid. They're asking for working capital they can count on. Speed, flexibility, and simplicity are now baseline expectations. FreshBooks removes the friction between work completed and cash in the account so businesses can operate with confidence."***
>
> *– Shirley Hsu - General Manager, Payments*

Key takeaways

Cash flow drives confidence

More than **40% of business owners say next-day access to funds is important**, and among those experiencing cash-flow strain, that rises to **62%**, underscoring how speed directly impacts financial confidence and growth readiness.

Time is the real tax

Businesses spending **5 or more hours per month on invoicing are nearly 3 times as likely to experience cash-flow problems (28% vs 10%)**, demonstrating how inefficiency erodes both time and revenue.

Simplicity and security come first

When choosing an accounting platform, **80% rank ease of use as a top priority**.

Flexibility is the new expectation

Customer payment preferences continue to shift toward digital and flexible options, with **32% of businesses wanting to offer multiple payment methods**.

Growing businesses want a system that scales

Among the **40% planning to grow, 85% say growth plans strongly influence their accounting and payment needs**, and they are significantly more likely to view tools like instant payouts and Buy Now, Pay Later (BNPL) as drivers of reinvestment, deal flow, and scale.

The sections that follow explore each of these dynamics in detail, using survey data to show where friction persists and where opportunity is emerging.

Overview

Where current processes fall short

For many freelancers and small businesses, accounting and payments systems are functional—but far from frictionless. **More than half (54%) say they face at least one challenge with their current invoice and payment process**, indicating significant room for improvement.

Rather than a single dominant pain point, the data reveals a **cluster of interrelated issues**—spanning operational inefficiency, cash-flow strain, and downstream customer impact.

Challenges businesses face with their current financial and payments process

Most common pain points driving these challenges

Operational and process issues

- Time-consuming workflows (**23%**)
- Inability to plan for business growth (**9%**)

Cash-flow and revenue impact

- Cash-flow problems (**14%**)
- Delayed or lost revenue from unpaid invoices (**12%**)
- Inability to project revenue correctly (**8%**)

Customer-related challenges

- Uncomfortable client conversations (**8%**)

Payment options and automation gaps

- Limited payment options for customers (**14%**)
- Lack of automated invoice reminders (**10%**)

Key insights

Nearly 1 in 3 businesses struggles with cash flow and revenue-related challenges, while *more* than 1 in 3 faces operational and process issues—the most common pain point being time-consuming workflows.

The time cost of invoicing

Time spent on invoicing is one of the clearest fault lines in the data. Businesses that spend **5 hours or more per month on invoicing** report higher levels of cash flow problems, operational inefficiencies, and customer friction compared to those that spend less time.

Compared with businesses that spend less than 5 hours per month, businesses that spend 5+ hours are:

- **nearly 3x as likely** to suffer cash-flow problems (28% vs 10%)
- **more than 2x as likely** to lose revenue from unpaid invoices (22% vs 9%)
- **nearly 2x as likely** to be unable to plan for business growth (14% vs 8%)

Challenges by time spent on invoicing

Percent of businesses reporting each challenge

Challenge	5+ Hours	<5 Hours
Time consuming	**48%**	16%
Cash flow problems	**28%**	10%
Delayed/lost revenue from unpaid invoices	**22%**	9%
Inconsistent billing schedule	**17%**	4%
Lack of automated invoice reminders	**17%**	7%
Limited payment options for customers	**21%**	12%
Inability to plan for business growth	**14%**	8%
Uncomfortable customer conversations	**14%**	6%
Complex user experience/interface	**12%**	5%

How customers pay—and what businesses prefer

Businesses today offer customers a wide range of payment options, including cash and checks, card payments, and **digital and mobile options such as bank transfers (ACH), online payment links, and mobile wallets**.

Across all businesses surveyed, **64% say customers typically pay with cash or checks**, while **71% say digital and mobile payments are their preferred option**.

This marks a period of transition—where businesses are expanding choice to meet customer expectations, even as preferences consistently move toward modern, digital workflows. The chart below shows how this shift plays out overall and across industries, highlighting where customer behavior and business preference are most closely aligned—and where they diverge.

Customer payment methods vs business preference, by industry

Industry	Cash/check		Digital/mobile		BNPL	
	How Customers Pay	Business Preference	How Customers Pay	Business Preference	How Customers Pay	Business Preference
All businesses	**64%**	53%	67%	**71%**	2%	**3%**
Creative services	**46%**	33%	80%	**87%**	**2%**	0%
Property management	**66%**	45%	66%	**72%**	0%	**3%**
Trades	**84%**	82%	50%	**55%**	0%	**2%**
Management consulting	**65%**	45%	75%	**80%**	0%	0%
IT and development	**61%**	53%	61%	**68%**	11%	**18%**
Personal care and wellness	**67%**	63%	**69%**	63%	0%	0%

Businesses across industries prefer to rely less on cash and checks and more on digital payment methods than customers currently use, with the exception of personal care and wellness.

Buy Now Pay Later (BNPL) shows early momentum in IT and development industries.

Industry lens: Professional services

- Professional services—including creative services, management consulting, and IT and development—show some of the **strongest preference shifts away from cash/checks and toward digital payments**, even where digital usage is already high.
- Within professional services, the **IT and development sector shows early momentum in installment and BNPL payments**, consistent with a digitally mature buyer base and established use of flexible pricing models for project-based work.

What freelancers and small businesses want from their tools

When choosing financial software, freelancers and small businesses prioritize features that reduce friction, protect their business and customers, and support day-to-day financial operations.

When asked to rank the most important features in an invoicing and payments platform, ease of use stands out. In fact, **80% of businesses rank "easy to use" among their top priorities**, followed by security, integration, and faster payments.

However, current experiences do not fully match these expectations. Only **58% say their current accounting process is easy to use**, revealing a 22-point gap between what businesses want most and what they currently have.

Where expectations outpace experience

Top feature priorities vs current platform performance

Importance reflects features ranked among the top five when choosing a platform. Current performance reflects attributes rated "very good" or "excellent."

Feature	Importance when choosing	Current platform rating	Gap
Easy to use	**80%**	**58%**	**-22 pts**
Security and fraud protection (business)	57%	50%	-7 pts
Security and fraud protection (customer)	49%	47%	-2 pts
Ease of integration with other systems	41%	37%	-4 pts
Ability to customize for business	48%	48%	0 pts

Key insights

Ease of use is the top driver of platform choice and shows the largest performance gap, highlighting persistent friction in everyday financial workflows.

Security and fraud protection for both businesses and customers is highly valued and performs closer to expectations, reinforcing its role as a baseline requirement rather than a point of differentiation.

Why fast access to funds matters

For freelancers and small businesses, getting paid is only part of the equation. How quickly funds become available can significantly affect **cash flow, planning, and peace of mind**.

Survey results show that **speed matters** for a substantial segment of businesses. **More than 40%** say it is important or very important to access funds **within one business day** after an invoice is paid. And nearly two-thirds say next-day access is at least *somewhat important*, underscoring its relevance even when it is not a daily requirement.

How important is next-day access to funds?

When speed matters most: the role of instant payouts

Fast access to funds can be especially transformative for businesses experiencing cash-flow strain—particularly when using **instant payouts**. Among respondents who report **cash flow** as a problem with their current process:

- 78% say instant payouts would reduce their reliance on personal savings
- 70% say instant payouts would reduce worry and financial stress

Expected impact of instant payouts

Cash-flow–strained businesses vs all businesses

Expected outcome	Cash-flow–strained businesses	All businesses	Point difference
Relief from relying on personal savings	**78%**	37%	**+41 pts**
Reduced worry and financial stress	**70%**	44%	**+26 pts**
Faster investment in new projects	**51%**	31%	**+20 pts**
Improved customer satisfaction	**51%**	40%	**+11 pts**
Increased comfort expanding services	**54%**	37%	**+17 pts**
Lower costs by avoiding loan interest	**46%**	30%	**+16 pts**
Faster investment in tools, tech, or staff	**41%**	30%	**+11 pts**

Key insights

While the impact of instant payouts is most pronounced among **businesses facing cash-flow challenges**—where expected benefits are **15–41 points higher across every outcome—**the data also shows that **31%–44% of all businesses** associate faster access to funds with **reinvestment, customer experience, and competitiveness**, underscoring speed as both a stabilizer and an enabler.

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The upside of offering more ways to pay

As customer expectations continue to evolve, many freelancers and small businesses are rethinking the range of payment options they offer. **Nearly 1 in 3 businesses (32%) say they want to offer more payment methods**, reflecting growing interest in flexibility to improve customer experience and support growth.

To understand where that interest is emerging, the survey asked businesses to evaluate the importance customers place on **newer, digital-first payment options**—increasingly relevant in B2B and service-based contexts.

When asked which payment options matter most to their customers, businesses consistently point to **fast, familiar, and low-friction digital experiences**. Among these emerging digital options, tap-to-pay card and wallet experiences rank highest, while BNPL appears earlier in the adoption curve.

What businesses believe customers want

Share of businesses who say each option is important to customers:

Industry lens: IT and development

Compared to the overall sample, IT and development show elevated perceived demand across all digital options, with BNPL adoption signals more than **3x higher** than average—suggesting this sector sits earlier on the curve for flexible, digitally native payment experiences.

Percentage saying each option is important or very important to customers:

- Tap to pay with a card: **55%**
- Tap to pay with a digital wallet: **50%**
- Text or email to pay: **32%**
- Buy Now, Pay Later (BNPL): **45%**

Buy Now, Pay Later: a growing trend with opportunity beyond e-commerce

The growing adoption of Buy Now, Pay Later (BNPL) reflects a broader shift in how customers think about affordability, flexibility, and payment timing. Federal Reserve research shows BNPL usage has increased steadily in recent years, with **younger, digitally native consumers overrepresented among users**—reflecting increased cash-flow pressure and demand for greater payment flexibility as costs increase.

Payment expectations shaped at checkout are beginning to extend into **B2B and service-based settings**. For freelancers and small businesses billing through invoices, projects, retainers, or milestone-based work, BNPL offers structured payment flexibility for larger engagements or premium services—without changing how the work itself is delivered.

In our survey, **1 in 3 businesses say BNPL could help them close more deals or increase overall sales**.

Evidence from the market

In large-scale testing across more than **150,000 payment sessions**, Stripe found that offering Buy Now, Pay Later (BNPL) was associated with **up to a 14% increase in revenue**, driven by higher conversion and larger transaction sizes. Notably, **more than two-thirds of BNPL volume came from net-new purchases**—transactions that may not have occurred without a flexible payment option available.

Source: Stripe analysis of aggregated payment session data.

While this analysis reflects e-commerce behavior, the underlying dynamics—reducing friction and increasing buyer confidence—are directly relevant to service-based businesses billing for larger or higher-commitment work.

The chart below shows how businesses expect BNPL to impact customer experience and growth.

Expected benefits of offering BNPL

Key insights

While BNPL is not yet a baseline customer expectation (**14%**), businesses consistently associate it with outcomes tied to revenue and deal expansion. Expectations for improved customer satisfaction (**40%**) and increased deal closure or sales (**33%**) indicate BNPL is viewed less as a response to current preference and more as a s**trategic lever to unlock higher-value engagements**.

How growth plans change payments approach

For freelancers and small businesses, growth ambitions don't just shape strategy —they reshape operational priorities. In this survey, **40% of respondents say they plan to grow their business in the next 5 years**, and for these businesses, financial software takes on heightened importance.

Among businesses planning to expand, **85% say their growth plans strongly influence their accounting and payment needs**. Rather than viewing payments as a back-office function, this group is increasingly seeing financial tools as **infrastructure for scale, flexibility, and better customer experiences**.

The chart below highlights some of the **most meaningful points of differentiation** between growth-minded businesses and the overall sample.

Growth-minded businesses vs all businesses

Where growth intent most clearly changes expectations

Expectations	All businesses	Planning to grow	Point difference
Want to offer multiple payment options	32%	51%	+19 pts
Want faster payments for better cash flow	30%	42%	+12 pts
Believe Instant Payouts would help grow the business	31%	52%	+21 pts
Say faster fund access enables reinvestment in customer experience	40%	59%	+19 pts
Believe BNPL would boost customer satisfaction	40%	58%	+18 pts
Believe BNPL could help close more deals and increase sales	33%	55%	+22 pts
Say access to capital via accounting platform is important	20%	32%	+12 pts

Key insights

Growth-minded businesses show materially higher expectations for financial tools as growth drivers: they are **21 points more likely** to say instant payouts would help grow their business and **22 points more likely** to believe BNPL could help close more deals or increase sales.

Closing thoughts: What this means for freelancers and small businesses

For freelancers and small businesses, payments are central to day-to-day stability. This research shows that friction is driven less by system failures and more by flow constraints: time-consuming processes, delayed access to funds, and limited flexibility for customers.

At the same time, expectations are moving in a clear direction. Businesses increasingly favor digital payments, prioritize ease of use and security, and place growing importance on speed—especially when cash flow is tight. Among the 40% planning to grow, these preferences intensify: Payments and financial tools are more likely to be seen as mechanisms for reinvestment, customer experience, and revenue expansion, rather than just record-keeping.

Taken together, the data point to a clear conclusion: Financial flow is operational leverage. Software that reduces friction, expands payment options, and accelerates access to earned funds doesn't just move money—it strengthens resilience and supports growth at every stage of the business.

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Survey methodology:

This report is based on a U.S. nationwide online survey conducted in October 2025 of 260 U.S. service-based professionals, including freelancers and small business owners with up to 10 employees. The sample prioritized key states—Texas (n=38), California (n=49), and New York (n=31)—and included decision-makers across Creative Services, IT and Development, Consulting and Legal, Trades and Home Services, Personal Care and Lifestyle, Property Management, and Wellness. All respondents were 18+ and current non-FreshBooks users. The study explored payment behaviors, operational challenges, and financial sentiment within service-based small businesses. Margin of error: ±6% at a 95% confidence level.

About FreshBooks:

FreshBooks is changing how small business owners manage their everyday workflows. The owner-first platform—trusted by businesses in over 160 countries and backed by industry-leading customer support—takes an easy-to-use approach to managing finances, billing, payments, and clients.

Learn more about Instant Payouts and Buy Now, Pay Later at FreshBooks.