



SQUARE REPORT: CASHLESS PAYMENTS AND THE PANDEMIC | CANADA EDITION

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Summary

As the company that made it easy to accept credit cards using a smartphone, one would expect [Square](#) to be Canada's loudest advocate for a cashless economy. We're not. In fact, the first integration we ever launched for our point-of-sale app was connectivity with a physical cash drawer. To this day, we ensure Canadian business owners never miss a sale, which is why we've made it easy for sellers to accept all cards, swipes, chips, taps, mobile payments, and yes, even cash.

The COVID-19 pandemic has both slowed down and sped up our world in unique ways. Social-distancing measures have put health and safety concerns top of mind, significantly changing how local businesses operate. Seemingly overnight, many local business owners adapted to the new normal by launching online stores with curbside pickup and no-contact deliveries, offering some virtual services, accepting touch-free card payments, all in the name of a safety-first approach to business. New Square data reveals that, as a result of adapting, local businesses and consumers across Canada have become increasingly less reliant on cash.

In this report, we share Square data that shows what's really happening with cash and who are the most cashless (or nearly) in Canada, and you will hear from business owners, an academic and Square's economist on the ways the pandemic has changed how we buy and sell with cash in Canada and around the world.

A Closer Look: How We Pay Today

Over the last few years, Canadians have slowly, yet increasingly, been moving away from cash payments.

"Amid the pandemic, Square payments data shows both business owners and consumers' reliance on cash payments is waning across Canada," said Felipe Chacon, economist at Square. "Overall, the share of cash payments at local businesses nationally has dropped dramatically since mid-March, from 24.8% to 11.4%. Consumers are now paying by card nearly 9 times out of 10."

We took a closer look at the cash and card payment mix at local businesses to better understand who are the Canadians that are cashless (or nearly).

"While Canada has increasingly gone cashless amid the pandemic, it's important to note the move away from cash varies greatly depending on the location of the business and the industry in which it operates," said Chacon.

A Regional Look: Where Cashless Is Now King and Where Cash Still Reigns

The city of Ottawa has seen the most substantial abandonment of cash amid the pandemic, with a 29.6% decrease in cash being used at local businesses in the city.

The three cities with the largest decrease in cash usage at local businesses:

- Ottawa: 29.6% change (cash went from 31.3% of sales to 1.7%)
- Montreal: 21.9% change (cash went from 24.7% of sales to 2.8%)
- Victoria: 21.7% change (cash went from 31.9% of sales to 10.2%)

Square data shows Ottawa is the most cashless of all Canadian cities, with only 1.7% of purchases paid in cash. Montreal follows closely, with only 2.8%. Citizens of Surrey, British Columbia, on the other hand, rely the most on cash, with 23.1% of purchases paid by bills and coins. Two other BC cities, Vancouver and Victoria, are among the most cash-heavy cities in Canada.

Top 5 cash-heavy cities	Top 5 card-heavy cities
<ul style="list-style-type: none">● Surrey - Cash: 23.1% Card: 76.9%● Vancouver - Cash: 15% Card: 85%● Windsor - Cash: 10.9% Card: 89.1%● Victoria - Cash: 10.2% Card: 89.8%● Hamilton - Cash: 8.9% Card: 91.1%	<ul style="list-style-type: none">● Ottawa - Cash: 1.7% Card: 98.3%● Montreal - Cash: 2.8% Card: 97.2%● Winnipeg - Cash: 3.1% Card: 96.9%● Edmonton - Cash: 3.7% Card: 96.3%● Calgary - Cash: 5.9% Card: 94.1%

An Industry Look: Where Cashless Is Now King and Where Cash Still Reigns

Charitable organizations have shifted most dramatically away from cash amid the pandemic, with the percentage of cash donations dropping from 39.1% to 12.9%. Leisure and music entertainment businesses also saw cash payments plummet from 27.4% pre-pandemic to now a mere 6.7%. Both business types tend to rely most heavily on cash in person but now moved online to interact with their donors and customers respectively.

The three industries with the largest decrease in cash usage at local businesses:

- Charitable organizations: 26.1% change (cash went from 39.1% of donations to 12.9%)
- Leisure and music entertainment: 20.7% change (cash went from 27.4% of sales to 6.7%)
- Coffee and tea shops: 19.5% change (cash went from 28.9% of sales to 9.4%)

Our data shows breweries, wineries and distilleries have the smallest number of cash transactions. Local alcohol producers have quickly launched virtual bottle shops for housebound happy hours. Conversely, some businesses still see far more bills and coins for payment than others; beauty and barbershops remain the most cash-heavy of all business types. Only recently have they begun reopening across the country, so it's possible a shift could take place in the coming weeks if clients begin paying by card in-person or pre-paying for appointments online.

Cash-heavy business types	Card-heavy business types
<ul style="list-style-type: none">● Beauty and barbershops<ul style="list-style-type: none">○ Cash: 18% Card: 82%● Convenience stores<ul style="list-style-type: none">○ Cash: 14% Card: 86%● Charitable organizations<ul style="list-style-type: none">○ Cash: 12.9% Card: 87.1%	<ul style="list-style-type: none">● Breweries, wineries and distilleries<ul style="list-style-type: none">○ Cash: 3.1% Card: 96.9%● Markets: food and drink vendors<ul style="list-style-type: none">○ Cash: 6.6% Card: 93.4%● Leisure and music entertainment<ul style="list-style-type: none">○ Cash: 6.7% Card: 93.3%

Talking Tender: Seller Perspectives

Business owners have a wide variety of opinions on doing business and accepting cash today and in the future.

Paul Tumber

Owner of The Gentlemen's Barbershop

Surrey, British Columbia | Barbershop | thegentlemensbarbershop.ca



I haven't really seen a shift. Most of my clients have always paid with contactless cards. I've told clients that I'm still accepting everything. They can pay however they want, but I'm not keeping cash on hand so can't provide change for large bills. For those sticking to cash, I won't handle it. I actually keep a jar at my station for them to put the cash in. When I take it home, I wash the money with detergent in the sink.

Karl Magnone

Owner of Tite Frette

Montreal, Quebec | Specialty Grocery Store | titefrette.ca



We actually stopped taking cash completely. There were a few situations when customers insisted, so we relented. We couldn't provide change, and for our safety we used a medical-grade alcohol spray to sanitize the money.

That said, we've decided to start accepting cash again, but we aren't promoting it. We just felt it was too much of an inconvenience for our customers who like to use cash, and we want to make it simple for everyone. More than that, we really just want to get back to normal.

Ted Clark

Owner of High Park Brewery

Toronto, Ontario | Craft brewery | highparkbrewery.com



A lot of our sales used to be in cash, but we have eliminated this completely for the time being. We made the decision, for safety, not to handle cash anymore. Now, all of our sales are by card through Square. We will definitely take cash again when the dust settles, but we expect by then people will have changed their patterns and continue to use our online store. I never would have expected that prior to COVID-19.

Carrying Tender: Consumer Habits

Square’s annual Leger survey in mid-March found that 21% of Canadians aren’t carrying any bills or coins in their wallets, purses or pockets. This is a significant increase from those who had no cash on them last year (18%) and in 2018 (16%). Halifax has the most people carrying no cash at 29%, while Vancouver has the least at 13%. Nearly a third of people aged 18 to 34, and over a quarter of adults aged 35 to 54, are carrying no bills and coins, while only 10% of people over 55 are carrying no cash. Despite the variance, the trend towards carrying only debit and credit cards has increased across all age groups.

A Global Look: Cashless Businesses

The worldwide impact of COVID-19 is reflected in global payment trends in each of Square’s markets around the globe. We compared the share of businesses that are taking 95% or more card payments, from Great Britain to Japan, to see how each country compares before and after peak pandemic.

Country	Before	After
Great Britain	10%	60%
Canada	9%	48%
Australia	6%	36%
United States	8%	31%
Japan	0.6%	0.75%

On March 1, only 9% of Canadian Square sellers were cashless—53 days later, on April 22, the number of cashless businesses had skyrocketed to 48%, almost half of businesses. The large percentage of cashless businesses in Canada is second only to the UK, where there are over half, at 60%, and well ahead of both Australia and the U.S.

** Metrics adjusted to control for differences in Square’s local product availability & local payment nuances.*

Takumi Hirose
Owner of Kakimori, a stationery store in Tokyo, Japan



I have no concerns in changing my businesses to a completely cashless model once I reopen. In fact, COVID-19 encouraged my move toward cashless since the general perception of cash has now shifted toward unclean and unwelcome.



A Look Ahead: How We Will Pay in the Future

Here is what payment experts predict for the future of payments.

Economist Felipe Chacon, Square



The coronavirus pandemic has made cashless payments the norm and as local businesses re-open, we expect Canadians will pay without cash more than before the pandemic began, either by choice or because some businesses will no longer accept cash.

The shift away from cash has been very clear since the onset of the pandemic. We've seen more business owners coming to Square wanting to take card payments, both in-person and online, for the first time. It's become much harder for any business to operate in the current climate, and it's especially hard if you continue as a cash-only business, or are only selling in-person. Businesses are now urgently modernizing the way they sell.

As fears of handling cash lessen, it's unlikely we'll see business owners permanently stop accepting cash; however, now that many businesses are also selling online, consumers are becoming accustomed to online ordering with their smartphone or computer, even if they are also visiting the salon or shop.

Professor Andreas Park, University of Toronto



It all comes down to habits for customers and businesses. Small changes can have big consequences. A small change like tapping your card or ordering online to minimize contact quickly becomes a habit, and it's hard to imagine customers and business owners will want to revert to the way they did it before.

There are, however, social consequences to the abandonment of cash, particularly for people in marginalized groups for whom cash is the only means of payment at their disposal. There are many who feel that it would be discriminatory for businesses to completely eliminate cash as a payment option. However, the benefits of card payments are plentiful.

Convenience, added to the combination of new habits formed and old habits broken, will undoubtedly alter how Canadians buy and sell into the future.

Conclusion

Forces beyond everyone's control continue to change us all in profound and complex ways. The question remains: Given the pandemic, will we be letting go of cash far sooner than we thought? At this juncture, it's fair to say that we've experienced a tangible shift that will have lasting implications for paying without cash in the future.

Methodology

The data for this analysis includes millions of transactions from March 1, 2020, to May 14, 2020, from Square sellers across Canada who have accepted a minimum threshold of cash and card payments.

In addition to Square seller metrics, Square conducted an online survey of 1,838 Canadians completed by Leger between March 13–16, 2020, using Leger's online panel. The margin of error for this study was +/-2.29%, 19 times out of 20.

About Square Report: Cashless Payments and the Pandemic | Canada Edition

The US edition of Square Report: Payments and the Pandemic can be viewed [here](#). The first Making Change Report from Square in May 2019 about Square's cash vs. card data and small business owner survey findings in the United States can be viewed [here](#).