

PURSUING PAYMENTS 2025

# The silent cashflow killer

Australian and New Zealand SMBs  
and late payments

**GoCardless**

# Foreword

Small and medium businesses (SMBs) are crucial to the Australian and New Zealand economies, and as the current cost-of-living crisis intensifies, getting paid on time has never been so vital. Yet late payments are still an issue for SMBs, and even as it gets worse, many SMBs continue to accept it as simply “the price of doing business”. This passive acceptance hides a worsening problem that SMBs must fix now.

This problem creates a serious domino effect across the supply chain, as delayed payments hit small and medium businesses hardest. What was once a simple cash flow inconvenience now drains productivity, threatens growth, and creates serious emotional stress. Our data shows SMBs lose more money and time, and they would be willing to absorb this loss rather than risk an awkward conversation or spend additional time chasing overdue payments.

## Key findings: The 2025 snapshot

Findings	AUS	NZ
<b>Escalating time drain</b> Equivalent to over 10 full workdays on average lost annually among these businesses on this admin task	63% of SMBs spend time chasing payments, now losing an average of 1.5 hours per week	63% of SMBs spend time chasing payments, averaging 1.4 hours per week
<b>Worsening financial loss</b> Significant monthly losses drain working capital and force SMBs into survival mode	63% of SMBs suffer monthly financial losses, with an average estimated loss of \$1,328.15	62% of SMBs suffer monthly financial losses, with an average estimated loss of \$1,373.16
<b>Cost of avoidance</b> SMBs are sacrificing significant revenue to keep the peace	23% are willing to write off 6% or more of annual turnover to avoid an awkward conversation about late payments	21% are willing to write off 6% or more of annual turnover to avoid an awkward conversation about late payments
<b>Widespread acceptance</b> The widespread culture of begrudging acceptance has become the industry norm	68% believe late payments are an ‘inevitable cost’	69% believe late payments are an ‘inevitable cost’

SECTION 1

# The hidden tax: Escalating loss and stalled growth

Late payments are effectively a persistent tax on most SMBs, cutting productivity and forcing them into survival mode.

## The financial drain: worsening loss

SMBs are losing significant money and time chasing invoices.

**Time tax:** For the 63% of Australian SMBs that spend time chasing payments, the average time lost is 1.5 hours per week in 2025. This represents an approximate loss of 78 hours annually (or two full business weeks) spent chasing late payments alone.

**Chronic delays:** 48% of Australian SMBs and 51% of New Zealand SMBs report that they are waiting longer for payments than they were 12 months ago. In Australia, 41% of SMBs who receive late payments wait more than 14 days on average past the due date, with 17% waiting over a month.

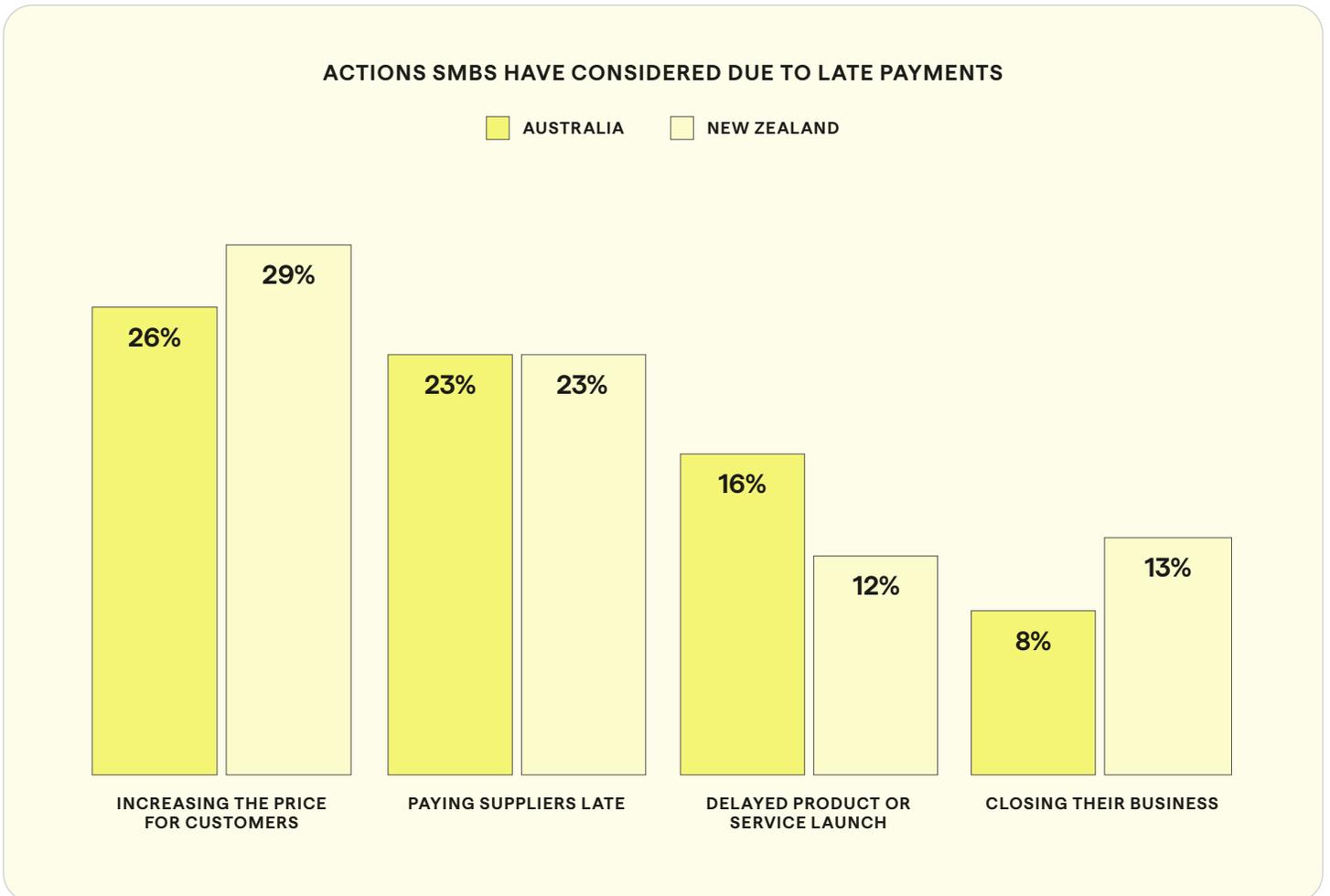
78hrs

Hours lost annually  
chasing payments

Equivalent to 2 full business  
weeks of productivity

## Late payments force SMBs to halt growth

Late payment pressure forces SMBs to delay launches, stall hiring and wind back innovations, putting their growth ambitions on pause:



## Debt is now a cash flow strategy

Late invoices force SMBs to borrow money to bridge the gap, meaning they pay interest on the money customers owe them. 34% of Australian and 31% of New Zealand SMBs turned to credit cards or loans in the last 12 months because late payments impacted their cash flow. This reliance adds cost, drains financial strength, and hurts long-term resilience.

SECTION 2

# Silence is expensive: The toll of avoidance

Small and medium businesses increasingly choose to sacrifice real revenue rather than risk an awkward conversation. This avoidance creates unnecessary stress and sabotages the bottom line.

## Fear of confrontation forces SMBs to tolerate lost revenue

**Writing off revenue:** 23% of Australian SMBs and 21% in New Zealand are willing to write off 6% or more of their annual turnover to avoid difficult conversations about late payments. Overall, this willingness is highest among younger business owners and decision makers (Gen Z/Millennials) in Australia and New Zealand - 30% of whom are willing to forfeit 6% or more of their turnover, a loss that could easily top approximately \$45,000 for a medium-sized firm.\*

**Avoidance tactics:** 39% of both Australian and New Zealand SMBs admit to avoiding money conversations entirely in the last year.

**\$45k**

Potential annual  
revenue loss

Based on a 6% write-off  
for a medium-sized firm

\*Based on a company with an annual turnover of \$750k

## The toll of personal stress

Late payments aren't just affecting the bottom line. For many SMB leaders they're causing significant personal stress.

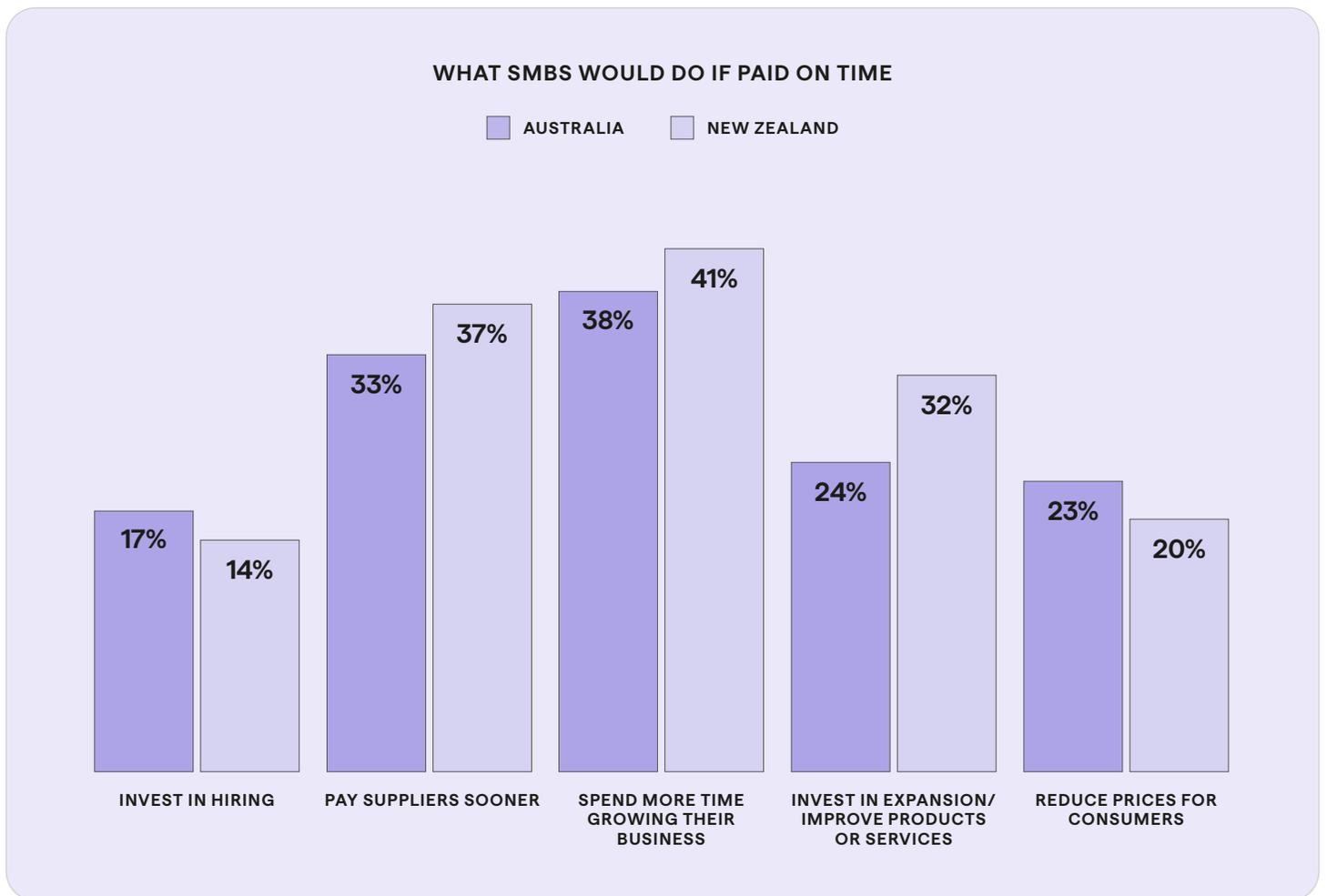
**Personal stress:** 36% of Australian SMB leaders who avoided payment conversations in the last 12 months report increased personal stress, and 38% report increased workplace stress.

**Relationship damage:** 24% report customer relationship strain, which further reinforces the desire to avoid future conversations, perpetuating the vicious cycle.

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## Turning a vicious cycle into a virtuous one

If late payments were eliminated, the benefits would immediately flow through the economy, fast-tracking a renewed cycle of investment and growth:



## SECTION 3

# The circuit breaker: Automated collections

Automation is one of the most effective solutions. It requires SMBs to redesign their Accounts Receivables (AR) process. Automated collections streamline the payment process, eliminating the cycle of manual chasing and awkward conversations.

### High demand, slow progress

SMBs are clearly looking for a solution to their administrative and emotional burdens. 67% of Australian and 69% of New Zealand SMBs are interested in introducing technology to get paid faster.

Despite this demand, the path to automation has stalled due to a lack of knowledge and fear of the effort involved.

### Future-proofing for systemic change

A primary driver for this transition is the ongoing modernisation of the national payments infrastructure. Our data reveals a critical lack of readiness for these shifts: Only 21% of Australian SMBs are currently aware of planned upgrades to national payment systems that will phase out older, manual methods in favour of faster, more secure digital standards over the coming years.

Technology is the circuit breaker, but only if we as an industry move from interest to action.

# Conclusion

The Pursuing Payments report serves as a critical warning: the late payments crisis is deeper and more widespread than just some lost money. It costs the Australian and New Zealand economies crucial time, investment, and productivity.

Late payments are not an inevitable reality. While some customers will always pay late, the key is gaining control over the process. By embracing the next generation of automated payment methods, SMBs can:

## Remove the administrative burden

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Eliminate chasing and enable fully automated processes for both the payer and payee

## Regain lost hours

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Reclaim the average 1.5 hours a week currently spent chasing payments

## Unlock growth

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Direct available cash and time toward hiring and expansion

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## Methodology

The study was an online survey conducted by YouGov in August 2025. The sample comprised a nationally representative sample of 500 Australian and 300 New Zealand small and medium business owners and primary decision-makers aged 18+ (from SMBs with fewer than 250 employees in the private sector). Data was weighted to ensure regional and size representation. All figures, unless otherwise stated, are from YouGov.