

---

[Download](#)

[Other Working Papers](#)

Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR

Carlos A. Arango-Arango

Yanneth Rocío Betancourt-García

---

The series Borradores de Economía (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc)

Publication Date:

Wednesday, 11 November 2020

The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

## **Abstract**

Although Colombia has made significant progress in the access to transactional products offered by the financial system, their use by the public is still low, and merchants and consumers continue to use cash intensively. One of the reasons why Colombians prefer cash to make their daily payments is the limited acceptance of electronic payments by merchants. This can be partly explained by the merchants' perception of the high relative costs of operating with electronic payments versus operating with cash. To have a complete measure of merchants' private costs of acceptance and use of different payment instruments, the Banco de la República conducted a survey in 2018 of merchants who accept both cash and payment cards. This paper presents the main results of the survey. Estimates show that cash is significantly less expensive than debit and credit cards when merchants receive payments. This cost structure is replicated for payments that merchants make for their operating expenses, for which the costs of making electronic payments more than double those of cash payments. Altogether, for merchants, operating with cash results much cheaper than with electronic payment systems.