

The Hidden Costs of Cheques

Why Paper Payments Create Risk, Cost, and Friction for Both Sides of a Transaction

Cheques remain common in many Canadian businesses — largely due to habit, legacy systems, or the belief that they’re “simple.” In reality, cheques introduce **higher costs, greater risk, and unnecessary inconvenience** for both the **issuer** and the **recipient**.

1. Higher Cost for the Issuer

Issuing a cheque involves far more than printing paper. Typical cost components include:

• Cheque stock, printing, and envelopes	• Bank processing fees
• Manual preparation and approvals	• Reconciliation and exception handling
• Signing and mailing	• Staff time and internal controls

➔ **When fully loaded, cheques often cost many times more per transaction than electronic payments, which are largely automated.**

2. Increased Fraud Exposure

Cheques remain one of the highest-risk payment methods.

Common cheque fraud risks:	Electronic payments provide:
• Altered payee names or amounts	• Authentication and encryption
• Forged signatures	• Automated monitoring
• Stolen or intercepted mail	• Clear audit trails
• Counterfeit cheques	
• Duplicate deposits via mobile capture	

➔ **Cheques expose businesses to avoidable fraud and operational risk.**

3. Slower Payments & Weaker Cash Flow Visibility

Cheques slow down the payment cycle at every stage:	Electronic payments:
• Time to print, sign, and mail	• Settle faster and more predictably
• Postal delivery delays	• Improve working capital visibility
• Deposit timing	• Reduce payment uncertainty
• Clearing periods and potential returns	

➔ Cheques delay cash movement and complicate forecasting.

4. Labour-Intensive & Error-Prone

Cheque processes rely heavily on manual steps:

• Data entry	Manual processes increase:
• Physical handling	• Errors
• Filing and storage	• Lost cheques
• Follow-ups and reissues	• Rework and staff frustration

➔ Cheques consume valuable staff time without adding strategic value.

5. Inconvenience for the Recipient

Cheques don't just burden the payer — they create friction for the recipient as well.

Recipient challenges include:	Electronic payments:
• Waiting for mail delivery	• Arrive faster
• Risk of lost or delayed cheques	• Are deposited automatically
• Time spent depositing the cheque	• Provide immediate confirmation
• Bank holds that delay access to funds	• Reduced reconciliation effort

➔ Cheques delay access to funds and create unnecessary administrative work for suppliers and partners.

6. Weaker Controls & Audit Trails

Cheque payments often involve:	Electronic payments:
• Paper-based documentation	• Support multi-level approvals
• Manual approvals	• Create digital records automatically
• Limited real-time tracking	• Simplify audits and compliance

➔ Cheques make controls harder to enforce and audits more time-consuming.

7. Environmental & ESG Impact

Cheques rely on:

• Paper	• Printing	• Physical transportation
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Electronic payments reduce waste and support sustainability initiatives — an increasing priority for many organizations.

The Bottom Line

Cheques persist because they’re familiar — not because they’re efficient.

For most businesses, cheques:	Electronic payments offer:
• Cost more	✓ Lower cost
• Carry higher fraud risk	✓ Faster settlement
• Slow payments and cash flow	✓ Better control
• Create friction for recipients	✓ Reduced risk
• Tie up internal resources	✓ Improved supplier experience