



Eighth Annual Billing Household Survey

Insights on Consumer Billing and Payment
Speed, Security and Satisfaction

fiserv.



Consumers have the entire world at their fingertips. Options abound to connect, communicate, shop and pay—all it takes is a few taps on a mobile device. Such real-time experiences have not only become commonplace, but they've become essential to everyday life. And when it comes to paying bills, consumers expect the same—the ability to make payments wherever, whenever, however.

Key findings from the Fiserv Eighth Annual Consumer Billing Household Survey suggest quantity and quality of billing and payment options are key drivers of satisfaction and customer loyalty. In other words, consumers have high expectations, and it pays off for billers when those expectations are met.

About the Survey

The Fiserv Annual Consumer Billing Household Survey examines American households' billing and payment practices, preferences and attitudes. This report presents select findings of the eighth annual survey. It was completed by 3,001 consumers, representative of U.S. checking accountholders ages 21 and older who are responsible for paying their households' bills. The survey's sample represents approximately 110 million households using the Internet.

The S factors of Billing and Payments

Speed, Security and Satisfaction

This survey finds consumers' billing and payment behavior is linked to three factors: speed, security and satisfaction. Speed and security are the drivers of decision-making, while satisfaction appears to be the key outcome.



Speed

Payment options need to synch with consumers' busy lives. Real-time options, including emergency payment options, are a must.

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Security

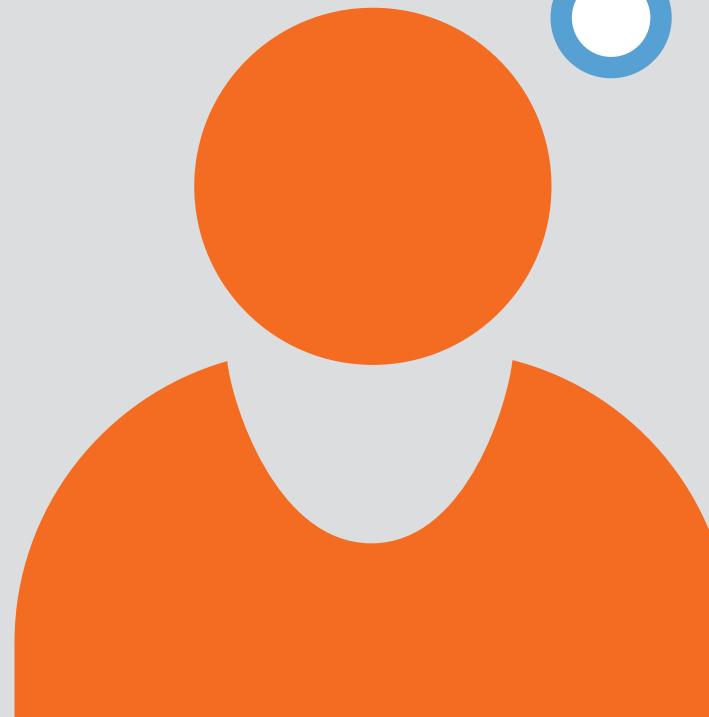
It's all about trust. Consumers need to know they can trust their payments are secure, regardless of how they make them.

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Satisfaction

Consumers want things on their terms. Affording a variety of ways to receive and pay bills leads to greater satisfaction.

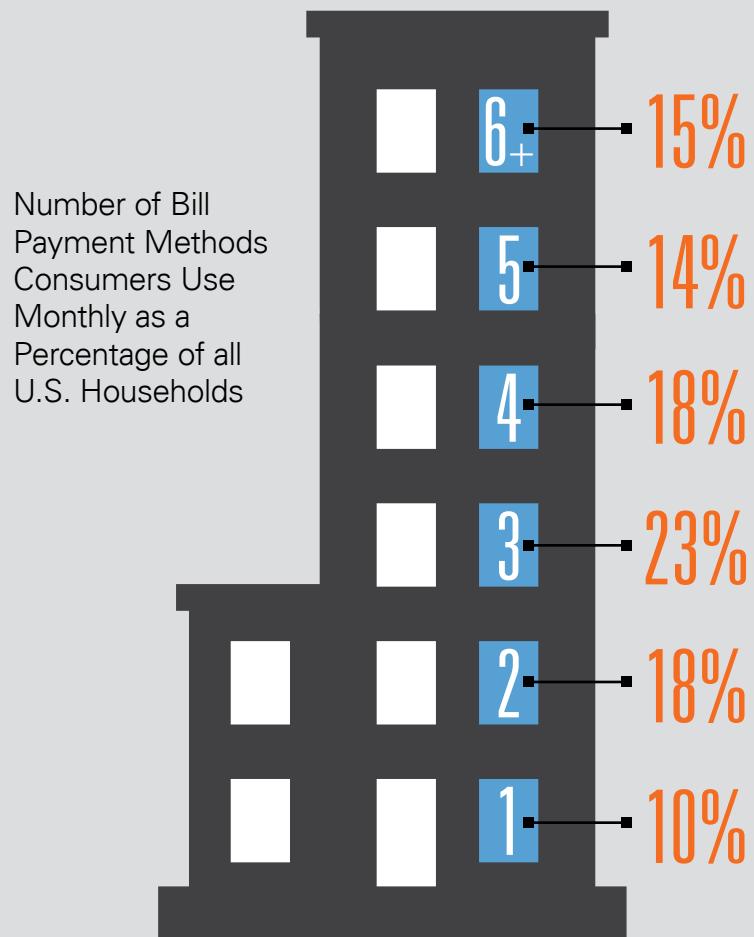
Bill Pay Omnivores Expect More Options Than Ever



Channel switching has become the norm, and the vast majority of households use multiple bill payment methods. On average, consumers use 3.6 different payment methods each month—up from 2.9 one year ago.

Today's consumers adjust their payment approaches to suit their needs. In fact, nearly 21 million households change how they pay bills from one month to the next—a 40 percent increase from the previous survey.

90 Percent of Households Use More Than One Payment Method



Payment Methods Increase Drastically



Average Number of Payment Methods Consumers Use Monthly

What Billers Need to Know

Consumers are conditioned to expect a spectrum of payment channels—both offline and online—will be offered.



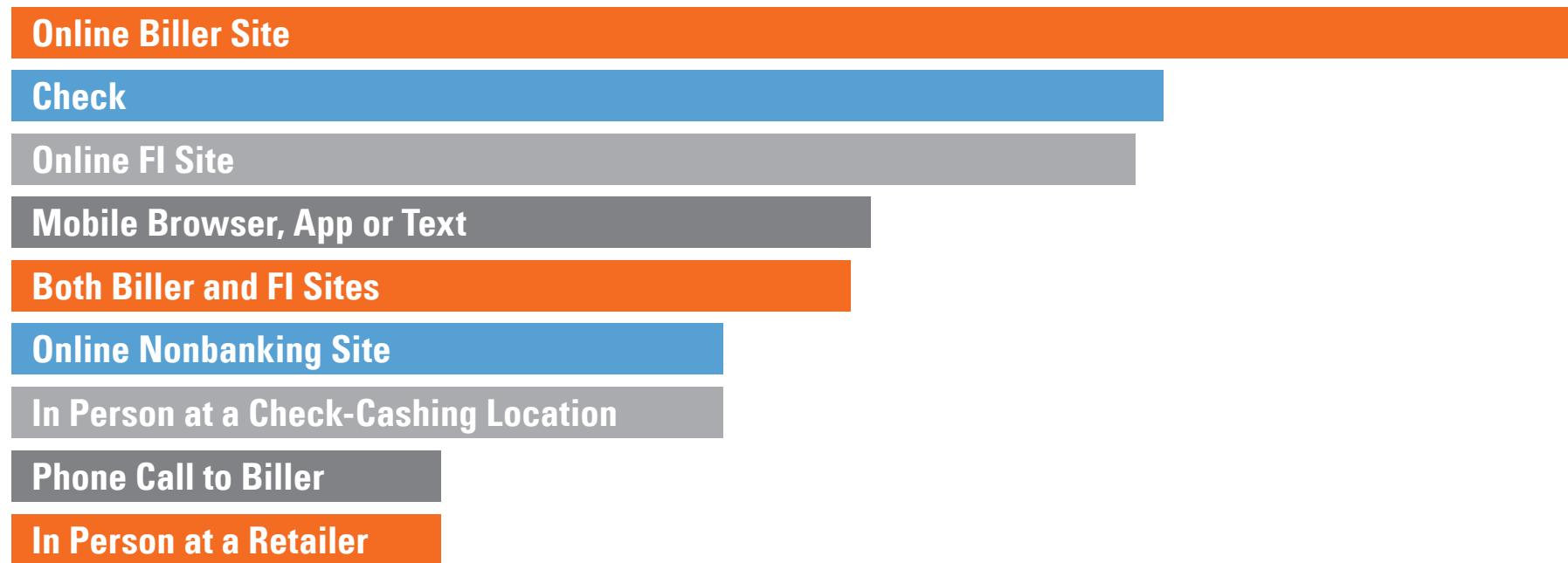
Payment Channels Are Fragmented

Consumers have many options—new ones emerge while established methods continue. Either way, the experience is hardly seamless. When asked which types of payment channels they used in the previous month, it became clear that variety is central to the payment experience.

Respondents opted for many different channels, with online and mobile options showing the most growth over the previous year. The findings underscore the uniqueness of consumers who use and value different channels to fulfill their needs. For example, 24 million households pay bills at check-cashing or grocery stores because they say they want a receipt for fast payment, feel it's more secure and value person-to-person interaction.

While there are many different payment options, online and mobile are the channels that continue to make significant gains. Between the Seventh and Eighth Annual Billing Household Surveys, there was a 72 percent increase in consumers making payments at both biller and financial institution websites. Paying bills at a financial institution's site also grew significantly by 55 percent.

Percent of Online Households Using Payment Method or Funding Type Last Month



What Billers Need to Know

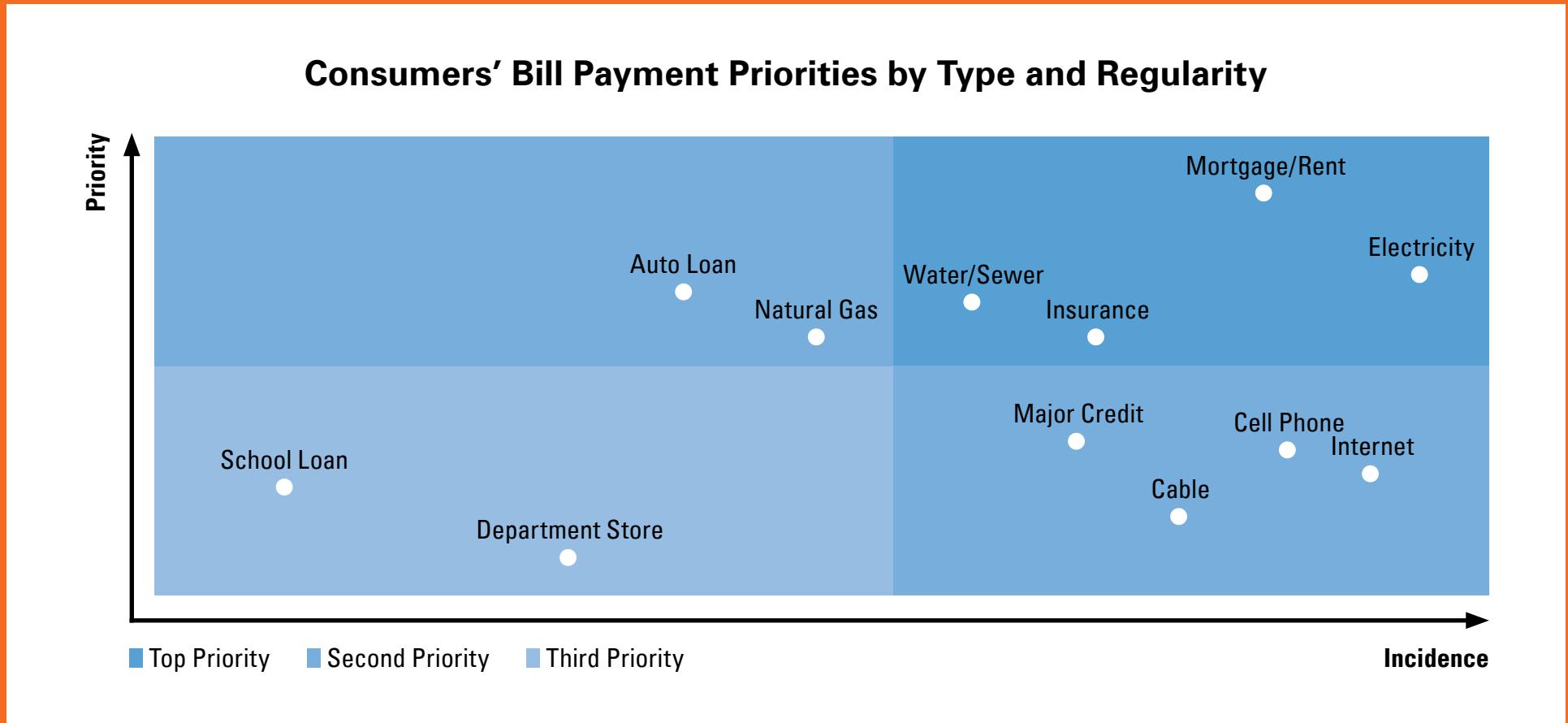
As the number of bill pay channels increases, more traditional payment methods, such as checks, still remain. This makes it even more complicated to support and manage the growing bill pay ecosystem. The challenge for billers is to create the intuitive, seamless options consumers have come to expect.

Late Payments and Bill Pay Priority

When thinking about receiving and paying bills, the possibility of late payments is consumers' No. 1 concern. Nevertheless, more than one-third of consumers (35 percent) paid a bill after the due date in last 12 months and 65 percent had to pay a late fee. Nearly half of those who paid a bill late cited cash-flow difficulties.



The practical implication is that people often need to prioritize their bill payments. The factors that influence their decisions include late fees (84 percent), service shutoff (60 percent) and concern about credit score (48 percent).



What Billers Need to Know

Offering emergency payments through a variety of channels, including through the customer's financial institution, is highly valued by customers who wish to avoid late fees and service shutoff. In fact, 65 percent of respondents say they expect billers to offer a way to make emergency payments and 59 percent say emergency payment options improve customer satisfaction with the biller.

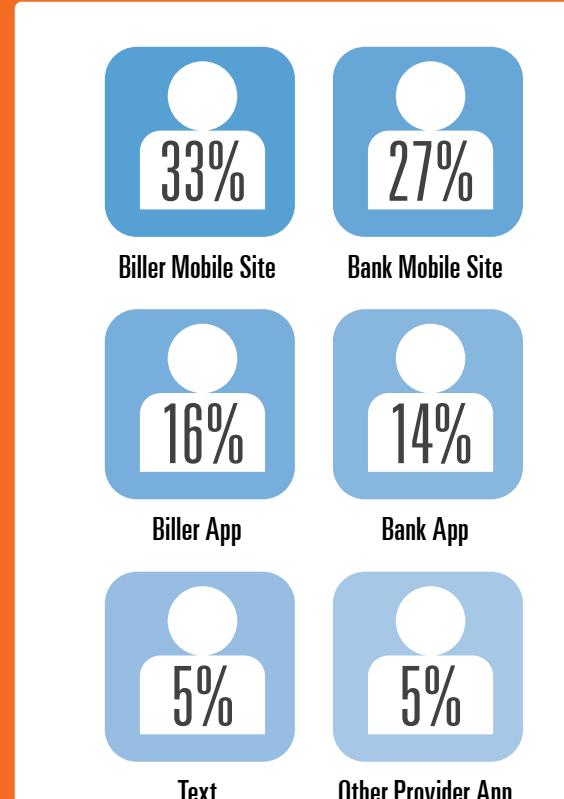
Mobile Bill Pay Goes Mainstream

A graphic on the left side of the slide features a blue outline of a hand holding a smartphone. A large, rounded orange shape resembling a speech bubble is positioned behind the word "PAY". The word "PAY" is written in a bold, white, sans-serif font.

PAY

Overall, 33 percent of online households report having paid a monthly bill through their mobile phone. This marks a 22 percent increase compared to last year's survey. Not surprisingly, smartphone owners are more likely to access mobile payment options, with 42 percent reporting having paid bills via smartphone.

Bill Pay Omnivores Go Mobile: Consumers Use Multiple Subchannels

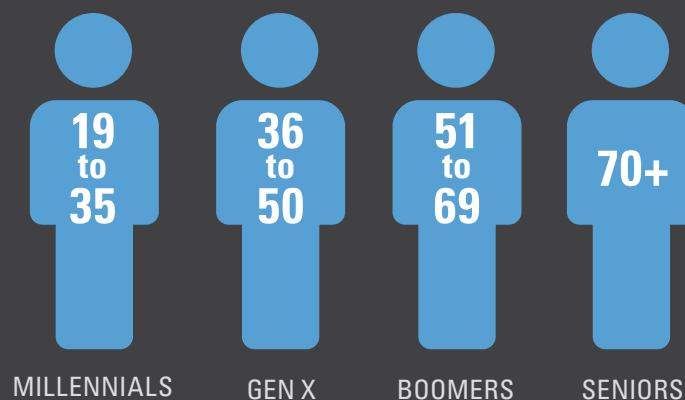


Just as with other channels, mobile users want and use multiple payment options. Among the many subchannels, only use of text-to-pay lost ground (from 11 percent in 2014 to 5 percent of volume in 2015), largely due to security issues and desire to go to bank and biller sites—reasons cited by 68 percent and 54 percent of nonusers respectively.

Who Are the Mobile Payers?

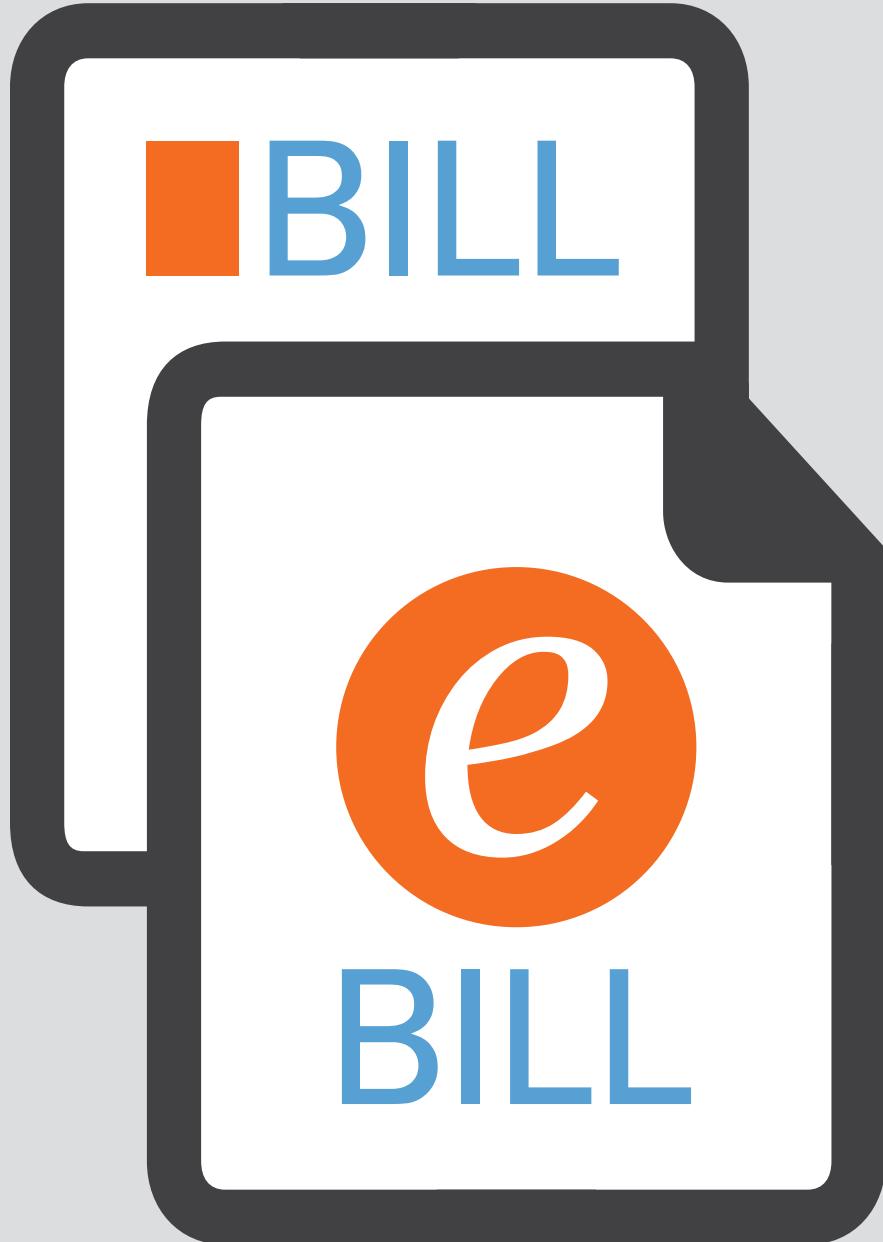
Interestingly, iPhone users were significantly more likely to use mobile bill pay than Android users (49 percent to 38 percent respectively). In terms of demographics, millennial respondents and those with annual household incomes between \$50,000 and \$99,000 are most likely to use the service. However, every income and age group increased mobile bill pay usage between 2014 and 2015, with those making less than \$50,000 per year nearly doubling and the number of baby boomers paying through mobile increasing by 125 percent.

Generations Defined by Age



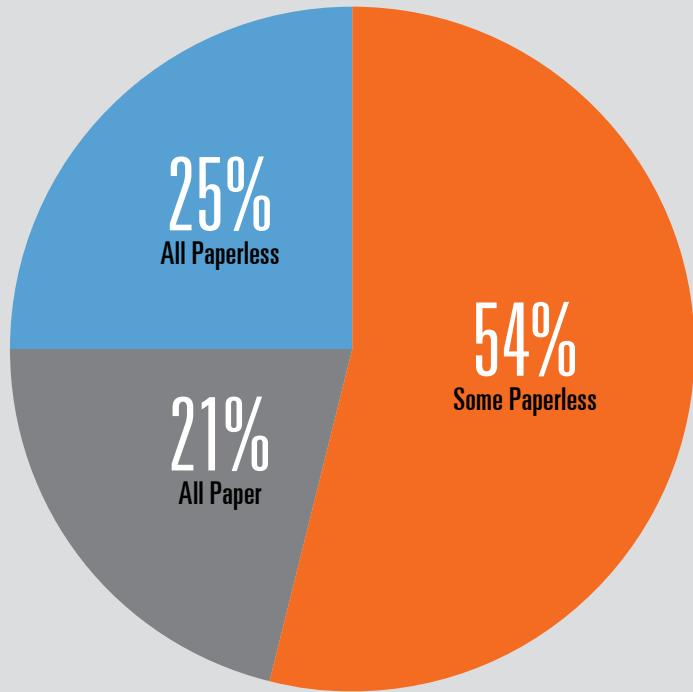
What Billers Need to Know

In 2015, 79 percent of online households reported having a smartphone—a 20 percent increase from 2014. The market for mobile bill pay is growing, but it is not near saturation. For billers, opportunities abound to convert customers to mobile payment options which can result in higher customer satisfaction, mobile self-service engagement and e-bill activation.

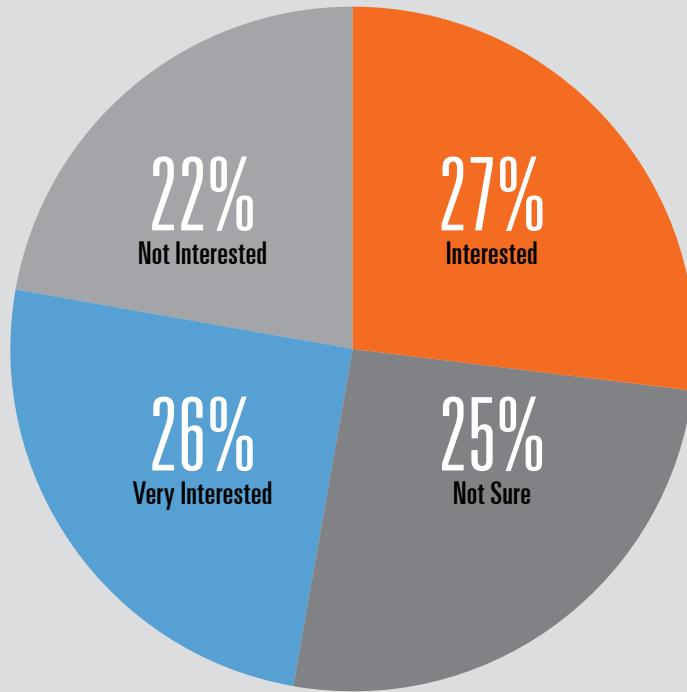


The majority of consumers continue to receive a mix of paper and paperless bills. At the same time, more than half say they're interested in turning off paper altogether.

Many American Households Want to Turn Off Their Paper Bills



Biller Direct Payees Who Receive
Monthly Bills Entirely in Paper,
Some Paper and Electronic,
or All Electronic Form



Interest in Converting Paper Bills
to Electronic Versions Among
Biller Direct Payees

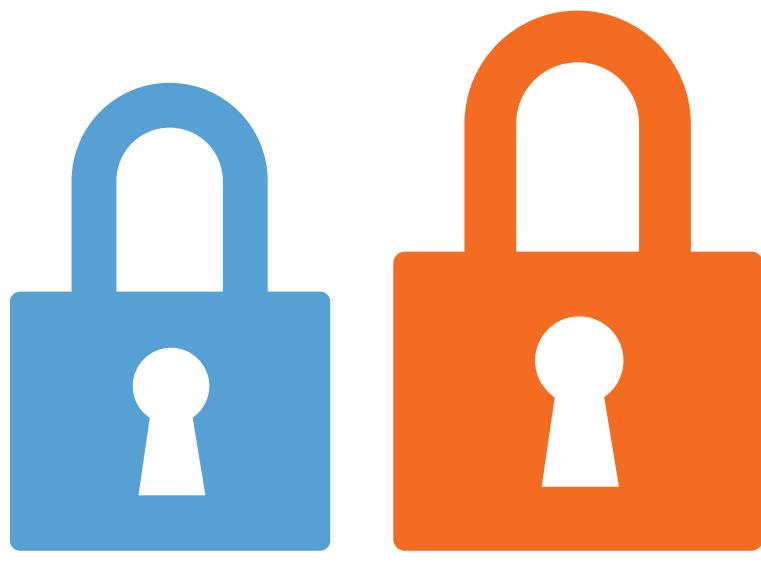
What Billers Need to Know

Consumers are interested in turning off the paper and billers are not lacking business incentives to convert consumers to paperless. Billers should promote paperless options at account opening and when customers sign up for automated payments. Another option: Offer customers who pay through their financial institutions the ability to receive their electronic bills at their financial institutions' sites as well.

Security Issues Weigh Heavily on People's Minds

More than 27 million people say they are more concerned about security than they were a year ago, while only a small fraction (6 percent) say they are less concerned. Also noteworthy is the fact that people now rank security much higher on their list of concerns than they did in the previous survey.

On the List of Bill Pay Concerns, Security Jumped From Sixth to Second Place



Top Concerns Related to Receiving
and Paying Household Bills

In terms of consumers' perceptions of the most secure ways to receive and pay bills, bank bill pay and biller direct options are virtually tied (32 percent and 33 percent respectively). These are followed by mail (25 percent), email (8 percent) and nonbanking sites (2 percent). In addition, plastic is seen as more secure than ACH, with 57 percent of people saying they view credit, debit or prepaid cards as the most secure options compared to ACH.

65% of consumers say
biller direct and
bank bill pay
are the most secure ways
to receive and pay bills

What Billers Need to Know

All billers know security is non-negotiable and it must be bank-grade with respect to internal and vendor protocols. Consumers, on the other hand, don't always understand this. There is an opportunity for billers to focus attention on educating consumers. For example, receiving electronic bills at the biller site or bank site is more secure than receiving paper bills which can be easily stolen through unsecured residential mailboxes and recycling and garbage bins.

The Need for Speed



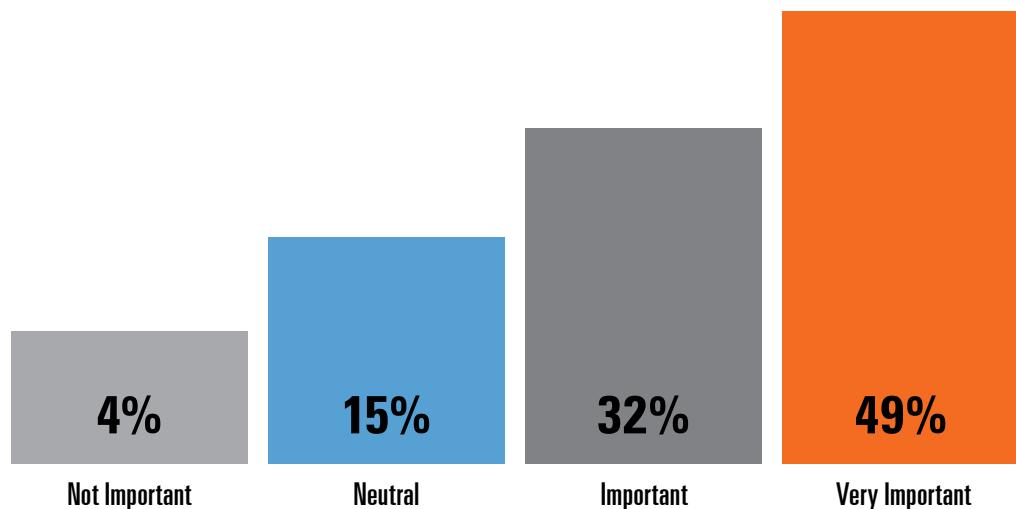
Consumers expect most aspects of their daily lives to move forward at the push of a button or the swipe of a finger. They view receiving and paying bills as analogous to any other transaction they make and they are well aware that the technology exists to provide the speed they expect.

This explains why 70 percent of consumers expect same-day credit for bill payments. That figure rises to 90 percent when considering those who expect credit no later than the following day.

Expectations of Faster Processing on the Rise

When Credit for Bill Payment Is Expected	Today	Change From 2014
Instantly	27%	59%
Same Day	43%	54%
Next Day	20%	-31%
2-3 Days	9%	-64%

The Importance of Real-Time and Same-Day Payment Processing



Consumers do not take the issue of payment processing time lightly. In fact, more than eight in 10 say real-time or same-day processing is “important” or “very important” to them.

Speed and convenience drive payment channel choice. Not only is payment processing expected to be faster, but the payment interaction is expected to be faster as well. Consumers want a fast and easy experience. Given the option, many will avoid registering or logging in because it saves time. One in four households reports using the guest checkout option at biller sites due to convenience and password fatigue—meaning consumers don’t want to remember yet another username and password.

What Billers Need to Know

Payment speed is more important than ever before, and with industry initiatives underway, same-day payment credit availability will soon be the norm. Consumers want to complete transactions as quickly as possible and they expect credit for payments right away. When it comes to bill payments, they want to be able to “get in and get out.” Making speed and convenience a priority across multiple channels stands to improve customer satisfaction.

What Makes Customers Happy



Key Drivers of Satisfaction

Across the survey's findings, consumers demonstrate appreciation for billers that provide them with a variety of bill receipt and payment options. This is particularly true of digital methods that allow people to go green, reduce clutter, manage finances and increase security. In particular, three high-priority channels were found to increase satisfaction and customer loyalty.

1

Multiple Billing and Payment Options

The link between payment options and customer satisfaction is strengthening. Overall, seven in 10 respondents say being provided with multiple ways to pay increases their customer satisfaction. This represents a 43 percent increase over the 2014 survey.

2

Electronic Bills

66 percent say receiving electronic bills increases their satisfaction with billers. Another 36 percent say it makes them less likely to switch to a competitor. With a majority of nonusers saying they are interested in receiving bills electronically, there is a significant opportunity to boost satisfaction and cost savings even more.

3

Viewing and Paying at Bank Sites

65 percent report increased satisfaction with billers when given the ability to view and pay bills electronically at their bank's site. Almost half (46 percent) say it makes them less likely to switch to a competitor. Both satisfaction and loyalty measures are up significantly from last year.



The expectation of multiple payment options does not vary depending on the type of biller. In fact, consumers expect a local utility to provide the same options as a national wireless carrier or cable provider.

71% of consumers say multiple billing and payment options increase their satisfaction

79% of people expect local service providers to offer the same options as large national companies

What Billers Need to Know

There are no workarounds. Variety of billing and payment channels, along with e-billing and the ability to view/pay at a bank's site, are inextricably linked to customer satisfaction. The need to provide a range of options exists regardless of size or type of biller.

The Biller Checklist

Consumers expect all billers, regardless of size and industry, to offer a range of efficient, secure, high-quality billing and payment options. They increasingly make use of available options depending on their needs at any given time. Wherever/whenever transactions are now the norm and billers must keep pace to meet consumer expectations and drive satisfaction.

What Needs to Be Done

Offer a variety of payment channels.

Create intuitive, seamless options for billing and payments.

Offer emergency payments through multiple channels.

Focus efforts on providing a variety of mobile options and converting customers to mobile bill pay.

Promote paperless e-bill options at financial institutions' sites during account opening and when customers sign up for automated payments.

Educate consumers about available options and drive them toward the most secure choices.

Make speed and convenience a priority across multiple channels to drive customer satisfaction.

Why Now?

Consumers make use of various options at any given time based on their needs. They expect diverse options.

Growing numbers of bill pay options make it even more complicated to support and manage the growing bill pay ecosystem.

People expect options for emergency payments and a majority says having the option available increases satisfaction.

The market for mobile bill pay is growing and is not near saturation. Mobile bill payment options can result in higher customer satisfaction, mobile self-service engagement and e-bill activations.

Consumers say they are interested in turning off paper billing. Given the economic, environmental and efficiency incentives, this should be high on billers' to-do lists.

Security is a growing concern for consumers, but many are unaware of which billing and payment channels actually provide the highest level of security.

Consumers want to complete transactions as quickly as possible and they expect credit for payments right away. These are key drivers of customer satisfaction.

About the Author

Eric Leiserson is a director of Research and Market Insights at Fiserv. He has authored several white papers and case studies on consumer behavior and attitudes with respect to banking, billing and payment, and mobile practices. In addition, he has conducted numerous primary research projects and webinars in the areas of social media, mobile bill pay usage and consumer segmentation.



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