




## Mobile Billing and Payment: Consumer Preferences and Billers' Strategic Response

Study Insights

**fiserv.**



To simplify the billing and payment process, more and more people are foregoing checks and stamps—and even laptops—in favor of mobile bill pay. As the mobile channel grows in usage and prominence, billers need to understand mobile billing and payment practices, preferences and perspectives—from both the consumer and biller perspective.

Consumers expect billers, such as utilities, insurance and telecommunications companies, to offer mobile bill pay capabilities on apps and mobile browsers, in addition to paperless e-bills and mobile due-date alerts—and more and more billers view mobile experiences and tools as must-haves. Consumers increasingly expect the same simple, easy-to-use mobile experiences they experience with other service providers and retailers. Interest in mobile bill pay, alerts and notifications, and alternative payment methods are catching up with customer self-service priorities.

Two recent studies commissioned by Fiserv, the Fourth Annual Biller Mobile Bill Pay Benchmark Study and the Eighth Annual Consumer Billing Household Survey, provide insight into consumer behaviors and expectations, as well as biller deployment strategies for mobile billing and payment. Key insights from the most current research:

- Mobile bill pay usage by consumers grew by 22 percent and 54 percent of billers now offer mobile bill pay in some form to their customers
- Billers believe the growth of mobile bill pay is generating more card-funded bill payments and an uptick in the use of e-bills
- Mobile bill pay, presentment and alerts, which have been offered at the largest billers, are now cascading through mid-size billers across all industries



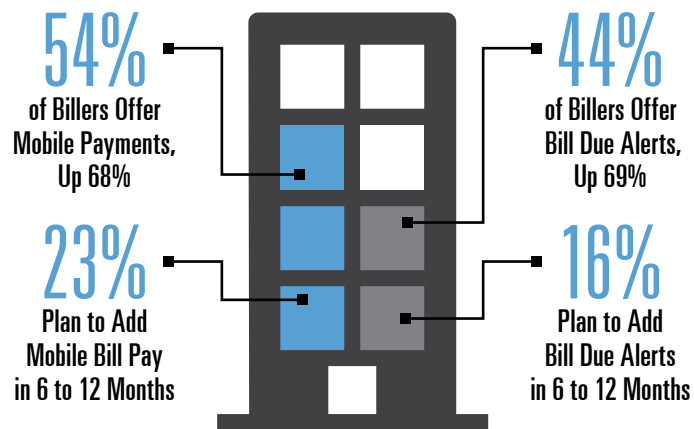
# What Billers Are Saying

The Fourth Annual Biller Mobile Bill Pay Benchmark Study was conducted by Blueflame Consulting, LLC and commissioned by Fiserv in May 2015. The study leveraged survey and telephone interview data collected from 133 billing organizations of various sizes and from various industries, including utilities, municipalities, insurance and telecom companies, and financial organizations.



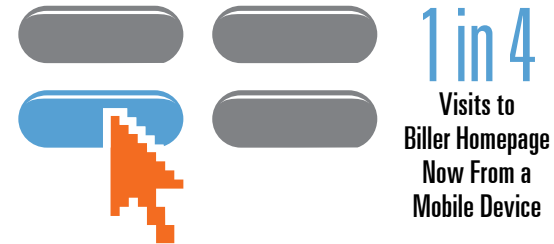
## Mobile Visits to Biller Sites Up 42 Percent, Bill Pay Top Activity

As consumers rely on mobile devices for more and more activities, including payments, billing organizations are experiencing a surge in mobile visits. In turn, billers are responding with mobile optimized deployments—24 percent of online visits now come from mobile devices, up 42 percent year over year.



Source: Fourth Annual Mobile Bill Pay Benchmark Study, Fiserv Inc., 2016

The study shows a maturation of the mobile bill pay market, with action moving to smaller and mid-sized billers.



Source: Fourth Annual Mobile Bill Pay Benchmark Study, Fiserv Inc., 2016

### Mobile Visits to Biller Sites: Top Activities



Source: Fourth Annual Mobile Bill Pay Benchmark Study, Fiserv Inc., 2016



# Mobile Bill Pay Strategies for Billers

Development of the mobile channel is critical for billers in order to meet consumers' needs and expectations. People want a consistent mobile bill pay experience that is easy and fast and fits seamlessly into their lives. Delivering a frictionless bill pay experience across devices is key—83 percent of billers say the use of

responsive design across a wide range of devices, from desktop computers to mobile phones, is an important or extremely important priority. Responsive design enables easy reading and navigation with minimal need to resize, pan and scroll. What are the business motivations for development of mobile bill pay? Billers are

overwhelmingly motivated by providing better customer service—more than 90 percent identified it as a primary driver for adoption of mobile bill pay and presentment. Other top drivers include customer acceptance or adoption, potential increased e-bill adoption, and potential cost savings.

## Top Overall Billing and Payment Pain Points for Billers



82%  
Security Concerns



73%  
Cost of Printing and Mailing Paper Bills



71%  
Regulations and PCI Compliance

Source: Fourth Annual Mobile Bill Pay Benchmark Study, Fiserv Inc., 2016

## Implications for Billers

There are several inherent challenges with billing and payment, which are directly impacted by mobile bill pay. Not surprisingly, security issues top the list of billing and payment pain points as companies deal with high-profile breaches and the widespread proliferation of cybercrimes. The growth of mobile bill payment adds more access

points, and therefore added security risks. With consumers' increasing preference for mobile card-fund payments over ACH, an additional concern—managing the regulatory environment and PCI compliance—also comes to the forefront. The cost of mailing paper bills is an added challenge for billers, but mobile due date

alerting and anywhere, anytime payments can boost paperless e-bill adoption and drive down late payments. Mobile self-service capabilities can deflect many customer care calls—an additional cost savings.

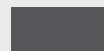
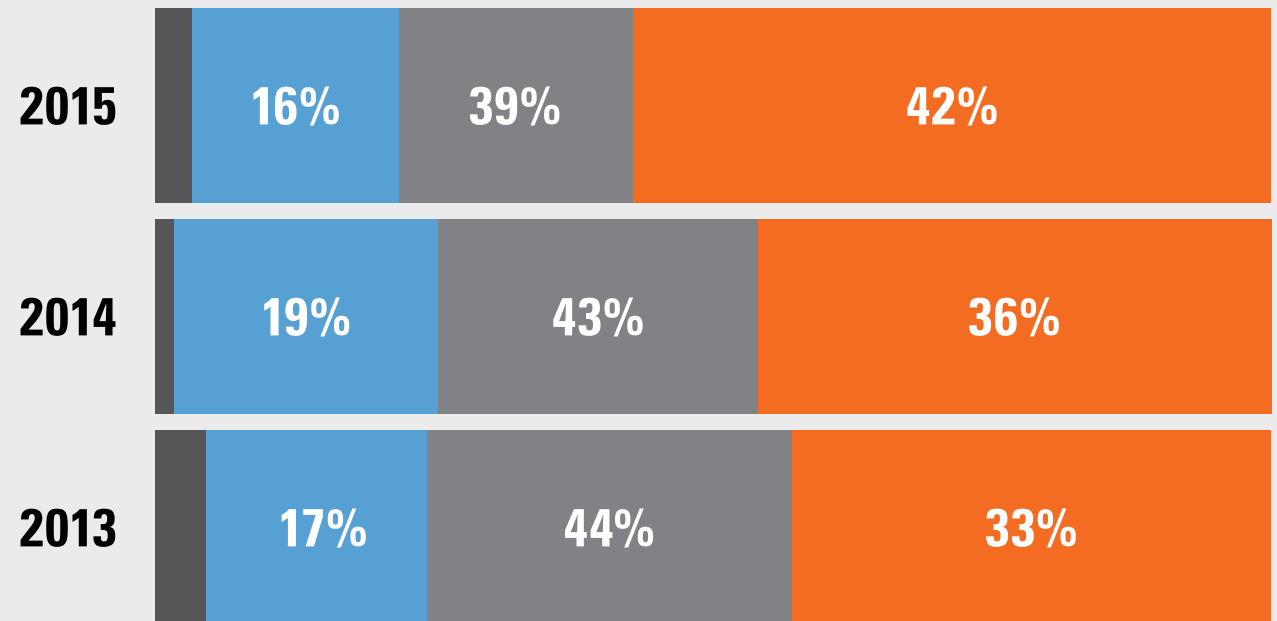
As adoption and usage of mobile payments grows—and fewer people carry their checkbooks—card-funded payments will become even more pervasive. Seventy-four percent of billers in the study now accept card-funded payments. Card payments are more expensive to process due

to interchange fees, especially credit and prepaid cards. Seventy-eight percent of billers expect mobile bill pay and presentment to spur growth of credit, debit and prepaid card-funded bill payments. The good news is that the mobile channel significantly increases e-bills. Why?

Consumers consistently say the top barrier to paperless e-bill adoption is fear of forgetting to pay a bill without a paper statement to remind them. Smart mobile alerts help neutralize that concern by reminding consumers when a bill is due—and how much is owed.

## Mobile Bill Payments Generate More E-Bills

Will mobile devices influence adoption of e-bills and paper statement turn off?



No, Only Marginal Gains



Potentially in the Long Run



Some, Incremental Gains



Yes, Significant



# What Consumers Are Saying

To provide insight into consumer billing and payment, Fiserv commissioned the Eighth Annual Billing Household Survey, which was conducted by The Marketing Workshop in 2015. Online surveys were completed by 3,001 respondents, representing 110 million online U.S. households.

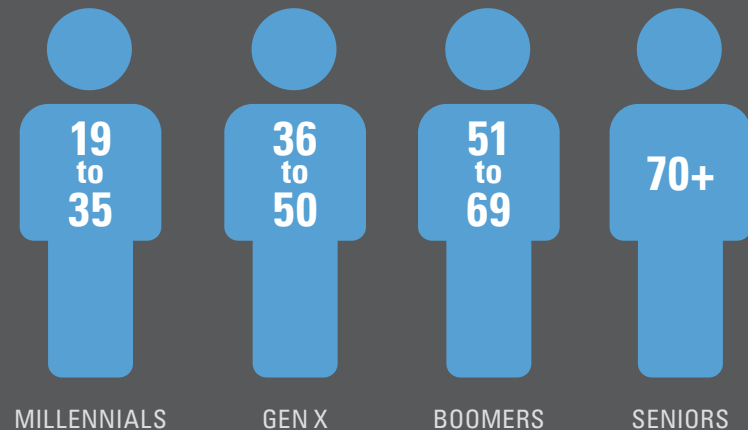
# One in Three U.S. Online Households Use Mobile Bill Pay

Mobile bill pay makes something no one enjoys—paying bills—fast, easy and convenient. It's no wonder the overall number of mobile bill payers continues to rise, up 22 percent in the last year. Consumers say paying a bill is the top reason they visit a biller's site, which is consistent with what billers reported in the Biller Mobile Benchmark Study. The number of reasons consumers use mobile for paying bills is up 14 percent, which speaks to the growing familiarity with the features and benefits of mobile bill pay.

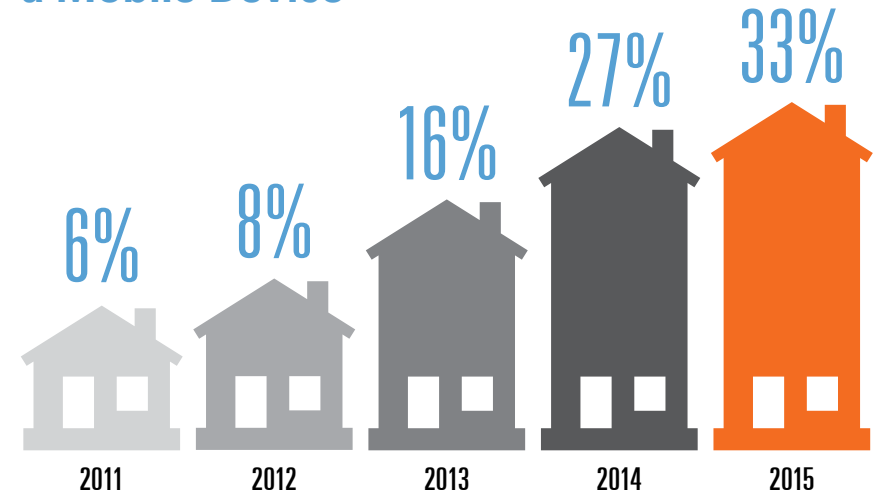
A third of U.S. online households now pay at least one bill with their mobile phone, including a rapidly growing number of low- and medium-income consumers. Mobile bill pay usage doubled for households with incomes below \$50,000, while households with incomes from \$50,000 to \$99,000 saw a 75 percent jump in usage. Millennials represent the largest group of mobile bill pay users at 60 percent. However, Gen X usage—42 percent—saw the most dramatic year-over-year increase at 75 percent.

Apparently, the type of smartphone consumers have in their hands makes a difference in mobile bill pay adoption. Half of iPhone® users pay bills using their phone versus 38 percent of Android users.

## Generations Defined by Age

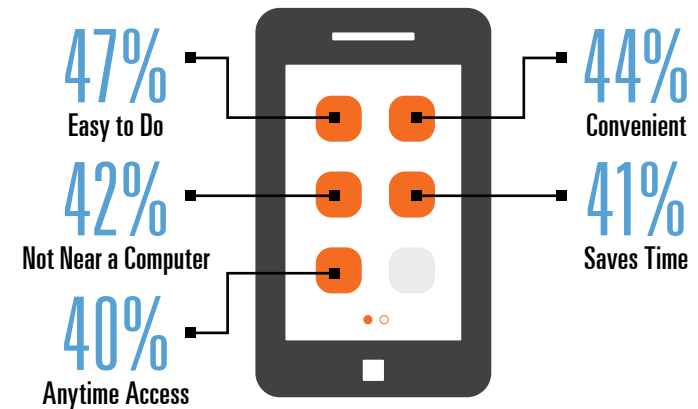


## Percentage of U.S. Online Households Paying One or More Bills Through a Mobile Device



Source: Eighth Annual Billing Household Survey, Fiserv, Inc., 2016

## Reasons for Paying a Bill With a Mobile Device



Source: Eighth Annual Billing Household Survey, Fiserv, Inc., 2016



# Meeting Consumer Expectations

Consumers expect billers to provide multiple ways to pay a bill with a mobile device. Most importantly, 65 percent expect to be able to pay with a debit or credit card from a biller's app or mobile browser site. Compared to the previous year, the volume of bill pay transactions through

a biller's mobile app increased 77 percent, while transactions using a biller's mobile site increased 13 percent—likely due the increasing number of billers now offering the service. Transactions through financial institutions' mobile sites and apps stayed about the same, while text to pay

lost ground by 55 percent as a result of security concerns (68 percent), preference for bank or biller experiences, and fear text messages would get lost and therefore the payment forgotten.

## Top Mobile Bill Pay Channels

33%  
Biller's Mobile Site

27%  
Bank's Mobile Site

16%  
Biller App



14%  
Bank App

5%  
SMS or Text

5%  
Other App



# Recommendations for Billers

# 1

Develop a mobile bill pay strategy that aligns with your company's mobile strategy. According to the Biller Mobile Bill Pay Benchmark Study, only 55 percent of billers have an overall mobile strategy and just 45 percent have a specific bill pay strategy. Does your firm lead with a mobile-optimized website, or feature in-app and text alerts? What target goals, if any, have been established? Does your company utilize responsive design to facilitate a consistent user experience across channels?

# 2

Know how often customers use their mobile device to visit your online homepage – and why – to determine interest in mobile engagement. A surprising 54 percent of billers do not know how many home page visits come from mobile devices, and only 24 percent have surveyed their customers. In addition, explore site abandonment rates and methods of payment, including ACH versus card-funded.

# 3

Look to external partners to provide best-of-breed solutions. Seventy-nine percent of billers plan to utilize vendors for some or all of their mobile bill pay functionality. To stay ahead of changing requirements, such as operating system updates, app requirements and screen sizing, work with trusted experts to help navigate billing and payment security, usability, complexity and compliance in the ever-changing mobile environment.

## A Seamless Fit

People are captivated by their smartphones, using mobile to shop, socialize and manage their busy lives. And they expect the same anytime, anywhere access to their money, including the ability to quickly and easily pay their bills on a mobile device. Seventy-nine percent of online households have a smartphone, up 66 percent in the last year. As those numbers grow, so does the number of people using smartphones to pay bills—now at 42 percent.

Consumers want payment options that fit seamlessly into their lives, and mobile bill pay does just that. Billers that provide this key service will likely see encouraging results, including enhanced customer service, greater adoption of self-service capabilities, lower costs from e-bill adoption and an increase in customer satisfaction. In fact, 65 percent of consumers say paying and receiving bills through a smartphone would have a significant impact on their satisfaction with a biller, according to the Billing Household Survey.

As the mobile channel takes center stage, mobile bill pay will play a leading role. Its ability to draw customers to the mobile platform on a recurring basis leads to a more engaged, digitalized and mobile customer who can self-serve, go paperless and give billers an immediate 24/7 communications channel. As the billing and payment environment grows more complex, billers will increasingly seek firms that enable robust features and provide the knowledge to navigate key challenges. A synergistic understanding of mobile billing and payment practices, preferences and perspectives—from both the consumer and biller perspective—will help inform next steps for your organization.



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Eric Leiserson is a senior research analyst 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, consumer segmentation, longitudinal surveys, Web usability and focus groups.