Point of View

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Creating Intelligent Experiences: Four Principles Driving the Evolution of Digital Bill Payments

The ways in which consumers make payments evolve so rapidly, it's often difficult to keep up. Whether they're paying bills, merchants or friends, consumers have a wide array of choices and use all of them, depending on what matches their needs at a given moment and place. That behavior, across all channels, indicates a clear expectation from consumers: If you don't keep up with me, I'll go somewhere else because I have plenty of options. Meeting that expectation presents both a challenge and an opportunity for financial institutions developing a strategy for the future of the digital payments experience.

Paying bills on the go is the standard, rather than exception. And with each advancement in technology, such as mobile bill capture, consumer expectations rise for all providers, whether through online banking with financial institutions or paying directly on a biller's site.

The key is to understand the challenges, take advantage of the opportunities and develop a digital payments strategy around the principles that respond to those rising consumer expectations.

The Digital Bill Payment Challenge

Keeping pace with those expectations poses the challenge for financial institutions, which have seen consumer adoption of online bill pay stall in an environment with multiple payment options. Simply put, users often have a smoother experience elsewhere.

Today, consumers can pay their bills in multiple ways and access services such as automatic payments, personalized timing for those payments, reminders about upcoming or late bills, and control over when those alerts are sent.

Despite their access to many of the same tools and often deeper consumer information, financial institutions tend toward a more basic, less flexible experience for digital bill payments that lacks the intuitive options consumers expect. Often, users can determine only who gets paid, where the payment goes and when it happens.

Seizing the Opportunity

Refining the digital bill payments strategy is an opportunity to give consumers the intelligent, seamless and consistent experience they want.

It starts with recognizing two things.

First, consumers already have relationships with their financial institutions and still use online bill payments. Among those who have actively used online banking in the preceding 30 days, 75 percent used it to pay bills, according to the 2017 Expectations & Experiences: Consumer Payments survey by Fiserv. Improve the payment experience, and consumer loyalty will deepen.

Second, financial institutions already have deep data about consumers and their financial pictures. Institutions can leverage that data to improve the experience by building out connections to billers' systems and automating some of the services. It's about being more intuitive and providing answers about bills that need to be paid rather than relying on a "you tell us" approach.

Four Principles Driving the Digital Bill Payments Evolution

Developing a strategy that enhances consumer engagement with digital payments requires embracing the idea that consumers have ever-rising expectations for a seamless experience that anticipates their needs. Here are four ways to meet those expectations.

1) Be an advisor; not a provider

Say a consumer with online and mobile banking has a car loan with a financial institution. The payment is due on the first of every month, and the consumer usually pays on the 25th. If the payment hasn't been sent on the 27th, why not send that person a reminder about the upcoming car payment instead of just leaving it at, "You could pay this online"?

Financial institutions know what the consumer needs to do, but taking action on that knowledge doesn't always happen. By leveraging the data they already have, financial institutions can advise consumers about what they need to do and caution them about problems they may run into.

2) Be ready and able to do it for them

Consumers are accustomed to providers anticipating the next step and offering to automate the process.

When a consumer orders diapers through Amazon, the process often doesn't end there. Amazon interprets the order, understands the product will be used regularly and anticipates the consumer likely needs to reorder frequently. So Amazon, in certain situations, defaults the consumer into a diaper subscription. Of course, the consumer can reject it, but the idea is to make it as easy and hassle-free as possible.

Likewise, if a consumer transfers $500 to a retirement IRA three months in a row, why doesn't the financial institution offer to set up an automatic transfer on the user's behalf?

3) Be in real time, all the time

Consumers expect real time in their everyday lives. For financial institutions, that means leveraging data and responding the moment something happens.

Say, for example, a financial institution knows a consumer has $1,200 in a checking account and has a payment coming out that night for $400. The institution also knows the consumer is trying to schedule another payment for $1,000. Why not alert the consumer, in real-time, to the potential overdraft problem?

4) Be on at all times and always in touch

It's not enough anymore to just rely on email notifications and letters that aren't really actionable or accessible. The key is to put messages in consumers' hands immediately and let them take action right away.

For instance, consider a consumer who forgot to pay a bill but is traveling across the country through airports. Often, the only communication from the financial institution is through an email to the consumer saying, "Take action now. The bill is due today."

Well, that message could easily get lost among hundreds of others, or the consumer simply wouldn't have an opportunity to check emails. So why not take advantage of the phone in the consumer's pocket? Why not send push notifications saying, "You forgot to pay this bill"? The consumer sees it, makes one tap and pays the bill.

Distinguish Yourself in Digital Bill Payments

People have more options than ever for how they pay others and pay bills. On average, households have 12 to 15 bills per month and, on average, use two to three methods to pay each month, according to the 2016 Expectations & Experiences: Consumer Payments survey by Fiserv.

Consumers will pay the way it's most convenient and secure for them. That means no matter how seamless or consistent a particular experience is, it won't be the only option people choose.

Still, financial institutions can distinguish themselves as the primary choice for how consumers pay bills. Giving them an intelligent, intuitive experience through a vibrant digital bill payment strategy can position financial institutions around helping people, deepening loyalty and driving satisfaction.

About the Author

Since joining Fiserv in 2002, Justin Jackson has held several roles delivering consumer payments capabilities within financial institutions' digital suites. Most recently, he and his team have set their sights on a singular goal: delivery of a profound payments experience. His experience managing payments products with Fiserv provides an informed backdrop to the opportunities to achieve that mission.

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Fiserv, Inc.
255 Fiserv Drive
Brookfield, WI 53045

800-872-7882
262-879-5322
getsolutions@fiserv.com
www.fiserv.com

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