

Consumer Payments

February, 2021



Struggling consumers face difficult choices.

Most are able to pay their bills, but many choose to pay some bills over others and rely on credit and loans.



Use of mobile and digital payments methods and digital wallets continues to rise,

from electronic bills to digital wallets. The most significant increases are often among the youngest and oldest consumers.



Consumers want multiple bill payment options

including credit, debit and autopay and there's interest in viewing bills, via their bank accounts.



Person-to-person (P2P) payments use is high,

but nearly half of consumers don't know if their financial organization offers the service.

Times are tough for many people

While six in ten consumers (62 percent) say they have enough money to pay all of their bills each month, 21 percent say they're having difficulty. Another 17 percent say they're unable to pay all of their bills.

Younger consumers are hit hardest, with 29 percent of millennials saying they are unable to pay their bills.

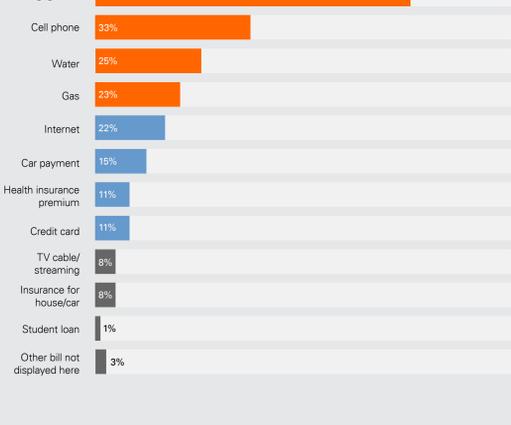


38% either have difficulty or can't pay all of their bills

In terms of prioritizing bills, consumers who are having difficulty say they focus first on paying for their electricity (69 percent), mortgage or rent (64 percent) and cell phone (33 percent). The only generational difference comes with seniors who rank health insurance premiums third instead of their cell phone bill.

Survey questions to all respondents: Which one of the following best describes your bill payment experience in the past 30 days? / If you could only afford to pay three bills next month, which would you choose to pay? Select up to 3 responses below

Top Three Bills Struggling Consumers Pay First



When paying bills, consumers like options

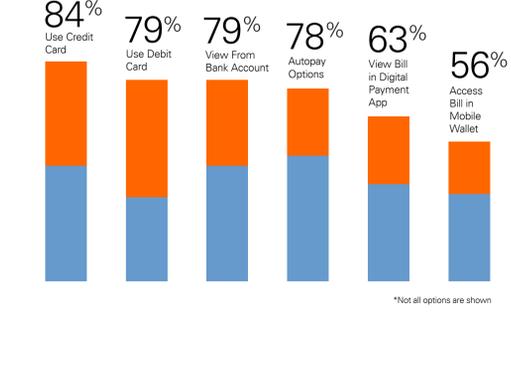
When asked how important it is for billers to offer different ways to pay, 84 percent say paying by credit card is either "nice to have" or "must have," while 79 percent say the same of debit card payments. The ability to view bills from bank accounts also generated interest, with 79 percent saying they'd like this option.

People are less likely to give "must have" and "nice to have" designations to some newer offerings, such as the ability to view bills in digital wallets (56 percent) and digital payment apps (63 percent). The ability to pay by text was the least popular option, with more than half (51 percent) saying it is "not needed."

Younger consumers appear to have higher expectations across the board. For example, 94 percent of millennial and Gen Z consumers say the ability to use debit cards is "must have" or "nice to have." Eighty-two percent say the same of mobile wallets and 83 percent agree that digital payment apps are a "must have" or "nice to have."

Survey question to all respondents: Below is a list of possible company offerings related to how their customers can pay their bills. How important, if at all, is it that a company offer each of the following?

Importance of Different Bill Pay Options



Older consumers look to new types of payments

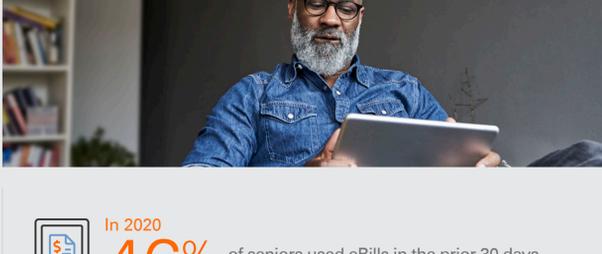
Consumers 75 and older seem to be taking a fresh look at how they pay.

In 2020, 46 percent of seniors used eBills in the prior 30 days, compared to 40 percent in 2019. Overall, their use of automatic recurring payments increased from 65 percent to 79 percent.

While seniors' use of digital wallets remains low (7 percent), it represents more than a three-fold increase from 2019 when just 2 percent of seniors reported using a digital wallet in the past 30 days. It's unclear whether that jump is related to the COVID-19 pandemic and stay-at-home precautions or increasing comfort with digital options – or possibly both.

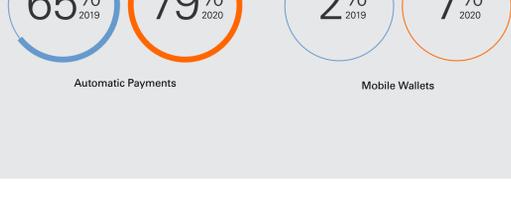
Because of the low number of senior respondents relative to other generations, these figures should be considered directional.

Survey question to all respondents: In the past 30 days, approximately how many times have you or your household used the following? You should count each automatic or recurring payment as a single use of the respective service. If you did not use the service, please enter a zero.



In 2020, **46%** of seniors used eBills in the prior 30 days, compared to 40 percent in 2019.

Seniors' Use of Digital Payments



Use of mobile payments methods is on the rise

Mobile bill pay use in the past 30 days grew from 40 percent in 2019 to 45 percent in 2020.

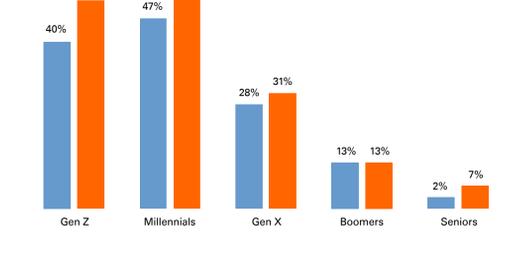
Use of digital wallets in the past 30 days also increased slightly, from 26 percent in 2019 to 29 percent in 2020. Every generation except boomers increased their use of digital wallets but Gen Z showed the sharpest increase (40 percent to 50 percent). While that isn't statistically significant due to a small sample of Gen Z consumers, it does suggest considerable interest among the youngest financial services consumers.

Some consumers have also opted to receive bills in digital formats recently. Twelve percent of consumers, including 25 percent of Gen Z and 20 percent of millennials, say they switched a bill to be viewed on their banks' websites in the past three months. Meanwhile, 28 percent of consumers switched a bill to be completely paperless and 18 percent paid a bill with a digital payment app.

Survey question to all respondents: In the past 30 days, approximately how many times have you or your household used the following? You should count each automatic or recurring payment as a single use of the respective service. If you did not use the service, please enter a zero.

The biggest increases in mobile bill pay use occurred among Gen Z (58 percent to 68 percent) and Gen X (47 percent to 53 percent).

Digital Wallet Use (Past 30 days)



Autopay use holds steady, but some nonusers could be swayed

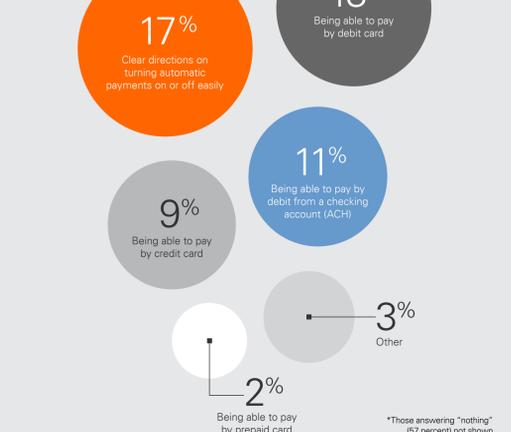
Recent use of automatic/recurring payments (in the 30 days prior to the survey) has remained steady across generations, with the largest directional increase among seniors.

Many consumers who don't currently use automatic payments say nothing will convince them to use the service. But 37 percent say certain features would make them more likely to sign up for the service, including being able to pay by credit card (9 percent), debit card (13 percent) or ACH debit from a checking account (11 percent). Those payment options are typically available, suggesting consumer education could be warranted. In that vein, 17 percent say clear directions on how to turn on autopay would be welcome.

Among current autopay consumers, there may be an opportunity to convert more bills. Only 23 percent of all consumers report they use autopay for "as many bills as I can" while 49 percent say they only use the service for some bills.

Survey questions to those who do not use automatic payments: Which of the following, if any, would make you more likely to sign up for automatic/recurring payments? / Do you currently have any of your bills set up to be auto-paid?

Autopay Features Would Encourage Use for Some Who Don't Use Autopay



P2P payment use is high, but awareness gaps remain

P2P payments are now the norm. Seventy-nine percent of consumers say they've used the service through their financial organization or a nonfinancial company.

While the overall use of P2P is high, nearly half of consumers (47 percent) say they don't know if their financial organization offers the ability to send money to another person using their email address or phone number. Another 20 percent are certain their financial organization does not offer this capability. Only 33 percent say their financial organization offers a P2P service – a figure that is higher among Gen Z (50 percent) and millennials (45 percent).

These findings suggest an opportunity for awareness building and education to help consumers better understand the services available.

Survey questions to all respondents: Does your primary financial organization allow you to send money to another person if you don't know where they bank? That is, can you send money to another person using their email address or phone number? / Which of the following services, if any, have you used to transfer funds or pay another person or group in the past year?

Awareness of P2P Services Offered by Financial Organization



Most people expect P2P payments to be fast

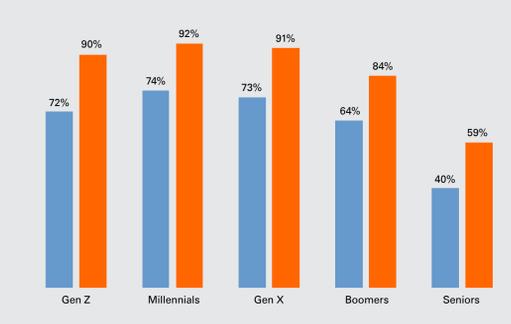
70% expect funds to be received within the hour

Among those who've used P2P payment services, 70 percent expect funds to be received within the hour and 87 percent expect same-day delivery.

Those numbers are similar across most age groups. Among seniors, however, 23 percent say payment is expected the next day or later, compared to only 9 percent overall.

Survey question to all respondents: When you use a P2P (person to person) service to send money, how quickly do you expect the payment to be received by the other person?

Expectations for Delivery of P2P Payments



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About The Harris Poll

The Harris Poll is one of the longest running surveys in the U.S., tracking public opinion, motivations and social sentiment since 1963 that is now part of Harris Insights & Analytics, a global consulting and market research firm that delivers social intelligence for transformational times. We work with clients in three primary areas: building twenty-first-century corporate reputation, crafting brand strategy and performance tracking and earning organic media through public relations research. Our mission is to provide insights and advisory to help leaders make the best decisions possible. To learn more, visit theharrispoll.com.

Methodology

The survey was conducted online within the U.S. by The Harris Poll from November 18–December 8, 2020. A total of 3,002 interviews were conducted among U.S. adults ages 18 and older who met the following criteria: Someone in the household currently has a checking account with a bank, credit union, brokerage firm or other financial organization and has used their checking account to pay a bill or make a purchase in the past 30 days. The data were weighted to ensure that relevant demographic characteristics of the sample matched those of the U.S. general population. All respondents (not only those who met the qualifying criteria) were weighted to U.S. Census Bureau demographic profiles for the U.S. population, age 18+ on education, age, gender, race, income, region, marital status, employment status, household size and propensity to be online.

Notes: The reference questions and answer text provided here have in some cases been shortened due to space constraints. The complete text for any questions referenced in this report is available upon request. Age groups referenced in the survey are defined as follows: Gen Z (18–23), millennials (24–39), Gen X (40–55), boomers (56–74) and seniors (75+).

