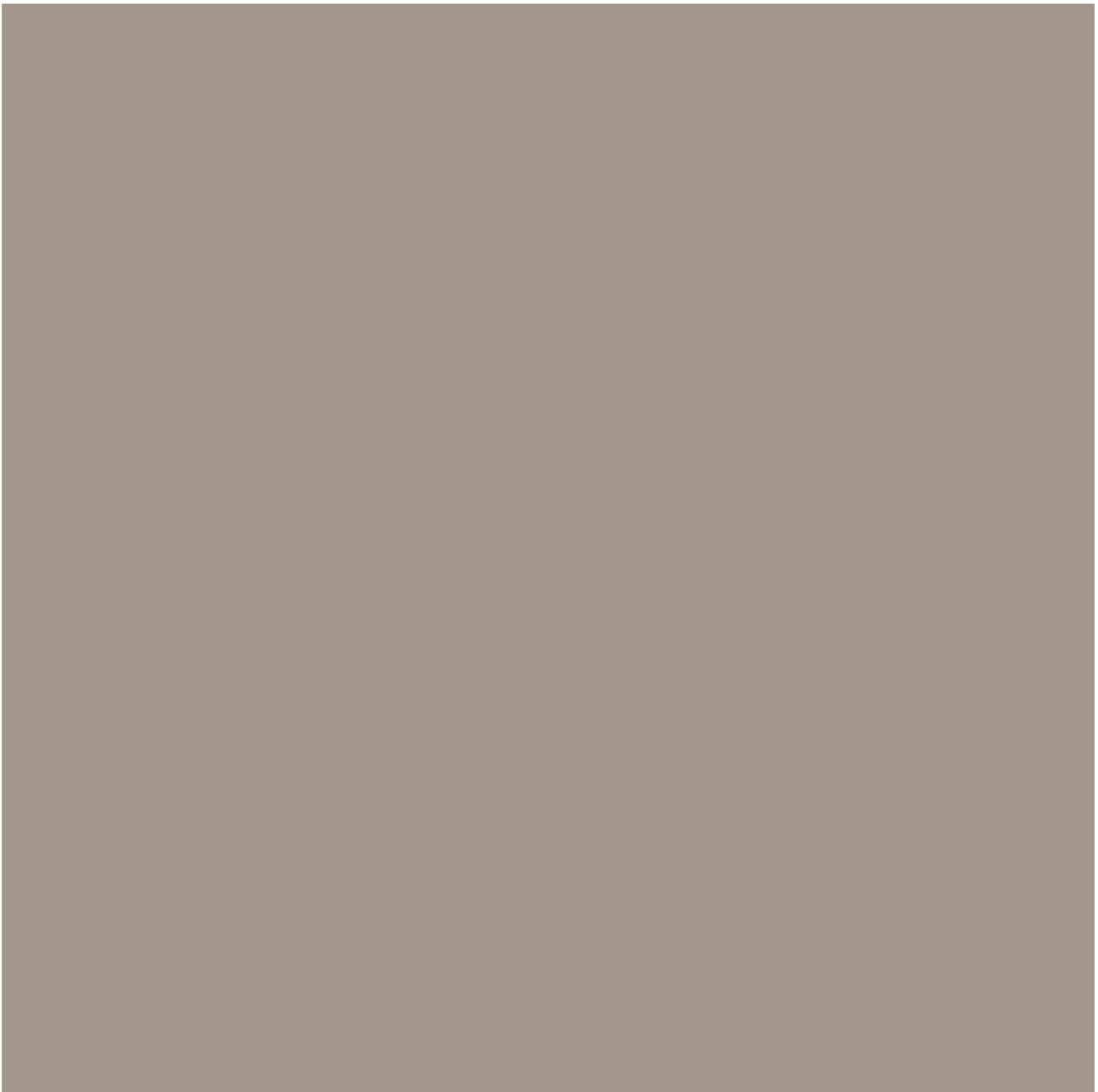


Research Paper

Boosting Satisfaction and Loyalty With Billing and Payments



Boosting Satisfaction and Loyalty With Billing and Payments

In recent years, businesses have begun to view bill presentment and payment collection as more than just an administrative function, leveraging bills and statements to improve customer communications through better design and broader distribution channels. Today, the strategic value of billing and payments continues to grow as consumer technologies enable new presentment and payment options. A new study from Fiserv reveals that billing and payments have become key drivers of customer satisfaction and engagement, and to remain competitive, billers should optimize their billing and payment offerings to meet the needs of their customers.

The Importance of Customer Satisfaction and Loyalty in a Digital, Hyper-Connected Age

In competitive markets where consumers have choices, customer satisfaction is seen as a key driver of business performance—and for good reason. According to WPA Opinion Research, highly satisfied customers contribute 2.6 times more revenue to a company as somewhat satisfied customers and 17 times more revenue than dissatisfied customers.

Managing the customer experience in the age of social networks and online reviews has become more critical, even in less-competitive industries, such as regulated utilities, because today's consumers are empowered and their voices are amplified. Whether they are delighted or frustrated, customers have the ability to broadcast their experiences to the world using their mobile devices.

The Link Between Satisfaction and Billing and Payments

J.D. Power was one of the first research companies to identify the link between billing and payments and customer satisfaction. Their studies revealed that billing and payment factors can account for 20 percent or more of total customer satisfaction scores.

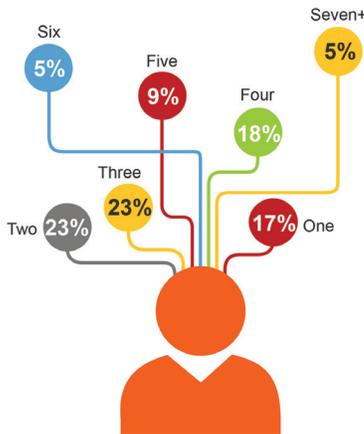
The Seventh Annual Billing Household Survey from Fiserv has revealed more detailed information about the impact of billing and payments on the customer experience. These findings highlight the need for billers to offer a variety of billing and payment options and channels to meet the different needs and changing circumstances of their customers.

Technology Has Changed Consumer Habits and Expectations

The wide availability of consumer technologies, especially mobile, has expanded and redefined the billing and payments environment. As new channels have emerged, however, traditional payment methods, such as checks and walk-in bill payments, have remained popular. The Fiserv study found that the majority of U.S. households now use multiple methods to pay monthly bills, and they frequently shift payment channels. These “bill pay omnivores” use, on average, three different payment methods to pay their bills each month.

Today’s Consumers are Bill Pay Omnivores

Number of bill payment methods consumers use monthly as a percent of all U.S. households.



Source: Seventh Annual Billing Household Survey, Fiserv, Inc., 2014

For example, an individual may pay their mortgage via a bank’s bill pay site, pay a doctor’s bill by mail, and have their cable television bill automatically billed to a credit card. In addition, consumer payment habits are fluid and likely to change depending on current circumstances. Over 15 million U.S. households switch their bill payment methods each month, typically to meet a payment due date or due to availability of funds.

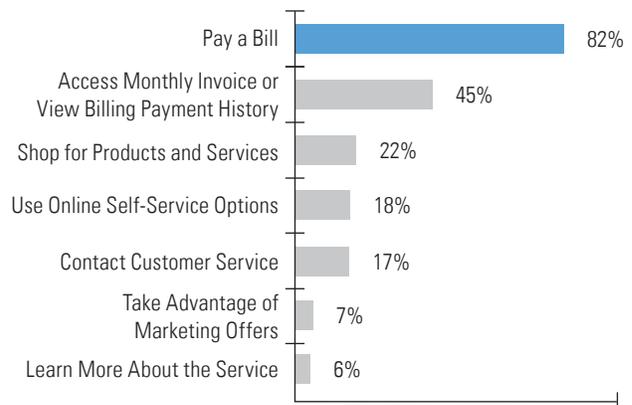
Understanding these dynamics is important because 43 percent of consumers surveyed by Fiserv said that the availability of multiple billing and payment options has a positive impact on their satisfaction with a biller. Because different payment methods offer different value propositions to different consumers, a majority want a spectrum of channels, tender types and methods to view and pay their bills at any given time. And 77 percent of consumers expect the same billing and payment offerings from all of their service providers, from large telco’s to local water providers.

Billing and Payments Are Top Reason Customers Visit Biller Sites

Billers’ websites serve a crucial customer service role and promote the use of digital self-services. Eighty-two percent of those surveyed said they had visited the website of at least one biller, and when asked why they visited a biller’s site, a vast majority said it was to pay a bill. In addition, the top reason customers visit billers from their mobile devices is for billing and payment related activities.

Consumers Visit Biller Websites to Pay Bills

For which of the following reasons did you visit a biller’s site from whom you receive and pay a monthly bill?



Source: Seventh Annual Billing Household Survey, Fiserv, Inc., 2014

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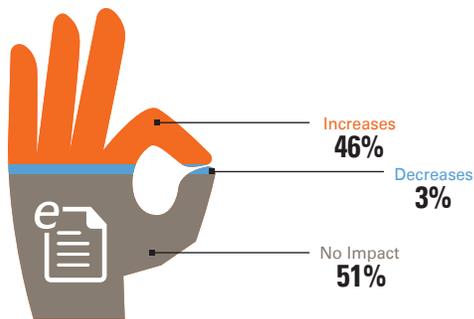
In addition, 71 percent of biller-direct users agreed that visiting a biller's website to make a bill payment prevented a phone call to customer service, indicating that online billing and payment interactions are effective in deflecting customer care calls.

E-Bill Delivery in Both Biller and Bank Channels Increases Satisfaction

Almost half of consumers are more satisfied with a digitized billing and payment experience. Whether they receive e-bills from a biller or at a financial institution's bill pay site, 46 percent of consumers surveyed by Fiserv said that viewing paperless bills increased their satisfaction, and 25 percent said it increased their loyalty.

E-Bill Adoption at Bank and Biller Sites Increases Customer Satisfaction

What impact does viewing and paying bills electronically through your bank or biller site have on your satisfaction with that service provider?



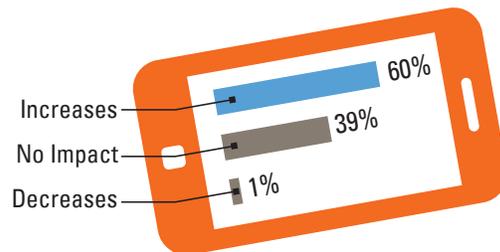
Source: Seventh Annual Billing Household Survey, Fiserv, Inc., 2014

Mobile Bill Payments are Rising, and They Improve Customer Satisfaction

According to Fiserv research, the number of U.S. online households that made a bill payment using a mobile device has surged 238 percent in the last 2 years. 40 percent of smartphone owners, representing 67 percent of online households today, have made a mobile bill payment. Top drivers for this increased usage are convenience and the ability to make payments on the go. Clearly, offering mobile billing and payments is one of the most important ways billers can boost customer satisfaction and loyalty, since 60 percent of consumers surveyed said that being able to pay bills on a smartphone would improve their satisfaction with a biller.

Mobile Payment Option Increases Satisfaction With Billers

What effect would paying and receiving bills from a smartphone have on your satisfaction with that biller?



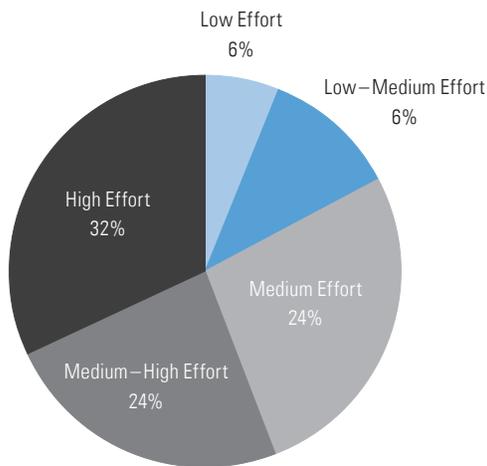
Source: Seventh Annual Billing Household Survey, Fiserv, Inc., 2014

Addressing Bill Payment Concerns Increases Satisfaction

A majority of consumers surveyed said that they had a medium-to-high effort experience when paying their bills, indicating that billers need to do more to make billing and payment features easier for customers to locate and use.

Consumers Experience Medium-to-High Effort When Paying Bills

Amount of effort put into receiving, keeping track of and paying household bills.

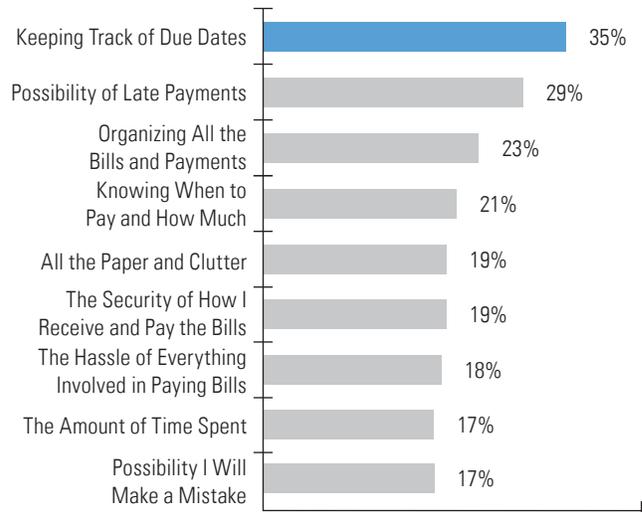


Source: Seventh Annual Billing Household Survey, Fiserv, Inc., 2014

In addition, understanding consumers’ specific pain points with regard to receiving and paying their bills can help billers improve the customer experience. When asked which payment services would lead to higher customer satisfaction, the consumers Fiserv surveyed focused on services that help them address their top concerns. Payment services that topped the list included:

- Bill due reminders to help reduce late payments
- Expedited and card-funded bill payments
- Mobile bill payments to help consumers manage billing and payments on the go
- E-bills at biller and financial institution sites to reduce paper clutter and increase convenience
- Non-registered guest checkout options for individuals in a hurry or experiencing password fatigue

Consumer Pain Associated With Receiving and Paying Bills



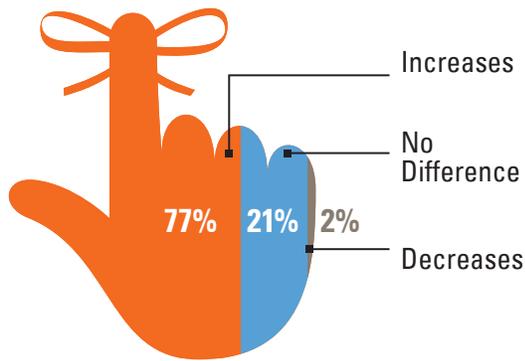
Source: Seventh Annual Billing Household Survey, Fiserv, Inc., 2014

Late Payments Can Happen—and Consumers Want Help

Not surprisingly, our survey found that bill pay services designed to reduce late payments and associated fees have the most impact on customer satisfaction. Seventy-seven percent said that if a biller or bank sent them a payment reminder to help prevent a late payment or fee, their satisfaction level would improve, while 57 percent said an emergency payment option would increase their satisfaction. A significant 74 percent expected billers to provide an emergency payment option today.

Bill Pay Reminders Increase Satisfaction

If a biller or bank sends you a reminder to pay a bill to prevent late payment and possibly incurring a fee, what impact would that have on your satisfaction with that biller or bank?

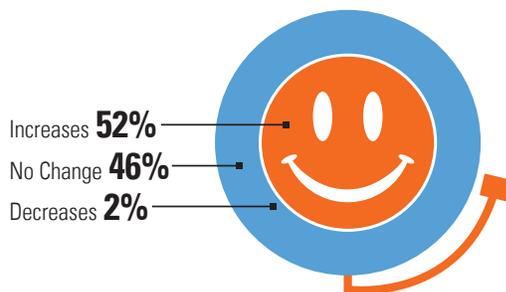


Source: Seventh Annual Billing Household Survey, Fiserv, Inc., 2014

Fifty-two percent of the consumers surveyed said their satisfaction with billers would improve if the biller allowed emergency bill payments to be made through their financial institution’s online bill pay service. This number was 12 percent higher for millennial consumers (those born between the early 1980s and early 2000s).

Expedited Payments Via Online Banking Enhance Satisfaction With Billers

If a biller allowed emergency bill payments to be made through your bank’s or credit union’s online bill pay service, what impact would that have on your satisfaction with the biller?



Source: Seventh Annual Billing Household Survey, Fiserv, Inc., 2014

Twenty-Eight Percent of Consumers Prefer a Non-Registered Checkout Option

Providing a non-registered guest checkout option is valued by consumers and can reduce website bill payment abandonment to higher cost channels. In addition to easing concerns about storing personal information on a biller’s site, a guest checkout option enables faster payments and alleviates password fatigue. This is why the number of consumers who have used a biller’s non-registered guest checkout option has risen from 7 percent in 2013 to 28 percent in 2014.

Delivering an Omnichannel Billing and Payments Experience

Consumers are receiving and paying their bills in more ways than ever before. They expect the freedom to choose which billing and payment options suit their needs and address their top concerns—whether that means making payments on a smartphone, online at a biller or a financial institution’s bill pay site, by phone using an IVR system, or in person at a walk-in payment location.

At the same time, consumers will be loyal to providers that make receiving and paying bills payments easier, faster and more convenient. For billers, this means offering payment services, such as automatic payments, payment alerts, emergency payment options, and mobile bill presentment and payments—as well as options for making card, ACH debit, check and cash payments.

The stakes are high. Billers who do not embrace the growing demand for more and easier-to-use payment channels may be risking the customer relationships they have worked so hard to secure. Proactive billers that create an omnichannel billing and payment experience will not only improve customer relationships; they will realize a return on their investment in terms of reduced costs and enhanced operational efficiencies.

About the Author

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.

About Fiserv

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