The Omni-Channel Evolution in Billing and Payments

The True Challenges and the Measurable Opportunities
Point of View

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Today, Americans are receiving and paying their bills in more ways than ever before. While members of GenY (the generation born between the early 1980s and early 2000s) are helping drive the creation of new bill payment channels, such as mobile—traditional payment methods, such as checks, remain. Due to this proliferation of channels, billers are faced with the complexity of supporting emerging payment methods alongside traditional ones. The billers that successfully embrace the “omni-channel” payments evolution, however, will realize a return on their investment in terms of reduced costs, enhanced operational efficiencies and improved customer relationships.

A Melding of Past, Present and Future

Today’s complex billing and payments landscape has its roots in the 1980s when customers received bills in the mail and then paid those bills by mail, by phone or in person. In the 1990s, additional channels appeared with the growth of the Internet, including online bill payment at financial institutions and biller websites as well as through phone interactive voice recognition. The 2000s continued the payment options trend with many billers adding credit and debit card payments. By 2010, the smartphone was quickly becoming a permanent part of most consumers’ daily existence, driving the need for smartphone mobile billing and payment options that have also been extended to the tablet channel. And throughout it all, as new channels appeared the existing channels remained.

Based on three-plus decades of channel expansion, what’s next? Options include viewing and paying bills via wearable technology such as watches and eyeware, or through video games, connected televisions or other technology that is still being imagined. One thing is almost certain—consumers will continue to expect and demand multiple payment options. According to the “Sixth Annual Billing Household Survey,” conducted by the Marketing Workshop on behalf of Fiserv, 83 percent of respondents said they use two or more payment methods monthly. And, that trend is growing as the average number of bill payment methods consumers use increased more than 10 percent from 2012 to 2013, rising from 2.9 to 3.2. In fact, more than two-thirds of U.S. online households agreed that it is “important” or “very important” for billers to offer multiple billing and payment options. The numbers for GenY were even higher, with 74 percent responding as “important” or “very important.” Bottom line—this omni-channel billing and payments landscape is here to stay and will only become more complex moving forward.
Point of View

The Complexity “Pains” for Billers

With this growing complexity, there is pain for billers. According to “U.S. Consumer Bill Payment and Presentment: A Biller Survey,” a 2012 online Aite Group survey of 57 U.S. biller organizations serving consumers, 43 percent said that managing multiple billing and payment systems results in either “some” or “a lot” of pain. This is not surprising, considering the multiple billing and payment touch points, methods and channels prevalent today. And, this pain is manifesting across the organization—affecting cost and profitability, compliance initiatives, support and operational efficiency.

Integration with different systems (including legacy paper-based payments and newer online and mobile payment channels) and vendors requires additional technology and manpower, which drives up both operational and support costs. Maintaining regulatory compliance, such as Payment Card Industry (PCI) security standards, across disparate online and mobile channels is an ongoing and often arduous task. And with transparency being top of mind for most organizations, maintaining multiple bill and payment channels across numerous systems can cause reconciliation and reporting issues, as well as shifting channel costs as consumers switch their payment preferences.

Other challenges associated with this increasingly complicated billing and payment ecosystem include costs related to customer care in servicing payments and delivering high quality user experiences. In addition, controlling sophisticated fraud schemes across multiple channels will be an ongoing necessity—as will the increased expenses associated with regulatory compliance, including the personnel required to handle audits and other compliance tasks. And, as payment channels grow, efficiently routing payments and enabling expedited payments will become more complicated.

The evolution of billing and payments, which began modestly in the 1980s with mail, phone and walk-in options, has continually evolved to keep up with new technology. And throughout it all, as new channels appeared the existing channels have remained.
A Landscape of Opportunity

Yes, the challenges seem daunting, but there is a definite payoff for billers that surmount them. First and foremost, offering omni-channel billing and payment options resonates with consumers. According to the “Sixth Annual Billing Household Survey” from Fiserv, meeting consumer expectations for multiple mobile bill and payment channels helps build customer loyalty and increase e-bill adoption. Increased e-bill adoption leads to more digital payments, which in turn lowers paper-based channel costs for the biller.

Further, the mobile channel enables billers to deliver timely and actionable payment due alerts and reminders – another driver of e-bill adoption. Sixty-six percent of consumers interested in receiving bill payment alerts said that such alerts and reminders would increase the likelihood they would use paperless e-bills, most likely because alerts help consumers overcome the concern of not having a paper bill to serve as a reminder to pay.

The survey also found that 50 percent of households using mobile billing and payment say that it has improved their relationship with a biller. The mobile channel’s anytime, anywhere accessibility strengthens the customer/biller relationship. And, the mobile channel’s appeal goes beyond convenience, as many unique features associated with a strong digital presence can attract mobile consumers – including those who did not have home broadband connectivity to enable bill payment from personal computers. The use of smartphone and tablet cameras to conveniently input bill and payment information and geo mapping all offer innovative and creative ways for mobile consumers to interact with bills and make payments.

Billers Must Weigh the Options

So, when billers consider the challenges and the opportunities of the omni-channel evolution of bill payment, what should they consider? The main thing for billers to keep in mind is that building a cohesive experience for their customers should be the ultimate goal. A positive customer impression is the trigger to the ultimate payoffs – e-bill adoption, customer retention and new customer growth. It is also important to remember that with the technology resources available today, building that cohesive experience does not have to break the bottom line. Two areas billers should research to build stronger, more cohesive customer relationships are outsourcing opportunities for some or all channel components; and utilizing available thought leadership resources to stay informed of present and future trends in order to remain in the omni-channel technology loop.

Billers Should Seek Expert Help If Needed

With the variety of choices that consumers demand today, it is virtually impossible to deliver all things to everyone. Outsourcing can be a perfect option for billers looking to manage costs related to supporting
billing and payment options, compliance and enhancing the customer experience. Many billers are finding that by migrating some or all the channel management to a solutions provider, their hardware, software and personnel cost savings can be redirected to more beneficial customer-facing activities. And, as consumer wants and demands shift from one payment type to another, the biller has the outsourcing partner in place to keep pace and manage any new technology. Channel integration for all existing and future billing and payment types becomes the responsibility of the outsourcing partner, while the biller sees operational efficiency gains, lower costs and the ability to offer an enhanced omni-channel experience that its customers are demanding.

**Staying Current on Trends**

There are multiple resources available for billers looking to remain on the forefront of consumer expectations for today and tomorrow. Resources like the “Sixth Annual Billing Household Survey” from Fiserv keep track and report on consumer trends as they change year over year. In addition, Fiserv offers a variety of informative resources designed specifically to provide billers with information on trends and technology solutions, including an interactive Electronic Billing and Payment Scorecard that provides a diagnostic review and score to gauge billing and payment environment optimization.

**The Power of Fiserv**

As one of the largest providers of electronic billing and payment technologies, Fiserv has the expertise and industry experience to guide billers to more interactive customer relationships that promote profitability, retention and cost efficiency.
About the Author

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