White Paper

Talk to Your Customers About Online Bill Pay—They’ll Love You for It
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Consumers are always interested in easier ways to manage their finances and pay bills, and financial institutions can help them do that with their online and mobile bill pay offerings. Unfortunately, many consumers don’t know or understand the value of their institution’s online billing and payment offerings. By continually communicating with consumers about the control, convenience and security of paying bills via a financial institution’s digital channels, banks and credit unions can create deeper, more lasting relationships with their accountholders.

The stakes for online bill payment are high. According to the 2016 Expectations & Experiences consumer trends survey from Fiserv, over half (58 percent) of bills are already paid online. As consumer adoption of electronic payments continues to mature, people have a growing number of options when it comes to how they pay. Nonbank providers are improving their payments experiences across channels, emphasizing immediacy and convenience to encourage consumers to easily pay direct. How people pay is increasingly a nonzero game, with consumers expecting great payment experiences when and where they need them. However, the strong correlation to the satisfaction of digitally engaged consumers means that banks and credit unions have a vested interest in making sure consumers understand and continue to adopt the electronic billing and payments they offer.

The option to pay via credit or debit card, the ability to make same-day or immediate payments, and the benefits of incentive programs are definite strengths of other electronic payment options. With the right combination of services and messaging, financial institutions can deliver an equally compelling solution that engages consumers.

By showcasing the convenience and ease of bill pay, electronic billing and expedited payments, as well as leveraging security and trust, financial institutions can demonstrate to consumers that banks and credit unions deliver control over their money and banking decisions from a single, convenient place.
The Bill Pay Landscape

Consumers are drawn to pay bills on biller websites for a variety of reasons. They like the flexibility of being able to pay with a credit or debit card. They enjoy being able to make same-day and immediate payments with no penalty. Consumers with few bills to pay typically don’t mind visiting multiple biller sites. And biller incentive programs entice consumers to use direct payment options.

The reality is consumers use different channels and methods to pay their bills. The Expectations & Experiences survey shows that more than half the time, those surveyed choose to pay online, while 42 percent of the time they used more traditional payment methods. The good news is that consumers are showing interest in bank and credit union online bill pay methods. According to the survey, 80 percent of heavy users of online bill pay are satisfied with it.

Meanwhile, consumers list convenience and immediate confirmation of payment from the biller—complete with a time stamp—as reasons they choose to pay on biller sites.

Reasons for Paying Bills Directly at Biller Websites

Source: Expectations & Experiences: Consumer Payments, Fiserv, August 2016
Overcome Barriers to Conversion

There is an opportunity to help consumers overcome their lack of understanding about online bill pay by focusing on the largest gap between interested and uninterested individuals.

According to the Expectations & Experiences survey, uninterested individuals say the biggest barriers to paying bills via their financial institutions’ online bill pay are that they don’t want payments automatically withdrawn, they don’t want to change their current payment process and they are concerned about security.

Reasons for Not Paying Bills Through Bill Pay (Among Non-Bill Pay Users)

- I don’t want payments coming automatically out of my checking account: 41%
- I don’t mind paying bills by check: 36%
- I don’t want to change my current payment process: 35%
- I am concerned about online security and protecting my personal information: 35%
- I like having a paper trail: 31%
- I use a credit or debit card to pay my bills: 27%
- I prefer to pay bills online directly at billers’ websites: 25%
- I already have my bill payments deducted automatically: 18%
- I don’t know enough about how it works: 14%
- None of these: 7%

Source: Expectations & Experiences: Consumer Payments, Fiserv, August 2016
Financial institutions can focus on educating consumers about how online bill pay works. It does not automatically make payments; rather, account holders are in control of payment due dates and amounts. Education can help alleviate concerns and provide the key features of bill pay, including:

- Control: Online bill pay puts you in control
  - Know what you have to spend
  - Never miss a payment with alerts and reminders
  - Control who gets paid, when and how much

- Convenience: Access your bills at your convenience
  - View and pay bills all in one place
  - Go paperless—receive your e-bill inside your bill pay account
  - Enroll in auto-pay—set it and forget it

- Security: One secure place to manage your money
  - Peace of mind—trust only your financial institution with your account information
  - Benefit from bank-level security—your financial institution safeguards your financial information and records

**Showcase Same-Day Payments**

Research clearly indicates consumers want expedited and emergency payment options. Respondents to the Expectations & Experiences survey were asked to list the three most important steps their financial institutions can take to improve online bill pay. The top two answers were to provide same-day posting for bill payments and to show account balance with pending payments deducted.
Financial institutions should provide and promote premium fee-payment services that offer consumers delivery options. With 36 percent of consumers valuing the ability to receive credit for a bill on the same day of payment, financial institutions can improve adoption by educating consumers about their delivery options.
Drive E-Bill Adoption

With the ever-growing adoption of online bill pay, interest in electronic billing usage is also on the rise. According to the Expectations & Experiences survey, 77 percent of respondents who don’t already receive e-bills showed interest in them.

There appears to be room for improvement in communication from financial institutions to their accountholders about the availability of receiving e-bills. Of those surveyed, 45 percent said they weren’t sure whether their financial institution offered them the ability to receive and view bills online; 40 percent said they could; and 16 percent said they could not.

Of those who do have the ability to receive and view bills online, most expressed satisfaction with that service from their financial institutions. On a scale of 1-10, 54 percent rated their satisfaction with receiving e-bills through their financial institution at an 8 or higher; 40 percent rated their satisfaction between 3 and 7; and just 6 percent rated it 0 to 2.

Habit is the primary obstacle to e-bill adoption, according to the survey. Respondents were asked to identify the top three reasons why they have not signed up to receive e-bills through their financial institutions. Topping the list were a reluctance to change current processes, the fact that they already view bills at billers’ websites and the desire to keep a paper copy of the bill.

Reasons for Not Paying Bills Through Bill Pay (Among Non-Bill Pay Users)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>I don’t want to change my current process for receiving bills</td>
<td>34%</td>
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<tr>
<td>I already review bills at billers’ websites</td>
<td>29%</td>
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<tr>
<td>I need the paper copy for record keeping</td>
<td>28%</td>
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<tr>
<td>I’m not sure if it is available at my bank or credit union</td>
<td>26%</td>
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<tr>
<td>I need the paper bill to remind me to pay</td>
<td>23%</td>
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<tr>
<td>I don’t know enough about how electronic bills work</td>
<td>15%</td>
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<tr>
<td>It requires me to turn off my paper bills</td>
<td>13%</td>
</tr>
<tr>
<td>Not enough billers offer electronic versions of their bills through my financial organization’s service</td>
<td>13%</td>
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Source: Expectations & Experiences: Consumer Payments, Fiserv, August 2016


**Turn Up Engagement**

To overcome habit and show accountholders the value of changing to a new way of receiving bills, communication plays a key role.

- Make e-bill a priority for service representatives and encourage them to work with new accountholders to opt in. Customer or member service reps are often prepared to encourage accountholders to take advantage of automatic payment options, but anecdotal evidence suggests counseling consumers on e-bill options is not nearly as common. Service representatives are uniquely positioned to educate consumers on the ease and benefits of e-bills when they are activating new accounts or managing billing questions.

- Make opt-in available across online and offline consumer touchpoints. Opt-in functionality can include online opportunities like interstitials that provide e-bill signup before or after relevant content, such as automated payment setup, during activation or during online payment.

- Offer e-bill prominently on financial institution websites. Make it easy for accountholders to find and understand how to receive and view bills on their online banking website.

- Target recurring payment consumers. Already adopters of online banking, these accountholders are low-hanging fruit. E-bills will help them set up recurring payments, so they can set it and forget it.

One of the best strategies for driving adoption of e-bills is allowing accountholders to try electronic billing for a 90-day trial period, with the option to enroll or decline at the end of the trial. This method has provided high motivation for consumers to end paper bills. In fact, Fiserv clients that have employed this method have experienced striking increases in e-bill adoption—upward of 300 percent.

**Encourage Habits That Drive Satisfaction**

People will continue to use a variety of digital payments channels, driven by their existing habits and the context of the transaction. At the same time, the number of options they have is increasing, and nonbank providers are raising the experience bar. In this environment, it’s critical for financial institutions to educate consumers on the benefits of their electronic billing and payments services. The message of control, convenience and security helps focus on the differentiating experience the institution can offer. Leveraging the digital channel to provide a centralized billing and payments experience helps consumers more easily manage their financial lives—and that’s a proven path toward satisfaction and loyalty.
Fiserv is driving innovation in Payments, Processing Services, Risk & Compliance, Customer & Channel Management and Insights & Optimization. Our solutions help clients deliver financial services at the speed of life to enhance the way people live and work today. Visit fiserv.com and fiserv.com/speed to learn more.