



How Consumers Pay Bills: Expectations vs. Reality

Payment innovation drives the desire for faster and easier bill payment experiences.

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About this Survey

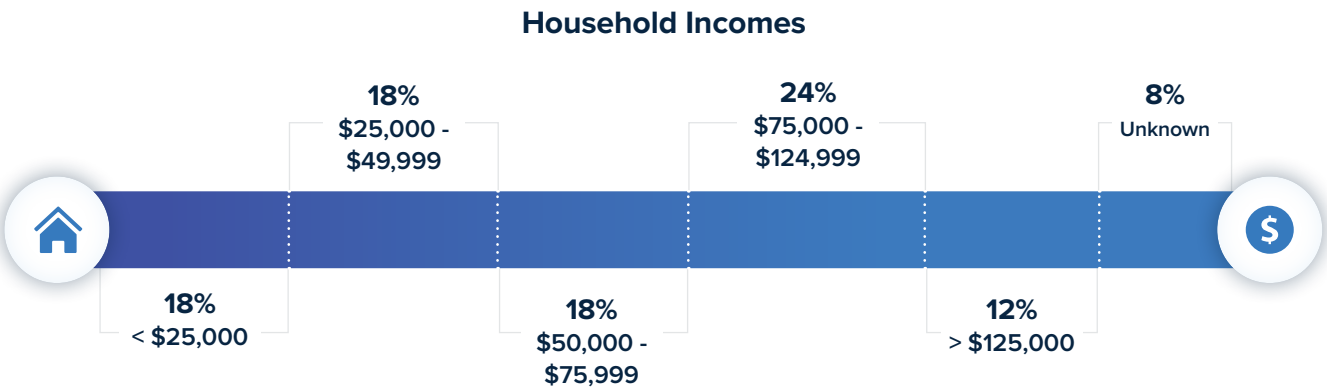
PayNearMe conducted an online survey in April 2021 to determine perceptions and preferences for how U.S. consumers want to pay their bills. The survey captured responses from a broad distribution of 2,676 U.S. consumers aged 18 and older.

The Survey Aimed to Uncover:

- How consumers want to pay their bills
- What types of features and functionality would make the bill pay experience easier
- What consumers expect from their bill pay experience in the future
- How businesses must adapt their bill pay experience to meet shifting consumer expectations

Respondent Profile

2,676 adult consumers (age 18+) with representatives from all 50 U.S. states



Executive Summary

Innovation is transforming the way U.S. consumers pay. New payment options and technology seem to pop up every day, and consumers are adopting them to make payments faster, from wherever they are, with less friction than ever before. They're exchanging money with family and friends using peer-to-peer payment applications like Venmo and PayPal and using digital wallets to make transactions seamless, directly from their mobile devices.

This report reveals how payments innovation drives consumer expectations for bill payment. It examines how consumers want to pay their bills and what they expect from the billing and payment experience now and in the future. Finally, it offers insights on how businesses and government agencies can adapt their bill pay experience to meet shifting consumer expectations.

While there is much research available about how consumers are paying their bills, very few studies have focused on how they want to manage and pay their bills. This consumer survey answers the question: What do consumers believe would make the bill pay experience easier and more convenient?

We found that consumers demand a bill payment experience that matches how they pay for goods and services in other facets of life (think P2P payment apps, ecommerce, subscription services, etc.). In short, they want to make the process easier and less stressful.

It's time for bill payment to catch up. Not only do consumers want a better experience—they deserve it.

Key Takeaways:

Payments industry innovation is changing consumer expectations around bill pay. Consumers expect the same fast, convenient and seamless payment experience they have while using P2P payment platforms or making ecommerce purchases from their bill pay experience.

As a result of COVID-19, contactless payments are on the rise, and the preference to pay using QR codes is making its way to bill pay. If given the opportunity, 33% of consumers would be likely or very likely to pay their bills by scanning a QR code on their mobile devices.

29% of adults say that paying bills causes them stress and anxiety. Remembering login information is the top driver (52%) of this uneasiness.

Finally, consumers welcome more communications. Nearly half of adults surveyed (45%) say it would be easier to pay bills on time if they received a text message or email reminding them when their bills are due.

Consumers desire more mobile payment options for bill pay. 30% of adults say it would be easier to pay bills on time if they had options such as Venmo and PayPal.

Nearly half of U.S. consumers polled (48%) feel disorganized when trying to manage and pay their bills, leading to late and missed payments. More than half of adults (51%) paid at least one bill late during the past 12 months.

New mobile channels are also in demand. 41% of respondents would be likely or very likely to use their digital wallets to store, view and pay their bills from a single place if given the opportunity.

How Innovation Changes Consumer Expectations

The rapid pace of ecommerce adoption has dramatically shifted the way consumers make payments, whether they are shopping online, ordering dinner via a mobile app or even paying their bills.

The fast, frictionless online shopping experience consumers love from ecommerce companies like Amazon, Zappos and Wayfair have raised expectations for all digital experiences, including the electronic payments process.

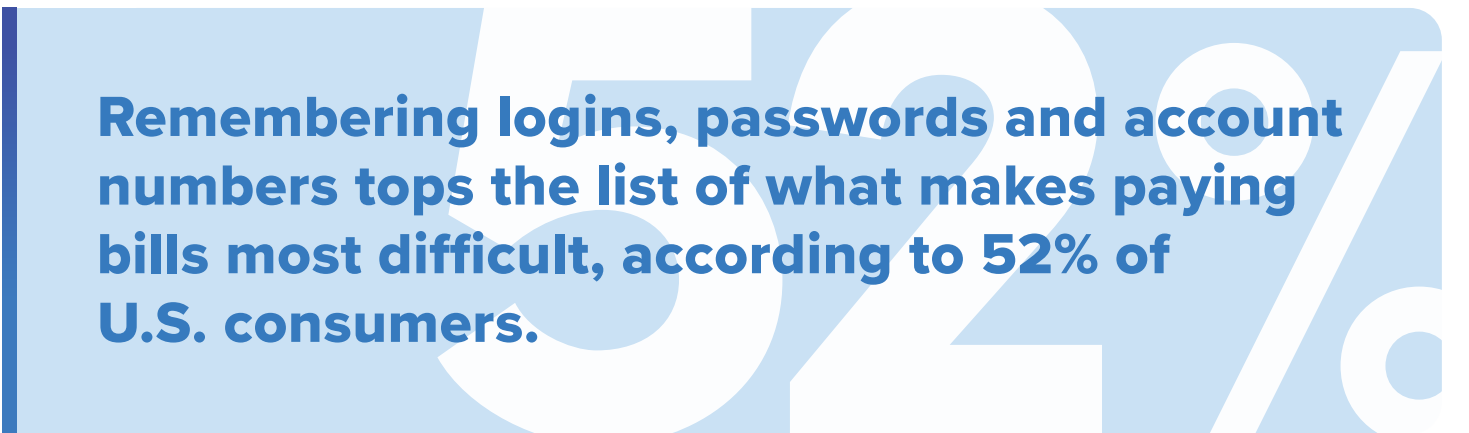
The rapidly-evolving payments industry continues to provide consumers with more electronic payment options and channels, from person-to-person (P2P) payments with platforms like PayPal, Venmo and CashApp to new forms of digital currency like Bitcoin and Ethereum.

Meanwhile, challenger banks and fintechs are leading the charge in supporting an improved customer financial experience, and helping consumers realize their financial options are limitless: they can bank their way, pay their way and otherwise manage their finances the way they choose.

Finally, the way consumers adopt new payment methods has shifted quickly due to the unique payment challenges presented during the COVID-19 pandemic. Take contactless payments (such as scannable QR codes), as an example. By April 2020, more than 51% of U.S. consumers were using some sort of contactless payment options for restaurants with 30% starting due to the pandemic.¹

And these types of new payment behaviors are unlikely to go anywhere soon. In fact, if given the opportunity, 33% of consumers would be likely or very likely to pay their bills by scanning a QR code on their mobile devices.

The rate of payments innovation applies new pressure on companies to advance the way they accept payments to better meet consumer expectations. By first identifying current gaps, organizations can then take steps to make bill payment faster, easier and less stressful for their customers.



Remembering logins, passwords and account numbers tops the list of what makes paying bills most difficult, according to 52% of U.S. consumers.

¹ Mastercard Contactless Consumer Polling.” Mastercard. April 2020.

<https://www.mastercard.com/news/press/press-releases/2020/april/mastercard-study-shows-consumers-globally-make-the-move-to-contactless-payments-for-everyday-purchases-seeking-touch-free-payment-experiences/>

Disorganization Tops the List for Bill Pay Challenges

Consumers can make online purchases in just a few clicks, and they expect paying bills to be just as easy. Right now, however, consumer perception is that managing and paying bills is challenging. It's thought to be so annoying that 38% of adults would rather fold and put away laundry than pay their bills, and nearly 1 in 3 adults (29%) say that paying bills causes them stress and anxiety.

Remembering logins, passwords and account numbers tops the list of what makes paying bills most difficult, according to 52% of U.S. consumers. Navigating poorly designed biller websites is also a problem for nearly one-third of consumers (30%), and more than 1 in 4 (26%) say having to enter payment information is a burden when paying bills.

Top 5 Bill Pay Challenges

When asked what makes paying bills difficult, consumers responded:

1 **52%** Remembering logins, passwords and account numbers

2 **41%** Keeping track of payment due dates

3 **30%** Navigating poorly designed biller websites

4 **26%** Having to enter payment information

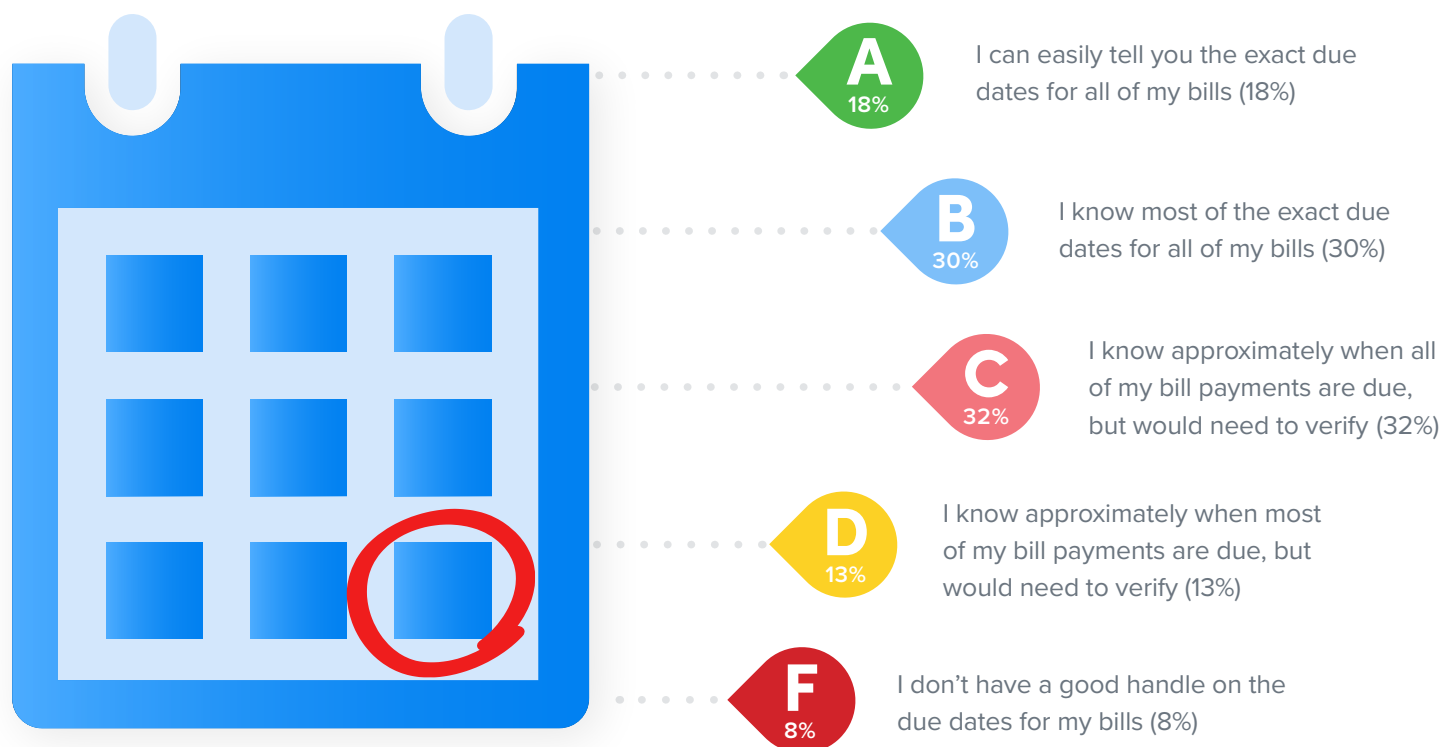
5 **23%** Keeping track of the amount owed each billing cycle

Not knowing when their bills are due is also an issue for most adults. More than 1 in 5 adults (21%) grade themselves either a poor “D” or failing grade “F” when it comes to remembering bill due dates. Even more—41% of the respondents—say keeping track of due dates makes paying bills hard. That means tens of millions of adults are struggling to keep track of when their bills are due.²

Additionally, many consumers are unsure of how much they need to pay each billing cycle. 23% of adults report having trouble keeping track of the amount they owe each month. The youngest age group polled (18-29) reported having significantly more trouble than their older counterparts keeping track of due dates (53%) and the amount owed (32%).

Bill Payment Management

Adult consumers (53%) give themselves a grade of C or lower in knowing when their bills are due, with a whopping 21% scoring themselves even lower.



² “United States Demographic Statistics.” Infoplease. Accessed May 19, 2021.
<https://www.infoplease.com/us/census/demographic-statistics>

Part of the problem is that nearly half of consumers polled (48%) feel disorganized when trying to manage and pay their bills. The younger generations are most affected. 67% of those aged 18-29 and 54% aged 30-44 report feeling disorganized, compared to 44% of those aged 45-60 and 25% of those 61 and older.

All this disorganization leads to late or missed payments. More than half of adults (51%) paid at least one bill late during the past 12 months, and more than 1 in 5 (21%) paid bills late more than four times during the last 12 months.

Absent mindedness is the most likely cause of late payments. Nearly 2 in 5 consumers (37%) say they just forget or procrastinate. About 1 in 5 (19%) say they pay bills late because the payment process itself is too difficult. In addition, many consumers said a late payment was

caused by not seeing their bills, with 26% overlooking a bill in their email and 34% losing or overlooking a bill in a pile of mail.

Fortunately, consumers are open to receiving payment reminders. In fact, nearly half of adults (45%) say it would be easier to pay bills on time if they received a text message or email reminding them when a bill is due, and 38% agree it helps when reminders include a link they can click to make an electronic payment.

Additionally, consumers say it would be easier to pay bills on time if they could use different payment types each billing cycle, such as paying by debit card one month, Apple Pay the next and cash another month. This flexibility allows them to adapt their bill payment to their needs and preferences month to month.

Can Flexible Bill Payment Options Result in Fewer Late Payments?

30% of adults say it would be easier to pay bills on time if they had other mobile payment options, such as Venmo and PayPal.

29% of adults say the ability to use different payment types each billing cycle – such as pay via debit card one month, PayPal the next month, and cash another month – would make it easier to pay bills on time.

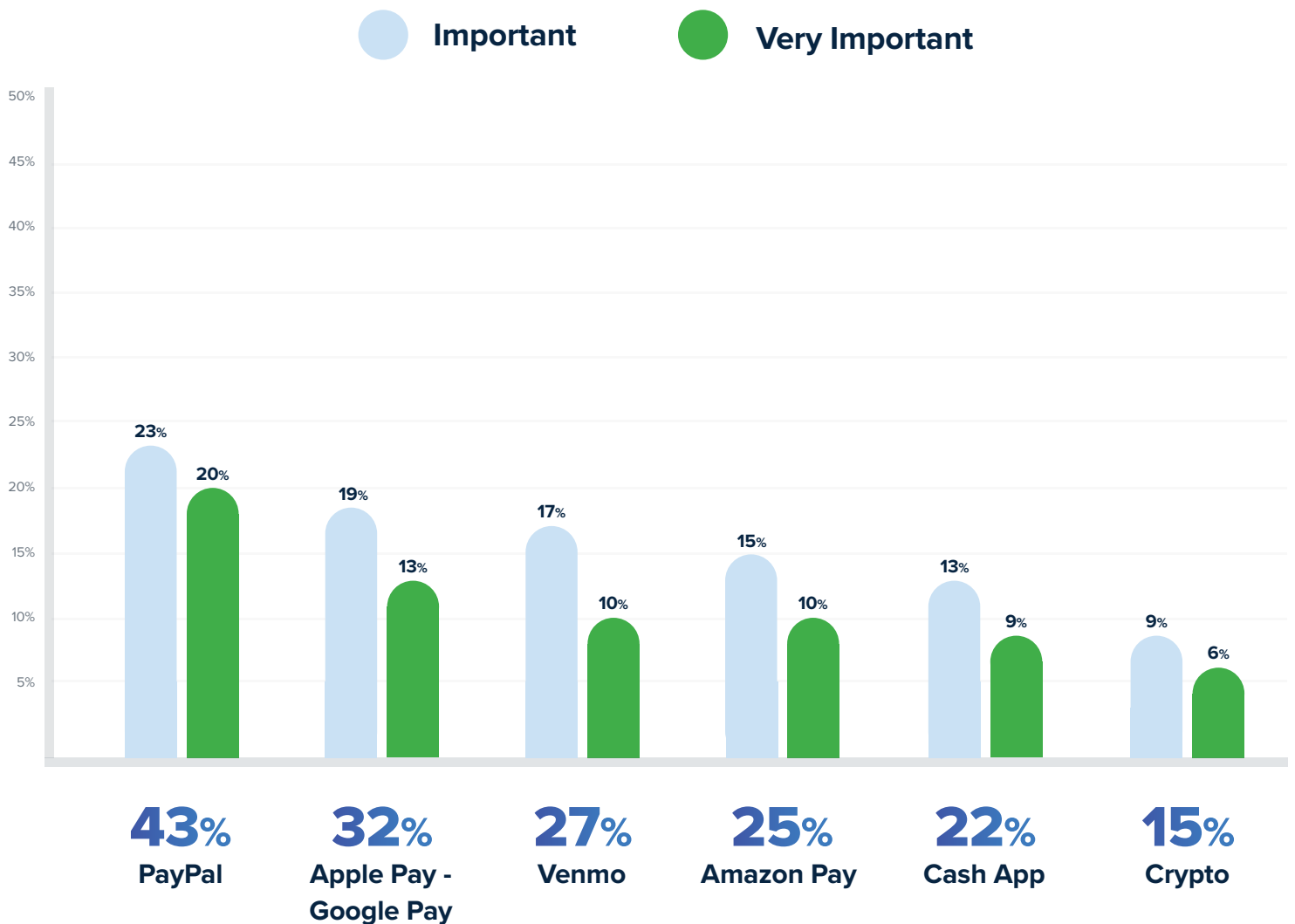
Consumers Expect More Mobile Payment Choices

Consumers are growing increasingly comfortable using mobile payments to purchase goods and services and exchange money with friends and family. Now they expect the same fast, frictionless experience when they pay their bills.

Two ways organizations can enable this type of payment journey are by offering more mobile payment options consumers want and providing the right information, across the right channels when consumers need it most.

Consumers Expect More Mobile Bill Payment Options

Consumers want more options for how they pay their bills. Here are a few of the mobile payment options businesses need to consider for bill pay.



Offering Mobile Payment Options Consumers Want

Similar to the desire to have multiple payment options when making online purchases, consumers want more mobile-friendly options for how and when they pay their bills. For example, nearly half of U.S. consumers (43%) say the convenience of using PayPal to pay bills is important or very important. 36% of respondents say if they had the option, they would be likely or very likely to use Apple Pay or Google Pay to pay bills, with nearly 1 in 5 adults (17%) very likely to use this form of payment.

Consumers aged 18-44 are more likely to use Apple Pay and Google Pay than older age groups (45+), with 50% saying they are likely to opt for this form of bill payment. A substantial 18% say it's very important to have this option.

This same trend holds true for Venmo – more than 1 in 4 consumers (27%) point to Venmo as a preferred way to pay their bills. Younger consumers are most interested in this option, with

more than one-third of Gen Z and millennials (35%) saying they want to have the option to use Venmo to pay their bills.

Cryptocurrency is another emerging payment type to watch. Ownership soared 63% in 2020 alone, and so has its valuation, according to a PYMNTS.com report. ³

Visa announced it will allow consumers to use cryptocurrency to pay off their credit card bills. As consumers continue to purchase goods and services with cryptocurrencies, businesses should prepare to see the demand for crypto bill payments rise. ⁴

Having multiple bill payment options is important to consumers, and the companies that offer mobile payment options and meet customer demand will likely drive higher customer satisfaction.

Providing Easy Access to Billing Information on Mobile Devices

Offering additional payment options is important, but that alone won't improve the consumer bill pay experience. Consumers also want current and recent billing information easily accessible across multiple channels such as their online payment portals, apps and digital wallets, to fit their specific preferences. Consumers'

survey responses indicate they would be especially interested in accessing their billing information on their mobile devices.

Billing statements – whether on paper or online – should include all the information customers need, in an easy-to-read format. This is espe-

³ "Cryptocurrency Payments Report," PYMNTS.com Accessed May 14, 2021.

<https://www.pymnts.com/study/cryptocurrency-payments-merchants-bitcoin-purchases-crypto/>

⁴ Steigrad, A. (2021, March 29). Visa allows paying off credit card bill with cryptocurrency. New York Post.

<https://nypost.com/2021/03/29/visa-allows-paying-off-credit-card-bill-with-cryptocurrency/>

cially true when the customer is viewing payment information on a screen.

More than 77% of consumers say it would be helpful or very helpful to have access to their entire bill when making or managing online bill payments.

Giving consumers a way to quickly view billing information using native mobile apps can also help. Consumers in age groups 18-29 and 30-44, in particular, find digital wallets helpful: 44% and 43%, respectively, say storing bills in

their digital wallets makes it easier to pay bills on time.

In addition, more than 2 in 5 adults (41%) would be likely or very likely to use their digital wallet to store, view and pay their bills from a single place if given the opportunity.

By providing consumers with the right information at the right time across their mobile devices, organizations can build customer satisfaction and drive on-time payments.



Conclusion

We're entering a new era of payments. Great customer experiences are no longer a 'nice to have' - businesses must modernize their approach. That means providing the payment options, channels and frictionless payments experience that consumers expect. By doing so, organizations can make the payments process easier for customers and future-proof their business.

Offering the payment options consumers want, across the channels they expect from their other payment experiences, is an important first step. But it's also crucial to provide the right information at the right time to reduce the stress, anxiety and disorganization consumers feel when paying bills.

Organizations can do this by presenting up-to-date information across multiple channels such as digital wallets and eBills, making it easier to pay with new mobile payment types such as Apple Pay and PayPal, and by providing timely text and email reminders to help keep consumers on track.

By meeting consumers where they are with the payment options they want, organizations can improve customer satisfaction, increase customer self-service and reduce the overall cost of accepting payments, making consumer bill pay expectations their reality.

About PayNearMe

PayNearMe develops technology that drives better payment experiences for businesses and their customers. Our modern, flexible and reliable platform helps businesses increase customer engagement, improve operational efficiency and drive down the total cost of accepting payments. PayNearMe enables more ways to pay by offering all major payment types and channels in a single platform.

PayNearMe today processes a variety of payment types, including cards, ACH, Apple Pay and Google Pay, and has enabled cash payments through our proprietary cash network since 2009. PayNearMe cash payments are accepted at more than 31,000 retail locations in the U.S. including participating 7-Eleven®, Walmart®, Family Dollar®, Casey's General Stores® and ACE Cash Express®, among others.

Thousands of businesses partner with PayNearMe to manage the end-to-end customer payment experience in industries such as Consumer Finance, Property Management, Insurance, Utility and Municipality, and iGaming and Sports Betting.

To learn more about PayNearMe, please visit **www.paynearme.com**
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