

**Streamlining Bill Payment How Frictionless Experiences Drive Customer Engagement** examines consumers' satisfaction with their preferred methods of paying recurring monthly bills, and how providing a holistic billing offering can help service providers retain customers who otherwise might switch to a competitor that offers a better, more convenient bill payment experience.

# STREAMLINING BILL PAYMENT

How Frictionless Experiences Drive Customer Engagement

PYMNTS.com

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How Frictionless Experiences Drive Customer Engagement

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# Introduction



**A**lthough there are many ways to pay monthly bills, consumers often have a preferred channel for their recurring bills. The majority of consumers now pay via digital channels and expect transactions to be easy and convenient and, as a result, service providers that do not provide an optimized bill pay experience are at risk of losing these customers.

PYMNTS' research finds that United States consumers pay an average of \$1,477 for selected discretionary monthly services, including mobile phone (72%) and home internet (67%) services, insurance premiums (50%), and auto and consumer loans (40% combined).

A key takeaway from our research is the strong link between convenience and customer satisfaction. Consumers are likely to change 25% of their service providers if they cannot use their preferred digital payment channel. As with other digital transactions, digitally savvy consumers, who tend to be younger and higher income, expect a frictionless payment experience, and an improved bill payment offering can help service providers increase customer satisfaction and engagement.

In fact, our data finds that 40% of consumers say they are “very” or “extremely” interested in such an improved billing experience, with younger and affluent consumers the most likely to say so. Among

those who are “very” or “extremely” interested in an improved billing experience, more than half are likely to change their billing providers, as well.

These are just some of the findings of Streamlining Bill Payment: How Frictionless Experiences Drive Customer Engagement. PYMNTS surveyed 2,913 U.S. consumers from Dec. 10 to Dec. 20, 2021, to examine consumers' satisfaction with their preferred methods of paying recurring monthly bills. We sought to learn more about how providing a holistic billing offering can help service providers retain customers who otherwise might switch to a competitor that offers a better, more convenient bill payment experience.

## This is what we learned.



## Part 1

# How Bill Payment Frictions Impact Consumer Satisfaction

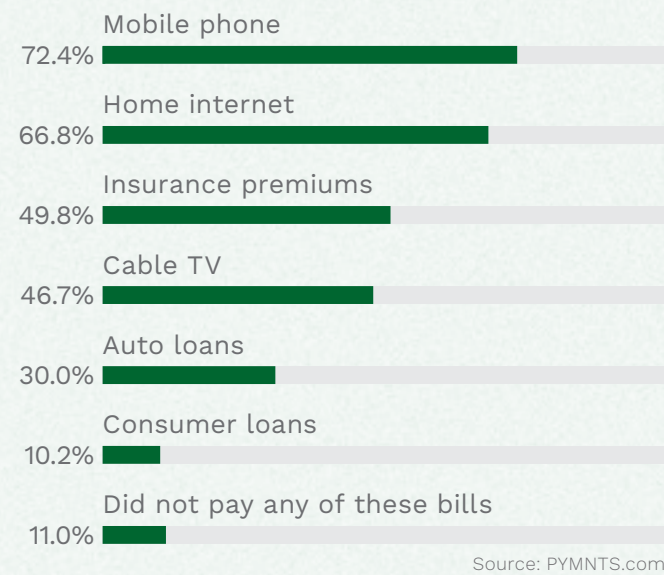
While **85%** of all monthly bills are paid digitally, more than **one-third** of recurring monthly bills for services are set for automatic payment.

**W**ith the widespread adoption of digital channels for all kinds of financial transactions, it is not surprising that 85% of all recurring monthly bills are paid digitally. Consumers may use a variety of methods to pay bills, but are highly interested in convenience factors such as making instant payments, splitting payments, paying through alternative channels (digital wallets, multiple accounts, etc.) that legacy systems do not support.

**Figure 1:**

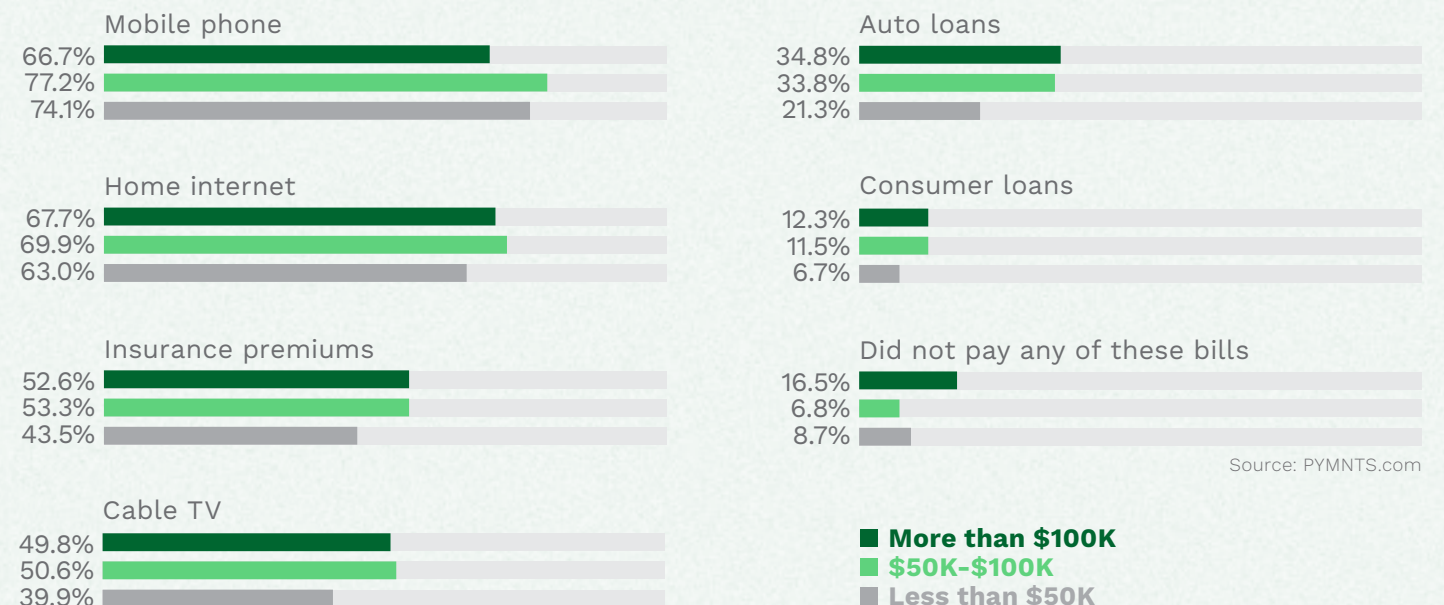
Types of recurring monthly bills consumers paid over the last 12 months

**1A: Share of types of recurring monthly bills consumers paid over the last 12 months**



**72%**  
Share of consumers who pay recurring monthly bills for mobile phone service

**1B: Share of types of recurring monthly bills consumers paid using selected digital channels, by income**



At 39%, automatic payment at due date is a common way to pay whether via a bank's bill payment system or the biller's website, followed by 17% of consumers paying manually via the biller's website. Eleven percent of consumers pay via the biller's mobile app.






Digitally savvy consumers, who tend to be younger and with higher income levels, are the most likely to prefer and utilize digital payment options such as automatic bill payment. Forty-five percent of bills from consumers earning more than \$100,000 a year are paid using automated payment

methods. Bill payments by Generation Z consumers are the most likely to be made automatically, with 41% doing so. At 19%, Generation Z consumers are also the most likely to use the biller's mobile app.

These digitally savvy consumers in particular value convenience and turn to auto-payments to reduce late payments and manage their cash-flow. Streamlined autopay functionality will become increasingly important in meeting their expectations for frictionless transactions.

**Table 1:**  
Types of recurring monthly bills consumers paid over the last 12 months

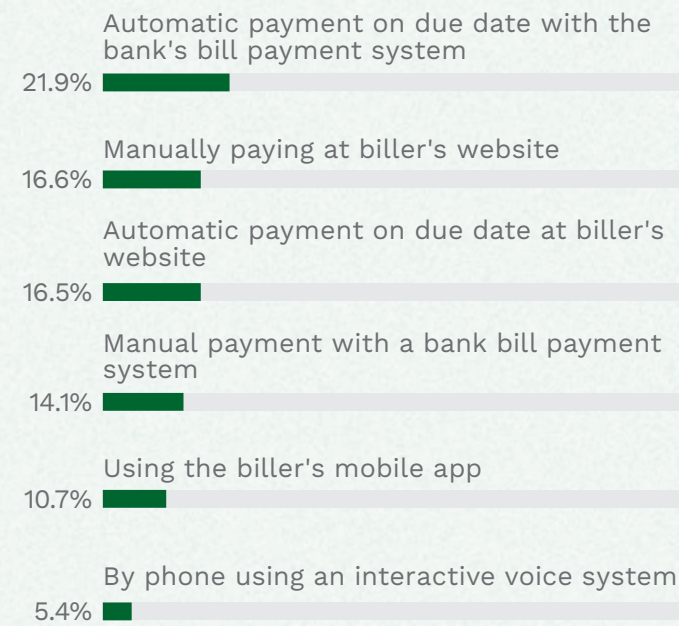
Share of types of recurring monthly bills consumers paid over the last 12 months, by generation

	 Generation Z	 Millennials	 Bridge millennials	 Generation X	 Baby boomers and seniors
<b>Mobile phone</b>	49.5%	66.6%	74.4%	81.8%	78.8%
<b>Home internet</b>	34.9%	61.6%	67.8%	74.6%	77.7%
<b>Insurance premiums</b>	13.7%	35.4%	40.8%	54.8%	70.4%
<b>Cable TV</b>	20.8%	34.8%	41.3%	47.9%	64.5%
<b>Auto loans</b>	14.0%	30.7%	31.1%	38.8%	28.2%
<b>Consumer loans</b>	6.1%	12.4%	13.8%	12.5%	8.4%
<b>Do not pay any of these bills</b>	39.5%	13.1%	9.3%	6.2%	3.2%

Source: PYMNTS.com

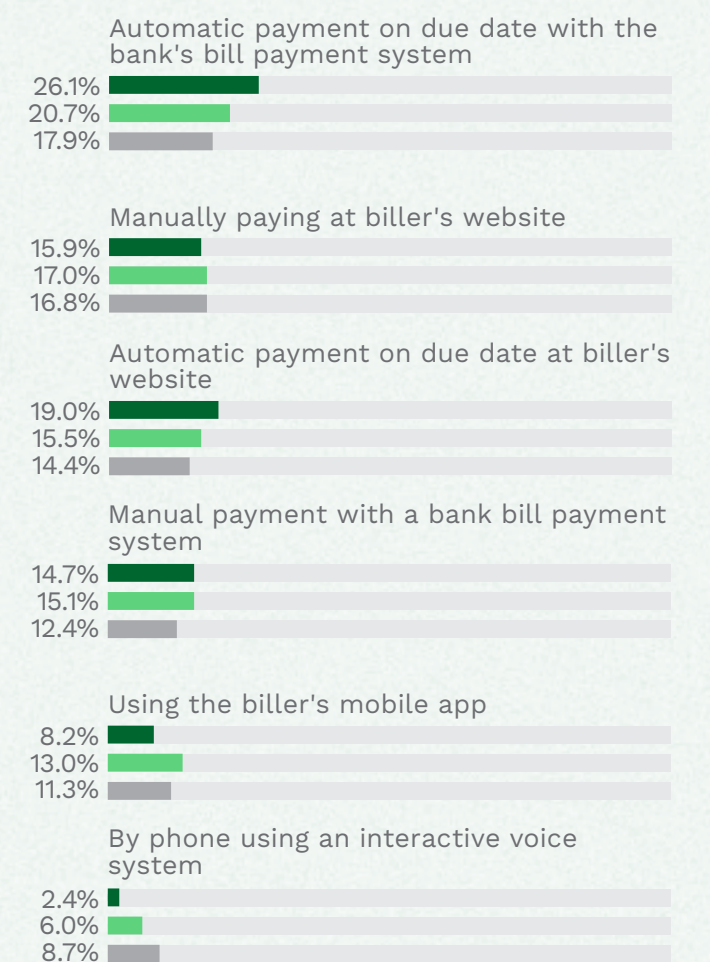
**Figure 2:**  
How consumers pay their recurring monthly bills

**2A: Share of recurring monthly bills paid using selected digital channels**



Source: PYMNTS.com

**2B: Share of recurring monthly bills paid using selected digital channels, by income**








Source: PYMNTS.com

■ More than \$100K  
■ \$50K-\$100K  
■ Less than \$50K

**Table 2:**  
How consumers pay their recurring monthly bills

Share of recurring monthly bills paid using selected digital channels, by generation

	 Generation Z	 Millennials	 Bridge millennials	 Generation X	 Baby boomers and seniors
<b>Automatic payment on due date with the bank's bill payment system</b>	28.4%	20.1%	21.8%	21.7%	22.1%
<b>Manually paying at biller's website</b>	9.7%	14.8%	16.8%	18.9%	16.9%
<b>Automatic payment on due date at biller's website</b>	12.3%	13.8%	14.6%	17.5%	17.9%
<b>Manual payment with a bank bill payment system</b>	6.6%	10.2%	11.4%	12.2%	18.9%
<b>Using the biller's mobile app</b>	19.1%	16.6%	14.7%	14.0%	3.7%
<b>By phone using an interactive voice system</b>	6.8%	5.8%	4.5%	4.4%	5.8%

Source: PYMNTS.com

**28%**

Share of Gen Z consumers who use automatic payment on due date with the bank's bill payment system to pay recurring monthly bills

**Convenience and consumer satisfaction are clearly linked, but there still are areas in which consumers are less than satisfied with their preferred payment method.**

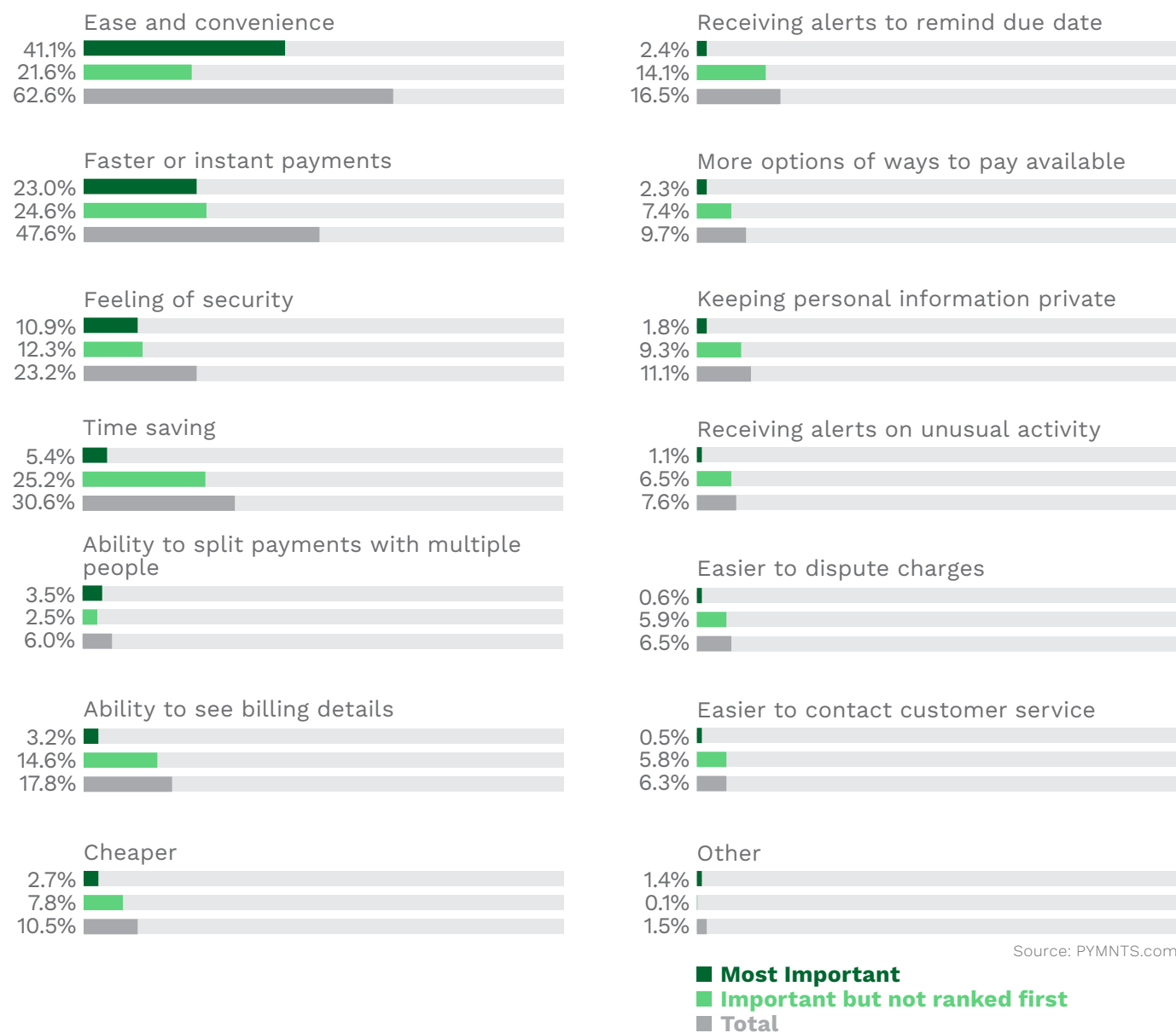
Consumers value convenience when paying recurring monthly bills, and this most likely drives satisfaction levels across various payment methods. Close to half (41%) of consumers cite ease and convenience and 23% cite faster and instant payments as the most important reason to choose a digital channel.

Highlighting some of the key payment frictions that impact consumer satisfaction when paying their recurring monthly bills, 22% of consumers reporting problems using digital channels to pay their recurring monthly bills want to be able split payments with multiple people. Other top issues include a lack of options for paying bills (20%), a lack of instant payment (17%) and that their payments take longer to process (13%).

How a service provider resolves billing disputes also affects customer satisfaction. Mobile phone bills (9%) are the most frequently disputed services, followed by cable TV and internet services (7% for both). Satisfaction with dispute resolution is high, yet 33% of respondents express dissatisfaction with the slow processing of disputes. Close to one-quarter complained of lack of transparency and lack of early notifications.

**Figure 3:**  
Consumers' reasons for choosing a digital method to pay their recurring monthly bills

Share of reasons consumers using digital payment methods choose this channel



**Figure 4:**  
Problems consumers experience using digital channels

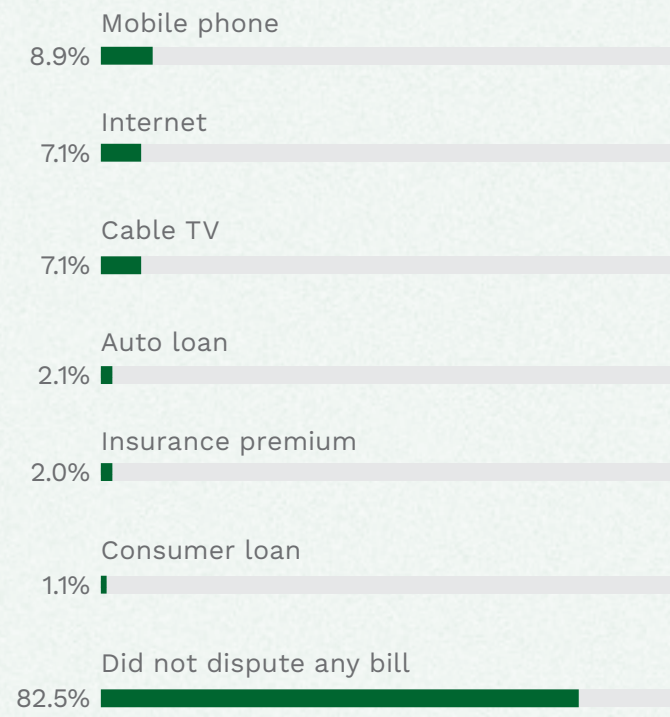
Share of consumers who experience select problems using digital channels



**Figure 5:**

Consumers who have disputed bills for the select service in the last 12 months

Share of consumers who have disputed bills for the select service in the last 12 months, by type of bill

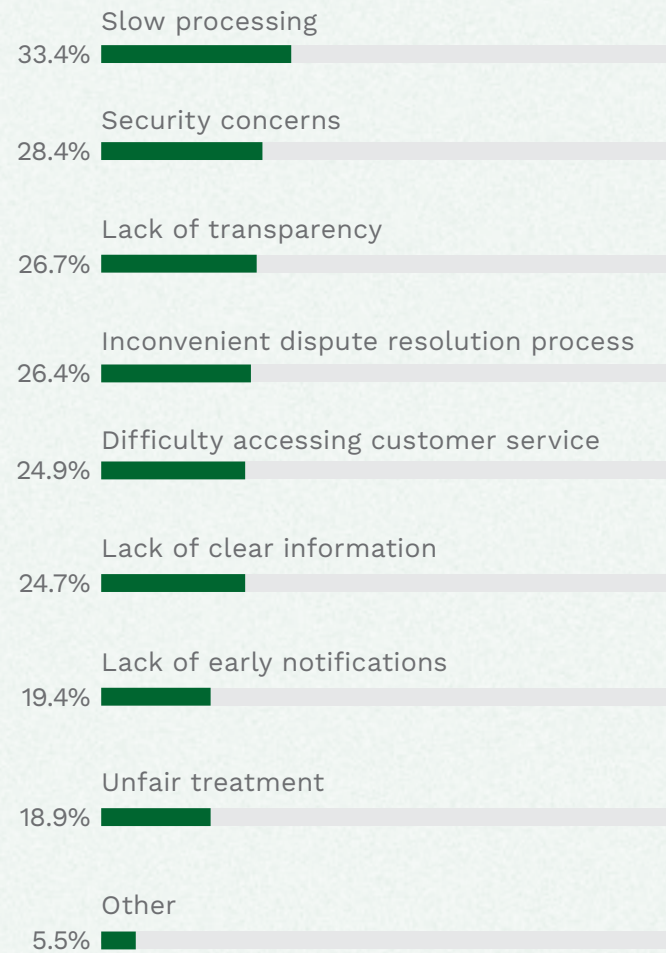


Source: PYMNTS.com

**Figure 6:**

Difficulties consumers experienced during the dispute process

Average share of difficulties consumers experienced during the dispute process



Source: PYMNTS.com

**33%**

Share of consumers who express dissatisfaction with the slow processing of their billing disputes





## Part 2

# A Holistic Solution To The Bill Payment Experience

**Four out of 10 consumers would be interested in using service providers that offer an “improved billing experience,” with more than half of those highly interested willing to switch providers. Younger generations and higher income consumers express the most interest.**

Consumers increasingly expect to transact seamlessly with their preferred online merchants and service providers, especially when doing so in a digital environment. As our data indicates, however, the methods by which consumers pay their recurring monthly bills can present frictions that impact customer satisfaction. Consumers also are apt to change providers if their preferred payment method is not offered as an option to pay their recurring monthly bills.

Covering various aspects of the bill payment process, an improved billing experience would allow consumers to pay using whatever payment method they prefer. In such an offering, the biller also would provide real-time access to usage and account information, including notices of unusual account activity.

According to PYMNTS’ research, 40% of respondents say they are “very” or “extremely” interested in an improved billing experience. Those consumers earning more than \$100,000 annually are the most likely to be interested, at 47%. Younger generations, who tend to prefer to manage much of their lives online, also are interested, with more than half of bridge millennials (55%), millennials (58%) and Generation Z consumers (55%) “very” or “extremely” interested.

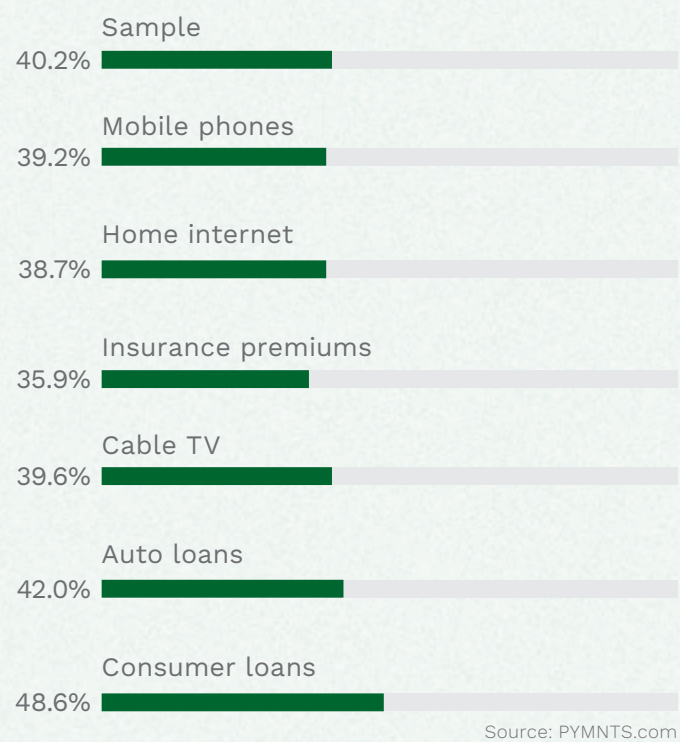
Our data also finds that while just 26% of consumers are highly likely to switch to a service provider that offers an improved billing experience, this share increases to 53% among consumers “very” or

“extremely” interested. High levels of interest in such an offering — in many cases more than double the average share — translate into significantly higher interest in switching providers across all bill types. For example, 58% of consumer loan, 55% of cable TV and 48% of auto loan users who are “very” or “extremely” interested in an improved billing experience say they would switch to a service provider that offers this service. This compares to the average of 33%, 26% and 25% for consumer loan, cable TV and auto loan users, respectively.

Younger and high-income consumers are more likely to switch to a provider that offers an improved billing experience. Close to one-third (32%) of consumers earning more than \$100,000 are willing to switch. Meanwhile, 48% of millennials, 43% of bridge millennials and 40% of Generation Z consumers would also switch to a provider that offers an improved billing experience.

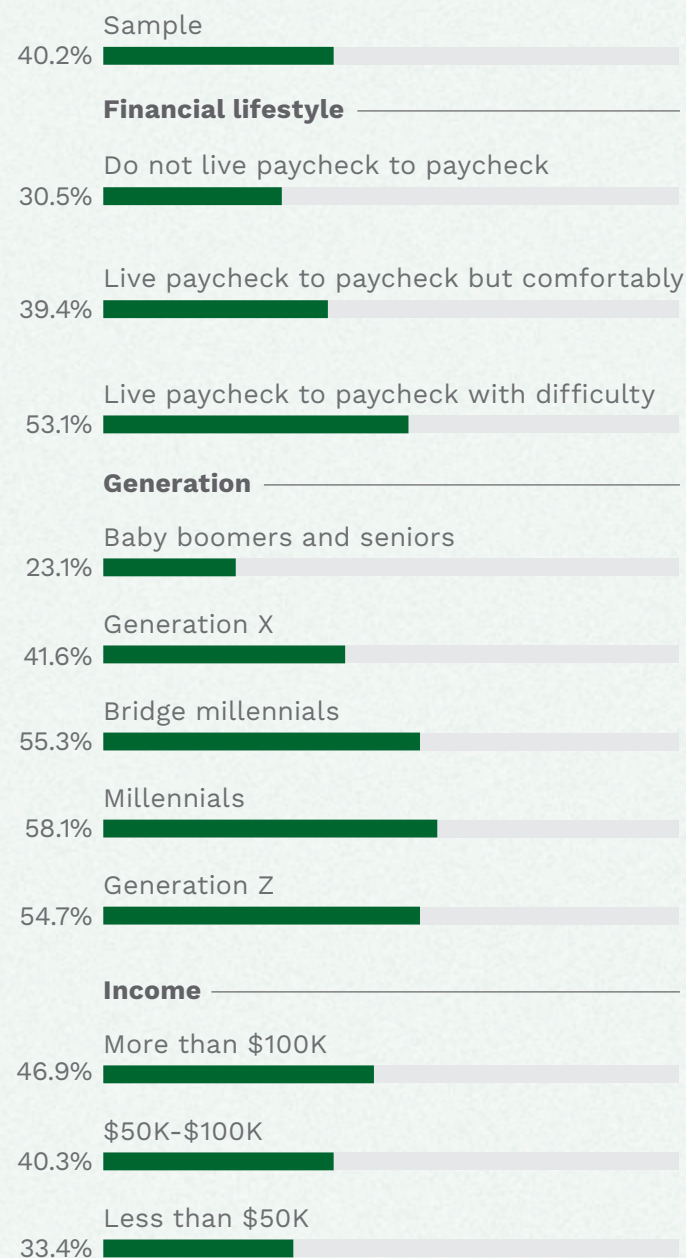
**Figure 7:**  
Consumers interested in using service providers that offer an improved billing experience

**7A: Share of consumers interested in using service providers that offer an improved billing experience, by type of service**



Source: PYMNTS.com

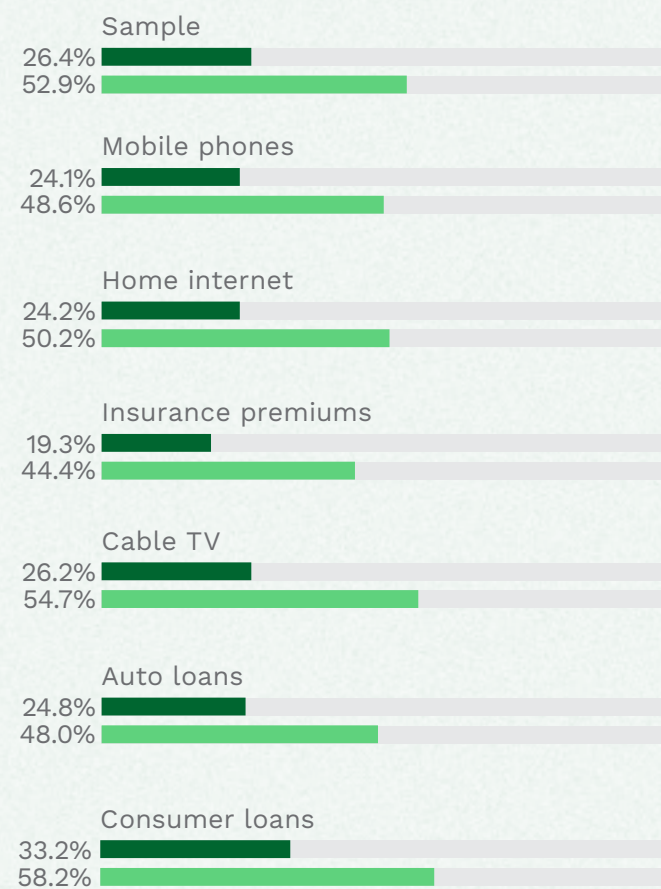
**7B: Share of consumers interested in using service providers that offer an improved billing experience, by demographic**



Source: PYMNTS.com

**Figure 8:**  
Consumers likely to switch to a new provider if offered an improved billing experience

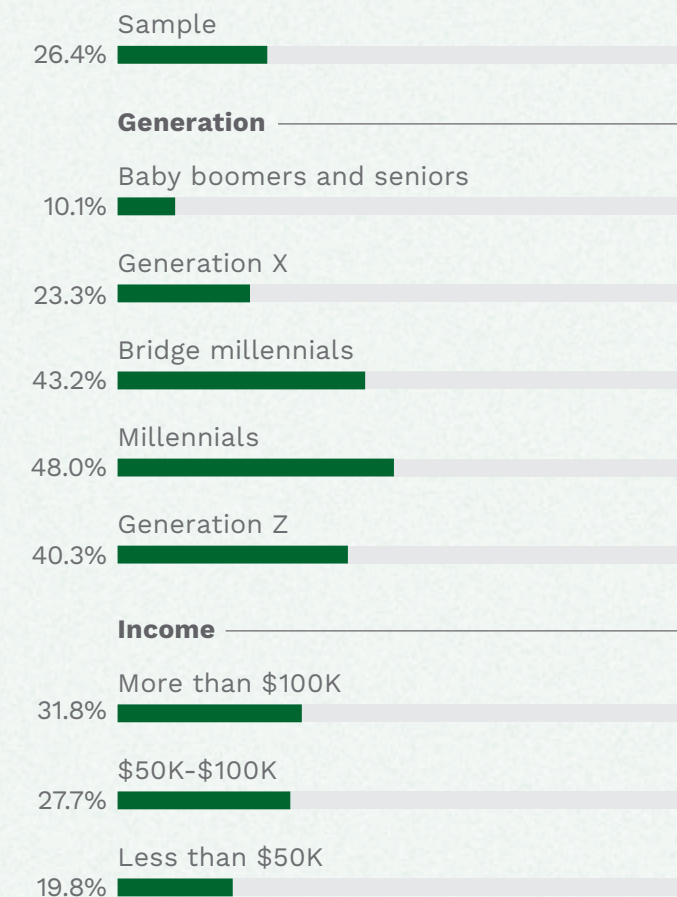
**8A: Share of consumers likely to switch to a new provider if offered an improved billing experience, by type of service and interest level**



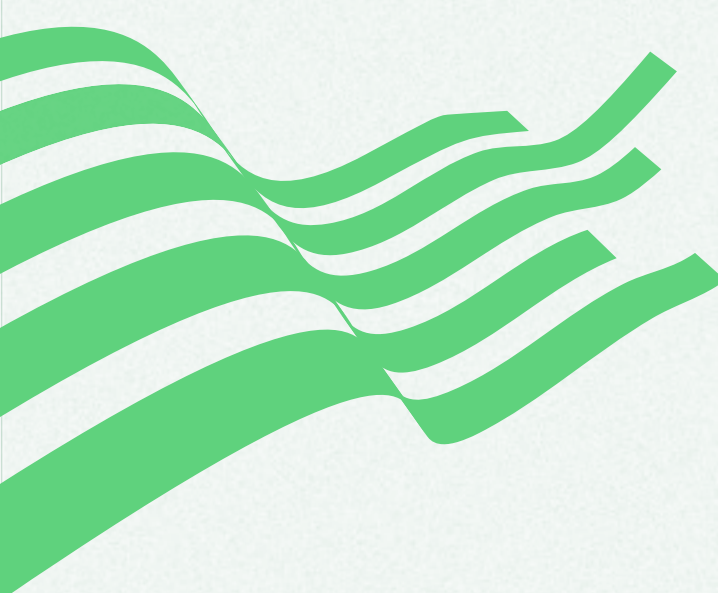
Source: PYMNTS.com

■ Average  
■ Very or extremely interested in IBE

**8B: Share of consumers likely to switch to a new provider if offered an improved billing experience, by demographic**



Source: PYMNTS.com



**Although many consumers expect to receive an improved billing experience for free, 51% of consumers who are “very” or “extremely” interested in a digital bill pay option are willing to pay for the service.**

Not only do consumers have high expectations for convenience when paying their recurring monthly bills, but they also expect sophisticated bill payment features without additional cost to them. Again, younger consumers are the most likely to be willing to pay an extra fee. At least 46% of millennials and Gen Z consumers are “very” or “extremely” willing to pay a fee for this feature.

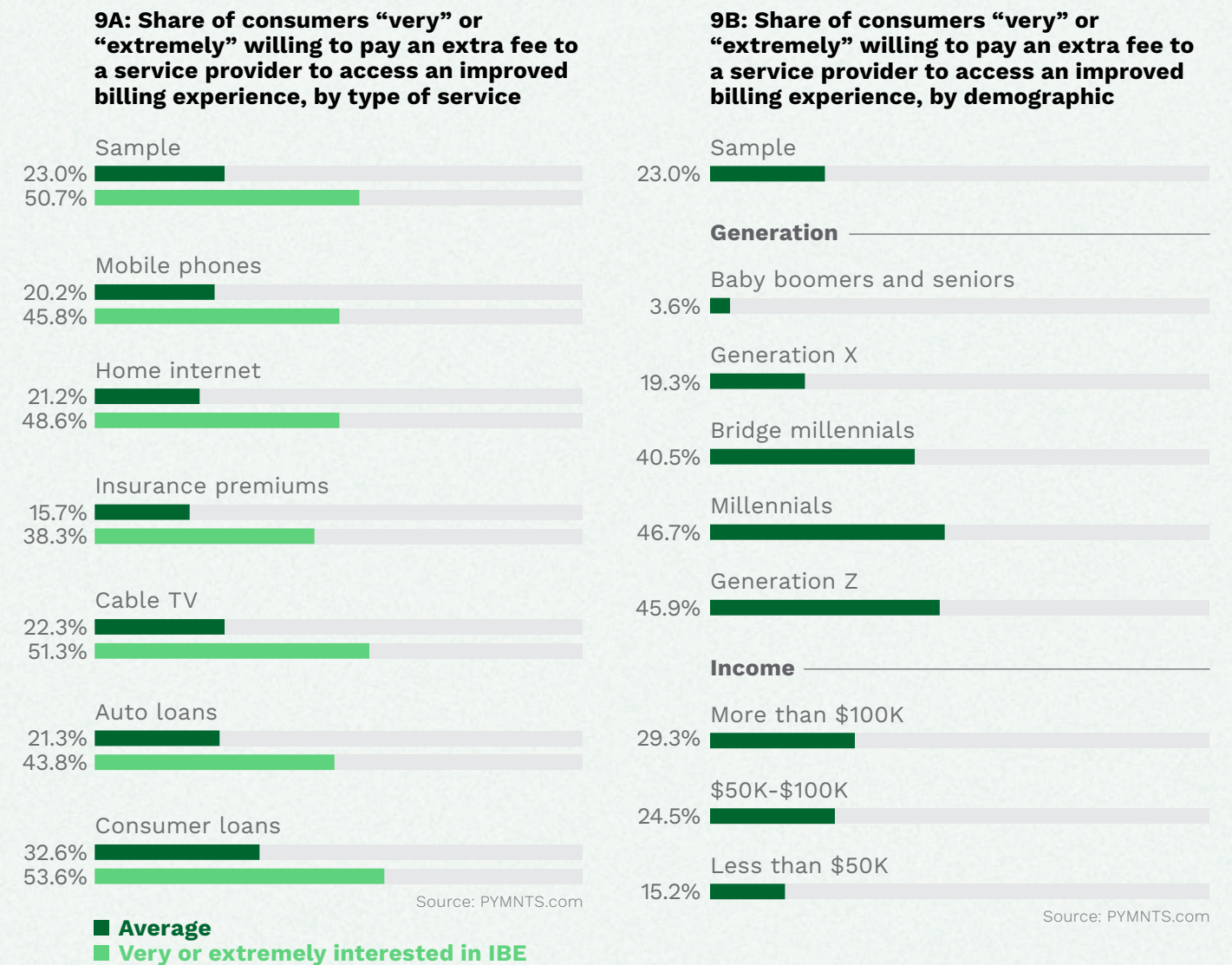
Reluctance to pay a fee coincides with high expectations among consumers, especially those in high-income brackets, that an improved billing offering should be free of charge. Fifty-nine percent of consumers earning more than \$100,000 a year expect to use an improved billing offering without paying fees. Consumer loan (64%) and cable TV (53%) bill payers

are the most likely to expect to use this service without extra fees.

The willingness to pay a fee for an improved billing offering increases to 51% among consumers who are “very” or “extremely” interested and thus see value in such a service, however. Highly interested consumers who pay recurring bills for consumer loans (54%) and cable TV (51%) are the most likely to say they are willing to pay for an improved billing experience. Among consumers “very” or “extremely” interested, approximately 46% of mobile phone and 49% of home internet users say they are willing to pay for an improved billing offering.

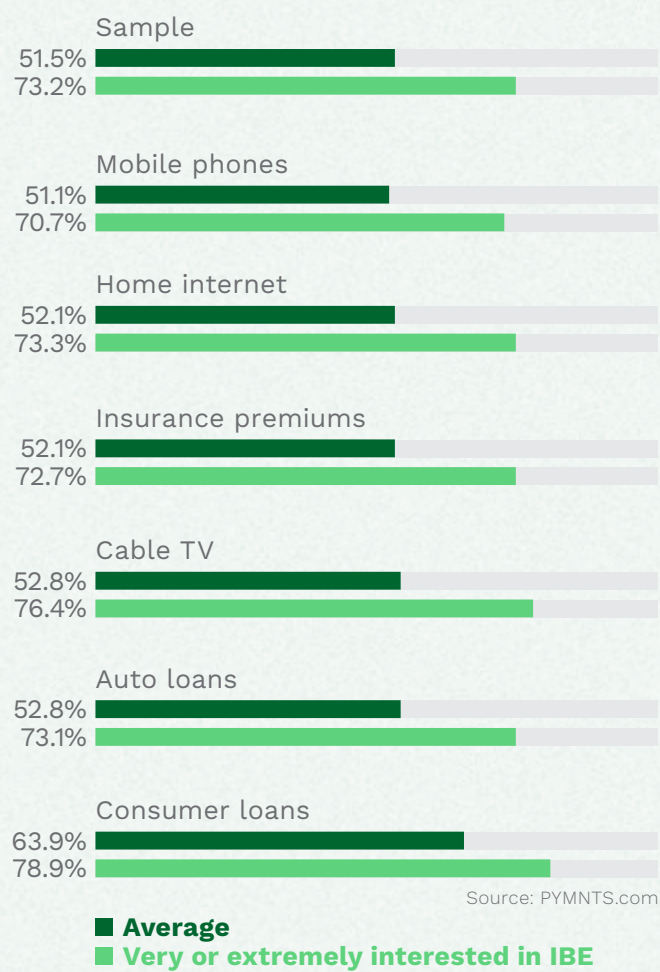


**Figure 9:** Consumers “very” or “extremely” willing to pay an extra fee to a service provider to access an improved billing experience

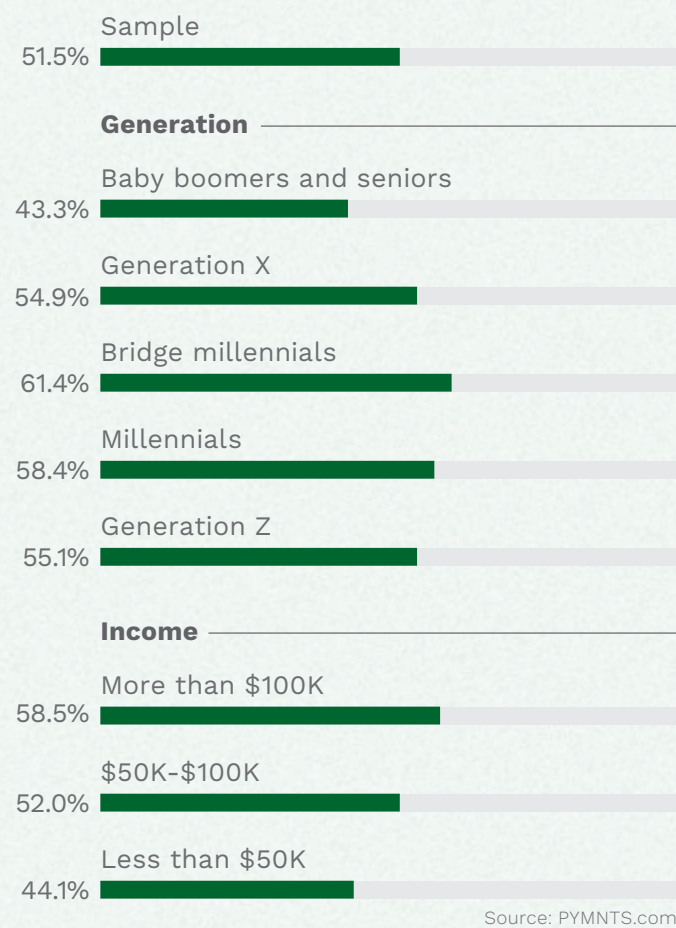


**Figure 10:**  
Consumers who expect to use an improved billing experience without having to pay a fee

**10A: Share of consumers who expect to use an improved billing experience without having to pay a fee, by type of service and interest level**



**10B: Share of consumers who expect to use an improved billing experience without having to pay a fee, by demographic**



**47%**

**Share of millennials who say they are “very” or “extremely” willing to pay a fee for an improved billing experience**



# Conclusion

**C**onsumers choose to use different channels to pay their recurring monthly bills based on how easy it is for them to review charges and pay what is due. With the majority now paying via digital channels, consumers are embracing convenience features such as automatic payment on the due date. Yet consumers also report problems that have made their payment experiences less than seamless. Many have come to expect an improved billing experience that helps streamline the payment process, and a significant number are willing to pay for this service or even switch to providers that offer such a service. For service providers, offering an improved billing experience, which is either free of charge or costs a nominal amount per transaction, can help meet increasing consumer expectations for frictionless payments and better position them to retain existing customers and engage new ones.

## Methodology

In *Streamlining Bill Payment: How Frictionless Experiences Drive Customer Engagement*, we surveyed a census-balanced panel of 2,913 U.S. residents between Dec. 10 and Dec. 20, 2021. Respondents were 49 years old on average, 52% were female and 34% held college degrees. We also collected data from consumers in different income brackets: 34% of respondents earned more than \$100,000 annually, 32% earned between \$50,000 and \$100,000 and 34% earned less than \$50,000.

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