

The One-Stop Bill Pay Playbook, a PYMNTS and Mastercard collaboration, examines the views and behaviors of consumers regarding the bill-payment experience. We surveyed 2,140 consumers between Dec. 1, 2022, and Dec. 5, 2022, to learn more about how they are managing bill payments amid rising inflation.

JANUARY 2023 ■

THE ONE-STOP BILL PAY

PLAYBOOK

DRIVERS OF CONSUMERS' BILL PAYMENT PRIORITIES

PYMNTS



THE ONE-STOP BILL PAY

PLAYBOOK

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The One-Stop Bill Pay Playbook was produced in collaboration with Mastercard, and PYMNTS is grateful for the company's support and insight. PYMNTS retains full editorial control over the following findings, methodology and data analysis.

INTRODUCTION

Many factors can force cash-strapped consumers to skip a bill payment or pay less than the total amount due — but how do they decide which corners to cut?

Unsurprisingly, bill-payers tend to prioritize bills for services they view as more essential. For example, PYMNTS' latest consumer data shows that consumers are least likely to skip insurance and home internet payments and most likely to skip payments for retail products and digital media subscriptions.

Our research identifies one key area billers can invest in to reduce skipped and partial payments. Friction in the payments process has

a significant impact on how overstretched consumers decide which bills to pay — 14% of respondents say they will prioritize payments to billers that provide lower-friction payments experiences regardless of other factors.

Drivers Of Consumers' Bill Payment Priorities, a PYMNTS and Mastercard collaboration, examines how consumers manage bills when their budgets are tight. This report is based on a survey of 2,140 consumers conducted between Dec. 1, 2022, and Dec. 5, 2022.

This is what we learned.

Large shares of bill-payers made partial payments or skipped bills in the last year.



Tougher economic times have meant that the inability to fully pay all bills is far more common than one might expect. In the last 12 months, 40% of consumers made just a partial payment toward at least one bill and did so for an average of two providers. Our research also found that 27% completely skipped at least one bill payment, doing so for 1.8 providers, on average.

The age and financial stability of bill-payers strongly correlate with whether they made partial payments or skipped bills. Millennial and Generation Z consumers were the age groups most likely to cut corners with payments in the last year, while baby boomers and seniors were the least likely to do so. Consumers who live paycheck to paycheck were much more likely to make partial payments or skip bills than those who do not live paycheck to paycheck.

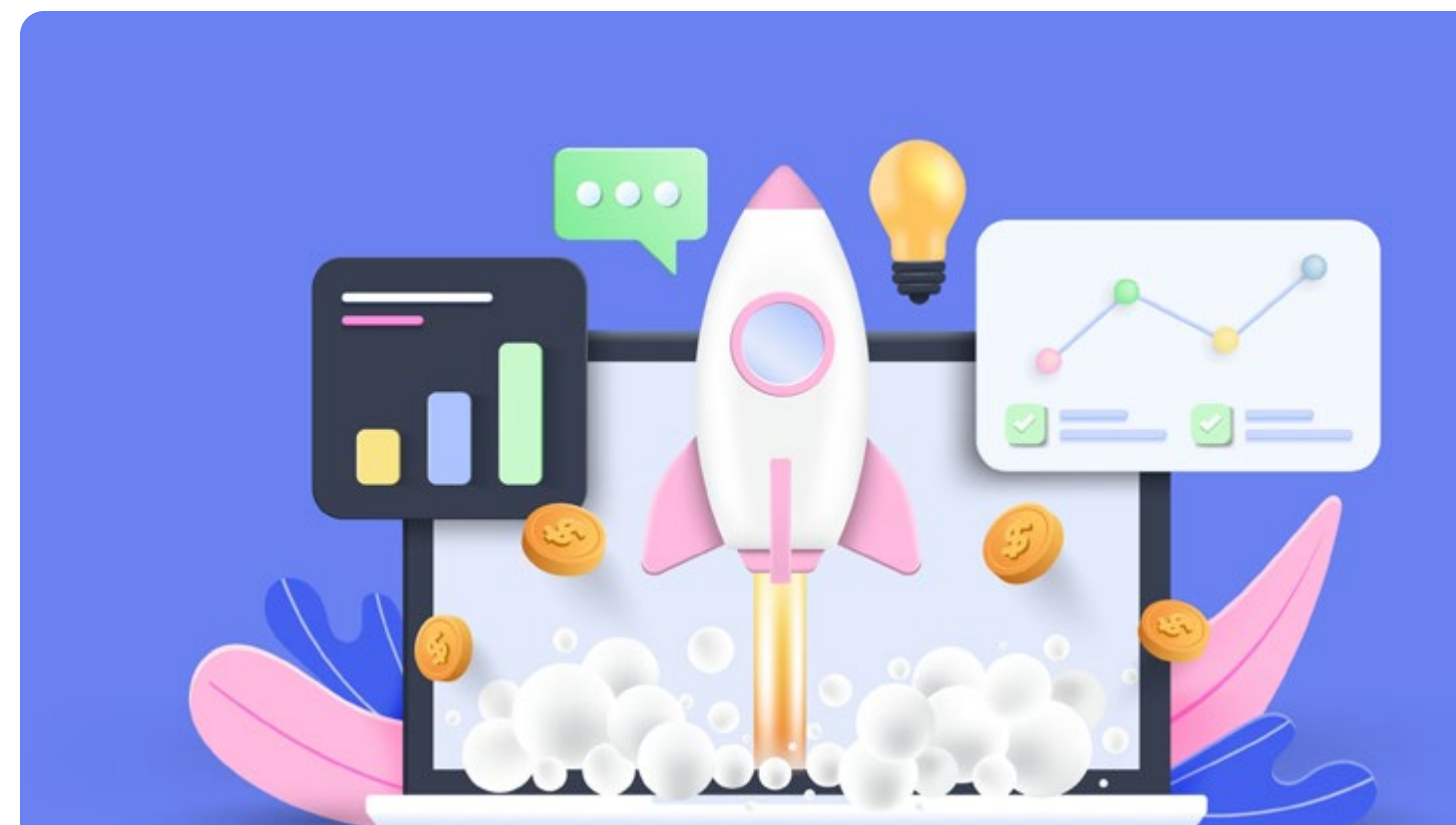
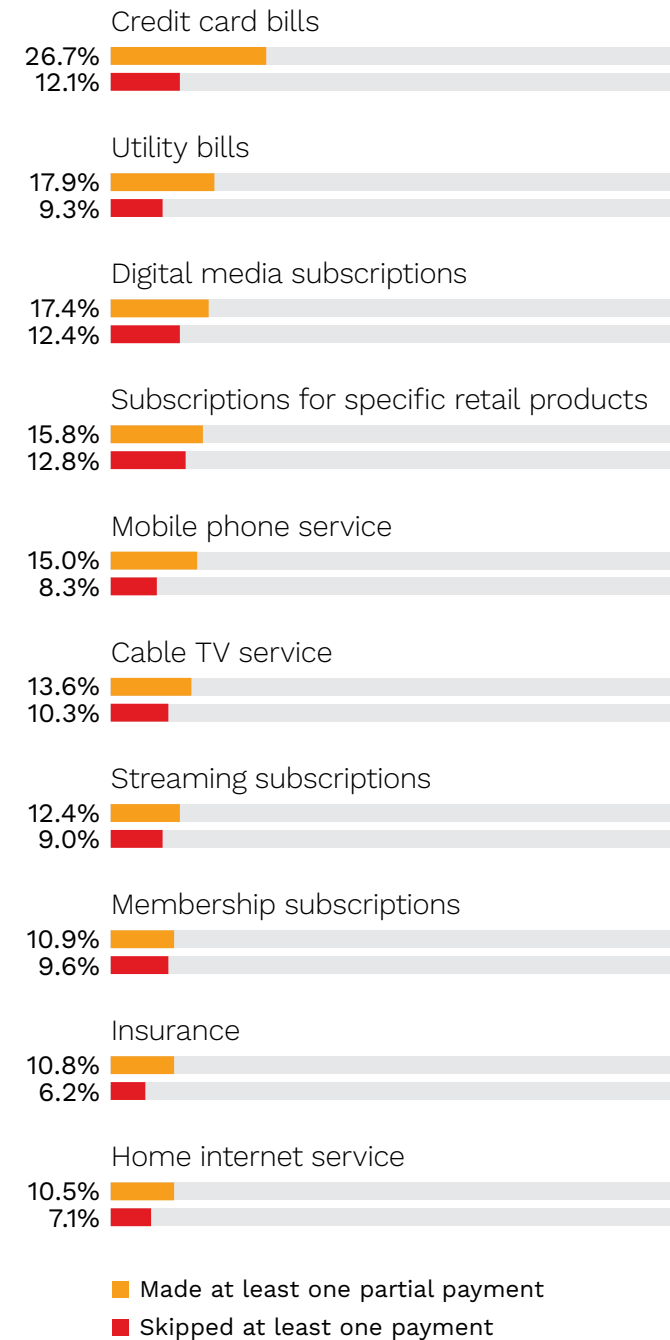


TABLE 1:
Skipped and partial payments
 Share of consumers who made partial payments or skipped payments in the last 12 months

	Made at least one partial payment	Skipped at least one payment
TOTAL	39.2%	26.5%
INCOME		
• More than \$100K	33.6%	23.2%
• \$50K-\$100K	42.2%	26.7%
• Less than \$50K	42.6%	29.9%
GENERATION		
• Baby boomers and seniors	18.7%	8.1%
• Generation X	40.7%	25.8%
• Bridge millennials	53.3%	41.7%
• Millennials	57.1%	45.5%
• Generation Z	56.8%	38.7%
FINANCIAL LIFESTYLE		
• Do not live paycheck to paycheck	16.9%	8.5%
• Live paycheck to paycheck without issues paying bills	38.3%	23.0%
• Live paycheck to paycheck with issues paying bills	57.8%	44.8%

Source: PYMNTS
 The One-Stop Bill Pay Playbook, January 2023
 N = 2,061: Respondents who made at least one bill payment in the 30 days prior to being surveyed, fielded Dec. 1, 2022 – Dec. 5, 2022

FIGURE 1:
Skipped and partial payments
 Share of bill-payers who have skipped or made partial payments in the last 12 months, by bill type



PYMNTS’ data on billing segments shows that, at 27%, consumers are more likely to remit partial payments for credit card bills than for other bills — an expected outcome given that credit cards provide the flexibility to carry a balance. An unexpected reality is that utilities come in second, at 18%. This is a surprisingly high share, given the risk of the company cutting off these critical services. Bill-payers are least likely to make partial payments or skip payments for home internet service and insurance bills.

Source: PYMNTS
 The One-Stop Bill Pay Playbook, January 2023
 N varies based on bill type, fielded Dec. 1, 2022 – Dec. 5, 2022



Utilities and insurance bills are the top priorities when consumers cannot meet all obligations.

When consumers lack the means to pay all their bills on time, they must prioritize. Utilities, unsurprisingly, tend to be high on the list: 72% of bill-payers with utility expenses said they would pay these bills in full at the expense of leaving other bills unpaid, and 21% would remit at least partial payments. Just 5.8% of respondents said they would forgo paying a utility bill.



Insurance bills follow closely behind, with 69% of respondents saying they would prioritize paying these bills in full and 20% saying they would make at least a partial payment. Just 6.9% said they would miss an insurance payment entirely.

Streaming subscription services fall at the other end of the spectrum, with just 17% of respondents saying when their budgets are stretched, they would pay these bills in full and 55% indicating they would be likely to cancel the services. Membership subscriptions and digital media subscriptions are similarly lower priority.



55%

OF CONSUMERS WOULD CANCEL
STREAMING SUBSCRIPTIONS IF THEY
WERE UNABLE TO PAY ALL THEIR BILLS.

TABLE 2:

Bill payment priorities

Share of consumers who would take specific actions if unable to pay all bills

	Would prioritize paying this bill in full over others	Would skip this payment until I could afford it	Would pay only a portion of the bill	Would cancel the service
• Utility bills	71.5%	5.8%	21.0%	1.8%
• Insurance	69.2%	6.9%	20.1%	3.7%
• Mobile phone service	53.1%	12.6%	26.6%	7.7%
• Home internet service	48.0%	11.2%	26.2%	14.5%
• Credit card bills	40.4%	9.0%	44.9%	5.6%
• Cable TV service	29.3%	14.3%	23.3%	33.1%
• Subscriptions for specific retail products	25.4%	19.9%	19.0%	35.7%
• Digital media subscriptions	21.8%	20.0%	20.2%	38.0%
• Membership subscriptions	19.4%	18.4%	11.9%	50.3%
• Streaming subscriptions	16.8%	16.1%	11.8%	55.2%

Source: PYMNTS

The One-Stop Bill Pay Playbook, January 2023
N varies based on bill type, fielded Dec. 1, 2022 – Dec. 5, 2022

The ease of making payments substantially impacts whether bill-payers prioritize a given bill.








It may seem self-evident that bill-payers prioritize essential services over discretionary ones. Among the 73% of respondents who agreed that they prioritize at least one bill over others, 72% cited this distinction as a key reason for prioritizing one bill over another — a far larger share than identified any other factor. Other leading reasons are more subtle, however, and include having to pay late fees, cited by 31%, the effect of unpaid bills on credit reports, cited by 26%, and the risk that providers will cancel services, cited by 21%.

TABLE 3:

Reasons for prioritizing certain bills

Share of consumers who identify select reasons why they prioritize certain bills, by generation

	 Generation Z	 Millennials	 Bridge millennials	 Generation X	 Baby boomers and seniors
Services are a necessity rather than a desire	68.2%	67.4%	67.1%	73.6%	75.4%
Having to pay late fees	43.2%	28.7%	30.7%	30.9%	28.8%
Compromising credit report	31.5%	29.0%	30.2%	28.1%	21.5%
Services the provider is more likely to cancel	20.3%	22.9%	25.5%	20.2%	20.1%
The difficulty of the service to be reinstated once cut off	23.2%	21.2%	20.4%	16.2%	16.9%
Easiness of the bill payment experience	17.8%	22.8%	19.4%	9.1%	9.8%
Other	0.9%	1.4%	0.7%	1.1%	4.5%

Source: PYMNTS

The One-Stop Bill Pay Playbook, January 2023

N = 1,568: Respondents who prioritized paying one bill in full over others for at least one type of bill, fielded Dec. 1, 2022 – Dec. 5, 2022

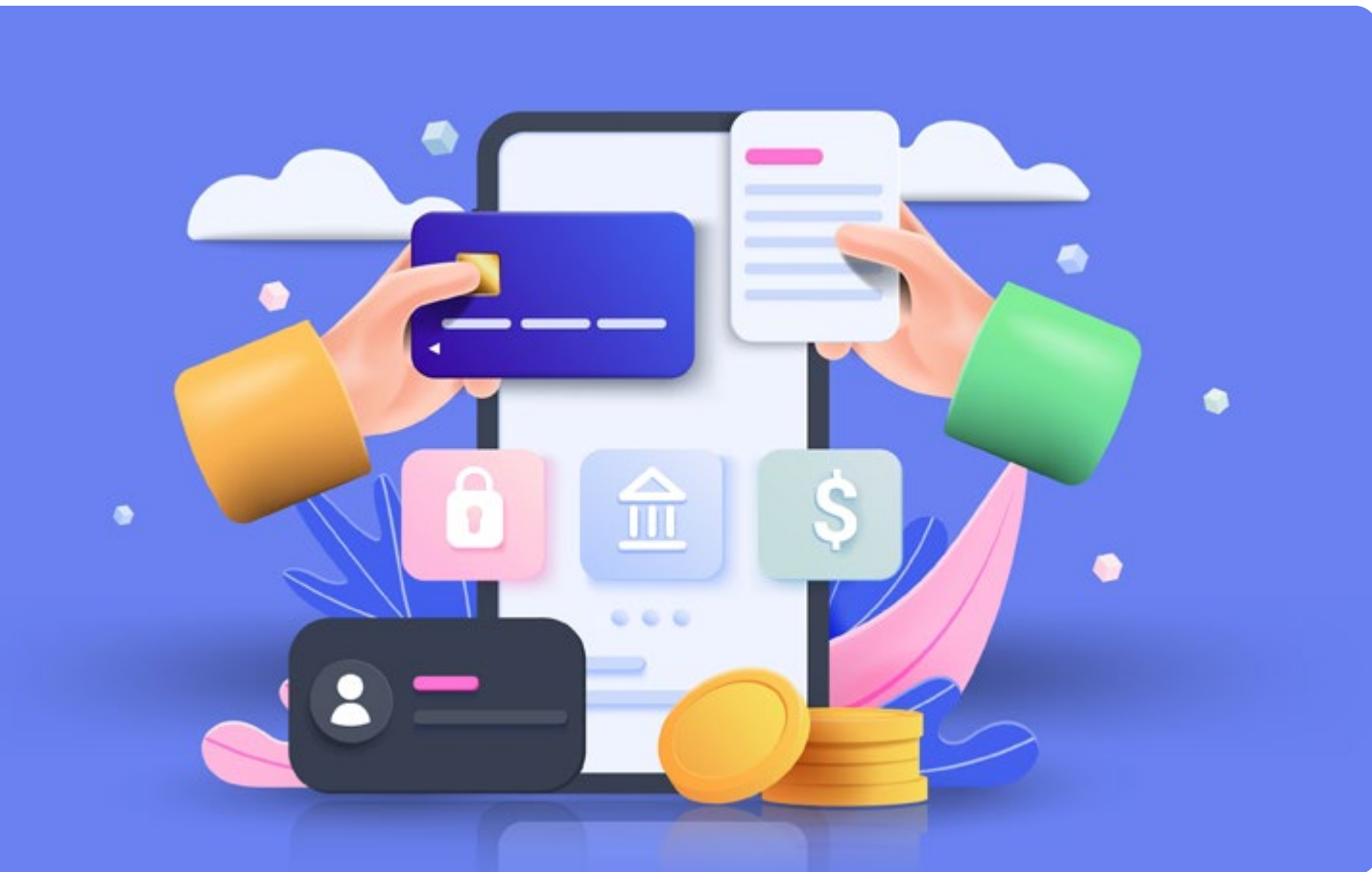


TABLE 4:

Prioritizing bills based on payments experience

Share of consumers citing bill payment ease as a reason to prioritize certain bills over others

TOTAL SAMPLE	13.6%
INCOME	
• More than \$100K	13.2%
• \$50K-\$100K	15.1%
• Less than \$50K	12.6%
GENERATION	
• Baby boomers and seniors	9.8%
• Generation X	9.1%
• Bridge millennials	19.4%
• Millennials	22.8%
• Generation Z	17.8%
CREDIT SCORE	
• Above average	10.9%
• Average	15.1%
• Below average	18.9%
• Do not know/unsure	8.0%

Source: PYMNTS

The One-Stop Bill Pay Playbook, January 2023

N = 1,568: Respondents who prioritized paying one bill in full over others for at least one type of bill, fielded Dec. 1, 2022 – Dec. 5, 2022

NEARLY **1 IN 4**

OF MILLENNIALS PRIORITIZE BILLS
BASED ON **EASE OF PAYMENT.**

The significant role of smooth payments experiences stands out. PYMNTS' data reveals that 14% of bill-payers who prioritize at least one bill over others identified the ease of making payments as a key factor in that decision-making process. Notably, the valuable millennial segment is more likely than any other age group to place a high value on seamless payments experiences, with 23% of this cohort saying they will pay bills with the least payment friction first. Nineteen percent of bridge millennials and 18% of Gen Z bill-payers indicated the same. This factor is one that companies can control, unlike whether a consumer considers a service to be essential.



CONCLUSION

Bill-payers regularly make partial payments or skip bills entirely, particularly those in younger age groups and those who live paycheck to paycheck. When bill-payers feel the pinch, they tend to prioritize bills according to service category, but our research reveals a key area that billers can focus on to reduce skipped and partial payments. The ease of making payments plays a significant role regarding which bills cash-strapped consumers will prioritize, particularly among the increasingly important millennial and Gen Z age groups. Ensuring seamless bill payment experiences and minimizing related frictions will reduce churn and lost revenue due to non-payment, giving service providers a leg up on the competition.

METHODOLOGY

The One-Stop Bill Pay Playbook, a PYMNTS and Mastercard collaboration, examines the views and behaviors of consumers regarding the bill-payment experience. We surveyed 2,140 consumers between Dec. 1, 2022, and Dec. 5, 2022, about how they are managing bill payments amid rising inflation.



ABOUT

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