

Why Holistic Bill Payment Experiences Will Win the Payment Platform War, a PYMNTS and Paymentus collaboration, explores consumer and executive experiences and perceptions of the bill payment process and payment portals.

WHY

HOLISTIC

BILL PAYMENT EXPERIENCES

WILL WIN THE

PAYMENT

PLATFORM WAR

May 2023 Report

PYMNTS | Paymentus

WHY **HOLISTIC** BILL PAYMENT EXPERIENCES WILL WIN THE **PAYMENT PLATFORM WAR**

TABLE OF CONTENTS

- Introduction 04
- Key findings 06
- Conclusion 18
- Methodology..... 19

Why Holistic Bill Payment Experiences Will Win the Payment Platform War was produced in collaboration with Paymentus, 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

Today's economic environment is challenging, with inflation ramping up prices, workforce constraints persisting, interest rates rising and the threat of a recession looming. PYMNTS' research has found resiliency among consumers, as many have found stronger financial footing despite these trying times. The key for these consumers has been control: controlling expenses and utilizing deals and savings in an attempt to rein in discretionary spending.

Paying bills is essential to that process, but too many consumers lack control and ease within the bill pay experience. Paying bills one at a time is frustrating and tedious; the common piecemeal approach is challenging to track and may involve limited payment choice — or no choice at all. Forty-eight percent of consumers pay more than six bills monthly, with 14% paying more than 10. Moreover, on average, consumers use four different payment methods when paying their bills. In a world where consumers need control to maintain financial stability and flexibility, the status quo may not be enough.

However, there is good news for consumers and businesses alike: Innovations that directly address these concerns may be on the way. One in particular, the holistic payment portal, would serve as a one-stop solution by combining billing information from multiple service providers with a multitude of payment options for each. This way, the future offering could centralize and repair a convoluted bill pay process, making payments more inclusive.

As past PYMNTS research has found that consumers forced to make the tough decision to delay or avoid paying a bill will opt to dodge frustrating bill pay processes, a friction-laden process is a real risk for merchants and businesses — and an inclusive payments portal that can enable consumers to pay in the way that makes the most sense for them may end up providing the best relief for billers and customers.

Why Holistic Bill Payment Experiences Will Win the Payment Platform War, a collaboration with Paymentus, explores consumer and executive experiences and perceptions of the bill payment experience and payment portals. We surveyed 2,099 United States consumers about their experiences paying bills between April 22, 2022, and April 29, 2022, and 400 executives between April 29, 2022, and May 25, 2022, about being paid for goods and services.

This is what we learned.

Consumers — especially millennials and those with high incomes — want a single, inclusive, convenient place to see and pay their bills.

Data shows that consumers of all stripes want simpler bill pay experiences. We found that 38% of consumers are very or extremely interested in a theoretical platform where they could pay all their bills from different providers with their preferred payment methods. Younger and high-income consumers exhibit the strongest interest, with 55% of Generation Z consumers and 61% of millennials very or extremely interested in using this kind of platform and 44% of consumers earning more than \$100,000 annually sharing this level of enthusiasm for the concept.

TABLE 1:

The appeal of a holistic bill payment portal

Share of consumers interested in a theoretical holistic bill payment portal, by demographic and level of interest

	LEVEL OF INTEREST			
	Very or extremely interested	Somewhat interested	Slightly or not at all interested	Unsure
ENTIRE SAMPLE	37.7%	21.4%	34.2%	6.7%
INCOME				
• More than \$100K	44.1%	21.8%	29.9%	4.3%
• \$50K-\$100K	38.9%	21.2%	33.0%	6.8%
• Less than \$50K	29.7%	21.1%	39.9%	9.2%
GENERATION				
• Generation Z	54.5%	23.0%	15.3%	7.1%
• Millennials	60.5%	21.8%	14.4%	3.4%
• Bridge millennials	57.1%	22.4%	17.5%	3.0%
• Generation X	42.3%	23.8%	29.2%	4.6%
• Baby boomers and seniors	17.4%	19.2%	53.0%	10.3%
FINANCIAL LIFESTYLE				
• Do not live paycheck to paycheck	29.3%	20.2%	43.2%	7.3%
• Live paycheck to paycheck without issues paying bills	38.0%	22.6%	33.3%	6.1%
• Live paycheck to paycheck with issues paying bills	49.1%	20.7%	22.9%	7.2%
NUMBER OF BILLS PAID				
• More than 10	44.4%	17.7%	32.6%	5.3%
• Six to 10	32.4%	24.0%	36.6%	7.0%
• Five or fewer	40.3%	20.3%	32.3%	7.1%

Source: PYMNTS
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 N = 2,099: Complete responses, fielded April 22, 2022 – April 29, 2022

The current bill pay channels consumers most prefer are billers' websites and banks' payment systems.

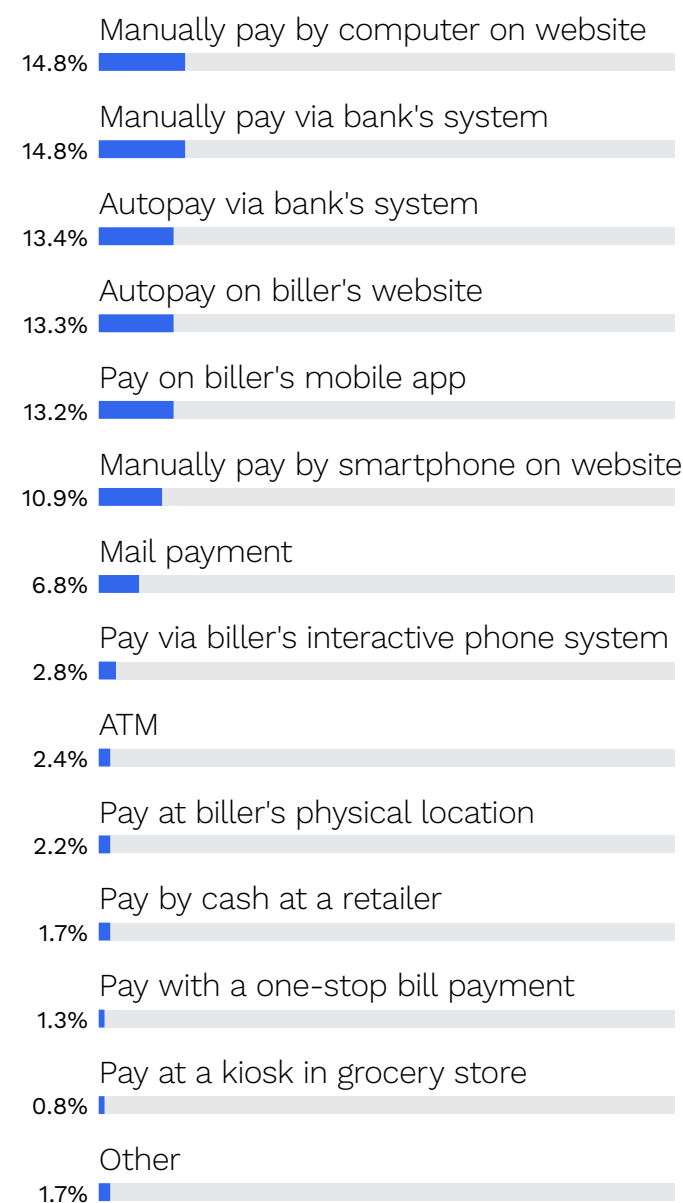
Two-thirds of billers offer website payments, but just 40% offer consumers the opportunity to use their banks' systems, highlighting the appeal of a solution that would integrate banks with billers.

Having individually distributed bills is not only an issue of organization. In a piecemeal system, each biller may have its own limitations regarding accepted payment methods. Consumers have many different payment preferences, and billers must accommodate all methods for a payments system to be truly inclusive and successful; the status quo is neither.

FIGURE 1A:

Bill pay options

Share of consumers who prefer select channels to pay monthly bills



Source: PYMNTS

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N = 2,099: Complete responses, fielded April 22, 2022 – April 29, 2022\

Our research found that the most popular way to make a payment is by manually using the billers' website or a bank's payment system. Indicative of the many disparate options in the space, these leading channels are each preferred by 15% of consumers. Baby boomers and seniors are most likely to prefer these methods, with 19% identifying manual payments made using billers' websites as their most preferred payment channel and 18% preferring their banks' payment systems. The next most popular payment methods include automatic payment using a bank's payment system and automatic payment using the biller's website, with a 13% share saying each is their favorite method.

Younger consumers, in contrast, are drawn far more to billers' mobile apps. Twenty-four percent of millennials say they prefer this channel — nearly five times the share of baby boomers and seniors who agree. This age disparity highlights the reality that no single payment channel is ideal for all consumers; the best solution will offer a variety of options.

Data shows that each payment channel has significantly different levels of availability depending on the organization, further highlighting bill pay's decentralized nature. For example, 67% of operations surveyed offer consumers the option to pay bills through their website and 51% through their mobile app. Just 40% of billers allow consumers to pay via their bank or credit union's bill payment system, however. This share falls to 30% among billers that specifically invite consumers to use their banks' or credit unions' bill payment systems to set up automatic payments.

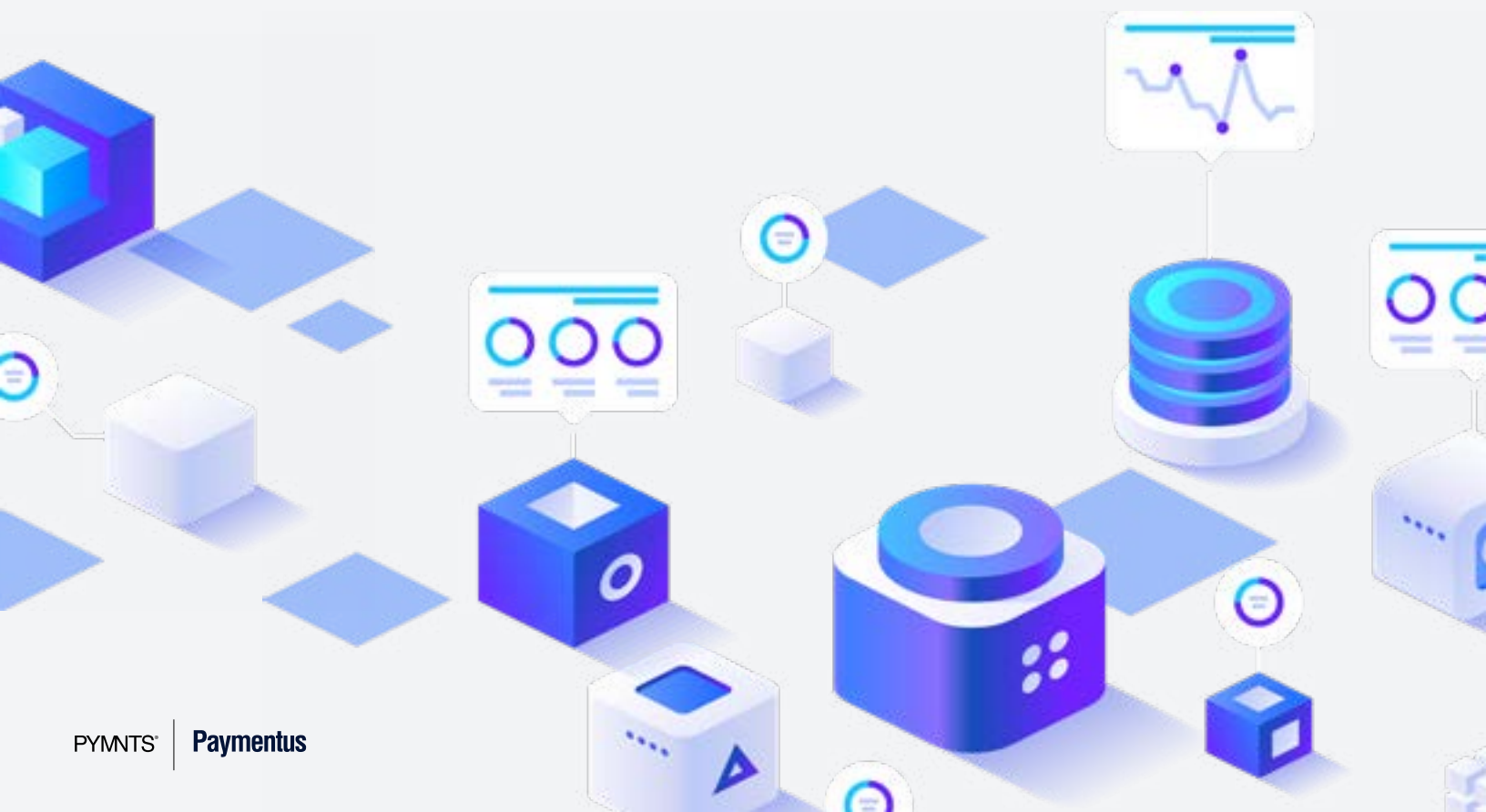
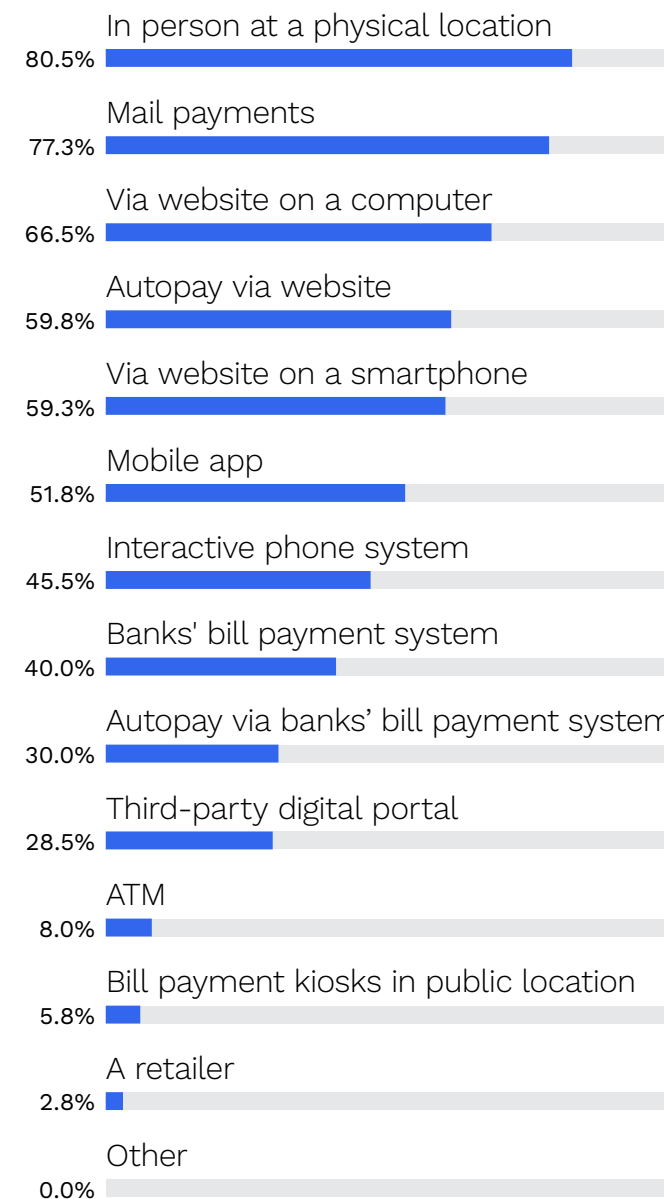


FIGURE 1B:

Bill pay options

Share of billers offering select bill payment channels



Source: PYMNTS
 Why Holistic Bill Payment Experiences Will Win the Payment Platform War, May 2023
 N = 400: Complete responses, fielded April 29, 2022 – May 25, 2022

24%
 of millennials prefer paying via **a biller's mobile app.**

Regardless of the payment method used, it is critical to enable consumers to pay how they want, whether they use cash, a credit card, a direct payment from a bank account or a combination of multiple methods for the same payment. Otherwise, billers risk excluding consumers and adding more friction to the bill payment process. The direct consequence of that friction is delayed payments, which can lead to increases in customer service time, collections actions and service interruptions.

The more bills customers pay using different platforms, the more likely they will experience multiple pain points and report that paying bills is complicated or inconvenient.

The more consumers face a higher volume of issues when navigating the bill pay experience, the more they become increasingly interested in a future solution to address the frictions.

PYMNTS’ data finds that 62% of consumers who experienced multiple pain points when paying bills in the last three months say they would want to access an available holistic bill payment platform. In contrast, 35% of those who experienced just one pain point and 24% who did not experience any friction say they would be very or extremely interested in such a platform.

Consumers experiencing more financial stress tend to face more pain points and, in turn, are more likely to express greater interest in potential holistic bill payment platform offerings, with

TABLE 2:

Bill pay pain points

Share of consumers who experienced select bill payment pain points in the last three months, by financial lifestyle

	ENTIRE SAMPLE	FINANCIAL LIFESTYLE		
		Do not live paycheck to paycheck	Live paycheck to paycheck without issues paying bills	Live paycheck to paycheck with issues paying bills
• High cost of bill payment	26.8%	18.5%	27.0%	38.3%
• Inconvenience	22.3%	16.2%	21.5%	32.7%
• Lack of features	21.4%	14.5%	22.1%	29.9%
• Lack of payment options	14.7%	9.1%	14.3%	23.5%
• Security issues	4.4%	3.5%	3.6%	7.2%
• Other	11.1%	14.1%	11.6%	6.0%

Source: PYMNTS
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 N = 2,099: Complete responses, fielded April 22, 2022 – April 29, 2022

36% of consumers who reported experiencing 10 or more bill payment pain points saying they would be very or extremely interested in using such a platform.

The most cited pain point is the high cost of bill payments; inconvenience, a lack of features and bill payment options follow. In many cases, billers have limited control over cost, but it is important to note that a holistic bill payment platform would likely have the power to mitigate the other three.

Inclusive payments are a top priority for consumers when paying bills. Billers that offer consumers the ability to review their statements and decide how to pay them in one place will have a clear advantage. By replacing cobbled-together payment systems, one-stop bill pay services could potentially improve both customers’ experiences and billers’ processes.

Twenty-two percent of consumers say that having a wide range of payment options is a highly desirable feature in a comprehensive bill pay service. One-quarter of consumers are interested in an inclusive bill payment platform because it offers an easy and convenient way to pay bills. This share increases to 30% among consumers who live paycheck to paycheck with issues paying their bills.

TABLE 3:

Benefits of bill pay innovation

Share of consumers identifying select features as the most important reasons they would be interested in a one-stop bill payment portal, by financial lifestyle

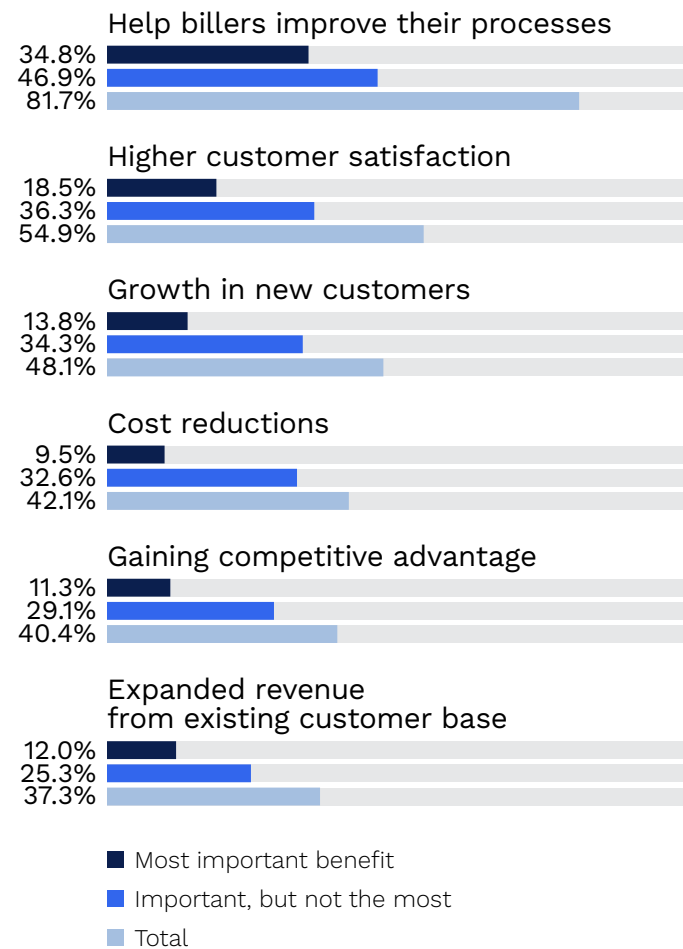
	ENTIRE SAMPLE	FINANCIAL LIFESTYLE		
		Do not live paycheck to paycheck	Live paycheck to paycheck without issues paying bills	Live paycheck to paycheck with issues paying bills
• Ease and convenience	24.9%	20.1%	25.9%	29.8%
• Payment options	22.2%	22.8%	20.6%	24.1%
• Security	11.6%	11.8%	12.0%	10.8%
• Customer experience	11.4%	11.4%	11.5%	11.0%
• Cost and financing options	3.8%	2.1%	3.4%	7.1%
• Customer service	3.3%	2.2%	4.2%	3.3%

Source: PYMNTS
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 N = 2,099: Complete responses, fielded April 22, 2022 – April 29, 2022

FIGURE 2:

Benefits of bill pay innovation

Share of billers identifying the importance of expected benefits from innovating billing and revenue collection



Source: PYMNTS
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 N = 400: Complete responses,
 fielded April 29, 2022 – May 25, 2022

82%
 of billers expect
 that holistic bill pay
**will improve
 their processes.**

But the benefits are not just for consumers. Fifty-five percent of billers expect holistic or one-stop bill pay services to improve customer experience and satisfaction, and 82% expect that one-stop bill pay will help improve their processes by providing greater operational efficiency and targeted collections.



CONCLUSION

Whether consumers can make inclusive bill payments how they want may make or break businesses navigating a challenging economic environment. The current decentralized bill payment system in vogue in the U.S. is far from convenient, forcing consumers to keep track of more details and credentials while offering them less access to payment choices. Although options are not yet to market, an inclusive, holistic bill payment portal can be a win-win for consumers and billers, relieving pain points, increasing customer satisfaction and leading to a significantly smoother operational process at every step.

WHY **HOLISTIC** BILL PAYMENT EXPERIENCES WILL WIN THE **PAYMENT PLATFORM WAR**

METHODOLOGY

Why **Holistic Bill Payment Experiences Will Win the Payment Platform War**, a Paymentus and PYMNTS collaboration, examines the payment preferences of consumers and executives. We surveyed 2,099 U.S. consumers between April 22, 2022, and April 29, 2022, and 400 executives between April 29, 2022, and May 25, 2022, about their experiences and perceptions regarding the bill payment experience. The consumer sample was balanced to match the U.S. adult population in key demographic variables. Our respondents' average age was 48, 52% were female and 36% annually earned more than \$100,000. The executives surveyed came from firms across six sectors: utilities, telecommunications, insurance, consumer finance, healthcare and government, and these surveys were conducted via telephone to ensure high-quality responses.

ABOUT

PYMNTS® **PYMNTS** is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

Paymentus Paymentus (NYSE: PAY) is a leading provider of cloud-based bill payment technology and solutions. We deliver our next-generation product suite through a modern technology stack to more than 1,900 billers across North America. Our omni-channel platform provides consumers with easy-to-use, flexible and secure electronic bill payment experiences through their preferred payment channel and type.

Paymentus serves billers of all sizes across a variety of industry verticals, including utilities, financial services, insurance, government, telecommunications and healthcare. For more information, please visit www.paymentus.com.

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