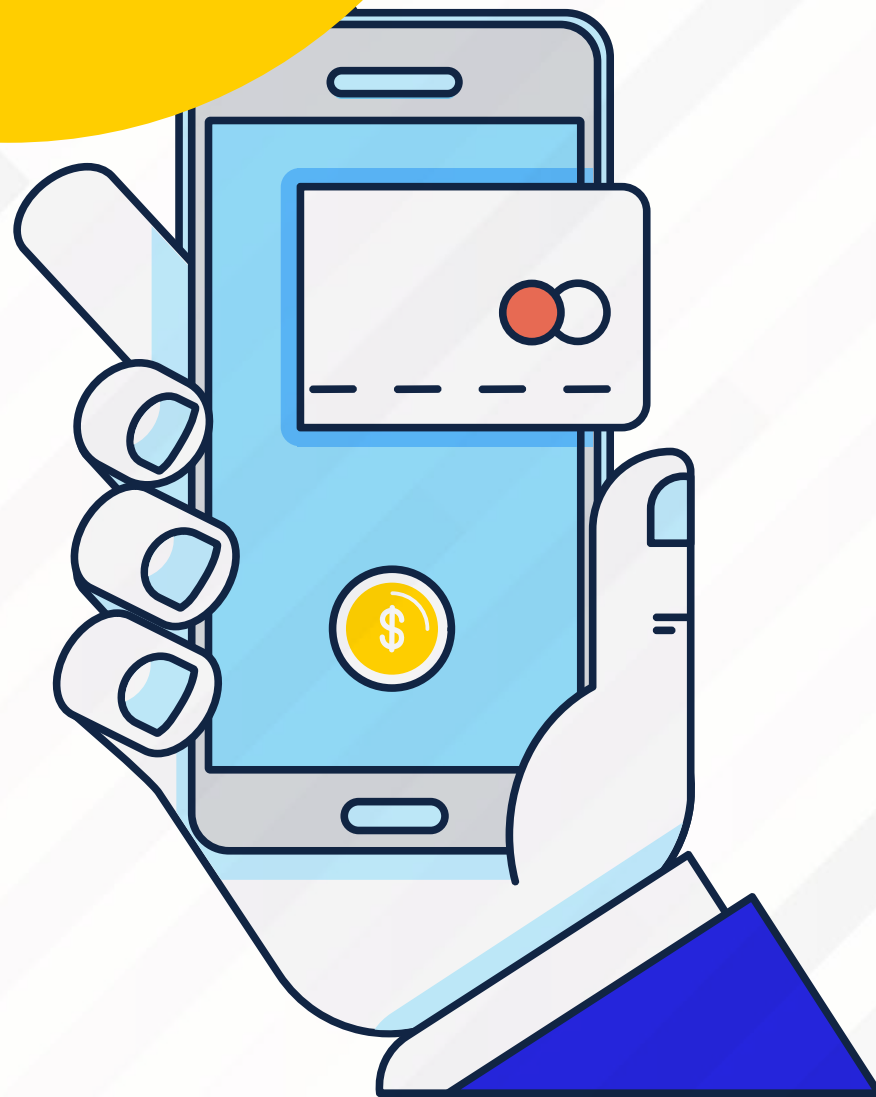


Digital Bill Payments: Mobile Wallets Gain Popularity, but Hurdles Remain, a PYMNTS and ACI Worldwide collaboration, is the second issue in a series exploring the present and future of digital payments. We surveyed 2,120 United States consumers between March 2 and March 7 to better understand their experiences with mobile wallet bill payment, including their preferences and frustrations, and what they hope to see next when it comes time to pay their bills.



■ JUNE 2023

DIGITAL BILL PAYMENTS:

MOBILE WALLETS GAIN POPULARITY,
BUT HURDLES REMAIN

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INTRODUCTION

The word is out, and mobile wallets are moving into mainstream use. PYMNTS' research finds not only that 95% of mobile wallet users are aware of the bill pay features mobile wallets offer but also that there has been a 22% increase in consumers' use of mobile wallets for bill pay compared to six months ago. In fact, 23% of consumers have used mobile wallets to pay their bills on at least a weekly basis over the last year.

Consumers like mobile wallets for their ease of use and speed in making bill payments, but these tools are still not seamless. Seventy-one percent of consumers who used mobile wallets frequently reported at least one issue when making bill payments, and many consumers say they do not perceive mobile wallets as secure enough to earn their trust, with more than one-third of consumers who do not use mobile wallets to pay their bills saying this is due to concerns about security. If mobile wallet providers could convert these consumers, the gains could be tremendous — but these consumers must be assured that the hurdles are cleared before they proceed.

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THIS IS WHAT WE LEARNED.



MORE CONSUMERS ARE STARTING TO RELY ON MOBILE WALLETS FOR BILL PAY TO MANAGE THEIR TRANSACTIONS AND MAKE PAYMENTS QUICKLY.

In March 2023, 60% of consumers said they paid bills using a mobile wallet over the last 12 months. This is a 22% increase from the share of consumers who said the same in August 2022. Use of bill pay through mobile wallets increased across many demographics, but especially among high-income consumers. Use of mobile wallets for bill pay among more affluent consumers, who tend to be early adopters, increased from 55% to 68% during the same period.

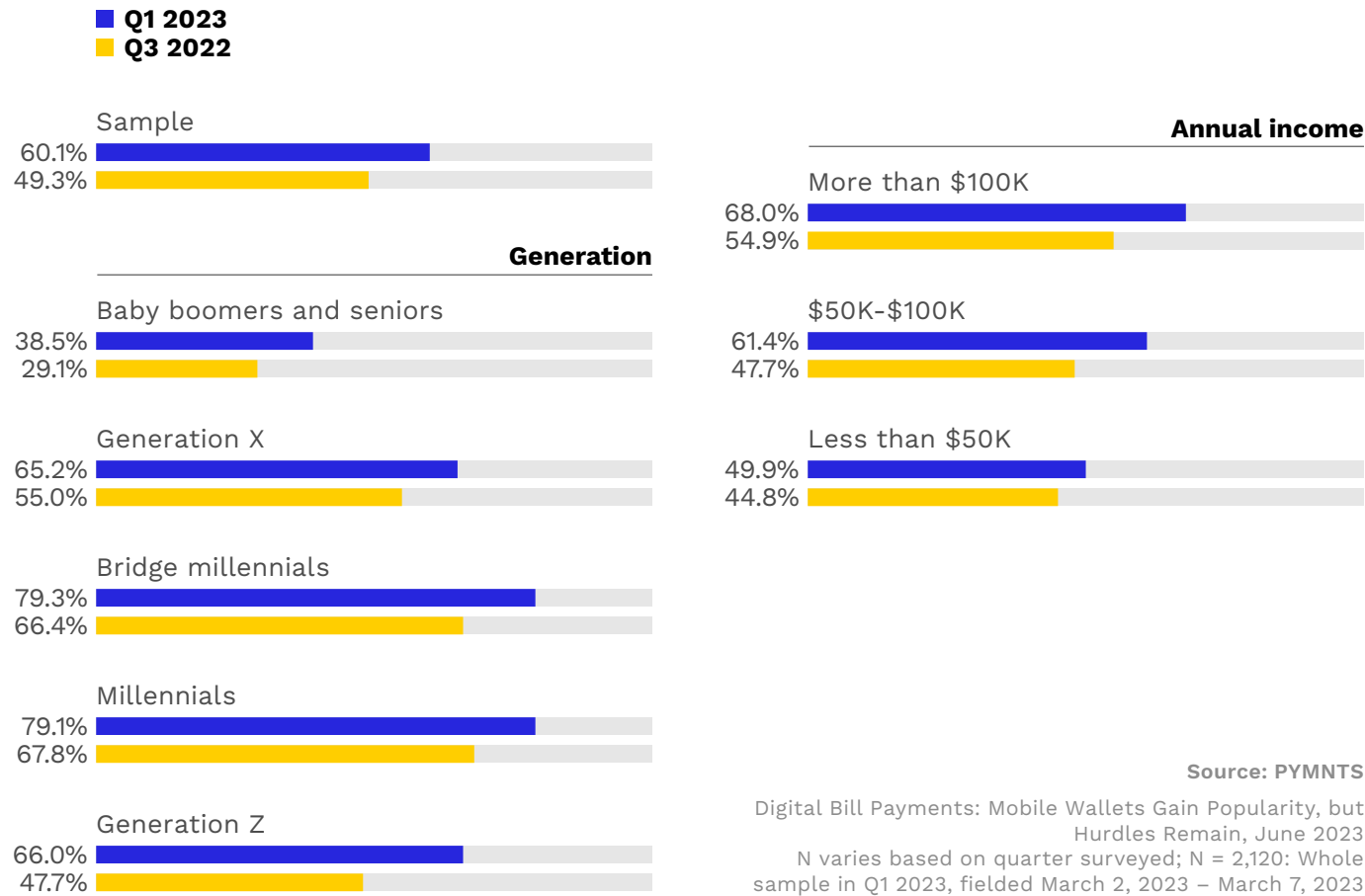
Millennials, who tend to be comfortable using newer technologies, are the demographic most responsible for pushing mobile wallet bill pay use into the mainstream, with 79% of millennials having used bill pay via a mobile wallet in the last year and 38% of this demographic saying that they pay bills using mobile wallets at least once each week.



FIGURE 1A:

The increasing popularity of mobile wallet bill pay

Share of consumers who used mobile wallets to pay bills in the last 12 months, by demographic

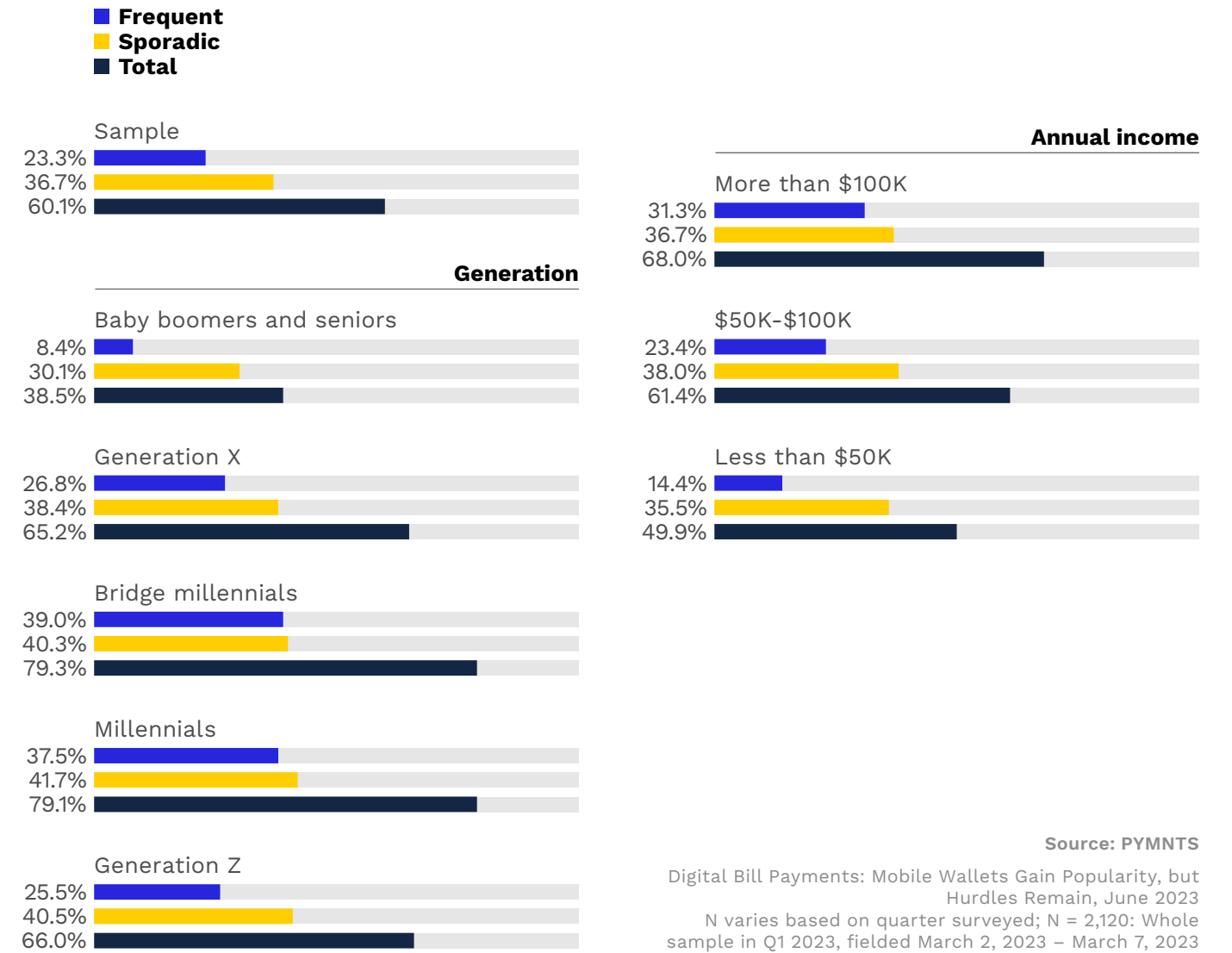


Source: PYMNTS
 Digital Bill Payments: Mobile Wallets Gain Popularity, but Hurdles Remain, June 2023
 N varies based on quarter surveyed; N = 2,120: Whole sample in Q1 2023, fielded March 2, 2023 – March 7, 2023

FIGURE 1B:

The increasing popularity of mobile wallet bill pay

Share of consumers citing select mobile wallet bill pay use frequencies in the last 12 months, by demographic



Source: PYMNTS
 Digital Bill Payments: Mobile Wallets Gain Popularity, but Hurdles Remain, June 2023
 N varies based on quarter surveyed; N = 2,120: Whole sample in Q1 2023, fielded March 2, 2023 – March 7, 2023

CONSUMERS LIKE THE SPEED AND CONVENIENCE MOBILE WALLET BILL PAY PROVIDES, ESPECIALLY THE ABILITY TO MAKE INSTANT PAYMENTS ON THE DATES BILLS ARE DUE. PAYMENT SPEED IS A PRIMARY MOTIVATOR FOR MOBILE WALLET USE FOR MANY CONSUMERS.

PYMNTS' research found that consumers are generally very concerned about making bill payments quickly, making this a major source of interest in mobile wallets. Thirty-nine percent of consumers said that the ability to make payments instantly is an important reason for paying bills using a mobile wallet. Thirty-six percent of consumers cite speed-related reasons as their primary motivator for using mobile wallets for bill payment. Few alternatives offer the speed mobile wallets provide: Bank transfers can take up to three days, but mobile payments go through the day they are submitted.

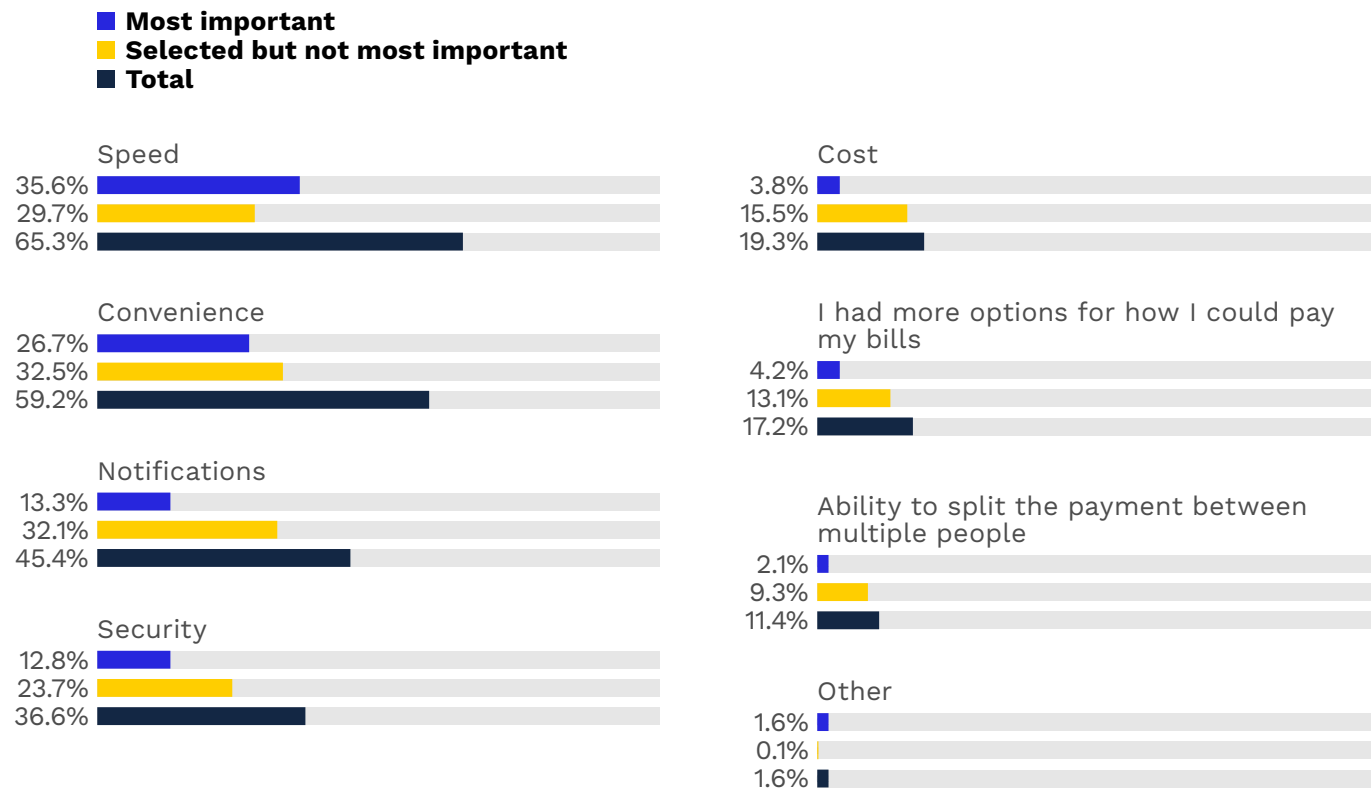
39%

Share of consumers who say the ability to make payments instantly is an important reason to pay using a mobile wallet

FIGURE 2:

Reasons for using mobile wallet bill pay

Share of consumers citing select reasons for having used a mobile wallet to pay a bill in the last 12 months, by importance



Source: PYMNTS

Digital Bill Payments: Mobile Wallets Gain Popularity, but Hurdles Remain, June 2023

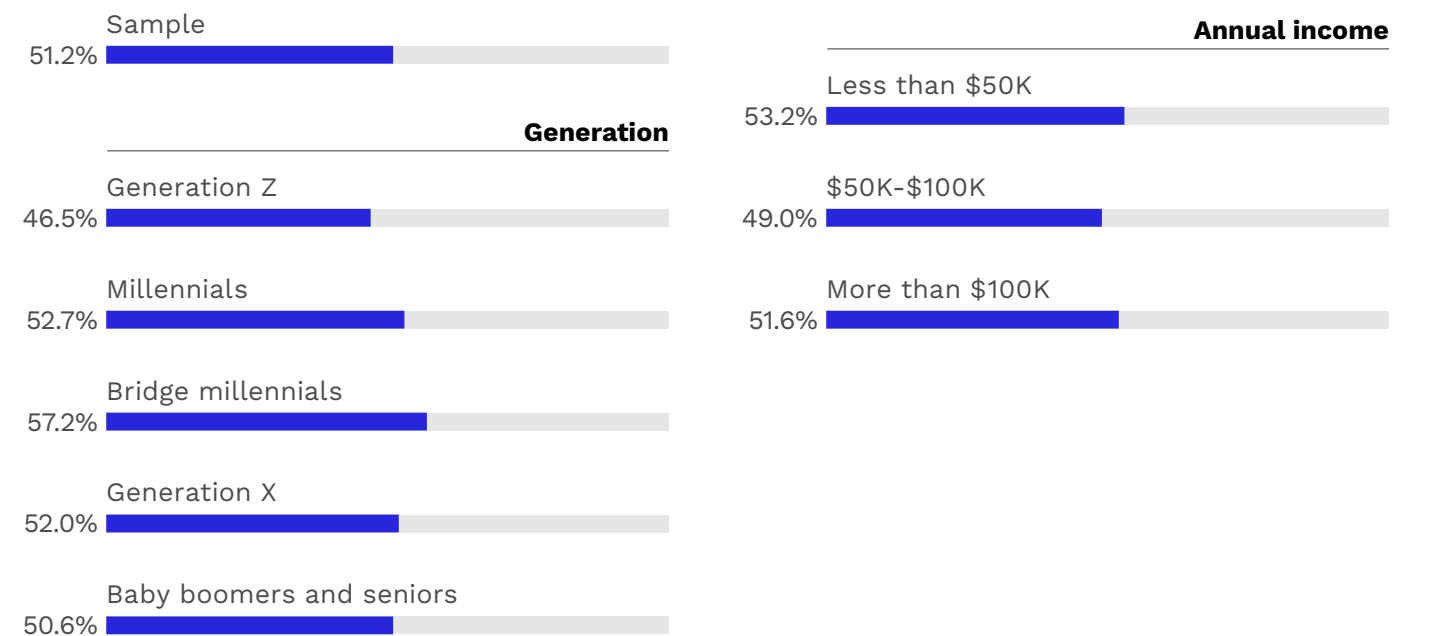
N = 1,264: Consumers who have used a mobile wallet for bill pay in the last 12 months, fielded March 2, 2023 – March 7, 2023

PYMNTS also learned that consumers want to use the bill pay features built into their mobile wallets to pay bills on their due dates, allowing those who may not have funds until the last minute to make payments on time. Our research found that 51% of digital wallet bill pay users used this feature to submit a payment on the bill's due date, making it the most popular way of utilizing bill pay on a mobile wallet. We found that this feature is most popular among bridge millennials, with 57% of this age group having used it.

FIGURE 3:

Mobile wallets and the need for speed

Share of bill pay users who paid bills on their due date, by demographic



Source: PYMNTS

Digital Bill Payments: Mobile Wallets Gain Popularity, but Hurdles Remain, June 2023

N = 1,264: Consumers who have used a mobile wallet for bill pay in the last 12 months, fielded March 2, 2023 – March 7, 2023

CONCERNS AROUND PAYMENT SECURITY AND FUNCTIONALITY ARE ON THE RISE, BUT COMPLAINTS RELATED TO PROCESSING SPEED HAVE DROPPED BY ALMOST HALF.

Consumers appear willing to tolerate frictions and even some security concerns to access the faster bill payment speeds that mobile wallets provide. Our data shows that 37% of consumers who use mobile wallets to pay bills report that they experienced operational issues, and 22% had security concerns. Common operational issues include the inability to view all bills in one place or dispute a charge, both of which were complaints 9% of consumers expressed, or the inability to receive alerts about unusual activity, which 8% of consumers experienced.

Payment-related issues were a concern for 32% of consumers. The most frequently cited issues were limited payment options and the inability to make instant payments, each reported by 11% of consumers. These obstacles contribute to consumers' hesitance to use mobile wallets for bill payments.

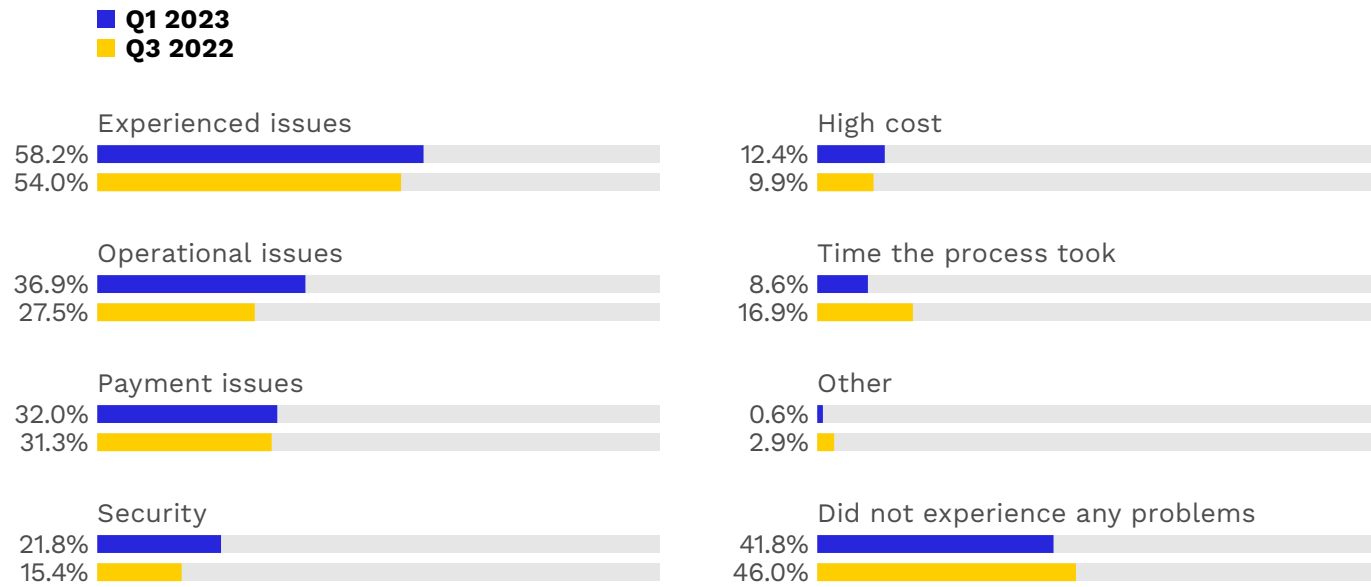
Just 8.6% of consumers reported issues related to transaction speed in March 2023, compared to 17% in August 2022; however, frequent users continue to experience a greater number of problems making payments. Seventy-one percent of those who frequently used mobile wallets for bill pay told us that they experienced at least one issue — a rate 21% higher than reported among all mobile wallet users.

Firms that can remove these frictions will likely retain more existing customers in addition to attracting new ones. Four in 10 consumers tried new digital wallet platforms in the past year, with a majority saying that ease of use and speed are the key reasons behind their choice. Of these consumers, 48% of those who switched mobile wallets said they switched because of ease of use, and 40% did so to save time.

FIGURE 4:

Mobile wallet bill pay frictions

Share of bill pay users citing select challenges they experienced when paying bills via mobile wallet in the last 12 months, by demographic



Source: PYMNTS

Digital Bill Payments: Mobile Wallets Gain Popularity, but Hurdles Remain, June 2023
 N = 1,264: Consumers who have used a mobile wallet for bill pay in the last 12 months in Q1 2023,
 fielded March 2, 2023 – March 7, 2023

58%

Share of bill pay users surveyed in Q1 2023 who say they experienced issues when using mobile wallets to pay their bills



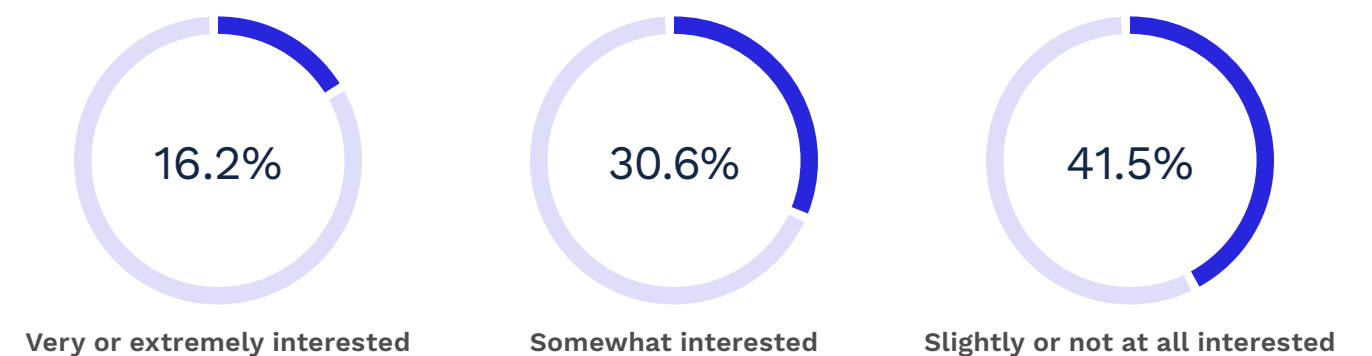
MOBILE WALLET PROVIDERS THAT OFFER STRONG BILL PAY SECURITY FEATURES HAVE AN OPPORTUNITY TO APPEAL TO CONSUMERS WHO ARE WARY OF USING MOBILE WALLETS FOR PAYING BILLS. PAYMENT SPEED AND EASE OF USE MIGHT PUSH CONSUMERS TO SWITCH MOBILE WALLET PROVIDERS.

Thirty-five percent of consumers who have not used a mobile wallet for bill pay cited security concerns as the main reason behind their choice. Concerns about keeping their personal information and money secure were their greatest concerns, followed by worries over secure authentication.

It is notable that 42% of consumers who are not interested in using mobile wallets to pay bills cited security concerns as the main reason for their lack of interest. These security-conscious consumers present an opportunity for mobile wallet providers that focus on security to expand their customer bases. Existing mobile wallet providers should work to educate consumers about the security features that are already in place.

FIGURE 5:

The impact of security concerns on mobile wallet use
Share of consumers who did not use mobile wallet pay bill over the last 12 months due to security concerns, by interest in mobile wallet bill pay use



Source: PYMNTS

Digital Bill Payments: Mobile Wallets Gain Popularity, but Hurdles Remain, June 2023
N = 487: Consumers who have not used mobile wallets to pay bills in the last 12 months but are aware of this feature, fielded March 2, 2023 – March 7, 2023

CONCLUSION

To capture mobile wallet holdouts, providers must ensure that consumers feel these wallets are secure and operate without friction. One way to win these potential customers over is to highlight the security of digital wallets. This may persuade consumers to try these products, allowing them to experience the convenience firsthand. The good news is that most consumers already know that mobile wallets are an option and about their bill pay capabilities. The most important step to take now is to ensure that the experience of using them is as effortless and secure as possible.



METHODOLOGY

Digital Bill Payments: Mobile Wallets Gain Popularity, but Hurdles Remain, a PYMNTS and ACI Worldwide collaboration, examines and analyzes consumer experiences with digital bill payments. We surveyed 2,120 U.S. consumers between March 2 and March 7 about their experiences with and perceptions of using mobile wallets to pay bills. The sample was balanced to match the U.S. adult population in a set of key demographic variables. Our respondents' average age was 48, 51% were female and 37% earned more than \$100,000 annually.

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