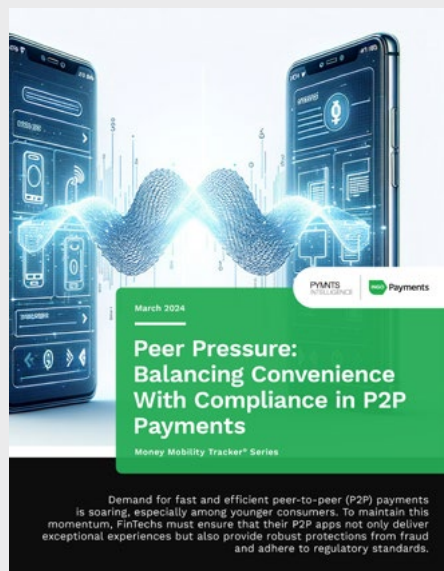


March/April 2024

Payment Due: Billers' Bid for Better Bill Pay

Money Mobility Tracker® Series

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MARCH 2024

Money Mobility Tracker® Series

Digital bill payments are an everyday occurrence for nearly all adult consumers, but their ubiquity does not guarantee their effectiveness or ease of use. Combating fraud, friction, limited payment options and other complications will be a top priority for financial institutions aiming to improve customer satisfaction and their relationships with billers.

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INGO Payments

Acknowledgment

The Money Mobility Tracker® Series is produced in collaboration with Ingo Payments, and PYMNTS Intelligence is grateful for the company's support and insight. PYMNTS Intelligence retains full editorial control over the following findings, methodology and data analysis.

Introduction

Digital bill payment has become routine for most consumers, offering them extensive firsthand experience with the frustrations and challenges associated with these payments. Fraud, friction, limited payment options and slow payment times are just some of the obstacles consumers face when trying to pay for electricity, internet service, tuition or any number of regular bills.

Accelerating and streamlining these payments could have an outsized impact on consumers' lives, given their frequent encounters with them. Both billers and financial institutions (FIs) looking to expedite bill pay through instant payments will need to ensure that their systems can integrate these transactions while safeguarding customers from fraud.



Bill Payment Friction

Friction Lowers Consumer Confidence in Bill Pay

Utility customers are growing frustrated with their bill pay experiences, thanks to everyday frictions as well as the potential for digital fraud. Billers in the utilities sector must reckon with the fact that customers trust them less than most other industries.

50K

AES Indiana customers recently experienced a wave of overcharges, errors and other [billing complications](#).

Electric utility AES Indiana recently burdened 10% of its users with overcharges, duplicate bills and other inaccuracies.

This incident affected more than 50,000 customers in central Indiana, following an \$84 million [systems upgrade](#) designed to improve the customer service experience. At least one customer says the company withdrew almost \$1,000 from their account. An error of this magnitude could be disastrous for customers living paycheck to paycheck. While large-scale malfunctions like this are rare for most utilities, individual customers face similar obstacles every day, resulting in widespread hardship.

Bill Payment Friction



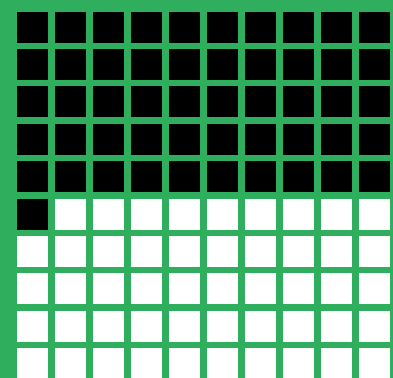
Utilities rank as the least-customer-friendly sector in the U.K.

In the latest [U.K. Customer Satisfaction Index](#), the utilities sector overall scored just 69.5 out of 100, the lowest of any industry surveyed. In terms of specific utility segments, water companies experienced a dip of 4.1 points since last year, resulting in a score of 70.7, while energy companies saw their satisfaction score slip 1.9 points to roughly 68. Most consumers' direct interactions with this sector consist solely of bill pay, indicating that the payment experience is so bad that it can erode the entire sector's reputation. Making bill payment experiences more efficient and customer-friendly will be vital in preventing — and reversing — further declines in customer satisfaction.

Bill Payment Innovation

Customers Demand Billers Fix Negative Experiences

Utility customers have grown increasingly frustrated with their bill pay experiences. This negative outlook is fueling demand for smoother and faster bill payments.



51%

of consumers want more control over how and when they make utility payments.

One in five U.K. consumers is willing to switch utility providers for greater payment flexibility.

A recent study found that an estimated two-thirds of consumers in the United Kingdom believed it was utility providers' responsibility to support customers amid the country's historic [cost-of-living crisis](#), especially considering that 18% of these consumers said they were struggling to meet their regular payment obligations. Moreover, 51% of consumers said they wanted more control over how and when they make utility payments, with 21% indicating they would switch utility providers for greater flexibility in payment amounts.

Bill Payment Innovation



San Jose Water addressed its bill pay issues through a strategic partnership.

The city utility partnered with EngageSmart to implement its InvoiceCloud bill pay solution, moving all of its online payment systems to this new platform. San Jose Water noted that the previous solution failed to meet customer satisfaction, as it offered limited payment options and required extensive human labor to manage the online portals and correct payment problems. The new system not only streamlines this workload but also enables customer payments via online, text, phone and digital wallet channels.

Bill Payment Innovation Obstacles

Billers and Consumers Meet Payment Challenges

Optimizing bill payments to meet consumer demands presents significant challenges, with security concerns and unnecessary complexity representing top issues for billers and payers alike.

A water company's data breach affected up to 10% of its customers.

Southern Water, which provides water and wastewater services to several million people across the U.K., recently disclosed that data belonging to as many as 10% of its customers was leaked to the dark web in a massive [data breach](#). The leaked data included both personal and financial information. Hackers typically exploit such information in one of two ways: attempting to access victims' other accounts or selling to bad actors on dark web marketplaces for their own schemes. Southern Water said it was monitoring the dark web to determine whether any customer information surfaces on illicit marketplaces.



33%

of consumers have concerns about the security of their personal information when paying bills.

Bill Payment Innovation Obstacles



Incidents like data breaches have shaken consumers' confidence in digital bill pay.

One PYMNTS Intelligence study found that roughly 35% of consumers opposed to using [digital wallets](#) for bill pay cited security concerns as their primary reason. Another 33% expressed concerns about the security of their personal information, with 20% specifically worried about secure authentication. Billers seeking to accelerate their digital services must demonstrate to these skeptical consumers that their methods are both safe and secure. Otherwise, their payment aspirations could backfire if consumers leave them for alternative providers.

Call to Action

How FIs Can Address Bill Pay Concerns From Billers and Payers

Consumers have come to expect efficiency and convenience in every aspect of their lives in the digital age, including bill payments. Traditional bill payment methods, such as mailing checks or paying in person, are perceived as cumbersome and outdated in comparison to faster and smoother modern alternatives. Convenience is not all that payers expect. Warier of cybersecurity and fraud threats than ever before, consumers also require their digital bill payments to be just as secure, if not more so, than legacy payment methods.

FIs play a pivotal role in meeting these consumer demands and supporting the bill pay services of their clients to ensure security and minimize friction in the payment process. The best way they can achieve this is by embracing cutting-edge technology, such as biometric authentication and tokenization, to enhance security measures without compromising convenience. By implementing robust encryption protocols and multifactor authentication systems, FIs and their biller clients can safeguard sensitive financial data and protect against fraud and cybersecurity threats.



About

PYMNTS INTELLIGENCE

[PYMNTS Intelligence](#) is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multilingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

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[Ingo Payments](#) is the money mobility company. Our mission is to give people and businesses instant, digital and secure access to their money. We provide embedded API and iframe-supported payment solutions and deliver fully digital, cloud-based platforms that bridge the gap between legacy payments infrastructure and new payments technologies to deliver modern, bespoke payment experiences. Whether it's instant account funding, payments or payouts, businesses can count on Ingo to tailor our platform and services to meet their needs. Headquartered in Alpharetta, Georgia, Ingo employs more than 240 professionals and serves some of the largest brands in North America.

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