

Utilities & Telecom Consumer Payments

Insight Report



Contents

| | |
|---|-----------|
| Introduction | 3 |
| Section One: The Customer Payment Experience | 4 |
| Billing and Cost Communication | 5 |
| Payment Method Behaviors | 9 |
| Payment Channel Behaviors | 12 |
| Section Two: Data & Security | 15 |
| Perceptions of Data & Card Security | 16 |
| Perceptions of Security in Utilities & Telecom | 17 |
| Section Three: Opportunities for Improvements and Innovation | 20 |
| Payment Innovation in Utilities & Telecom | 21 |
| Looking Ahead: Better Leveraging Technologies | 22 |
| Key Takeaways | 24 |
| Methodology | 25 |

Introduction

81% Americans own a smartphone.²

64% plan to use a mobile wallet in 2020.¹

The inaugural Utilities & Telecom Consumer Payments Insight Report explores the consumer payment experience, as well as opportunities for utilities and telecommunication companies to enhance speed, security and customer satisfaction related to billing and payments.

Whether they're shopping online, picking up a meal curbside or paying monthly bills, how consumers make payments is evolving rapidly – with the coronavirus outbreak becoming a driving force behind increased demand for digital payment options.

The overwhelming adoption of digital technologies has made the consumer payment experience a competitive differentiator.¹ Today, more than 81% of Americans own a smartphone² and 64% plan to use a mobile wallet in 2020.¹

Yet when we surveyed consumers in January 2020 about their payment experiences with utilities and telecommunication companies, we discovered a bit of an anomaly compared with other industries. A large number of consumers reported they are still receiving some of these bills via postal mail. And they're using older, sometimes less secure methods to pay them. For the purpose of this survey, utilities and telecommunication companies are defined as water, trash, electricity, gas, phone, internet, cable and television streaming services.

A man with a beard and glasses is sitting at a desk, talking on a mobile phone. He is wearing a blue patterned shirt and a black watch. There are papers and a laptop on the desk. The background is a blurred office setting.

Section one

The Consumer Payment Experience

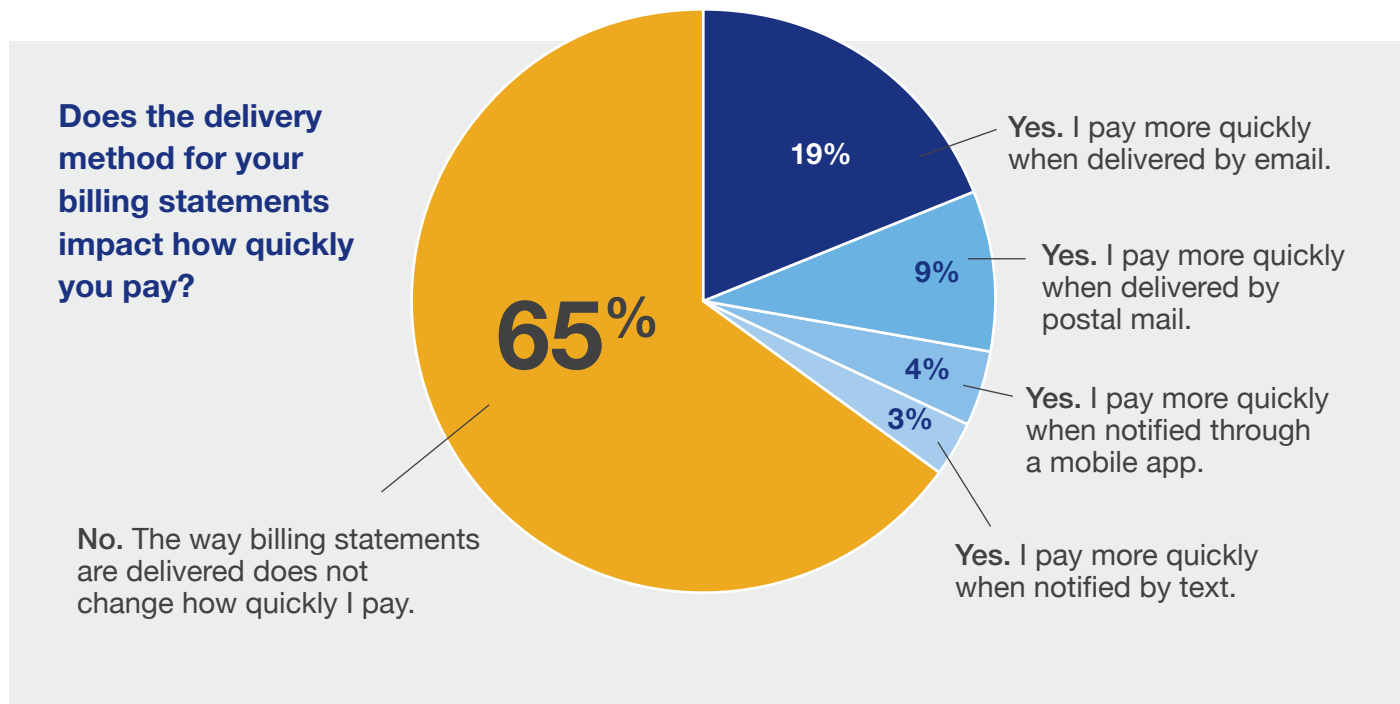
Billing and Cost Communication

More than one-third (35%) of participants say how they receive a bill affects how quickly they pay it, no matter the payment channel selected.

And more than one-quarter (26%) indicate that receiving bills through digital channels – email, text and mobile app – lead to them completing payments faster.

Younger generations show a higher preference for digital bills. Two-thirds (66%) of Millennials and half (49%) of Generation Xers feel bill delivery method matters, and they show a low desire for postal mail: only 8% of Generation Xers and 6% of Millennials.

Sixty-three percent of utility and telecom customers receive at least one bill via email, text or mobile app. This holds true across generations, indicating that some utility and telecom companies continue to rely on paper-based billing processes or may not be actively promoting the availability of digital billing. Lack of adoption may also be the result of consumer dissatisfaction with the design of online or application interfaces.



Billing and Cost Communication

When asked why they receive bills via postal mail, a significant number of consumers indicate that digital bill delivery methods aren't available to them. One-quarter of consumers don't know if they even can receive their bills by any method other than postal mail.

While 48% of consumers prefer to receive their bills by postal mail – perhaps due to fear of missing or forgetting a bill, a desire to avoid cluttered email inboxes, partiality for paper records or concerns about security – this preference applies most strongly to consumers age 55 and greater.

Silent Generation: 61%

Boomers: 60%

Gen X: 45%

Millennials: 33%

How do you receive your utilities and telecom bills? Please select all that apply.



66%

Postal mail



47%

Email statement



8%

Text notification



8%

Mobile app notification



3%

In person at utility or telecom provider's office

Billing and Cost Communication

Why do you receive one or more of your utility or telecom bills by postal mail? Please select all that apply.

| | |
|---|-----|
| Prefer to receive bills by mail | 48% |
| Do not know if email or text are available billing options | 14% |
| Email statements are not offered | 14% |
| Paying by mail enables me to avoid the service or convenience fee | 11% |
| Text notifications are not offered | 6% |
| Other (please specify) | 5% |
| Do not have time or forget to sign up to receive bills by email or text | 4% |
| Mobile app notifications are not offered | 4% |



87%

of consumers say they receive adequate cost information about their utility or telecom bills, indicating statements are doing their job.

However, of those who say the information is inadequate, the top three responses are:

- 1. Lack of clear details**
- 2. Confusing or unclear terminology**
- 3. I don't trust the statements are accurate**

When customers have a billing dispute, the vast majority (78%) call customer service. Explaining costs in clear, simple language on bills could help reduce these inbound calls and improve customer satisfaction with the billing experience.

Given that 66% receive bills by mail and only 48% prefer to be billed that way, there seems to be a mismatch between customer preferences and how bills are currently being delivered. While the consumer payment experience may not be ideal as a result, this could also mean utility and telecom companies are missing an opportunity to collect payment faster. If remedied, utility and telecom companies could potentially accelerate cash flow and reduce time and cost associated with billing administration.

As consumers become more mindful about hand cleansing and hygiene, some may shift their mindset around paper-billing – preferring digital billing as a means to reduce coming in direct contact with mailboxes, envelopes, and surfaces within a post office.



Payment Method Behaviors

Consumers use a variety of methods to pay bills of **any type**.

And while 43% still mail checks, most prefer digital methods including recurring payments (auto-pay).

When paying bills of any type, which of the following payment methods do you prefer? Please select up to three methods.



43%

Physical check
via postal mail



7%

Phone payment using
biller's live customer
service representatives



43%

Annual or monthly
subscription payment



7%

Bank online bill pay



39%

Phone payment using
biller's automated
bill pay system



5%

The biller's online
payment portal



39%

Online/digital payment
service (e.g., Apple Pay®,
Amazon Pay™, Google Pay™)



5%

Recurring payment
(auto-pay)



10%

Walk-in payment at
the biller's office

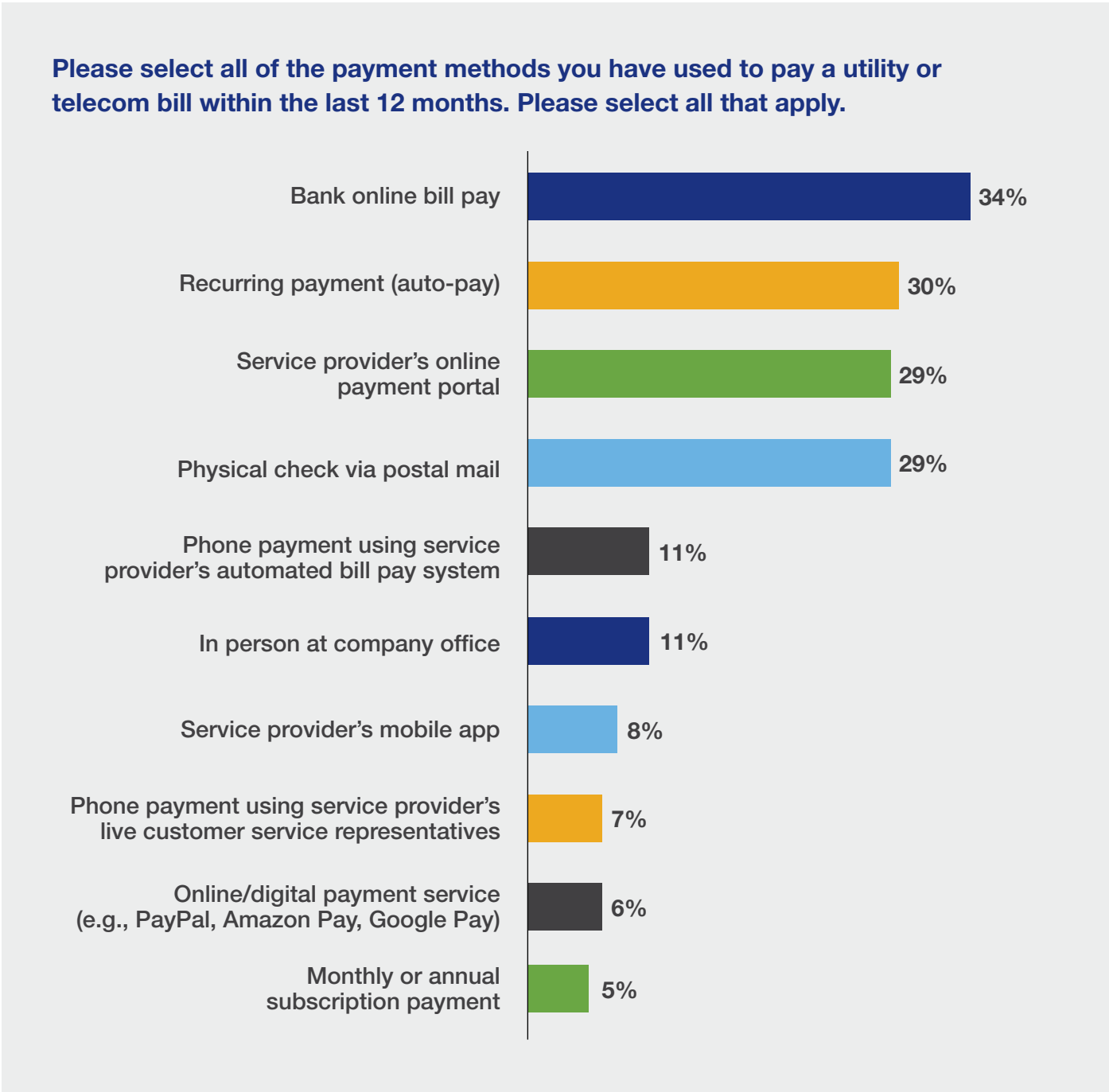


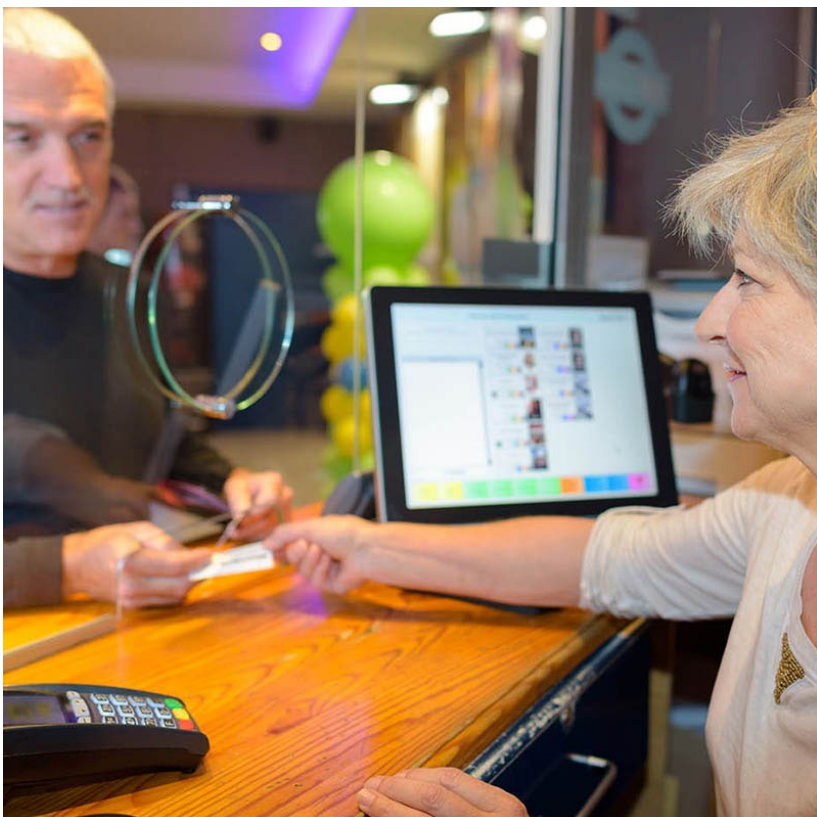
1%

The biller's
mobile app

Payment Method Behaviors

Consumers utilize digital payment methods most frequently to pay utility or telecom bills





When asked if a fee would deter them from using a credit card to pay a utility or telecom bill, some say they would use an alternative payment method in order to avoid the fee.

This indicates that strategic implementation of fee programs can be an effective way to encourage consumers to use payment methods that are cheaper for the biller – such as debit cards, bank bill pay and eCheck/ACH.

Consumers choose their preferred methods for many reasons, but ease of use (74%), speed (71%), reducing the likelihood of forgetting a payment (45%) and avoiding an additional fee (43%) are at the top.

When asked specifically about utility and telecom bills, participants indicated they pay

by their bank's online bill pay (34%), auto-pay (30%), the service provider's online portal (29%) or physical check via postal mail (29%). Physical check is still a common payment method – possibly due to lack of availability or awareness of digital channels, security concerns or record-keeping preferences.

Payment Channel Behaviors

The majority of consumers (64%) are registered on utility or telecom company's online portals.

Of those consumers who say they access a utility or telecom company portal, most do so 10–14 times a year (34%), followed by 1–4 times (30%), 15+ times (15%) and 5–9 times (14%).

Consumers primarily use portals to pay bills or check their balance and payment history.

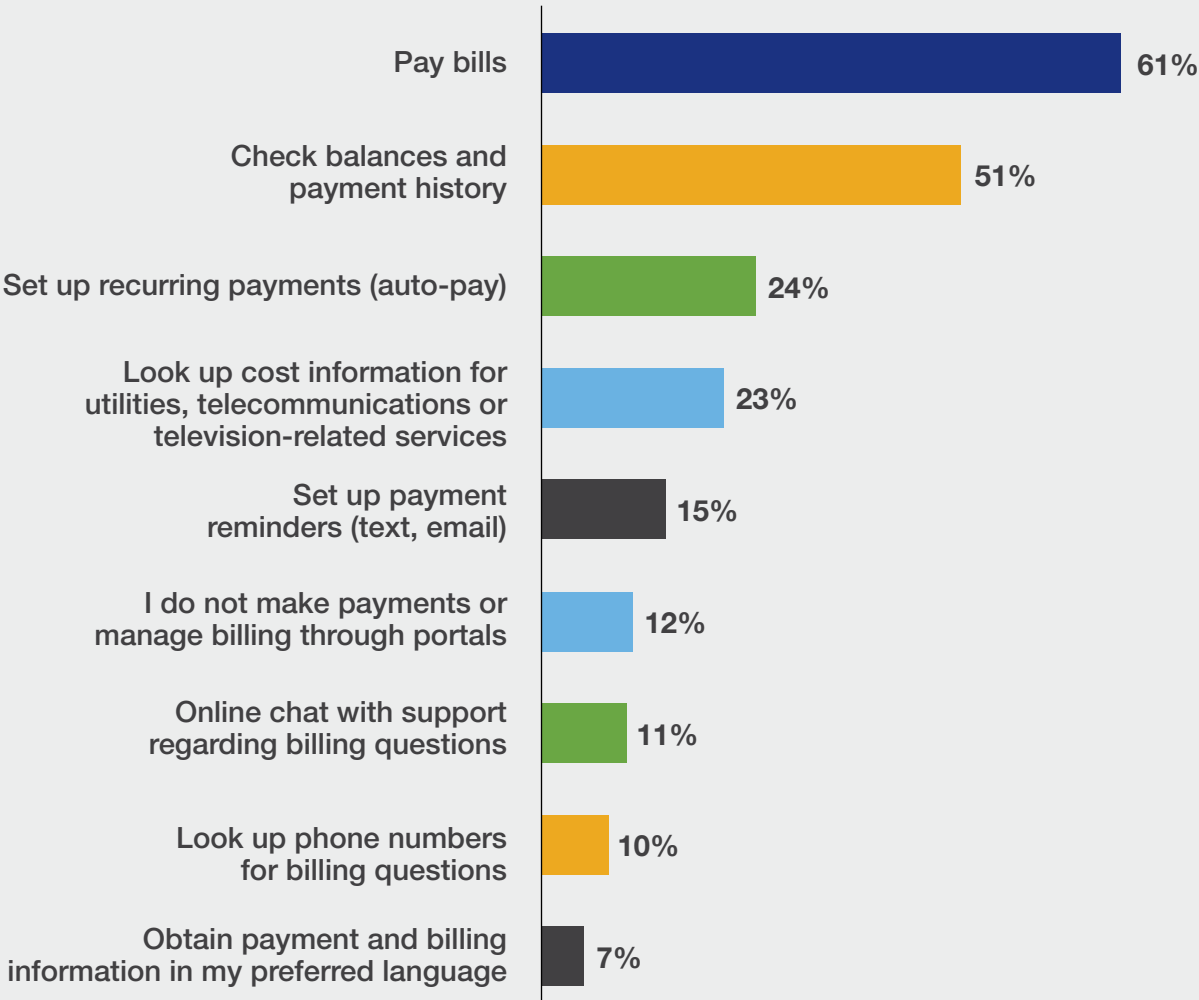
Only a small percentage chose to set-up payment reminders (15%) and recurring payments (24%). It is fairly common for consumers to forget to pay bills on time so promoting use of these capabilities could help utility and telecom companies to reduce the likelihood of late payments.



Payment Channel Behaviors

Consumers primarily use portals to pay bills or check their balance and payment history.

Which of the following payment and billing features do you use when visiting utility or telecom company online portals? Please select all that apply.



Payment Channel Behaviors

46% 

consumers who have set up auto-pay linked payment to a credit card



Interactive Voice Response (IVR) System

Just 25% of consumers surveyed have used a utility or telecom company's IVR system to pay bills or obtain balance information in the last 12 months. 67% of those consumers who have used a utility or telecom company's IVR system say they did so to pay bills, followed by 55% to check balances and 34% to check payment history. 22% say they used the IVR system to obtain bill information in their preferred language, and 14% say they set up payment reminders.

Utility and telecom companies have an opportunity to maximize their customer service teams while improving the consumer experience by adopting IVR. IVR systems can improve card data security and data accuracy by reducing the manual entry of payment information by live operators. In addition, IVR can expand access to multilingual support.



Recurring Payments (Auto-Pay)

Only 22% of consumers say they have set up recurring payments with a utility or telecom company in the last 12 months. Most consumers who have set up auto-pay use a credit card (46%), followed by eCheck/ACH (36%) and debit card (28%). Along with their auto-pay, 30% set up paperless billing, and 24% set up payment notifications.

Utility and telecom companies can improve the speed and efficiency of collecting bills for services on a monthly, quarterly or annual basis by allowing consumers to set up recurring payments through an online portal or mobile app. Encouraging consumers to select paperless billing during the set-up process can further increase efficiency by reducing distribution of mailed statements.

Section two

Data & Security

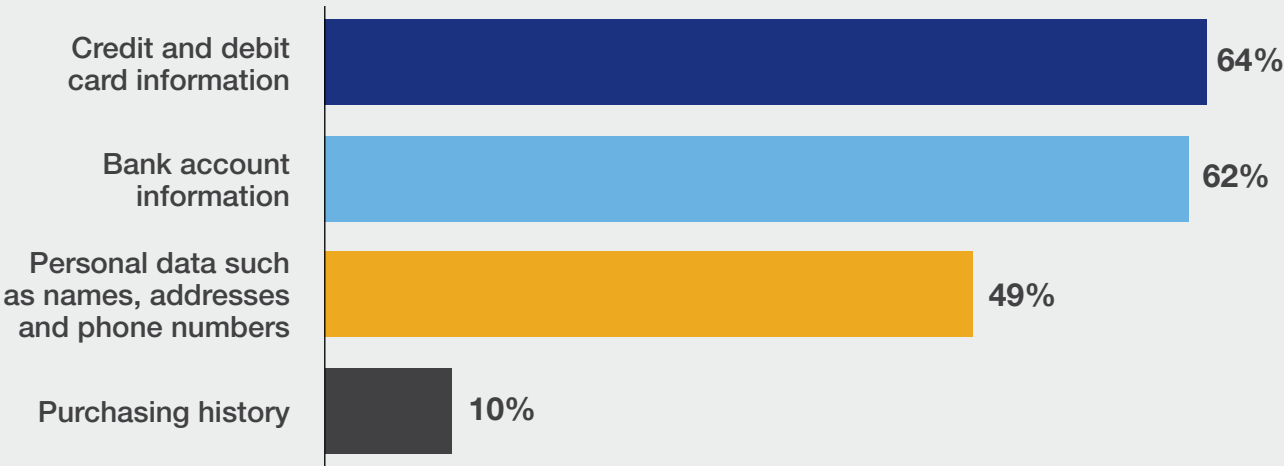
Perceptions of Data & Card Security

Security breaches can lead to massive losses of savings, personal information and peace of mind.

19% of consumers surveyed had their credit or debit card information stolen within the past two years. And while the number of consumers falling victim to fraud may be decreasing, the liability for that fraud has increased for businesses.³

After hearing about data breaches in the last 12 months, 78% of consumers feel somewhat to extremely concerned about using their credit or debit card to make a payment. Only 4% feel no concern at all.

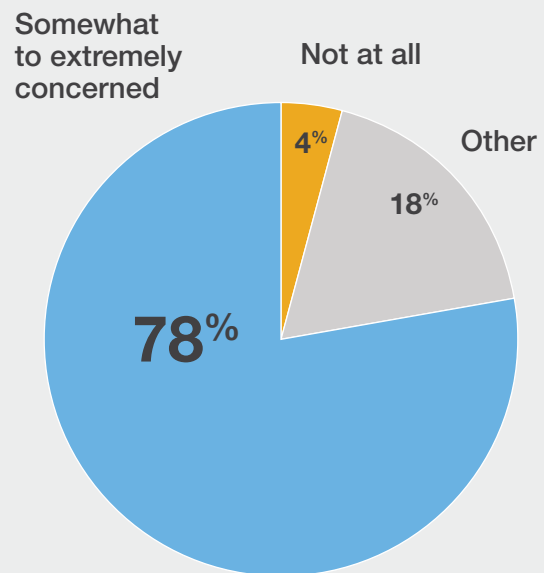
Which of the following are you most concerned about being stolen as the result of a card data breach? Please select all that apply.



Perceptions of Data & Card Security

Concerns about fraud and data breaches can impact how consumers choose to make payments. Of the respondents who indicate they would choose a payment method other than credit or debit card when available, most gravitate to checks or online bill pay.

How concerned are you about the security of your payments?





When asked about their level of concern about credit and debit card security, participants are most concerned about digital payment methods supported by a smartphone.

Top three (of eight) payment methods ranked as “extremely concerning” or “very concerning” for card payments:

| | |
|-------------------|-----|
| Pay by text | 25% |
| Pay by mobile app | 17% |
| Pay by email | 14% |

It's important to note the percentages remain small indicating that the majority of consumers feel digital payments are safe.

Do your card payment security concerns cause you to choose one of these other payment options when available? Please select all that apply.



26%

Bank online bill pay



22%

Check



13%

Online/digital payment service (e.g., PayPal, Amazon Pay, Google Pay)



11%

ACH or eCheck

Perceptions of Security in Utilities & Telecom

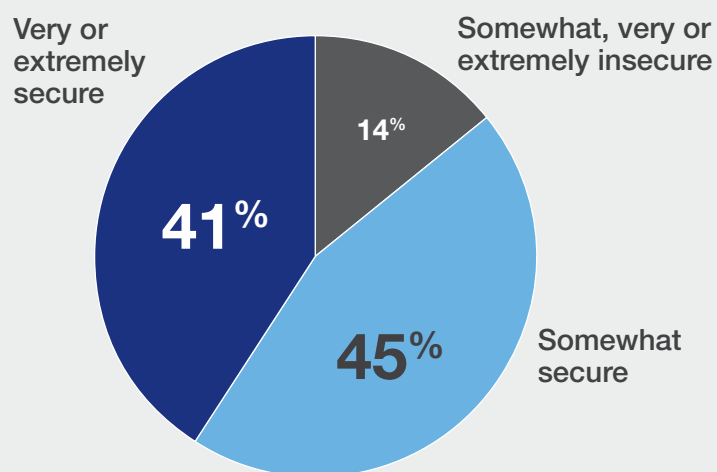
Perceptions of security for utility and telecom payments are mixed.

While 41% of consumers feel their payments are very or extremely secure for utilities and telecom, 45% say they are only somewhat secure. This may indicate consumers are unaware of how utility and telecom companies are working to make sure consumer payments are secure.

While utilities and telecom did not get ranked frequently among the least secure industries for payments, neither was it ranked as one of the most secure. There are opportunities for utility and telecom companies to communicate security measures to consumers at any point where payments are accepted. Alleviating consumer security concerns through communication is one of the simplest ways to put consumers at ease.



Perceptions of security for utility and telecom payments



The image is a full-page background featuring the silhouettes of a man and a woman standing side-by-side, looking out at a city skyline. The man is on the left, wearing a suit, and the woman is on the right, wearing a blazer. The background is split vertically: the left half is a green-tinted view of a city with many windows, and the right half is a blue-tinted view of a city with many windows. The overall mood is professional and forward-looking.

Section three

Opportunities for Improvements and Innovation

Payment Innovation in Utilities & Telecom

Most consumers (68%) say utility and telecom companies are keeping pace with other industries when it comes to payment innovation. Only 7% of consumers feel somewhat or strongly that utility and telecom companies are not keeping pace.

While 62% of consumers say they are happy with how utility and telecom companies handle payments, others feel the experience could be improved. Of those consumers looking for a better experience, they wish utilities and telecom would emulate banking (51%), retail (24%) or grocery (10%).

Banks offer well-designed, convenient channels to manage transactions including kiosks, ATM machines, online/mobile bill pay, phone, IVR, postal mail, in-person and even Zelle®. Consumers appreciate the flexibility to choose when, how and where to pay.

In recent years, retailers and grocery stores have expanded self-service payment channels both in-store and off-premise. Self check-out is available in many stores today and cashierless stores are poised to become the new norm. In addition, most retail and grocery chains have an eCommerce site where consumers often have the option to pay using traditional card payments or alternative payment methods, such as PayPal, Amazon Pay and Apple Pay. A few innovative eCommerce retailers have offered the ability to order and pay for goods via a smart speaker.

These industries can serve as inspiration when utility and telecom companies consider how to further modernize the consumer payment experience.

When asked why they feel utility payments aren't keeping pace, consumers suggested:



42%

Poorly designed systems



23%

Concerned payment information may not be properly secured



20%

Interfaces are difficult to navigate



20%

Insufficient payment history and account balance info



17%

Do not offer electronic payment options

Looking Ahead: Better Leveraging Technologies

Utility and telecom companies have ongoing opportunities to collect payments more efficiently and improve the customer experience by implementing emerging technologies. The following trends are a smart place to start.



Improved Bill Design

As the consumer experience becomes a key differentiator across industries, the design of bills has become a focal point. While paper bills may not be everyone's preferred method, for some people it remains a favorite. Customer experience consultancy KUBRA suggests enhancing bill design by using consistent visuals and color, using clear and simple language, and avoiding data that is too granular to be helpful. Clearer bills, both paper and digital, can also limit the number of billing disputes that utility and telecom companies have to handle.⁵



Paperless Billing

Environmental-conscious consumers appreciate it when companies offer digital billing options. In addition to building goodwill with customers, companies that enable paperless billing can reduce administration, printing and postage costs. Offering customers a statement discount if they choose paperless billing can be an effective way to drive adoption. Paperless billing can also help utility and telecom companies achieve sustainability goals by reducing carbon emissions related to statement printing and distribution.



Digital Payment Networks

New payment apps such as Venmo and Zelle allow the transfer of funds directly from an individual bank account to another registered bank account. Consumers have become accustomed to these apps, and retailers such as Amazon and Apple are offering streamlined payment via digital wallets too. Implementing these innovations may present short-term challenges, but they can help utility and telecom companies collect payments faster.^{6,7}



Better Payment Experience

As the customer experience becomes more essential to customer satisfaction and retention,² there is room for improvement in utility and telecom payments. Many customers cited poorly designed and unreliable systems, and difficult-to-navigate interfaces as the top reasons utility and telecom companies are lagging. Implementing well-designed and mobile-friendly payment portals may reduce barriers to customers using efficient digital payment methods.



The Coronavirus Effect

While it's still early to predict, perhaps the catalyst that has the greatest potential to permanently boost reliance on digital payments is the coronavirus. Prior to the coronavirus pandemic, major mobile payment apps had less than a 10% adoption rate in the U.S. according to Bain management consultancy.⁴ The coronavirus pandemic is changing consumer purchasing behaviors forcing them to rely more on digital payment channels. In a CNBC interview, Peter Gordon, executive vice president and head of emerging payments at U.S. Bank expressed, "I believe this (coronavirus) crisis will accelerate and move people to utilize all forms of digital financial services."⁴

Consumers rely on utility and telecom companies to provide the energy and communications services that power households, businesses and daily life. Supplying these services requires utility and telecom companies to efficiently and consistently collect payments from the people they serve. Evaluating consumer expectations can help them determine where to make strategic investments in technology to simplify payment acceptance, accelerate cash flow and improve customer satisfaction.

Key Takeaways

- **35%** of participants do feel the bill delivery method impacts how quickly they pay, and over one-quarter (26%) of participants indicate that receiving bills through digital channels – email, text and mobile app – lead to them completing payments faster.
- Most consumers choose their preferred payment method because of ease of use (74%) and speed (71%), and because it reduces the likelihood that they will forget a payment (45%).
- **66%** of participants receive their utility and telecom bills via postal mail, while a similar number (63%) receive bills via email, text or mobile app.
- When asked why they receive utility and telecom bills via postal mail, 24% of consumers indicate that digital bill delivery methods are not available to them.
- Just **25%** of consumers surveyed have used a utility or telecom company's IVR system. Even fewer consumers (22%) say they have set up recurring payment with a utility or telecom company in the last 12 months.
- **78%** feel somewhat to extremely concerned about using their credit or debit card to make a payment after hearing about data breaches in the last 12 months. Only 4% feel no concern at all.
- **72%** of respondents use a payment method other than credit or debit card when available, with most gravitating to bank online bill pay and check over concern about data breaches if they use a credit or debit card.
- **41%** of consumers feel their utility or telecom payments are very or extremely secure.
- **68%** of consumers say utility and telecom companies are keeping pace with other industries when it comes to payment innovation.

Methodology: About This survey

The online questionnaire was fielded in the United States in January 2020.

The survey is based on a national sample of 1,049 adults, 25 years of age or older, living in all 50 states and the District of Columbia. All respondents had paid a utility or telecommunications bill in the last 12 months. For the purpose of this survey, utilities and telecommunications are defined as water, trash, electricity, gas, phone, internet, cable and television streaming services.

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