

Consumer Bill Payments in 2018: Trends Report



Alacriti

Contents

Introduction	3
Research Methodology	4
Key Findings	5
Payment Method Trends (ACH, Debit Cards, Credit Cards)	6
Payment Methods: Usage by Payment Options	10
Payment Methods: Usage by Payment Channels	12
Payment Methods: Usage by Industries	13
Payment Option Trends (One Time, Recurring, AutoPay, Invoice, Payment Plan)	14
Payment Options: Usage by Payment Channels	16
Payment Options: Usage by Industries	18
Payment Channel Trends (Web Portal, Simple Web, IVR, Agent)	19
Payment Channels: Usage by Industries	22
Usage Patterns	23
Days and Times	24
Desktops vs. Mobile Devices	25
Operating Systems	25
Appendix	27

Introduction

Consumers have more ways to pay their bills than ever before.

It's not just about choosing between the payment cards in their wallets or setting up user accounts to pay their bills online. Today, there is more choice and personalization than ever before. Bills can be paid automatically, without ongoing intervention from account holders. Timely reminders can be sent via text message, facilitating payments right within the app. And artificial intelligence is powering chatbots that can facilitate payments in new channels like messaging apps and intelligent personal assistants, making the bill payment process easier than ever.

Here at Alacriti, we have a unique view into the bill payments ecosystem. Through our electronic bill presentment and payment (EBPP) solution, Orbipay® EBPP,

we serve a diverse group of clients across a variety of industries. Despite their different business models and distinct customers that they serve, our clients all have a common goal in mind — to make the bill payment process as simple and as seamless as they possibly can. And our goal is to deliver that experience on their behalf.

In this white paper, we share rich insight into the bill payment habits of our client's customers gleaned from our transaction data. Whether it's the Payment Methods they use most or their preferences for single, recurring, or automatic payments, there is valuable information to be learned from their behavior. This paper shares the most salient takeaways from our transaction data to help you better understand today's bill payer.

Research Methodology

This white paper contains analysis from Orbipay EBPP's 2018 transaction data to identify payment trends and usage patterns.

To gain a sharper understanding of consumer bill payments, we limited the dollar amount of these transactions to exclude those valued at \$5,000 and above. This produced a data set of 20.4 million transactions to analyze.

Analysis was performed in-house using Orbipay EBPP customer and transactional data, as well as data from Google Analytics.

Key Findings

✔ ACH was the Payment Method of choice for bill payments.

Direct Payments made via ACH were the most popular Payment Method offered by Orbipay EBPP clients (93%) and selected by Orbipay EBPP users (58%) to make payments.

✔ Payments made via ACH comprised the majority of transaction value on Orbipay EBPP in 2018.

ACH payments accounted for 79% of transaction value on Orbipay EBPP for the year.

✔ Users had preferences for Payment Methods based on the types of payments they made.

ACH was the most popular Payment Method for AutoPay, Recurring, Invoice, and One Time transactions. Debit Cards were the most popular Payment Method for Payment Plans.

✔ One Time payments were the Payment Option of choice.

One Time payments were chosen 64% of the time and accounted for 77% of transaction value on Orbipay EBPP.

✔ Web Portal was the Payment Channel chosen most often.

Payments made via the Web Portal (accessed via user ID and password) accounted for 54% of Orbipay EBPP transactions and 67% of transaction value.

✔ Mondays and Fridays were the most popular days to make payments.

Users preferred to make their payments at the beginning or the end of the work week. Mondays and Fridays were the most popular days of the week to make payments, with each accounting for 19% of total payments. An analysis of one-hour increments for each day of the week (7 days x 24 hours), showed that Friday 11:00 am to 12:00 pm EST was the most popular time for users to make payments.

✔ Primary user engagement was via desktop computers.

70% of user activity was initiated via desktop computers.

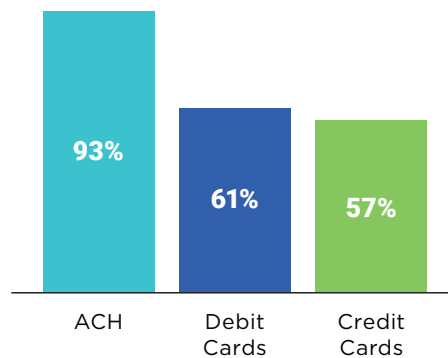
Payment Method Trends

ACH, Debit Cards, Credit Cards

ACH was the most popular Payment Method offered by Orbipay EBPP clients

Across all clients on the platform, 93% offered ACH as a Payment Method. This was followed by Debit Cards (61%) and Credit Cards (57%).

% of Clients That Offered Each Payment Method

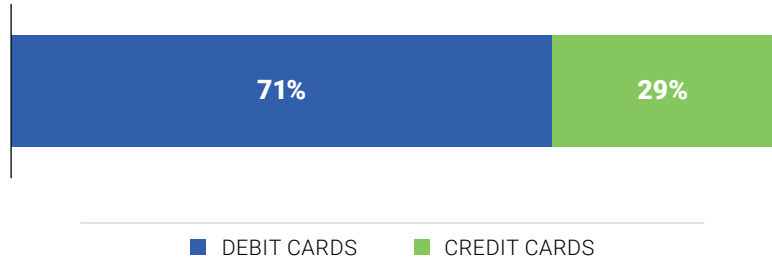


When ACH wasn't available, users chose Debit Cards

For clients that didn't offer ACH as a Payment Method, Debit Cards were used approximately 71% of the time versus 29% for Credit Cards.

When ACH Wasn't Offered, Debit Cards Were Used Most Often

(excludes transactions of \$5K and above)



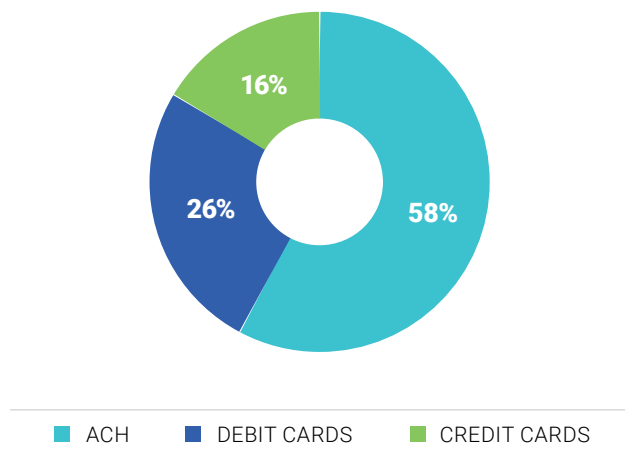
ACH was the Payment Method chosen most often by Orbipay EBPP users

ACH was the preferred Payment Method, representing 58% of transaction volume. Debit Cards were used 26% of the time and Credit Cards were used 16% of the time.

When all three Payment Methods were available to users, 52% of transactions were funded by ACH, 28% by Debit Cards, and 20% by Credit Cards.

Payment Methods: Usage as a % of Transaction Volume

(excludes transactions of \$5K and above)

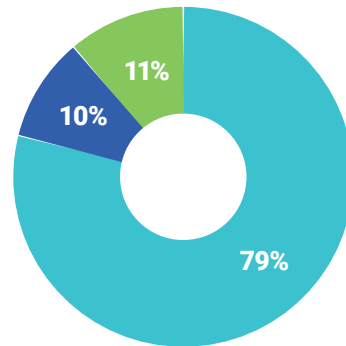


Payment Methods: Usage as a % of Transaction Value

(excludes transactions of \$5K and above)

ACH also accounted for the highest percentage value of transactions

ACH-funded payments accounted for 79% of transaction value in 2018.



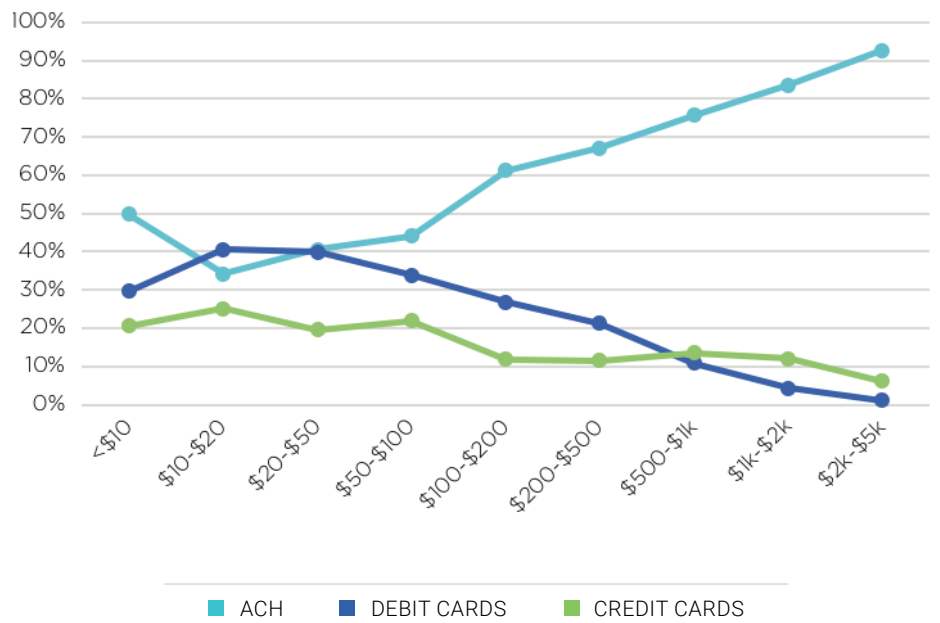
ACH DEBIT CARDS CREDIT CARDS

Payment Methods: Usage by Transaction Amounts

(excludes transactions of \$5K and above)

ACH usage was strong across all transaction amounts

However, it became the clear preference as transaction amounts grew higher.

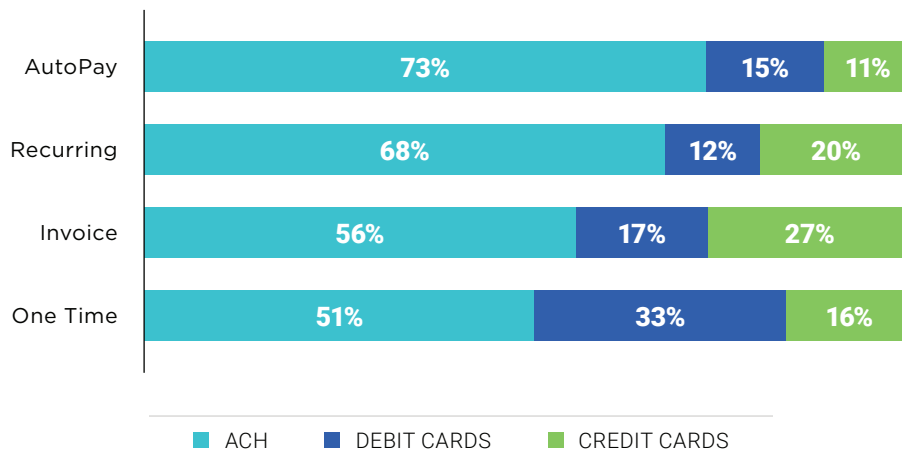


ACH funded more than 50% of AutoPay, Recurring, Invoice, and One Time payments

ACH-funded transactions accounted for slightly over half of One Time payments (51%), but Debit Cards funded a healthy one-third of all One Time payments.

Payment Options with ACH Usage > 50%

(excludes transactions of \$5K and above)

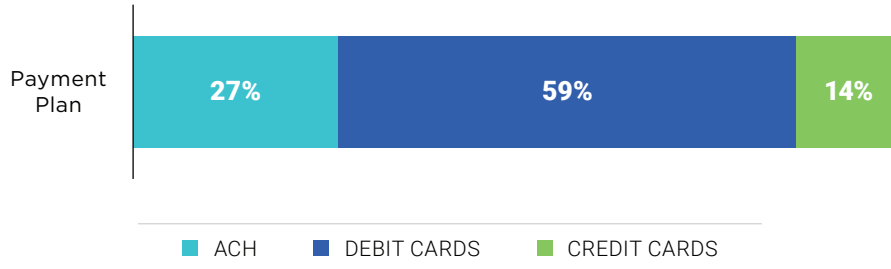


Payment Plans favored Debit Cards

Debit Cards were the Payment Method of choice for Payment Plans (59%).

Payment Plan Transactions Favored Debit Cards

(excludes transactions of \$5K and above)

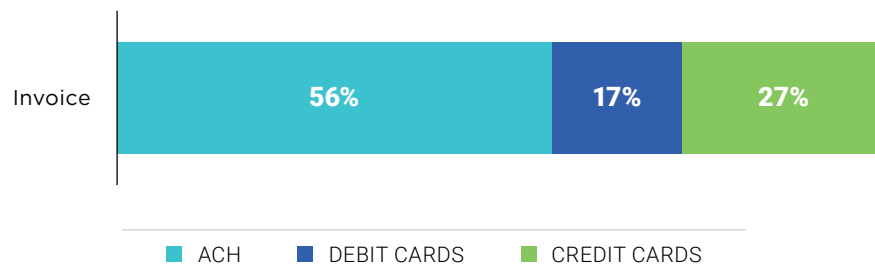


Credit Cards experienced their highest usage for Invoice payments

Credit Cards experienced their highest usage for Invoice payments (27%), although ACH was still used more often (56%).

Credit Cards Funded 27% of Invoice Payments

(excludes transactions of \$5K and above)



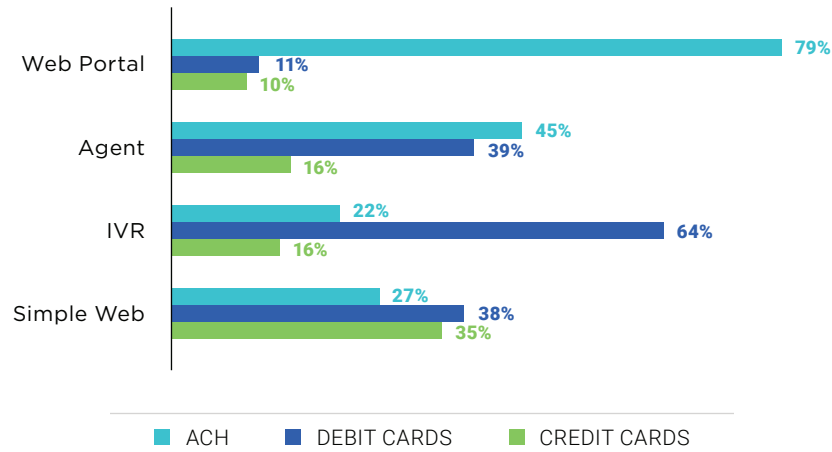
ACH was most often used for payments made via the Web Portal

ACH was the most popular Payment Method for Web Portal transactions (79%) and Agent-assisted payments (45%). Debit Cards were the most popular Payment Method for Simple Web (38%) and IVR (64%) transactions.

Credit Cards experienced their highest usage for Simple Web transactions (no login required) at 35%.

Payment Methods: Usage by Payment Channels

(excludes transactions of \$5K and above)

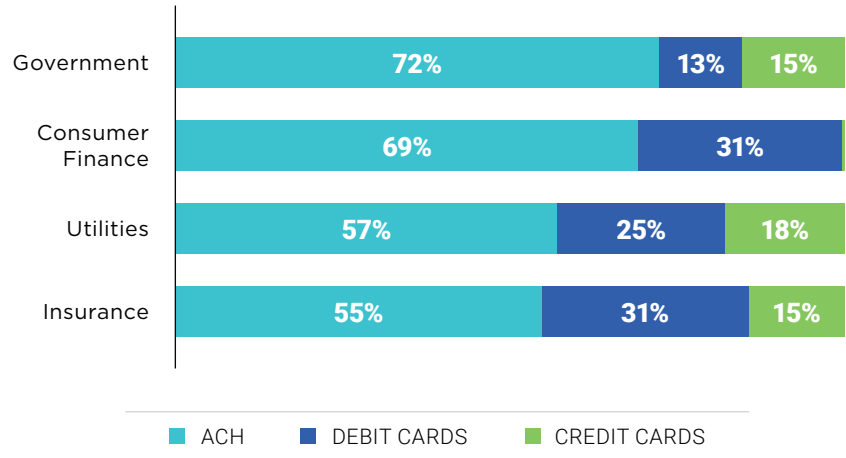


PAYMENT METHODS: USAGE BY INDUSTRIES

Industries with ACH Usage > 50%

(excludes transactions of \$5K and above)

ACH-funded payments accounted for more than 50% of transactions in the Government, Consumer Finance, Utilities, and Insurance industries.

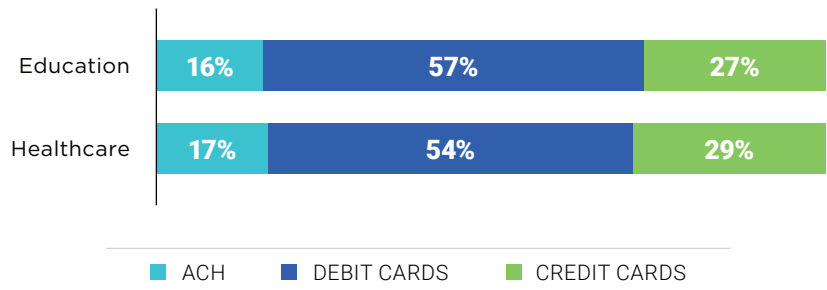


Debit Cards were popular for Education (57%) and Healthcare (54%) bill payments.

Credit Cards experienced their highest usage for Healthcare payments (29%).

Industries with Debit Card Usage > 50%

(excludes transactions of \$5K and above)



Payment Option Trends

One Time, Recurring, AutoPay,
Invoice, Payment Plan

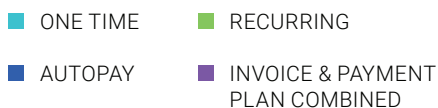
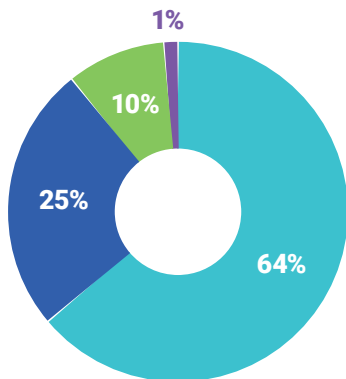
Overall split by volume & value

One Time payments were chosen by users almost two-thirds of the time.

One Time payments also accounted for the majority of transaction value on Orbipay EBPP in 2018.

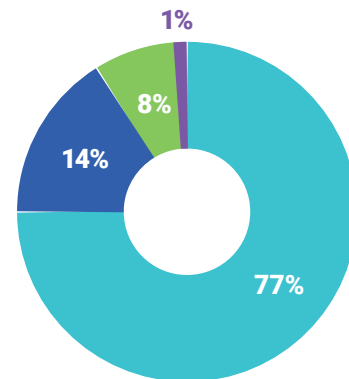
Payment Options: Usage as a % of Transaction Volume

(excludes transactions of \$5K and above)



Payment Options: Usage as a % of Transaction Value

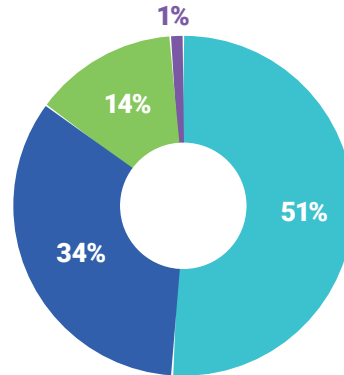
(excludes transactions of \$5K and above)



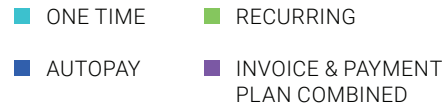
PAYMENT OPTIONS: USAGE BY PAYMENT CHANNELS

Payment Options: Usage for Web Portal Transactions

(excludes transactions of \$5K and above)

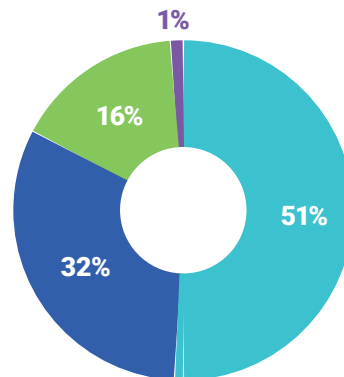


One Time was the Payment Option used most often for Web Portal transactions at 51%.



Payment Options: Usage for Agent Transactions

(excludes transactions of \$5K and above)



One Time payments were also used for more than half of Agent transactions.



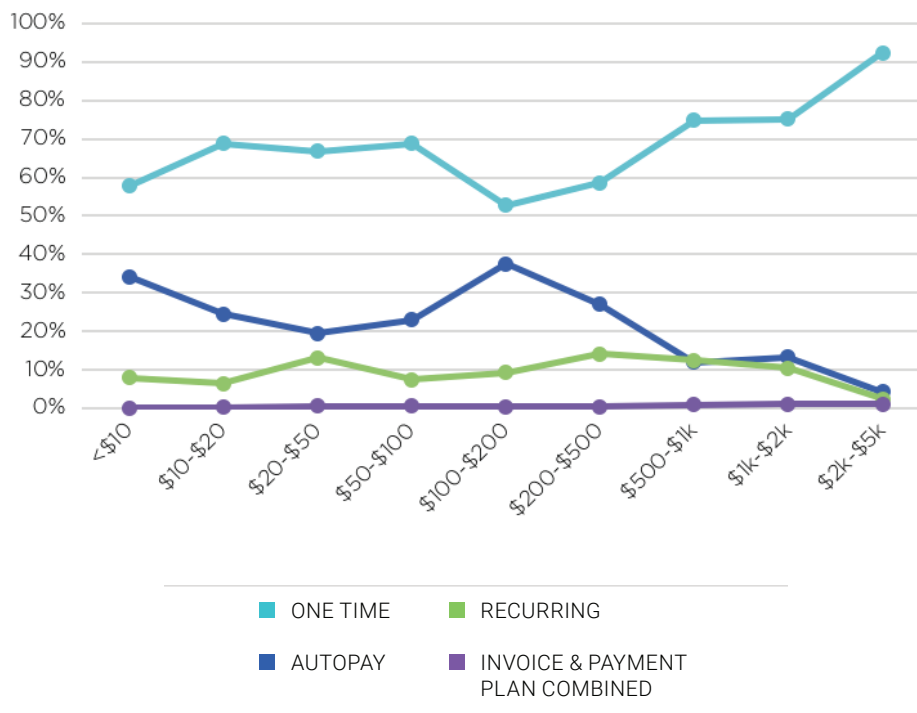
**Please Note: Simple Web and IVR only offer One Time payments.*

One Time payments were most common across all transaction amounts

One Time payments represented the majority of transactions for all dollar amounts. AutoPay reached its highest usage (37%) for transactions valued between \$100 and \$200.

Payment Options: Usage by Transaction Amounts

(excludes transactions of \$5K and above)

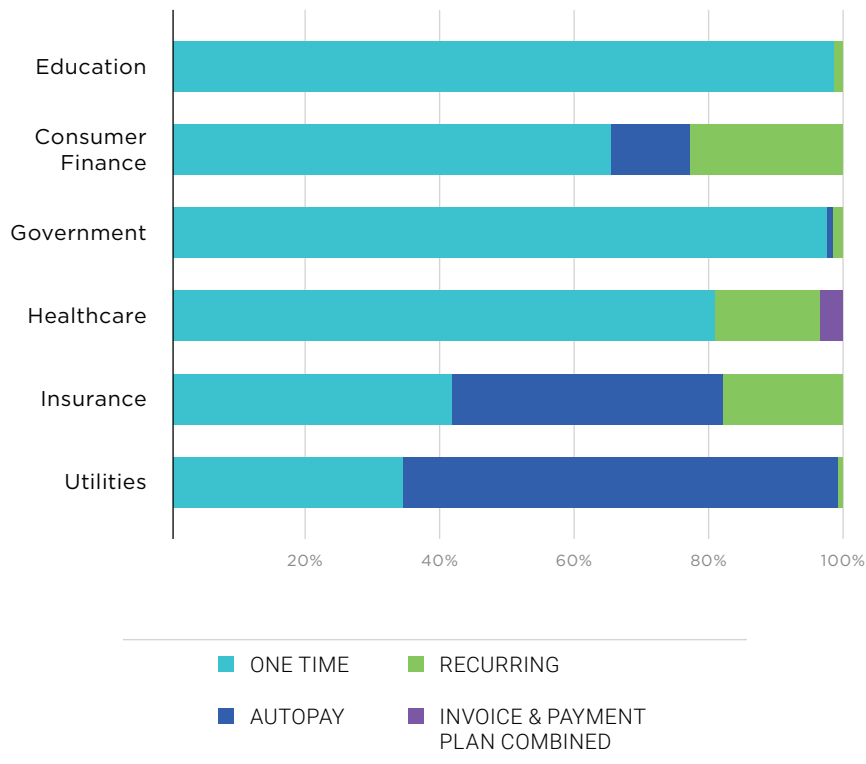


PAYMENT OPTIONS: USAGE BY INDUSTRIES

One Time payments were most commonly chosen for transactions in the Education (99%), Government (98%), Healthcare (81%), Consumer Finance (66%), and Insurance (42%) industries. AutoPay was used for 65% of Utilities payments. Recurring payments experienced their highest usage for Consumer Finance payments (22%), and Invoice and Payment Plan transactions combined for 3% of all Healthcare bill payments.

Payment Options: Usage by Industry

(excludes transactions of \$5K and above)



Payment Channel Trends

Web Portal, Simple Web, IVR, Agent

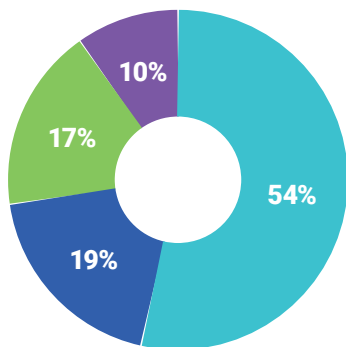
Overall split by volume & value

Payments made via the Web Portal accounted for 54% of Orbipay EBPP transactions.

Web Portal represented 67% of transaction value for user payments on Orbipay EBPP in 2018.

Payment Channels: Usage as a % of Transaction Volume

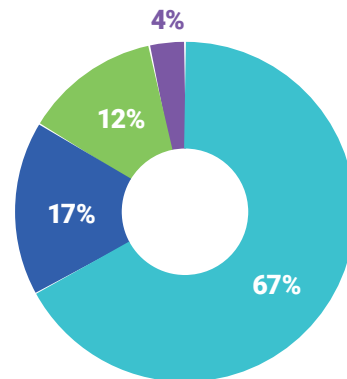
(excludes transactions of \$5K and above)



■ WEB PORTAL ■ SIMPLE WEB
■ AGENT ■ IVR

Payment Channels: Usage as a % of Transaction Value

(excludes transactions of \$5K and above)



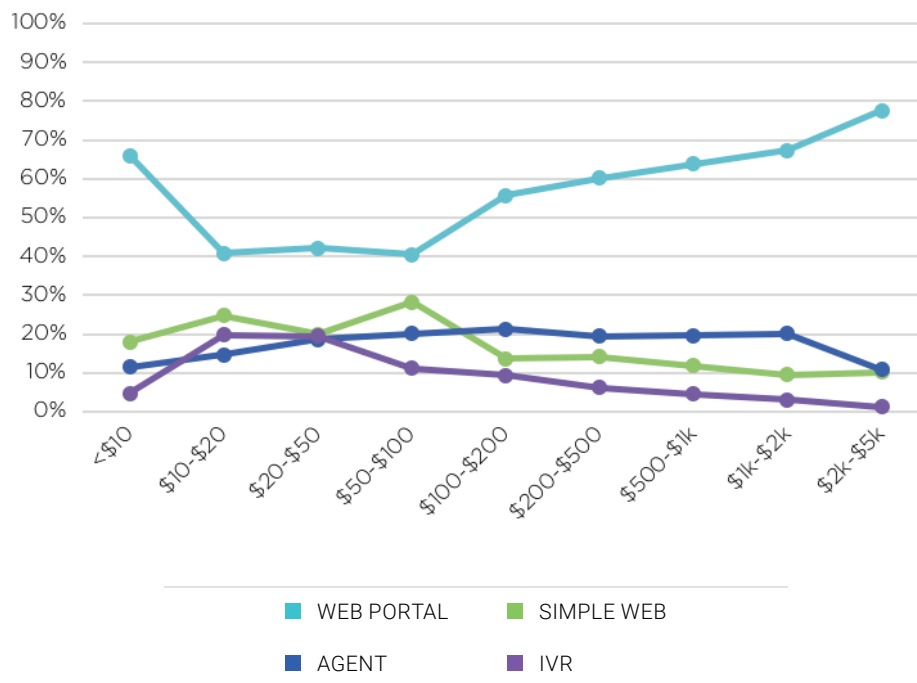
■ WEB PORTAL ■ SIMPLE WEB
■ AGENT ■ IVR

Web Portal payments were most common across all transaction amounts

Web Portal was the most commonly used Payment Channel across all dollar amounts. Simple Web reached its highest usage (28%) for transactions valued between \$50 and \$100.

Payment Channels: Usage by Transaction Amount

(excludes transactions of \$5K and above)

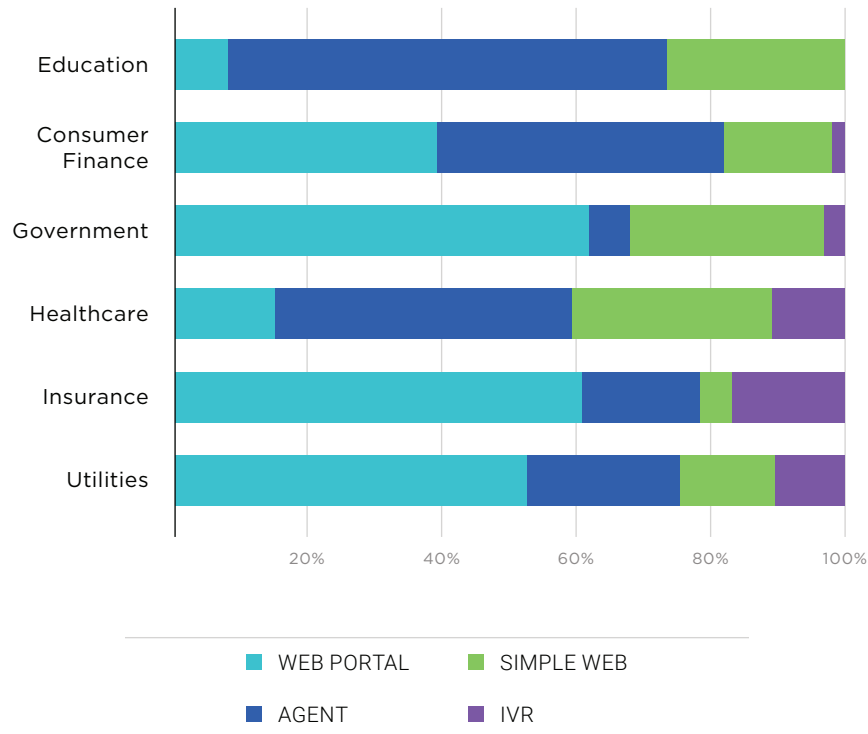


PAYMENT CHANNELS: USAGE BY INDUSTRIES

Web Portal was the go-to Payment Channel for the Government (62%), Insurance (61%), and Utilities (53%) industries. Agent was the most popular Payment Channel for the Consumer Finance (43%), Education (65%), and Healthcare (44%) industries. Simple Web reached its highest usage for Healthcare payments (30%).

Payment Channels: Usage by Industry

(excludes transactions of \$5K and above)



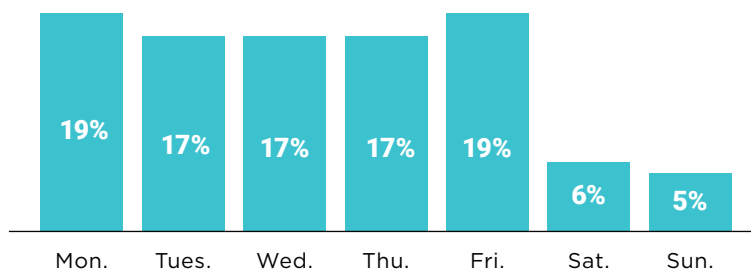
Usage Patterns

DAYS AND TIMES

Mondays and Fridays were the most popular days that Orbipay EBPP users made their payments in 2018.

Most Popular Days for Making Payments

(excludes transactions of \$5K and above)



The days and times of payments were analyzed for each day of the week (7 days) in hourly increments (24 hours).

The most popular time that users made payments was on Fridays between 11:00 am and 12:00 pm EST.

Top Five Days/Times for Payments in 2018

(excludes transactions of \$5K and above)

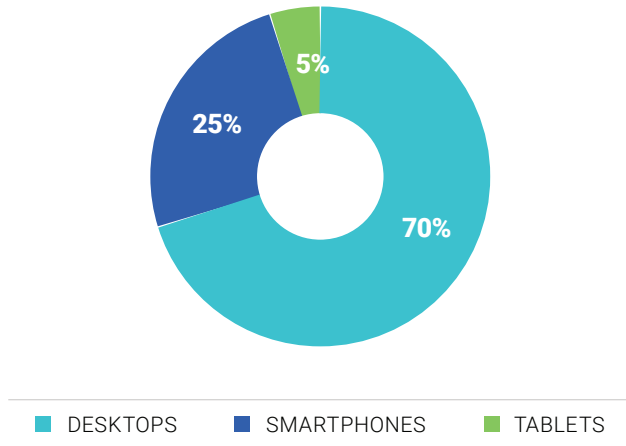
Rank	Day	Time (EST)
1	Friday	11:00 am – 12:00 pm
2	Monday	11:00 am – 12:00 pm
3	Monday	3:00 pm – 4:00 pm
4	Monday	2:00 pm – 3:00 pm
5	Friday	2:00 pm – 3:00 pm

***Please Note:** This analysis excludes AutoPay and Recurring payments, as they are always scheduled at the same time by the system, after initial setup by the user.

DESKTOPS VS. MOBILE DEVICES

In 2018, 30% of all transactions were made via mobile devices (smartphones and tablets) and 70% were made via desktop computers.

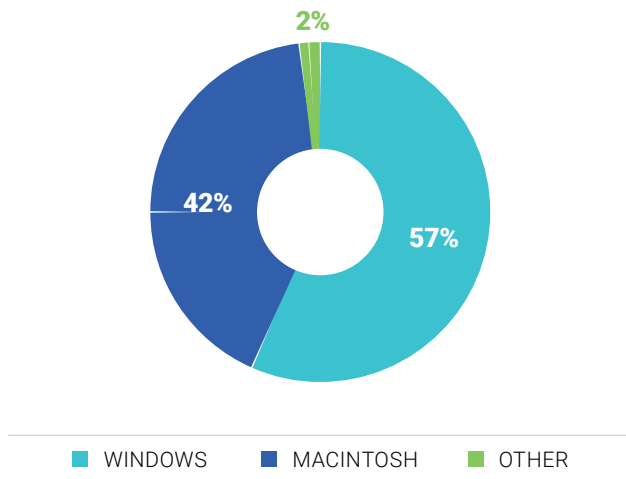
Devices Used in 2018



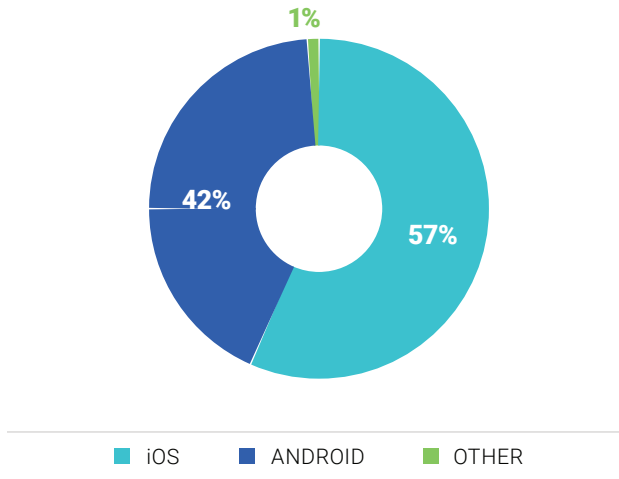
OPERATING SYSTEMS

Windows was the go-to operating system for desktop transactions. iOS had the edge for smartphone and tablet transactions.

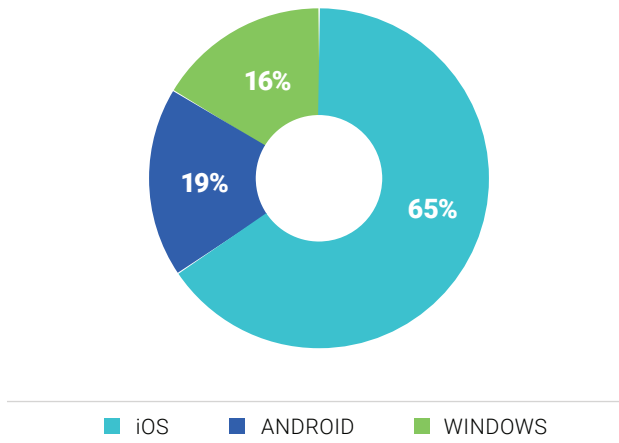
Operating Systems – Desktops



Operating Systems – Smartphones



Operating Systems – Tablets



Appendix

Payment Method Definitions

- **ACH** – ACH Debit Payments where the user linked their bank account in Orbipay EBPP using routing and account numbers
- **Credit Cards** – payments made via payment cards that provided cardholders a line of credit
- **Debit Cards** – payments made via payment cards that allowed cardholders to withdraw money from their checking accounts and transfer that money electronically to billers

Payment Option Definitions

- **AutoPay** – payments that were made automatically, using a preselected Payment Method established in the user's account, at a frequency determined by the biller
- **Invoice** – the biller issued invoices to their customers periodically or on an ad-hoc basis; each invoice detailed an amount owed, with a unique Invoice Number, that was separate and distinct from other invoices
- **One Time** – users made a single bill payment that did not repeat
- **Payment Plan** – the biller established the amount and frequency with which users could pay an outstanding balance over a specific time period
- **Recurring** – the user selected the Payment Method, amount, and frequency with which payments were made (within the biller's parameters)

Payment Channel Definitions

- **Agent** – payments processed by call center agents or at-the-counter staff (either in-person or over the phone) using Orbipay EBPP's Payment Center
- **IVR** – payments made over the phone via hosted Interactive Voice Response services
- **Simple Web** – single online payments made using identifying information such as an account number and ZIP code; did not require the user to login to an account
- **Web Portal** – online payments made via existing user accounts (login required with a user ID and password)

Appendix (Continued)

Industry Definitions

Here is a breakdown of Industries examined in the analysis, plus the underlying Sub-Industries. For editorial purposes, Consumer Finance, Education, Government, Healthcare, Insurance, and Utilities were the Industries explored in this white paper.

Industry Name	Includes These Sub-Industries
Banking	Banks Credit Unions
Education	Schools & Higher Education
Customer Finance	Auto Finance Consumer Finance Mortgage
Government	Government Other Government Payments (DMV, Parking Ticket, etc) Government Tax Payments (Property Tax, Sales Tax, etc)
Healthcare	Medical Devices, Life Sciences, Other Pharmacy Provider – Hospitals and Health Systems Provider – Physician and Medical Group Practices
Hospitality & Event Management	Hospitality & Event Management
Insurance	Health Insurance Life Insurance Property & Casualty Insurance
Manufacturing & Distribution	Manufacturing & Distribution
Other	Fundraising/Charitable Donations Internal Legal Other Payment Processor Print & Mail
Real Estate & Construction	Real Estate & Construction
Utilities	Government Utilities Utilities – Gas, Water and Electricity