

InvoiceCloud®

Research report

# The state of online payments

Survey takeaways your organization can use  
to drive results





## The importance of online payments

Organizations across all industries already know that, when it comes to making payments, customer expectations can change rapidly. Your customers expect your organization to deliver a simple, convenient online payment experience across every channel. And if your organization has limited customer touchpoints, **the online payment process can often make or break the customer experience.**

As the world trends toward contact-free, convenient payment methods, getting your online payment channels right is crucial to not only provide a positive customer experience, but also to improve organizational efficiencies and retain your customers.

While many organizations know they need to focus on the customer experience to remain competitive, it's hard to know where to get started. That's why Invoice Cloud conducted an online survey in September, 2020 to better understand the current landscape of online payments. We asked respondents 10 questions ([Appendix A](#)) about their payment preferences, payment trends, and general behaviors around making payments.

In total, we received 1,725 responses. Demographic breakdowns around age and gender of respondents is available in [Appendix B](#).



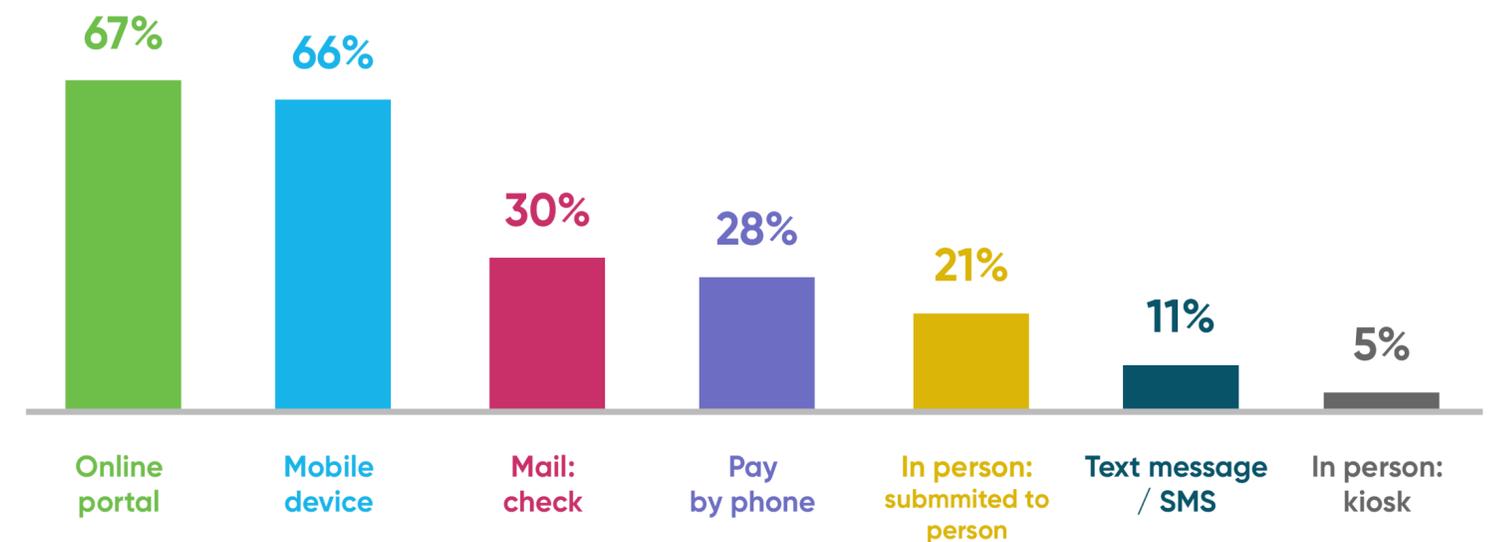
## Survey takeaways your organization can use

After digging into the survey results, we gleaned some key trends that organizations everywhere can use to save time and resources, improve collections efficiencies, and strengthen their payment experience. We've organized the survey takeaways into action items that your organization can use to improve your payment experience, with guidance on how to leverage this data to your advantage.

### Optimize mobile and online payment portals

A natural place to begin is by understanding *how* respondents pay their monthly bills. We asked participants to select all the channels through which they've paid a bill in the last 12 months. All in all, two channels ran away with the majority: online portals and mobile devices.

Which of the following channels have you used to pay a bill in the last 12 months?



Age did play a role for some payment channels. For instance, paying a bill by mail had a fairly large variance in responses. Nearly **50% of respondents age 61 and up have mailed in a check**, compared to just **30% for overall respondents** and less than **25% for those under the age of 45**.

Additionally, paying a bill on a mobile device was already one of the top overall responses, but the percentage increases from 66% to 76% of participants when we just look at respondents age 30-44.

### How to use this data:

Since mobile and online channels are the most popular payment routes – overall and within smaller demographics – it’s critical to optimize these channels. Your organization can accomplish this by paying special attention to the user experience of your mobile and online channels.

Make sure your online and mobile payment platforms are straightforward and simple to navigate, even if you have to walk through the payment process yourself to determine how easy (or difficult) the systems are to use.

Some key variables for an optimal user experience include a one-time payment or guest checkout route and clear calls to action across each platform. These calls to action should be designed to drive customers to enroll in time and cost-saving services, like paperless billing and AutoPay, to make future payments even easier.

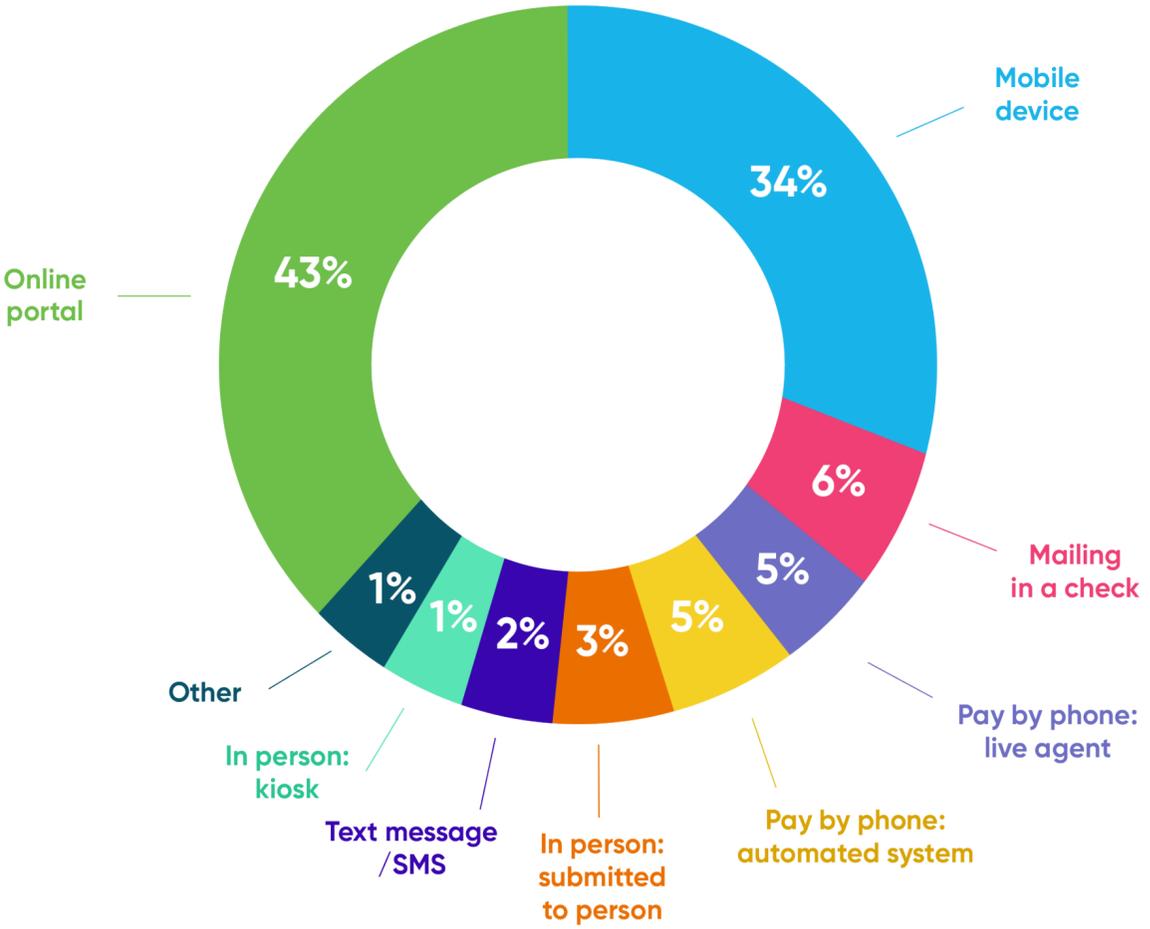




### Strengthen the mobile payment experience

When we asked respondents which channel they prefer for making payments, online and mobile were by far the most common channels chosen.

**What is your preferred channel for making a bill payment?**



The larger discrepancy in the respondents' preferred platform (with online channels winning by nearly 10%) may indicate that there is a user experience issue with mobile payment channels.

This preference for online or mobile payment channels is consistent across all age groups. However, respondents ages 18-29 were more evenly split between online portal and mobile device payments.

**Approximately 37% of respondents from this youngest group prefer to pay via online portals,** as opposed to a close **35% who prefer mobile devices.**

#### How to use this data:

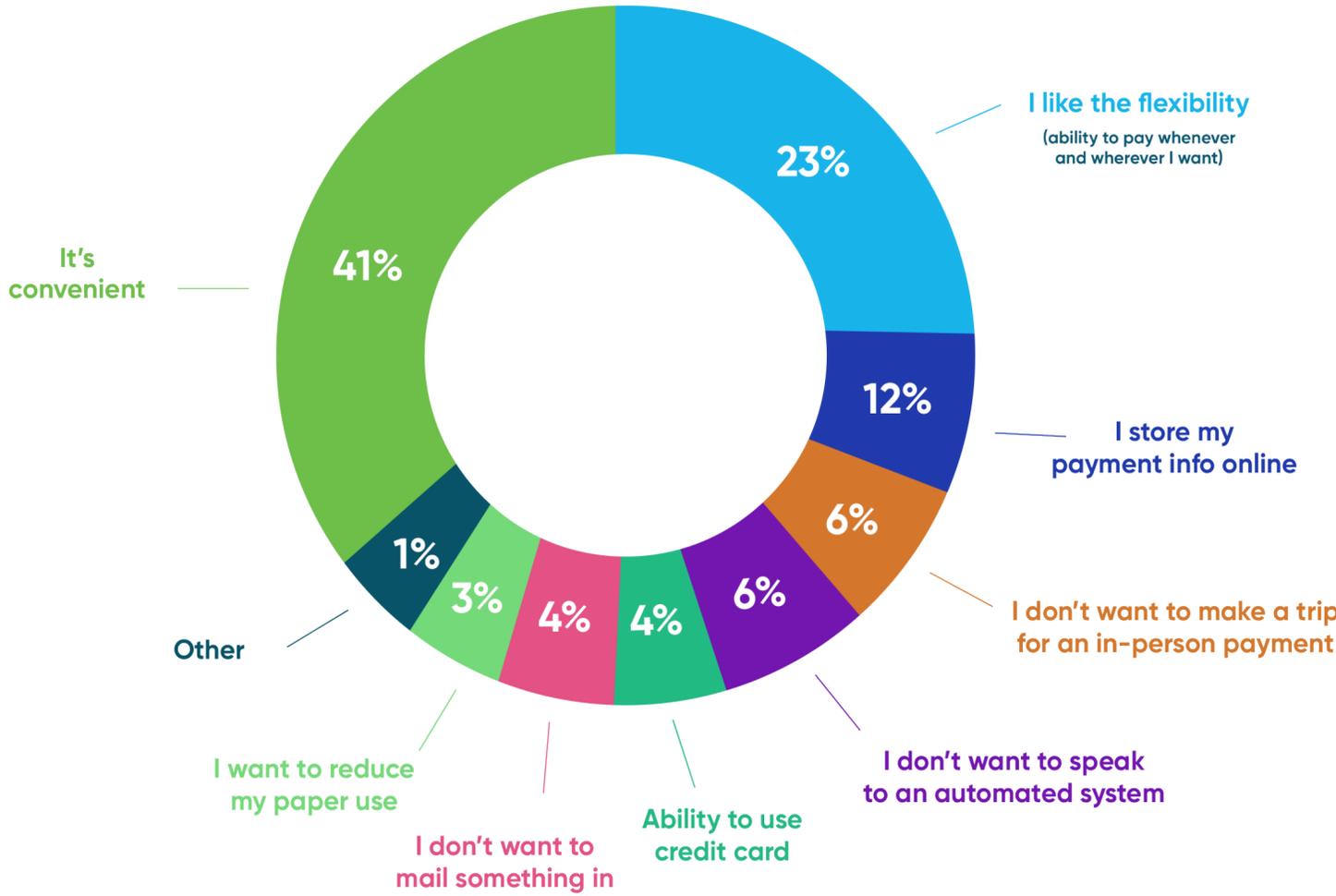
Mobile payments are becoming increasingly popular, particularly with younger consumers. This means that the capabilities and functionality of your mobile payment platform need to be just as robust as those found in your online payment portal. It's important to ensure that both channels are equally easy to use. Most importantly, make sure your mobile payment channel doesn't create unnecessary roadblocks for your customers – like forcing them to login to make a payment.

Which of the following statements best describes why you prefer to pay bills online or via a mobile device?

Focus on delivering convenience and flexibility

To learn a little more about why so many respondents prefer digital payments, we asked them to choose the statement that most accurately reflects why they prefer to pay bills online or via a mobile device.

Forty-one percent of participants selected "it's convenient" while 23% chose "I like the flexibility (ability to pay whenever and wherever I want)." These percentages were fairly consistent across the different age groups.



## How to use this data:

By their nature, online and mobile payment routes are already convenient payment options. But one critical aspect of this convenience – which also touches on the idea of “flexibility” – is supplying customers with omni-channel options.

Omni-channel means providing customers with as many ways to pay their bills as possible, while still retaining context across channels. For example, in a true omni-channel experience, a customer can start making a payment with a phone call, receive a text message with a link to the payment screen, and complete the payment on their mobile device.

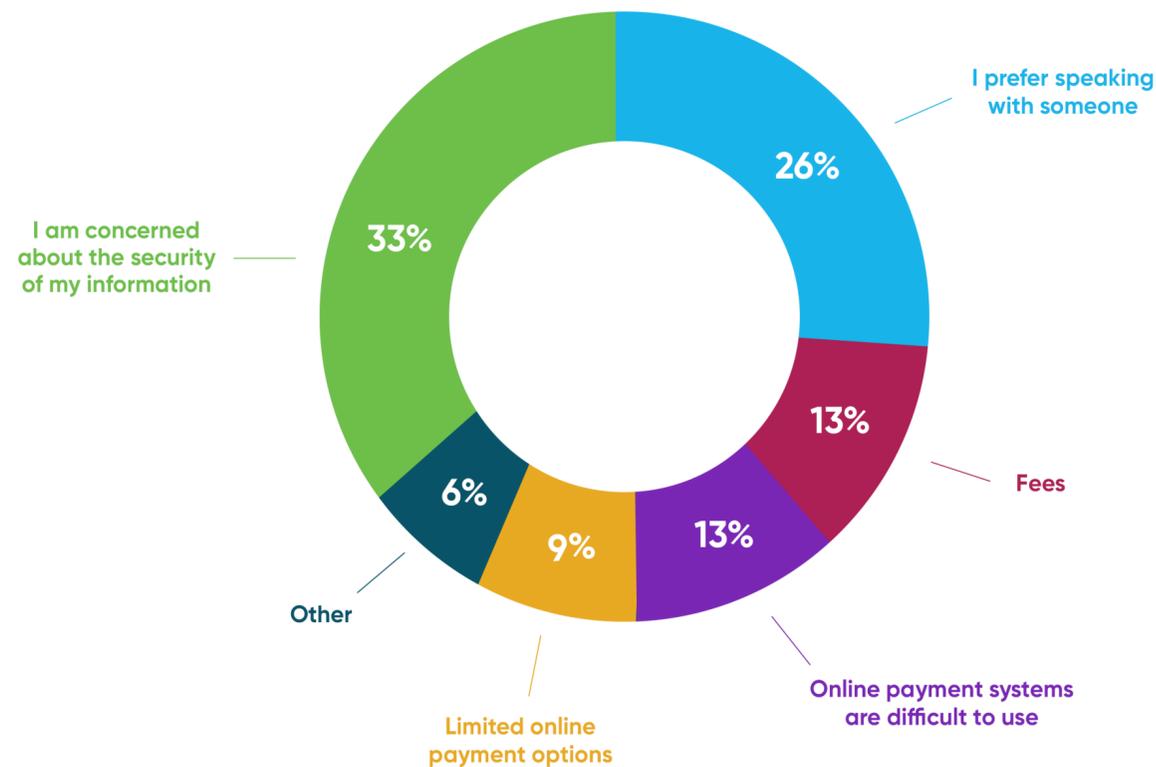
Providing a variety of payment options is, obviously, critical – but we can’t forget that omni-channel routes are not nearly as effective unless every channel is designed for ease of use. The only way you can offer true omni-channel capabilities is by designing each channel to be simple and intuitive for the customer.



## When selecting a payment platform, focus on security

We were also interested to learn more about respondents who chose not to pay their bills online. When asked why their preferred payment channel was not mobile or online, **33% of respondents selected "I am concerned about the security of my information."**

Which of the following statements best describes why online or mobile payments are not your preferred payment channel?



This worry is a familiar one. When it comes to payments, where customers are oftentimes sharing their most sensitive information, data security can pose an understandable concern. In turn, this can slow online payment adoption for organizations, increasing mailed-in payments and time-consuming service calls.

### How to use this data:

To ease this customer concern, make security a top priority when selecting an online payment platform. One critical way to ensure the security of customer data is to select a true Software as a Service (SaaS) platform. By design, SaaS platforms can automatically roll out updates and security patches to all customers at the same time – so you never have to worry about being exposed when security standards or data regulations change.

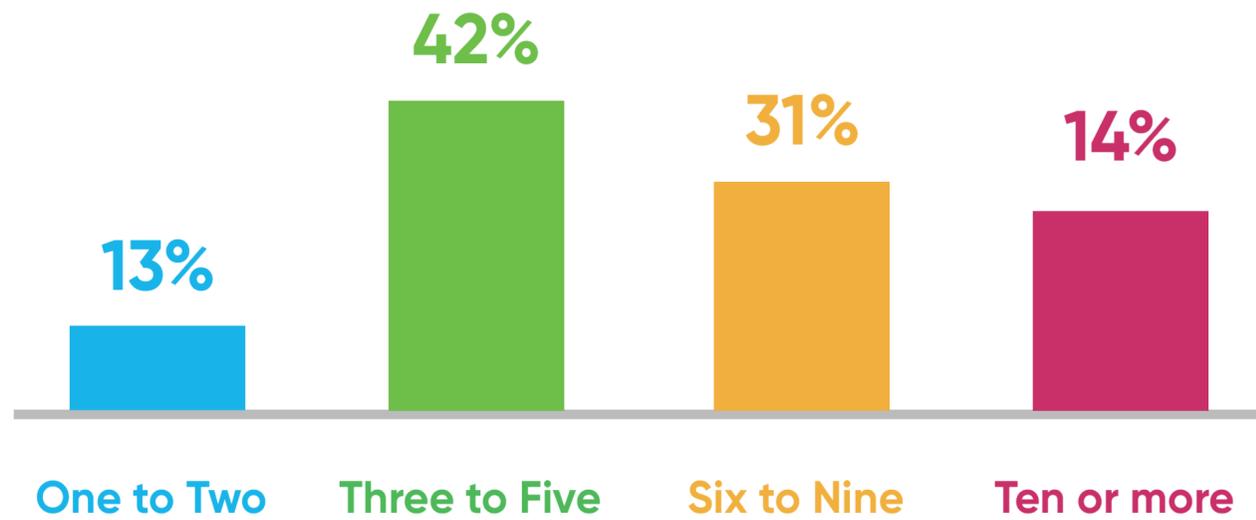


## Drive customers to self-service at every opportunity

With a better idea of how customers prefer to pay their bills, we wanted to get a sense of how many bills customers are actually paying online on a monthly basis.

Overall, **45% of consumers are paying 6 or more bills online every month** – which is no small number. This again highlights the importance of providing a streamlined, easy to use online payment system, since this is such a popular channel for making monthly payments.

In an average month,  
how many bills do you pay online?



## How to use this data:

Take this trend towards multiple, monthly online payments to the next level by driving towards self-service options like paperless billing and AutoPay.

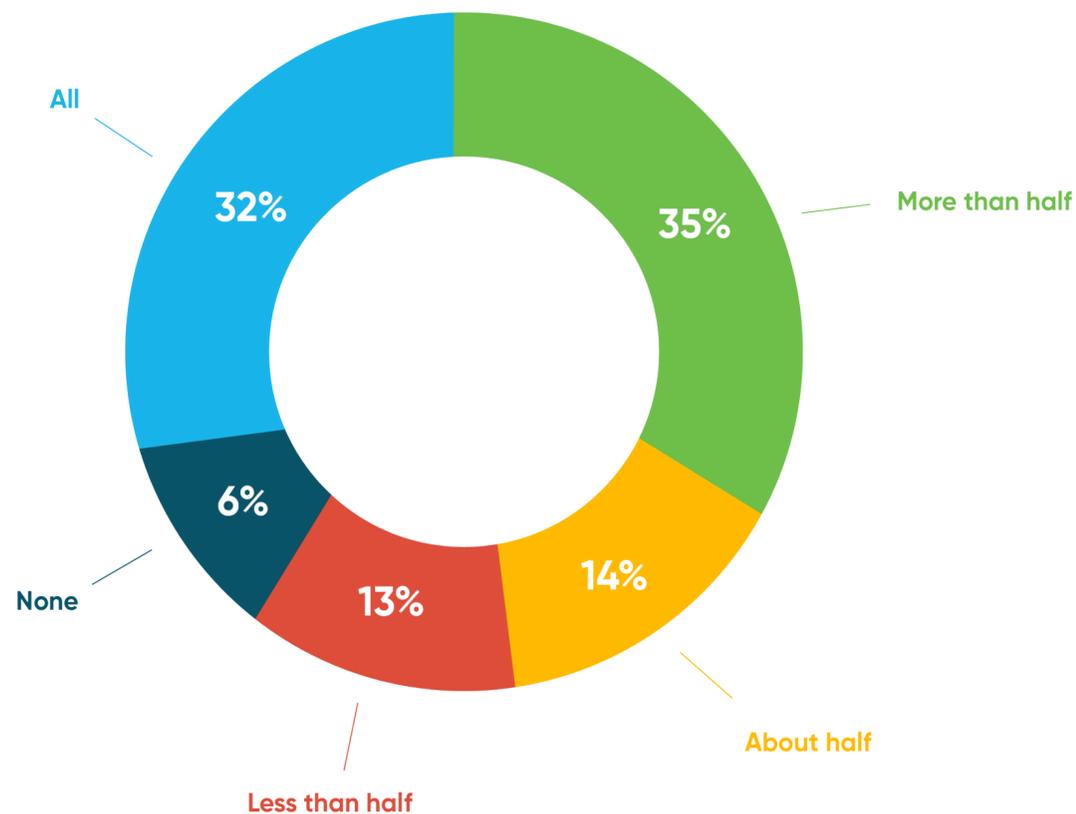
The survey results confirm that consumers want to make payments through online channels – enough so that they’ve integrated paying online into their monthly routine. This is a promising trend for your organization; higher online adoption means less time spent processing manual payments or fielding service calls, saving your organization time and resources in the process.

The next step is to help make payments even easier for customers – and less costly for your organization – by encouraging them throughout the online payment route to enroll in services like AutoPay or paperless billing. Advertise the option to self-service as frequently as possible on your online and mobile channels, using clear communications to direct customers to enrollment.

## Boost paperless enrollment with intelligent communications

When it comes to paperless billing, we asked respondents how many bills a month they've opted to receive digitally. **Thirty-five percent of participants said they're enrolled in paperless billing for "more than half" of their bills and 32% are enrolled in paperless billing for all their bills.**

For how many of your recurring bills are you enrolled in paperless billing (where you only receive bills digitally)?



Looking at the consumers enrolled in paperless billing by age, more than 50% of every age group is receiving "most" or "all" of their bills digitally. This number grows when we look at the younger age groups; 74% of respondents ages 18-29 and 75% of respondents ages 30-44 are enrolled in paperless for "most" or "all" of their monthly bills.

When we asked respondents who selected 'None' why they've declined to enroll, 56% of respondents said they prefer to receive a paper bill. Generally, this reasoning was more heavily selected by respondents in the older age groups; 65% of respondents 45 and older prefer paper bills compared to 28% of respondents 44 and younger.

The next most common response was, "I'm concerned about missing a bill notification," which was selected by 28% of respondents who haven't enrolled in paperless billing. In terms of demographics, this response was selected more by younger respondents; 52% of respondents under age 44 cited this as the primary concern against paperless billing, compared to only 20% of those age 45 and older.

And, finally, 6% of respondents claimed they are "unsure how to enroll" in paperless billing.



### How to use this data:

Evaluate and improve your organization's communications around paperless billing. These survey results reveal an opportunity to leverage intelligent communications to ease concerns and convert customers to paperless.

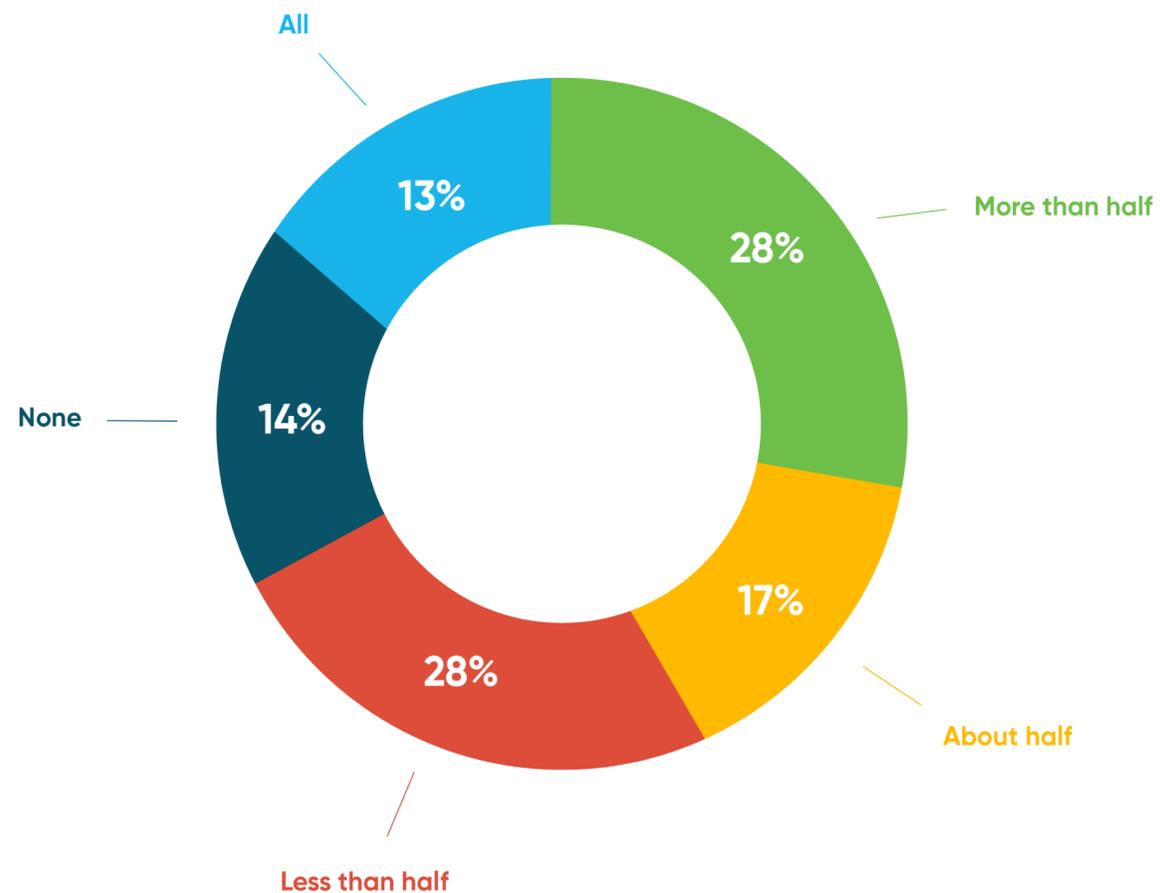
First, make sure the two major concerns – missing a bill notification and being unsure how to enroll – are addressed internally. Confirm that your online payment system can distribute payment reminders across multiple channels and that your paperless enrollment process is quick and simple.

Then use clear messaging to engage payers and confront their worries. Include a note on paper bills that explains how to sign up for paperless billing, and allow customers to sign up at any point throughout the payment process. Let customers know that they will receive up-to-date, targeted bill notifications with clear instructions on how to pay.

## Lower barriers to AutoPay enrollment

Another effective self-service route, AutoPay, isn't as well-utilized by consumers, according to our survey results. When asked how many recurring bills respondents are enrolled in AutoPay for, **only 13% responded "all."**

For how many of your recurring bills are you enrolled in automatic payments (where payments are automatically withdrawn from an account or charged to a credit card)?



As with paperless billing, AutoPay enrollment numbers were higher with the younger age groups. Fifty-one percent of consumers ages 18-29 and 45% of consumers ages 30-44 are enrolled in AutoPay for "all" or "more than half" of bills.

By comparison, only 33% of respondents ages 45-60 and 32% of respondents ages 61 and older were enrolled in AutoPay for "all" or "more than half" of their recurring bills.

Clearly, AutoPay is a more popular choice with younger consumers.

For respondents who are not enrolled in AutoPay for any bills, **79% of respondents said that they prefer to make manual payments each month.** This preference was by and large the most common reason for not enrolling, with **only 8% of participants citing security concerns** and **2% of respondents saying there is no option to enroll in automatic payments** for their monthly bills.

## How to use this data:

For organizations, AutoPay is important for two primary reasons. First, it ensures your organization will be paid on time, every month, accelerating your collections cycles. Second, it reduces customer churn by allowing customers to 'set it and forget it' when it comes to recurring payments – and making it more of a hassle to switch providers.

To increase AutoPay enrollment at your organization, focus on lowering barriers and removing obstacles. While you can't dissuade customers who simply prefer to make payments manually, you can make enrolling in AutoPay so simple there's no reason a customer wouldn't want to opt in.

For customers, AutoPay sign up should be as simple as checking a box and choosing a payment method. Long, complicated processes for enrollment only hurt AutoPay adoption rates.

Just like with paperless billing, you'll then need to use consistent communications to make the presence of AutoPay as an option very obvious. Promote this self-service route and its simple enrollment across all your payment channels to boost AutoPay adoption.



## Evaluate and optimize the user experience

At the core of online payment and self-service adoption is the quality of your organization's payment experience. The more positive the online payment experience, the more likely customers will be to use digital payment options in the future. And the converse is true, as well – if customers suffer a negative online payment experience, it is less likely that they'll use this payment channel again.

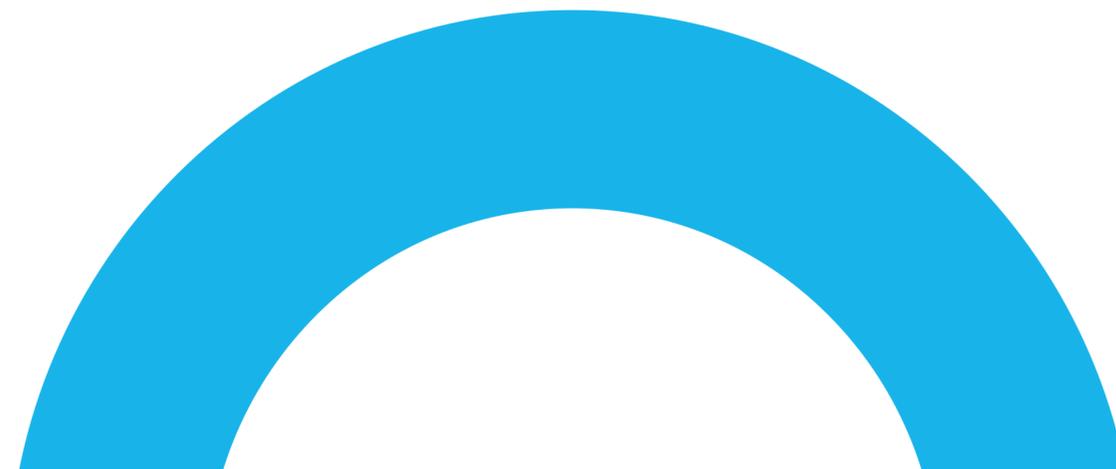
These adoption rates are critical, as they'll determine how much organizational time and resources will be allotted to fielding customer service calls and processing payments manually.

Since the decision to opt for online and self-service routes are dependent on the payment experience, we wanted to discover what consumers believe makes for a good online user experience.



Rank	Feature
1	The system is easy to use
2	I can trust that my information is secure
3	Easy to enroll in paperless billing or automatic payments
4	Ability to set reminders or schedule a payment for a later date
5	Multiple payment options: mobile, text message, etc.
6	Not being required to login to make a payment

Overall, the top two factors contributing to a positive payment experience are ease of use and data security. The ranking of these factors were consistent across age groups, except for one difference – “Ability to set reminders or schedule a payment for a later date” ranked #3 for respondents 18–29 years old, whereas this factor was #4 overall.



## How to use this data:

Consider how customers experience your payment process from their point of view. An easy way to do this is with a customer experience audit.

Put yourself in the customer's shoes and ask: *what's it like to pay a bill with your organization?*

Write down the steps you come up with then identify the major roadblocks along the way. Ask: at what points did the payment process feel complicated or laborious? Where are payers are likely to abandon the process? Then work to simplify those problem areas.

From a security standpoint, we've already impressed the importance of choosing an online payment system with a true SaaS delivery model. Once you've invested in a payment solution that can deliver that level of security, let your customers know their sensitive information is in good hands.

Consider creating informational content around the security measures in place and distribute to your users. Even customers who make payments online without the worry of data security should feel reassured by this information.



## Take steps to eliminate the "I forgot" excuse

Billing and payments professionals across all industries know that late or delinquent payments pose a huge challenge to collection efficiencies. While this isn't an aspect of payments many are excited to discuss, it's an important one – being able to understand what causes late and delinquent payments could be the key to radically reducing or eliminating this roadblock.

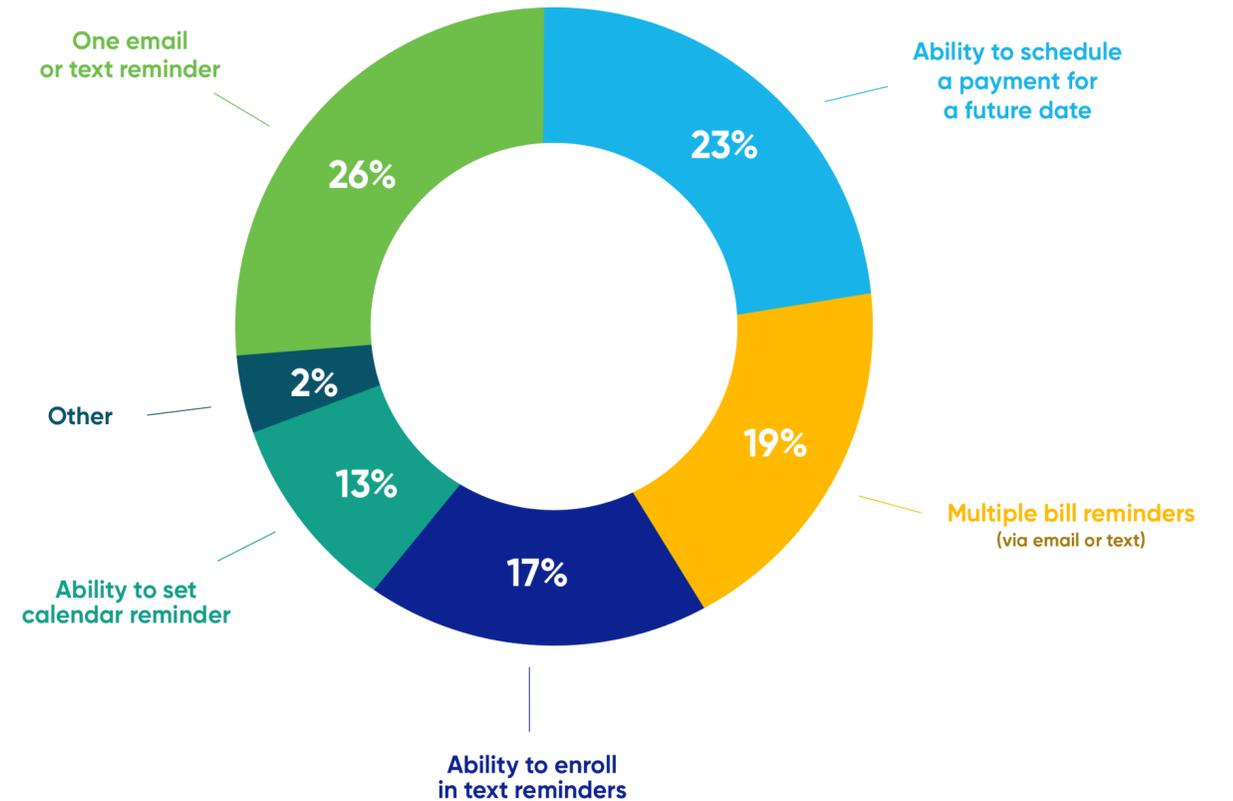
When asked if they've ever forgotten to submit a payment on time resulting in late or missed payments, **60% of consumers said "yes,"**

This clear majority aptly illustrates the challenging frequency of payer forgetfulness – but are there any steps we can take to minimize this issue?

We next asked respondents which features would be the most helpful for remembering to pay bills on time.



Which of the following would be the most helpful for you to remember to pay bills on time?



These results are truly critical. They demonstrate tangible ways organizations can limit the challenge of payer forgetfulness – with preferred routes from the payers themselves.

## How to use this data:

Implement pay enabled events, such as email and text reminders, calendar reminders, and the ability to schedule payments for a future date.

And as with self-service options like AutoPay and paperless billing, you cannot stop at offering these pay enabled events. It's critical to let your user base know – again and again, with clear, instructive communications – that these options are available and how customers can enroll.



# The online payment optimization checklist

To keep up with the current state of online payments, it's important to continuously evaluate the experience of your online offerings and optimize when necessary.

Here are a few key things you can do to ensure optimal online payment channels, based on our survey results:

- ✔ Evaluate the most popular payment methods – mobile and online channels – from your customer's point of view, making note of where the payer could encounter difficulties.
- ✔ Provide omni-channel options and work to ensure that each channel is designed for ease of use, making it simple and intuitive for the customer to pay however and wherever they'd like.
- ✔ Make it easy to enroll in services like AutoPay or paperless billing.
- ✔ Opt for a true SaaS online payment solution that has proven, top-tier data security.

- ✔ Use consistent, clear communications to drive customers towards self-service routes like paperless billing and AutoPay.
- ✔ Implement pay enabled events, such as email and text reminders (maybe one, maybe multiple, depending on customer preference), calendar reminders, and the ability to schedule payments for a future date.

If you're ready to optimize your online payment platform and drive results for your organization, Invoice Cloud offers a true SaaS payment solution that makes paying online simple. To learn more about Invoice Cloud's highest adopting online payment platform and see our user experience in action, [schedule a demo](#) today.



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## APPENDIX A: Full Questionnaire

1. In the last 12 months, which of the following types of bills have you paid online or through a mobile device? Please select all that apply.

- Cable or Streaming TV subscription
- Credit card
- Healthcare
- Insurance: Homeowner, renter or landlord insurance
- Insurance: Business
- Insurance: Life
- Insurance: Personal auto
- Internet
- Personal loan payment (auto, mortgage, etc.)
- Phone (cell phone, landline or other)
- Tax
- Utility bill (water, gas, electric, etc.)
- I have not paid any bills online in the past 12 months **[DISQUALIFY]**

2. Which of the following channels have you used to pay a bill in the last 12 months? Please select all that apply.

- Online portal (on my computer/laptop)
- Mobile device
- Text message/SMS
- Pay by phone (spoke with a live agent)
- Pay by phone (spoke with an automated system)
- Mailed in a check
- Made an in-person payment

3. What is your preferred channel for making a bill payment?

- Online portal (on my computer/laptop)
- Mobile device
- Text message/SMS
- Pay by phone (spoke with a live agent)
- Pay by phone (spoke with an automated system)
- Mailed in a check
- Made an in-person payment

**[If 'Online payment portal' or 'Mobile payment portal' selected in Q3]:**

**4a. Which of the following statements best describes why you prefer to pay bills online?**

- It's convenient
- I like the flexibility (ability to pay whenever and wherever I want)
- Ability to use a credit card
- I don't want to mail something in
- I don't want to make a trip for an in-person payment
- I don't want to speak to an agent or automated system
- I store my payment information online so payments are fast and easy
- I want to reduce the amount of paper I use/receive
- Other, please specify:

**[If anything other than 'Online payment portal' or 'Mobile payment portal' selected in Q3]:**

**4b. Which of the following statements best describes why online payments are not your preferred payment method?**

- Online payment systems are difficult to use
- I'm concerned about the security of my information
- There are fees associated with paying online
- I prefer to speak to someone when making a payment
- The available online payment options are limited or inconvenient
- Other, please specify:

**5. In an average month, how many bills do you pay online?**

- 1-2
- 3-5
- 6-9
- 10+

**6. For how many of your recurring bills are you enrolled in paperless billing (where you only receive bills digitally)?**

- All
- More than half
- About half
- Less than half
- None

**[If 'None' selected in Q6]**

**6a. Which of the following reasons best describes why you have not enrolled in paperless billing for any of your bills?**

- Unsure how to enroll
- Enrollment process is too time consuming
- There is no option to enroll
- I'm concerned about missing a bill notification (email, etc.)
- I prefer to make manual payments
- I prefer to receive a paper bill
- Other, please specify:

**7. For how many of your recurring bills are you enrolled in automatic payments (where payments are automatically withdrawn from an account or charged to a credit card)?**

- All
- More than half
- About half
- Less than half
- None

**[If 'None' selected in Q7]**

**7a. Which of the following reasons best describes why you have not enrolled in automatic payments for any of your bills?**

- Unsure how to enroll
- Enrollment process is too time consuming
- Concerned about security of my information
- There is no option to enroll
- I prefer to make manual payments
- Other, please specify:

**8. Please think about the most recent bill that you paid online. Did you login to an account to make a payment?**

Yes

No

**9. When you think about making a payment online, which of the following factors is the most important for providing a good customer experience? Please rank from most to least important**

The system is easy to use

I can trust my information is secure

Easy to enroll in paperless billing or automatic payments

Ability to set reminders or schedule a payment for a later date

Multiple payment options: mobile, text message, etc.

Not being required to login to make a payment

**10. Have you ever forgotten to submit a payment on time, resulting in a missed or late payment?**

Yes

No

**[If 'Yes' selected in Q10]**

**10a. Which of the following would be the most helpful for you to remember to pay bills on time?**

Multiple bill reminders (email)

Ability to set a calendar reminder to pay at a later date

Ability to schedule a payment for a future date

Ability to enroll in text notifications or reminders

Other, please specify:

## APPENDIX B: Survey Respondent Age Breakdowns

- 18-29 = 26%
- 30-44 = 25%
- 45-60 = 32%
- 61+ = 17%

## APPENDIX C: Bills paid online in the past 12 months

1. In the last 12 months, which of the following types of bills have you paid online or through a mobile device? Please select all that apply.

