



ACI Speedpay[®]
Pulse

2022 Pulse Report:

Billing and Payment Trends and Behaviors





Defining Generations

Gen Z:

Respondents aged 18-25 in 2022 (dating back to consumers aged 18-21 in 2018). This age range only reflects a partial segment of Gen Z-aged consumers.

Millennials:

Respondents aged 26-41 in 2022 (dating back to 22-37 in 2018).

Gen X:

Respondents aged 42-57 in 2022 (dating back to 38-53 in 2018).

Boomers+:

Respondents aged 58-80 in 2022 (dating back to 54-76 in 2018). This age range reflects the full Baby Boomer generation and a smaller portion of the Silent Generation.

FOREWORD

Change Has Its Own Pace and Waits for No One

After the tumultuous events and disruptions of recent years, many billers would look forward to a period of slower change.

The results of our latest bi-annual ACI Speedpay® Pulse consumer survey suggest they may be disappointed. It appears 2022 is in fact shaping up to be another year of big change as the effects of the sudden, increased and highly concentrated exposure to new digital experiences and technologies continue to ripple through consumer expectations.

Our survey reveals that new consumer habits and attitudes are still emerging to shape expectations of billing and payment experiences. In particular, digital adoption continues to grow, especially in mobile channels (albeit adoption is at different rates through the generations).

This is an indicator of a wider trend that is emerging: **more consumers than ever are willing to change how they pay their bills in pursuit of greater convenience and payment experiences that better fit their daily lives.** In the case of the older generations in our survey, many are willing to literally change the habits of a lifetime.

This signals a huge opportunity for billers to double down on efforts to transform and modernize their billing and payment experiences to, first, ensure they offer the channels and methods consumers really want. And, second, that they are agile enough to better respond to changes in the future by onboarding new channels and methods more quickly.

With unrelenting change as a feature of the current age, that last point may soon emerge as a crucial long-term competitive advantage.



Sanjay Gupta
Executive Vice President
Head of Biller Segment



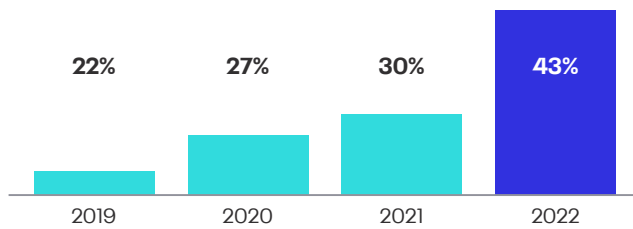
2022 Pulse Points

1 Sharp growth in mobile adoption

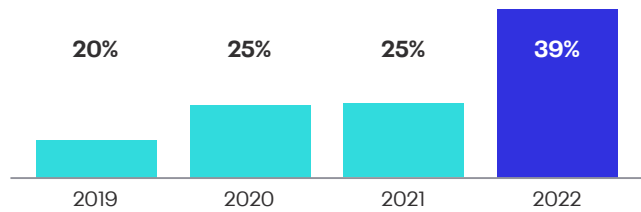
Analyzing the ways in which consumers are choosing to pay their bills reveals a jump in mobile usage across the board, as increased familiarity with — and trust in — this channel accelerates adoption.

In particular, our research has registered a large shift to mobile wallets: 43.1% reported using a mobile wallet to make a payment, up from 29.8% in 2021 and almost double the rate of 2019. Specifically in terms of paying bills, 49% would consider using a mobile wallet to pay bills, compared to 36.3% in 2021.

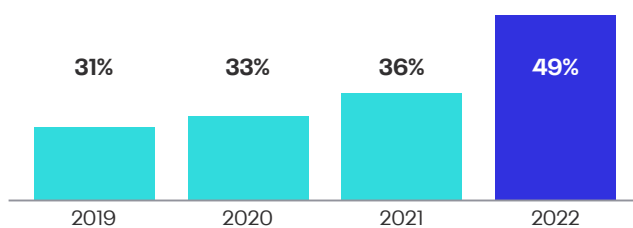
Have used a mobile wallet to make a payment



Use mobile wallet to store non-payment items such as digital tickets, loyalty cards, etc.



Would consider using a mobile wallet to pay bills



Further evidence of consumers' growing appreciation of the utility of mobile wallets can be seen in their increased propensity to use them to store non-payment items, such as digital tickets, boarding passes or loyalty cards. Today, 39.2% of consumers report this kind of activity compared to 25.2% in 2021. This can only serve to make mobile wallets more "sticky" as a payments channel, increasing the business case for billers to serve customers in this way.

Naturally, this is having knock-on effects for consumers' bill reminder preferences, with interest in mobile text and mobile app notifications increasing at a notable rate. Preference for mobile text alerts are up to 20.2% in 2022 from 15.1% during the same period in 2021. Similarly, preferences for mobile app notifications are up to 10.6% from 6.0%. At the same time, preference for email and paper/mail notifications continue to fall slowly but surely. Email is down to 38.1% in 2022 from 44% compared to a year earlier, and paper/mail is down to 27.7% from 30.4%. Not surprisingly, Boomers prefer to receive paper/mail notifications at twice the rate (41.9%) of Gen Z (20.4%) and Millennials (18.9%).

THE TAKEAWAY

Generationally, older consumers continue to prefer traditional methods, such as mailed payments, but the overall trend is clear. As consumers feel more safe and familiar with mobile channels, they increasingly value the convenience and efficiency of these payment methods, resulting in increased usage on a regular basis.



2022 Pulse Points

2 Consumers seek out faster bill pay experiences, with urgent payments rising

Our latest survey also reveals a significant increase in consumers' willingness to change their payments channel or method for faster and more convenient payment experiences. If it meant their payment would process faster, 38.4% would change their payments channel or method of choice compared to 30.9% in 2021. And 29.6% say they are frustrated by the length of time it takes for companies to process bill payments, up from 26% in 2021.

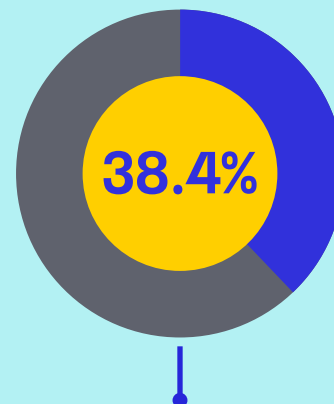
With consumers more willing to change payments behavior than ever before and increasing frustration at current bill pay experiences when it comes to speed, billers can take advantage of these twin drivers to migrate consumers to lower-cost digital channels and methods. Doing so would also support billers' responses to another emerging trend: a big increase in last-minute, urgent payments. One in three consumers (32.6%) says that they have had to make an urgent or same-day payment in this past year, which is significantly higher than in 2021 (20.8%).

Part of this growth can reasonably be attributed to increases in consumers' total bills, which is most marked among younger audiences. Consumers may be having a hard time keeping track of how many bills they have to pay per month, whether for multiple subscription services or additional utilities.

Indeed, the propensity of groups with the highest growth in bills to also report making urgent payments, bears this out. Gen Z's average total bills stands at 8.91 (up from 7.32 in 2021) and Millennials have on average 10.1 total bills (up from 9.3). By generation, older consumers are significantly less likely than younger consumers to say they have had to make an urgent or same-day payment in the past year. Finally, consumers most often pay those urgent or same-day payments through a biller's website, over the phone via CSR or through a biller's digital app.

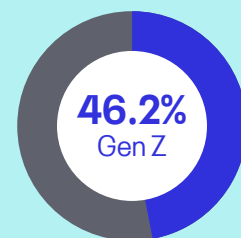
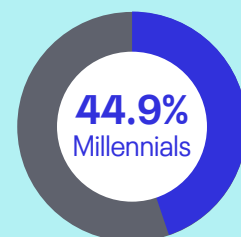
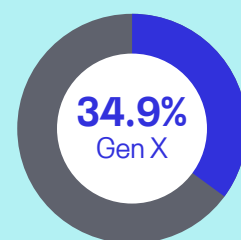
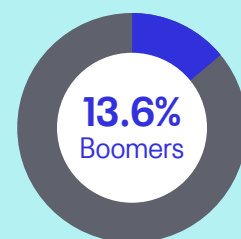
THE TAKEAWAY

With the need to make urgent payments on the rise, digital channels are a crucial element for making these payments more easily. Consumers are comfortable with digital, and they know it's fast and accessible from almost anywhere. As such, digital channels are key for billers looking to mitigate the risk of last-minute payments escalating to become late or missed payments.



Would change their payments channel or method of choice for faster and more convenient payment experiences

Urgent or same-day payment by generation





THE TAKEAWAY

In terms of how to respond to these trends, billers remain obliged to support a wide range of payment channels to suit varied consumer preferences, some of which are more costly than others. But as Gen Z matures to take on more responsibility for their bills, billers' digital experiences will need to mature with them to match the expectations of these digital-natives. This would help to attract and retain younger audiences in general, while also providing longer-term opportunities to educate older audiences and convert them to more cost-effective and faster channels. This demographic might be moving more slowly through the digital journey — but their acceptance of making payments through websites demonstrates that they are coming along, nevertheless.

Channel Insights

Preference for mobile is challenging web's dominance

As noted already, billers' websites remain the most popular bill payments channel by far, and its popularity spans across the generations.

However, its margin of preference is declining as channel usage diversifies: 31.7% prefer to use a biller website to make a bill payment, compared to 38.8% last year. Surging in the other direction are mobile usage and — interestingly given trends toward digitization — preference for in-person payments at a third party (meaning scenarios where consumers make bill payments via retailers, in-store). Our survey captured increased usage in the last 12 months of in-person at a third party (18.6% in 2022 from 13.2% in 2021), billers' mobile apps (30.7% from 23.6%) and mobile wallet usage (10.1% from 7.4%).

The increase in paying bills in person at a third party could be due to the increased convenience and choice offered by this channel to a general population that, post-Covid, is shopping more in physical stores. And while comfort with digital and mobile is increasing, there remains a strong sense of security and peace of mind that comes when paying bills in person, face to face. (Though it should be noted that mobile and third-party payments often cross over, with consumers using bar codes generated by their mobile wallet or app to facilitate in-person payments.)

When we look at the data split generationally, older consumers continue to prefer websites while younger consumers are driving preference for mobile and smart devices. Driving forces for this include Gen Z taking on more responsibility for their own bills and payments, and doing so through the channels that are native to them. The general propensity of younger people (Gen Z and Millennials) to be more open to new digital channels also cannot be ignored.



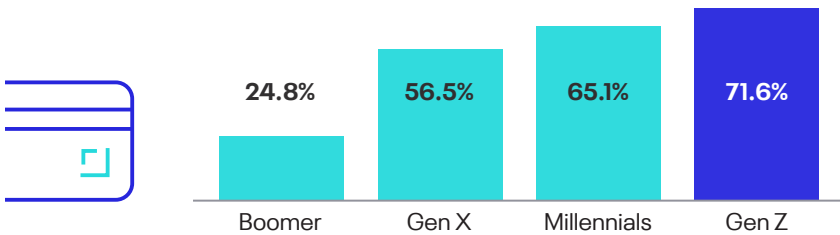
Methods Insights

Break the “habits of a lifetime” to drive down costs

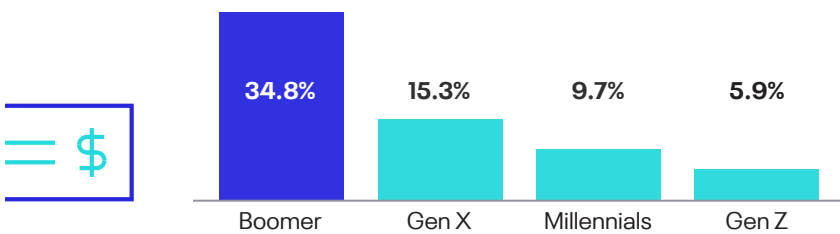
Debit card bill payments are on the rise when it comes to preferred payment methods — but checking account deductions still dominate. We see this clearly in the 3 in 5 consumers that report using checking account deductions to pay their monthly bills in the last 12 months. Meanwhile, consumer reports of using debit cards to pay their bills are up 8.6% from last year, pushing past the halfway mark (51.1%) for the first time since our survey began. Overall, paper check is down to 18.5% in 2022 from 25.3% a year earlier — a fall of 6.8%.

Diving further into generational preferences for payment methods, we see a stark divergence between older consumers’ loyalty to traditional methods versus the adoption of newer methods among younger consumers.

Debit card bill payments in the past year:



Paper check payments in the past year:



Among the generations, Boomers also have the strongest preference to pay with credit cards, contributing to the conclusion that, without action from billers, this audience will remain the most expensive to serve from a payments point of view for some time. For example, 30.7% of Boomers prefer to make one-time payments by credit card, compared to 17.6% Gen X, 22.9% Millennials and 16.1% Gen Z. Boomers state that rewards are the main reason for using credit cards, up from 75% last year to 85%, which is troublesome for billers: reward credit cards can be the most expensive form of payment to accept.



THE TAKEAWAY

There’s an opportunity for billers to think harder about how to overcome the “habits of a lifetime” of older audiences to convert them to cheaper payment methods. As our research has shown, there is enough preference for digital bill payments among this audience to justify investing resources in educating them further about the benefits and convenience, in order to drive higher adoption. Meanwhile, younger generations may be becoming more aware of some of the negatives when it comes to credit card debt — an attitude that billers can leverage to also convert this demographic to more cost-effective payment methods.





THE TAKEAWAY

The moment for billers to consign paper billing to the history books is approaching, which opens the path to savings on significant costs and environmental impacts. Consumers of all age groups are more willing than ever to go digital, and strong interest among the entire sample group — 28.5% — for both paper and digital statements affords ample opportunity to convert people to digital-only in the future.

Statements and Notifications Insights

Paper billing takes a big stride toward retirement

In line with wider observations of growing preferences and behaviors in favor of digital payment experiences, consumers are significantly less likely to say they prefer to receive only paper billing statements than they were in 2021. In 2022, 20.9% reported preferring paper billing statements, compared to 24.2% a year earlier. As a result, digital-only preference is now over 50% (50.6%), up from 47.6% in the same timeframe.

Furthermore, preference for digital statements is maturing to focus specifically on mobile. As noted in this report already, preference for email and paper/mail reminder notifications continues to fall slowly but surely: email is down to 38.1% in 2022 from 44% a year earlier, and paper/mail is down to 27.7% from 30.4%. Meanwhile, preference for mobile text and mobile app notifications is increasing at a notable rate: mobile text alert is up to 20.2% from 15.1%, and mobile app notification is up to 10.6% from 6%.

Predictably, there is clear daylight between the younger consumers' preference for digital-only statements and the Boomer demographic. 54.8% of Gen Z, 60.8% of Millennials and 50.7% of Gen X reported preferring to receive digital statements, compared to just 39.3% of Boomers. And Boomers are the last holdouts preferring to receive only paper statements: 32.4% compared to 15.3% Gen Z, 12.8% Millennials and 19% Gen X.



Emerging Payment Methods Insights

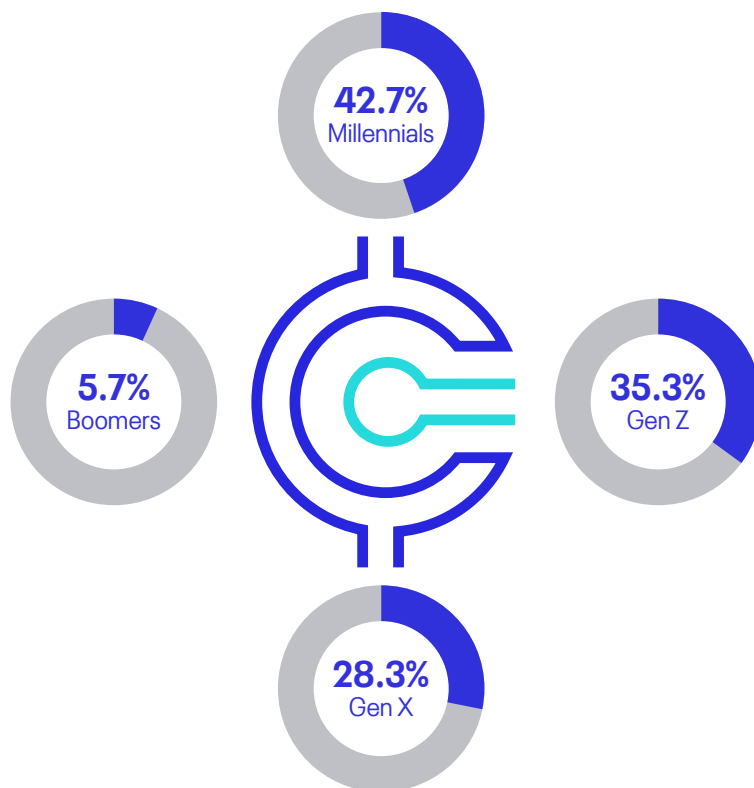
Crypto hasn't caught on ... yet

Our survey shows that alternative payment methods (APMs) are increasingly catching on, recording a near 5% increase in consumers' preference to use alternative methods such as Venmo, Apple Pay and PayPal to pay bills.

Interest in real-time payments functionality is also growing, as we see when examining consumer preferences for Request to Pay: 41.2% said they would be extremely or somewhat interested in their billers offering this feature. Avoiding late payment (32%), immediate confirmation that payment was received (24.9%) and immediate payment posting/transfer of funds (20.8%) were cited as the top three most important benefits of this feature.

Meanwhile, in emerging payments, despite the high publicity, crypto is yet to make an impact on consumer preferences for paying bills. However, it is respondents in the younger generations that show the most signs of potential adoption in the future. Specifically, Millennials are significantly more likely than other generations to believe cryptocurrency payments are secure, meanwhile, most Boomers are unsure.

Confidence in the security of cryptocurrency payments:



THE TAKEAWAY

It seems the novelty of accepting crypto for bill payments would cut through with younger audiences. So although it would have a negligible business impact for now, this kind of differentiation alone might be reward enough in competitive industries. This said, recent crashes in crypto prices have again highlighted their volatility and may be a setback for preference levels among younger audiences, while hardening skepticism among the older generation.

Billers can be more assured of success when enabling APMs with channels such as Venmo, PayPal, Apple Pay and Google Pay (if they haven't already), as well as real-time payments functionality such as Request to Pay. Consumers value choice and appear to welcome the crossover of P2P-like experiences into other aspects of their daily lives. This can be seen in the way that APMs have become table stakes in the online shopping checkout experience, and even in-person purchases at the point of sale. There is nothing to suggest that billers will be immune from these expectations, and for more insights into these wider payment trends they can turn to [ACI's 2022 Prime Time for Real-Time Report](#).





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Wrap-Up

What's next for billers?

The growth in last-minute payments and frustration with payment processing speeds points to a critical mass of consumers looking for more speed than ever when paying bills. With consumers also willing to change how they pay to get it, it's time for billers to strike while the iron is hot. That means investing in their support for mobile wallets and related digital/mobile experiences to better leverage more cost-effective and real-time payment methods.

The evidence is mounting that these investments would be quickly rewarded. Growing trust/confidence in mobile means there are significant opportunities to take cost out of serving older consumers by incentivizing digital channels for payments and communications, as well as other payment methods beyond check and credit card.

There are also related opportunities to consolidate the digital inroads made with other age groups. Mobile wallets can enhance billers' app experiences (which are themselves becoming more preferred) to either embed consumers' preferred payment methods or save consumers the hassle of downloading more apps in the first place. Meanwhile, the greater convenience and choice offered by better digital bill pay experiences create more opportunities to forge deeper connections with customers while fostering stronger loyalty.

The enhanced data collection around the customer journey enabled by digital channels will also generate opportunities to personalize services and offerings. And through additional education and awareness, billers can continue to drive digital adoption and so further increase their return on investment in these channels.

Finally, with a growing number of consumers reporting making urgent payments, billers should also be alert to the potential for higher missed payments and be strategic with their communications in response. That means proactively adding digital and mobile notification options — and promoting their availability to consumers to maximize opt-in.

ACI SPEEDPAY PULSE METHODOLOGY

The ACI Speedpay Pulse is a longitudinal consumer billing and payment trends research study conducted by Brownstein Group in partnership with ACI Worldwide. Each ACI Speedpay Pulse data set includes responses from a survey of at least 3,000 unique respondents (no repeat participation within a one-year period). Each survey sample is U.S. Census-balanced among adults age 18 and older who are responsible for submitting payments for at least two of their household's monthly bills. Survey margin of error is less than 1.8% for questions answered by the entire sample. Questions with a smaller base will have a higher margin of error. If presented, statistical testing is at the 95% confidence level.

ABOUT ACI WORLDWIDE

ACI Worldwide is a global leader in mission-critical, real-time payments software. Our proven, secure and scalable software solutions enable leading corporations, fintechs and financial disruptors to process and manage digital payments, power omni-commerce payments, present and process bill payments, and manage fraud and risk. We combine our global footprint with a local presence to drive the real-time digital transformation of payments and commerce.

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For billers looking to understand the consumer trends that matter for their industry, the most comprehensive place to start is at www.aciworldwide.com/acispeedpaypulse

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