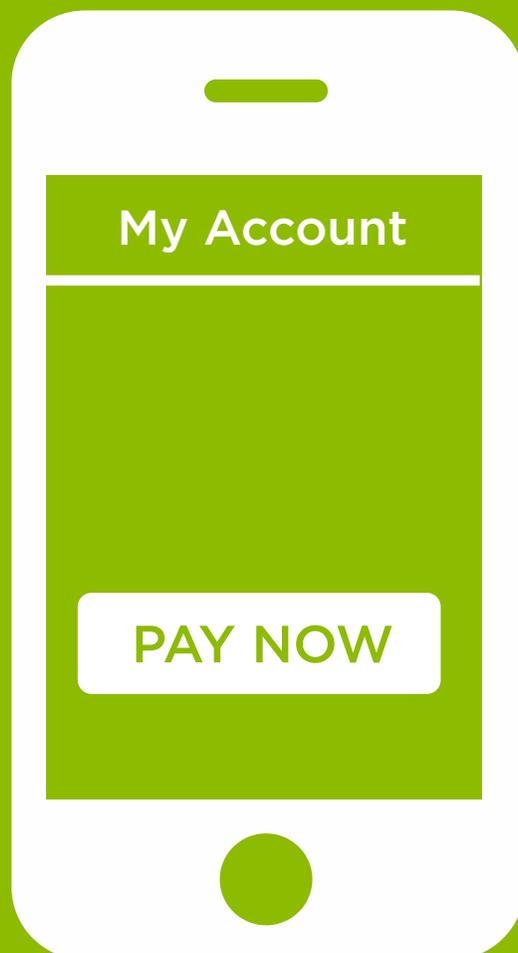


March 2015

Mobile Billing and Payments

Recommendations for Utilities



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The rise of smartphone adoption and changes in mobile technology are changing the way consumers interact with service providers. For utilities, mobile applications and mobile-optimized websites are providing customers a new level of self-service options for reporting power outages, tracking home energy use, and managing their accounts. Although many of North America's utility companies are now offering these mobile self-service solutions to customers, utilities in general are lagging behind many other industries in offering mobile billing and payment options.

In this white paper, we'll share the technical trends influencing the rise of mobile billing and payments, why consumers are increasingly paying bills through their mobile devices, and how mobile billing and payment plans reduce costs and improve customer satisfaction for utilities. You'll also learn strategies for maximizing customer adoption of mobile bill pay.

Increasing Smartphone Ownership and App Usage are Driving Innovation in Mobile Billing

According to Pew Research, 90 percent of American adults own mobile phones, 58 percent of which are smartphones.¹ Additionally, mobile analytics company Flurry reported that as of April 2014, 86 percent of time spent using iOS and Android devices was in applications, compared with only 14 percent of time spent in mobile web browsers.² Smartphones have become such an integral part of consumers' lives that they spend 3.3 hours each day using them.³

As a result of increasing smartphone ownership and usage, many industries are now offering the option to pay bills using a smartphone. For some industries, being able to pay bills using a smartphone has become an expectation. A prime example of this is the banking industry. Today, it is uncommon for a major bank not to offer mobile payment

functionality through a mobile website or app. In fact, 100 percent of the largest 25 banks in America offer a mobile app or website with payment functionality, and 51 percent of smartphone owners, have adopted mobile banking.⁴

Over the past several years, advances in mobile technology have even driven a new online-only banking business model. Simple, an online-only bank founded in 2011 and focused on providing an excellent mobile app experience for its customers, grew 330 percent in 2013 to over 100,000 customers and \$1.7 billion in transactions.⁵

Companies in other industries are also enabling their customers to pay bills via mobile apps or websites. One interesting example of this is Parkmobile, a mobile payment app that eliminates the need to pay with coins at parking meters. The Parkmobile app is mutually beneficial for the biller and the payer. The biller reduces costs associated with dispatching a worker to collect coins and check each individual meter for time remaining, while the payer never has to worry about running out of coins to feed the meter, or returning to the meter to add more coins.

Paying Utility Bills Through Mobile Apps

As consumers are increasingly able to pay a variety of bills via mobile devices, they are expecting to be able to do the same for their energy bill – especially when their utility has a mobile app or mobile website. In fact, utility customers frequently express frustration over the inability to view bills and make payments after downloading a utility's app.

Despite the demand for bill payment functionality in utility mobile apps, many utilities still don't offer the functionality, often focusing on outage information instead. A survey by Electric Power and Light found that only 25 percent of utilities currently have bill pay functionality in their apps.⁶ Since consumers are getting used to using apps or mobile websites to pay their bills, they often become disappointed or annoyed when they download a utility app but are not able to use it to pay their energy bill.

Examples of utility mobile app reviews showing customer expectation for billing:



July 7, 2013



Add payment please Need to put pymt where so I can pay a bill through my app...it would make it so much easier



Cibenko January 16, 2014



Useless Did what it says, but since you can't make a payment, it's literally only useful in case if an outage...add payment options and account log in



Abramowitz December 26, 2013



Account info. Missing You should update this app with account information and the option to pay. Thank you



A Google User December 27, 2013



Power outage info only? I know if I have a power outage when my lights don't work. I don't need a map. I would like something that would allow me to see my usage and pay my bill without having to use a browser.

How can we improve the self service Apps?

53

votes

I wish the app showed billing and allowed payments

Vote

keeb shared this idea · December 17, 2011 · [Flag idea as inappropriate...](#)

STARTED · February 05, 2014



Carmen commented · May 05, 2014 23:20 · [Flag as inappropriate](#)

Yea it's ridiculous! Is this thing ONLY FOR OUTAGES???

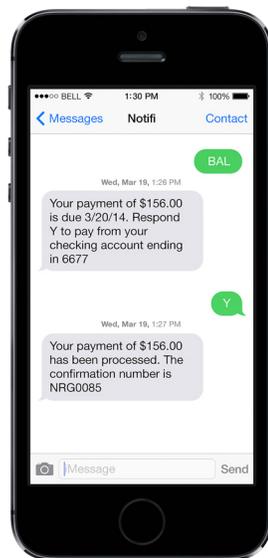


Tena commented · January 10, 2013 23:35 · [Flag as inappropriate](#)

Account always takes me to outages. I thought the point was to be able to pay your bill.

Paying Utility Bills via Text Messaging

For utility customers who do not own smartphones, paying bills through SMS text messaging is a viable alternative. Using the technology, customers can authorize a payment simply by sending a text message. The customer's pre-stored payment information attached to their utility account would then be charged, and the bill would be paid. Text messaging also allows customers to subscribe for SMS bill alerts, so when they receive a text alert reminding them about an upcoming bill, all they need to do is respond to make a payment.



Mobile Payments on the Rise for Utility Customers

In 2013, 16 million households paid at least one bill via mobile website, app, or text message, compared with only

8 million in 2012, and the average number of monthly bills paid with a mobile device per household increased from 2.5 to 3.1.⁷ Additionally, among people who paid a bill using a mobile device, 65 percent did so using a smartphone and 25 percent did so using a tablet.⁸

What motivates consumers to use their phone to pay bills? A survey by Fiserv found that the top three reasons consumers pay bills via mobile device are convenience (70 percent), the ability to pay at any time (55 percent), and the desire to save time (49 percent).⁷ With the next generation of bill payers being more tech-savvy and very active on their smartphones, it is critical that utilities offer some form of mobile bill pay.

Why Utilities Should Invest in Mobile Billing and Payments

It's clear that consumers like having the option of paying bills through their mobile device, but what are the benefits of mobile payments for utility companies? The first is increased customer satisfaction. According to a study by Fiserv, 74 percent of consumers say that the ability to receive notifications and pay bills via mobile device would cause them to "see the biller in a more positive light." In the same study, 95 percent of biller respondents said the primary driver in offering new mobile bill payment options was to provide better customer service.⁷

Offering mobile bill pay also has the potential to save utilities significant costs associated with paper billing.

At the end of 2013, 69 percent of billers who were considering implementing mobile billing options said that cutting costs was one of the primary reasons for their consideration, compared with only 36 percent in 2012.⁷

Striata, a company specializing in secure customer communications including electronic billing, reports that companies that offer electronic billing typically reduce their print and postage costs associated with billing by 60 to 90 percent.⁹ In a 2011 Sustainability Report, Duke Energy stated that the Utility saves about \$6 per year for each customer who participates in paperless billing.¹⁰ At a modest adoption rate of 20 percent, a utility with 1 million customers would save close to \$1.2 million annually.

Utilities with customers utilizing electronic billing are also seeing cost savings from a reduction in phone calls to their contact centers. According to research commissioned by Fiserv to evaluate the impact of electronic billing for Con Edison of New York, customers who received paperless bills contacted the Utility's customer care center less often than customers who received paper bills. Compared to the number of paper-bill customers who called Con Edison, customers receiving electronic bills via online banking were 64 percent less likely to call a live customer service representative and customers using Con Edison's online system were 39 percent less likely to call.¹¹

By making payments more convenient and cutting out the mailing time of traditional payments, mobile bill pay can also reduce time between billing and payments. In fact, electronic billing and payments in other industries have reduced Days Sales Outstanding (DSO) by up to 70 percent.¹² Similarly, by speeding payments and offering mobile reminders, utilities can reduce truck rolls for disconnect notices and services.

Mobile bill pay will also be critical in managing unique payment programs such as prepay accounts. Mobile payment options allow customers real-time access to current balances and the ability to reload accounts on the go. Like the utility industry, the mobile telecommunications industry has faced lost revenues from uncollectible bills. For this reason, almost all mobile carriers now offer prepaid plans to protect against non-payment, and today 30 percent of all mobile customers are on prepaid plans. Mobile carrier AT&T believes that utilities could also reclaim a significant amount of lost money by offering energy prepay options. According to an AT&T study, a utility with 250,000 customers with a 10 percent prepay adoption rate would receive \$5-15 million per year in additional collections. Additionally, the study found that customers who prepay their electric bills use 11 percent less electricity, so prepay plans may benefit both utilities and their customers - the utility reduces uncollectibles and the customer benefits from a lower bill due to using less energy.¹³

Maximizing Mobile Bill Pay Adoption

According to Javelin Strategy & Research, the top reason consumers have for not using mobile billing and payment services is their reliance on the paper bill as a reminder to pay

the bill and to review their finances. By offering notifications in mobile channels such as text messaging and mobile app alerts, utilities can provide customers the reminder they rely on, making mobile billing more attractive. In a Fiserv survey, 66 percent of consumers said that receiving proactive alerts on their mobile devices reminding them about an upcoming payment would convince them to sign up for electronic billing.⁷

For customers using energy prepay plans, utilities should consider sending alerts letting them know when they are approaching their energy usage limit. The customer could then easily reload their prepay account via their Smartphone App or text message.

Conclusion

Mobile payment provides a great opportunity to increase customer self-service, reduce costs, and improve customer satisfaction. Here are some key mobile bill payment recommendations for utilities:

- Customers expect to be able to pay bills through a utility's mobile app. If your utility is planning on building an app or making updates to an existing app, make sure to include this feature.
- Offer the option to pay bills via text message for customers who do not own smartphones.
- Offer your customers billing and payment alerts to increase participation in mobile payments programs.
- Combine mobile payments with energy prepay and proactive billing alerts to maximize your utility's savings and customer satisfaction.

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