

August 2024

KUBRA's Emerging Payment Trends Research 2024



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The Changing Face of Financial Transactions

KUBRA continues to support our clients across all verticals by expanding our research on emerging payment trends to better understand awareness, willingness to use, and adoption rates. This research equips billers with the insights needed to offer the payment channels and methods that customers are interested in by uncovering usage behaviors and the obstacles to adoption. It also helps billers prioritize what to offer first and what to monitor for future adoption. This nationwide survey captured the responses of 1,017 adults aged 18 and older who identified themselves as responsible for paying their household bills (utility bills, taxes, tickets, and insurance payments).

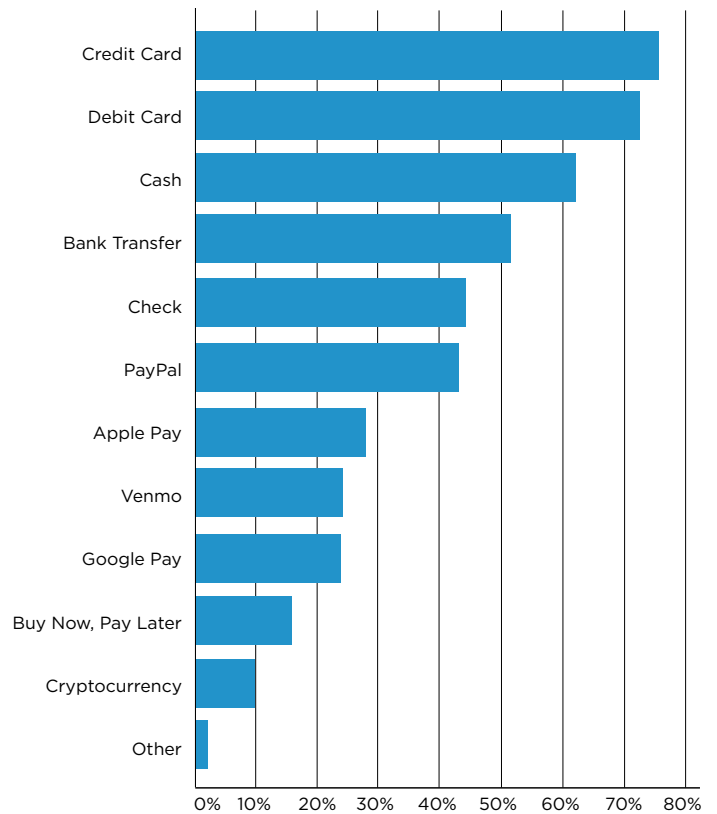
Key Findings

- Credit and debit cards are still the most popular forms of payment.
- Digital wallets continue to grow in popularity.
- Slightly under 50% of respondents reported being very satisfied with payment ease, payment speed, and available payment channels.
- 58% are very likely or likely to adopt new payment methods if available.
- 70% expect their payments to be processed the same day or instantly in real time.

Credit and Debit Cards Continue to Reign Supreme

As in previous years, traditional payment methods, such as credit and debit cards, remain prevalent, closely followed by cash and bank transfers. In 2024, 75% of respondents chose credit cards, and 71% selected debit cards as their preferred payment method. Cash comes next at 61%, followed by direct bank accounts (ACH) at 51% and checks at 44%. The growth in popularity of digital wallets continues. PayPal is the favored option of 43% of respondents, followed by Apple Pay (27%), Venmo (24%), and Google Pay (17%). Despite most respondents being aware of Buy Now, Pay Later and cryptocurrency, they are less commonly used.

How would you prefer to make bill payments?



Positive Bill Payment Feedback, Yet Potential for Growth

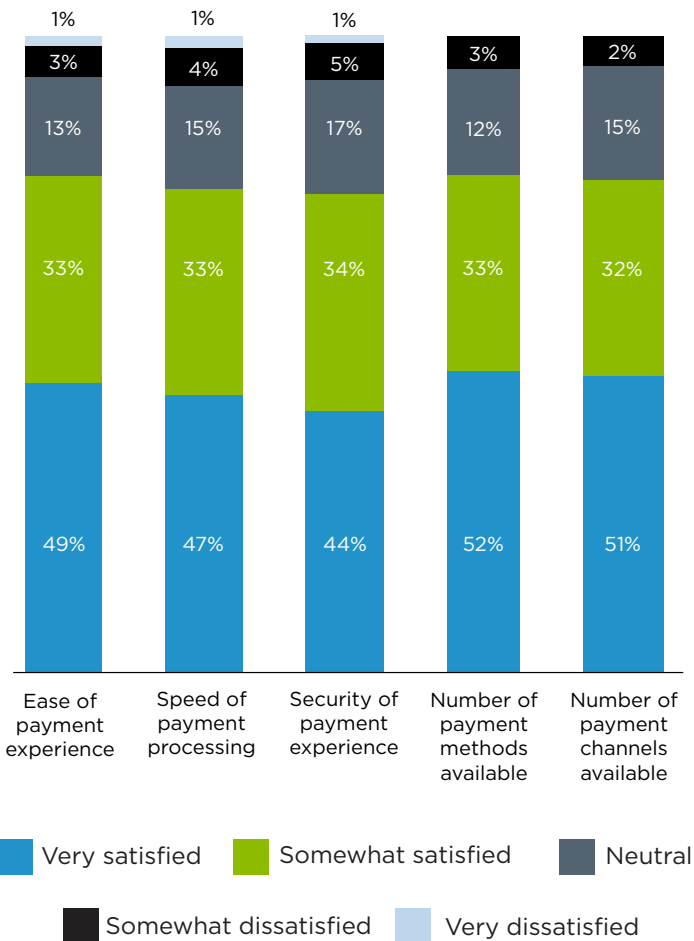
Our research suggests a connection between the availability of multiple payment options and customer satisfaction. With only 51% of respondents "very satisfied" with the number of payment channels available and 52% "very satisfied" with the variety of payment methods offered, it seems that greater choice leads to happier customers.

High satisfaction levels around payment experiences currently hover just below 50%. Specifically, when it comes to ease of the payment experience, 49% are "very satisfied", demonstrating that almost half of customers find the payment process straightforward and user-friendly. The speed of payment processing is also playing an increasing role in customer happiness. 47% are "very satisfied" with their payments' efficiency and quick processing, indicating that timely transactions are a key satisfaction driver. The lowest of the three criteria

surrounding payment experience satisfaction is security. Only 44% are “very satisfied” with the security of the payment experience, confirming that security is very important and that a significant portion of customers see room for improvement, especially since 17% are neutral and 5% are “somewhat dissatisfied.” Addressing security concerns could significantly elevate customer satisfaction levels. By effectively resolving these issues, more “somewhat satisfied” customers could be converted into “very satisfied” ones, leading to overall higher satisfaction rates.

Other areas of improvement include enhancing the speed and efficiency of payment processing. Further streamlining the payment process and addressing specific pain points could improve the ease of payment experience and increase the number of very satisfied customers. Implementing an omni-channel payment solution could significantly improve satisfaction levels, especially for the 32% who are “somewhat satisfied”, the 15% who are “neutral”, and the 2% who are “somewhat dissatisfied”.

When paying your bills, how satisfied are you with the following aspects?

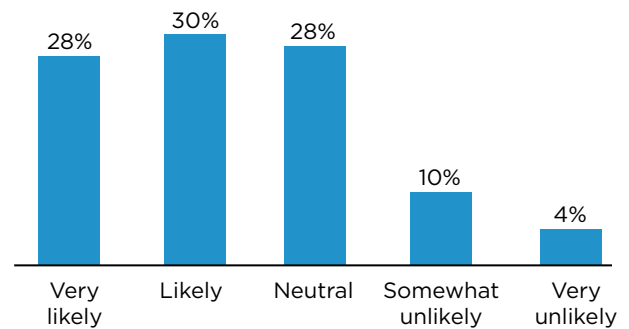


While a substantial number of customers are very satisfied with the current bill payment methods and processes, there are notable opportunities for improvement, particularly in security, speed, and ease of use. Billers should chase excellence by focusing on these areas, aiming to convert “somewhat satisfied” customers into “very satisfied” ones. By striving for continuous improvement, billers can significantly enhance the overall customer experience and build greater customer loyalty.

Customers Open to Adopting Innovative Bill Payment Technologies

The research shows that many customers are open to adopting new payment methods, with 58% either “very likely” or “likely” to do so if available. This suggests a strong openness to exploring and using new technologies or payment solutions, a positive attitude toward innovation, and a willingness to move away from traditional methods.

How likely are you to adopt new payment methods for bill payments in the future?



Opportunities exist for organizations to make inroads with the 28% of customers who are neutral to new methods. While they aren’t outright against adopting new payment methods, they may need more information or incentives to make the switch. A minority, 14% of respondents, are “somewhat unlikely” or “very unlikely” to adopt new payment methods. This group may be concerned about new payment methods’ reliability, security, or convenience. It would require greater education and proactive outreach before they move away from traditional methods.

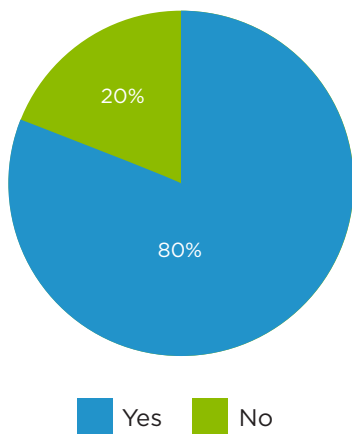
The high percentages of respondents who are “very likely” or “likely” to adopt new payment methods prove that the outlook toward innovation in bill payments is very positive. This is encouraging for billers looking to introduce new payment technologies. It also suggests that billers need to invest in targeted communication and education about the benefits and security of new payment

methods. Addressing their concerns and providing clear, concise information could convert many of the 'unlikely' and 'neutral' into likely adopters.

Customers Interested in BNPL to Manage Bill Payments and Ease Financial Burden

Buy Now, Pay Later (BNPL) allows customers to pay for their purchases or bills over time in installments rather than paying the whole amount up front. Most customers (80%) have heard of BNPL, indicating a high level of awareness among customers, likely due to its increasing popularity and the marketing efforts of various providers. For a relatively new payment method, use is fairly high. 43% have used BNPL for their purchases.

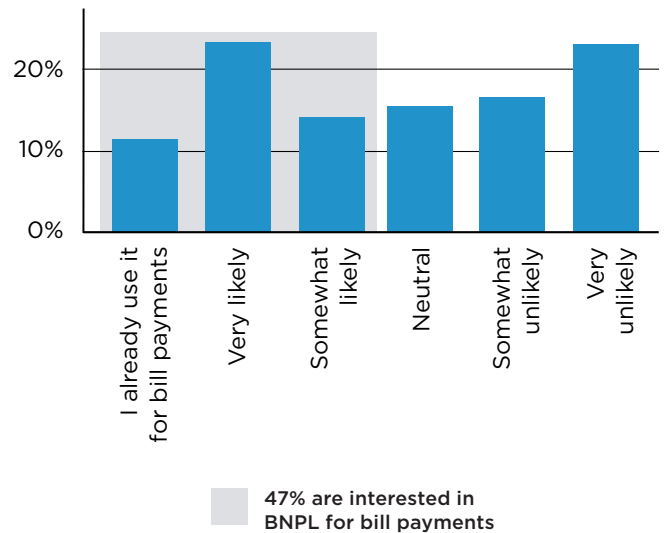
Have you heard of Buy Now, Pay Later (BNPL)?



When it comes to bill payments, BNPL presents both opportunities and challenges. On the one hand, it offers consumers greater flexibility in managing their finances. Conversely, the staggered payment schedule may confuse consumers, especially when multiple bills are involved. This could lead to missed payments or late fees if individuals fail to keep track of their payment obligations. Still, 11% of respondents currently use BNPL services to manage their bills. Another 23% are "very likely" to consider using BNPL services for bill payments, and 13% are "somewhat likely" to consider them. A total of 47% of respondents are either already using BNPL or are "very or somewhat likely" to consider it for bill payments. This demonstrates a considerable interest in BNPL services for bill payments.

Challenging economic times and high inflation are contributing to the high interest in using BNPL for bill payments. As customers struggle to pay their bills, they seek ways to ease their burden and have more flexibility.

How likely are you to consider using a BNPL service for paying bills (e.g. utility, taxes, etc.)?



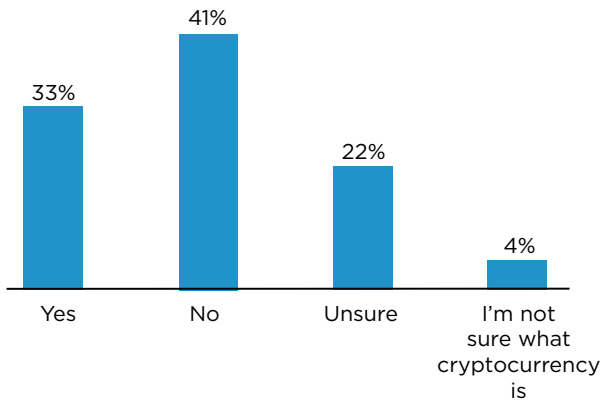
Billers should consider solutions to ease customers' financial burdens, such as payment options/features that mimic BNPL but are specially designed for bill payments. For example, features that allow customers to schedule their bills over two payments (where the last payment is scheduled before the next bill is available). If billers choose to incorporate and offer BNPL services, they must implement them carefully and communicate clearly with consumers. They must also provide consumers transparent information about the payment schedules and potential fees.



Customers Still Uneasy About Crypto for Bills

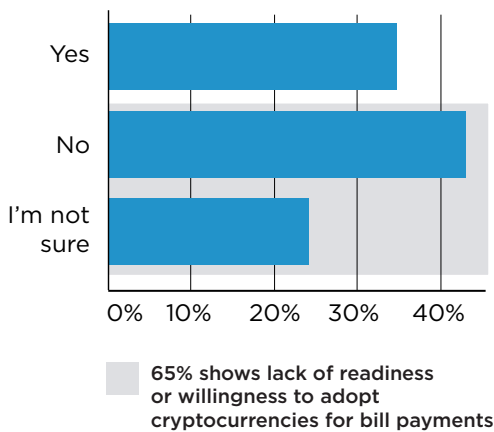
Respondents were familiar with cryptocurrencies, with 81% indicating that they had heard of Bitcoin, Ethereum, and others. Regarding the use of cryptocurrencies for bill payments, 33% expressed willingness. This indicates some readiness to adopt cryptocurrencies for everyday financial transactions. At the same time, there is significant reluctance among the majority. 41% are unwilling to use cryptocurrencies for bill payments, and 22% are unsure.

Would you be willing to pay bills using cryptocurrencies if given the option?



Responses were consistent with the previous question when asked if they were more likely to pay bills using cryptocurrency if more service providers accepted it as a payment method. 35% are “more likely” to use crypto, 42% are “not likely” to use them, and 23% are “not sure”.

Would you be more likely to pay bills using cryptocurrency if more service providers accepted it as a payment method?



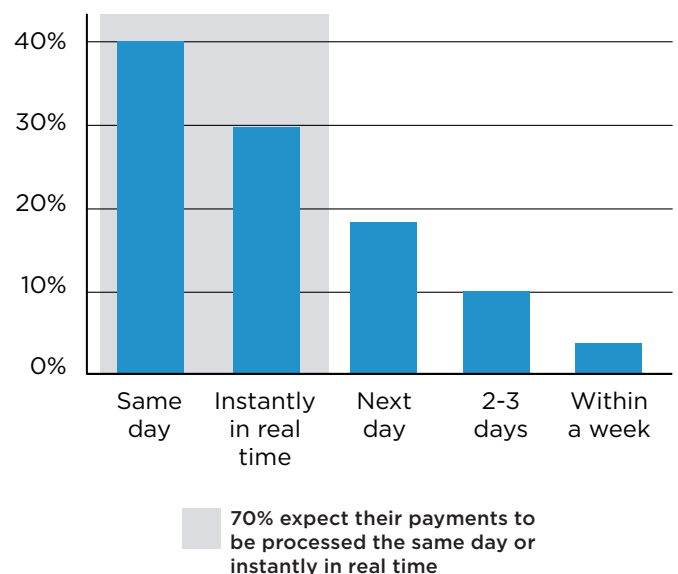
This shows an overall lack of readiness from the majority of consumers to adopt cryptocurrencies for bill payments.

Cryptocurrency markets are navigating various challenges, including a discernible downturn in market values, a series of corporate bankruptcies in the sector, legal actions, heightened regulatory scrutiny, and perceived risks. Public confidence has been shaken as a result. Only when all the above issues are ironed out is widespread adoption likely. Given this uncertainty, it may not be a priority for billers to add cryptocurrencies as a payment option at this time. The focus should instead be on addressing more immediate customer needs and preferences. For instance, billers should prioritize enhancing and streamlining existing payment methods that customers are more comfortable and familiar with until the regulatory landscape stabilizes and public confidence in cryptocurrencies improves.

Customer Expectations Fuel the Push for Real-Time Payments

Approximately 70% of respondents indicated that they understand the concept of real-time payments and are familiar with the idea of transactions being processed and settled instantly. A small percentage (11%) indicated that they do not understand the concept of real-time payments, and a further 20% are unsure if they do. Given that 31% of respondents either do not understand or are unsure about real-time payments, billers have a significant opportunity to provide their customers with educational resources. These can include webinars, articles, and tutorials explaining how real-time payments work and their benefits.

How quickly do you expect your payments to be processed?



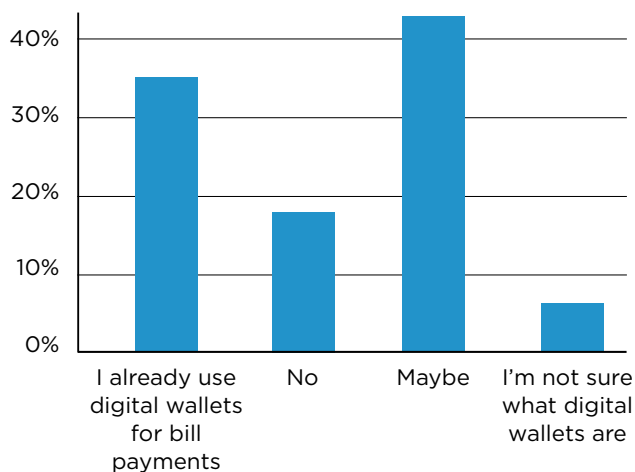
Customer expectations for payment processing are rising, leading to reduced tolerance for slow processing times. 70% expect their payments to be processed the same day or instantly in real time, highlighting a strong demand for quick payment processing. When you break it down, 30% expect payments to be processed instantly, 40% expect the same day, 17% expect the next day, and 10% expect it to be processed in 2-3 days. This is equivalent to 97% who expect their payment to be processed within three days or less.

It moves beyond expectations and is also impacting how customers pay. A significant 65% of customers are more likely to choose a payment method that offers real-time processing over traditional methods. This is a clear signal to billers that they need to prioritize quick and efficient processing systems to meet evolving customer expectations.

Digital Wallets Deliver Unmatched Transaction Convenience

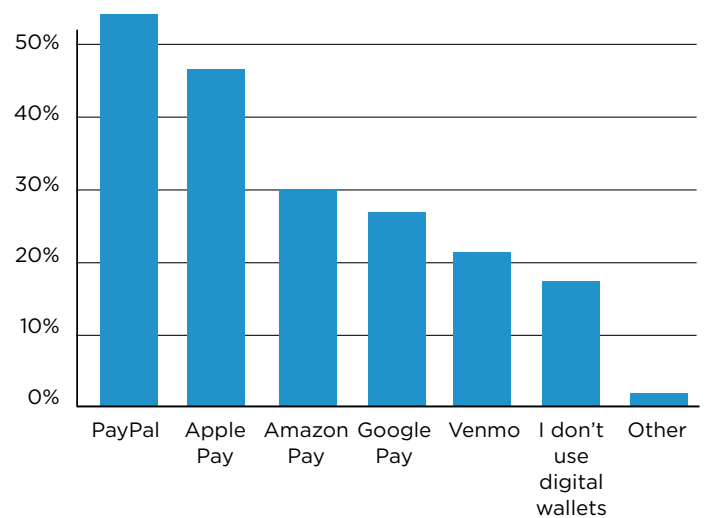
Digital wallets aren't yet ubiquitous for bill payments, but 34% of customers already use them for this purpose. This reflects a significant level of adoption, familiarity, and comfort with this payment method. Additionally, 42% said that they might consider digital wallets if offered by their billers, indicating strong potential for increased adoption if the option is made available and well-promoted—because we know that even when available, customers are often not aware. In the other camp, 18% of customers will not consider using digital wallets, and 5% don't know what digital wallets are.

Would you consider using digital wallets for bill payments if offered by your service provider?



With high interest in or use of digital wallets, service providers should consider offering and actively promoting digital wallet options for bill payments to help cater to the growing preference for digital payment methods. Billers should also run educational campaigns to explain the benefits and functionality of digital wallets, which can help reduce uncertainty and encourage adoption.

Which e-wallet/digital wallet(s) do you prefer?



The Future of Payments

These insights equip billers with the knowledge to meet current demands and be poised for future payment innovations. By prioritizing customer preferences and addressing barriers to adoption, billers can significantly enhance user satisfaction and streamline the payment process. This proactive approach improves the customer experience and positions billers to stay ahead of the curve in a rapidly evolving payment landscape.

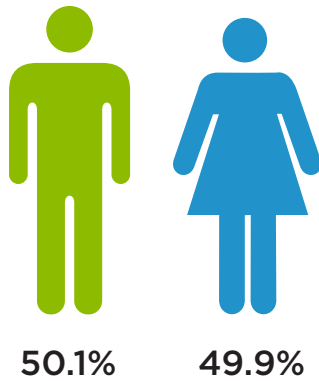


About the Survey

The survey was written and conducted by KUBRA using an online platform. Respondents were sampled randomly, and the survey received 1,017 responses. To qualify for the survey, respondents had to be living in the United States, over the age of 18, and self-identified as the person responsible for paying their bills and mortgage payments. Key

demographics such as age, gender, income level, and state of residence were tracked to ensure that the survey responses did not become skewed and represented a broad overview of the United States population. The survey was completed with a 3% margin of error.

Respondents' gender distribution



Respondent age distribution

