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The State of Bill Pay: Digital Payment Trends and Growing Demand for Text Messaging

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Summary and Key Findings

This report explores the state of bill pay and ways in which text can best serve billers and consumers. This report is based on findings from a Q3 2023 survey commissioned by Solutions by Text of 2,005 U.S. bill-paying consumers who own cell phones to understand their attitudes and preferences when using text to pay their bills or communicate with billers. For the purposes of this report, "consumers" refers to U.S. cellphone owners who pay bills, which is the survey's target audience.

The payments landscape has changed dramatically in recent years, no doubt influenced by the rise of smartphone use during the pandemic. Today, convenience is the name of the game, and Americans are growing accustomed to fast, easy, and frictionless transactions. How consumers pay their bills is changing with these times, and businesses have much to gain. Text, one of the most low-cost and effective ways to communicate with consumers, is paving the way for businesses to not only improve profit margins but enhance the customer experience. This report explores three key topics:

- **The current state of bill pay:** Americans paid 16.8 billion bills in the last year; approximately 10 billion (60%) were made as one-time payments. This leaves the vast majority of bills subject to the organization and memories of consumers. While 88% of consumers have some structure to their bill pay strategies, at least 54% make late payments. Many billers are addressing this issue by leveraging text messaging to send consumers bill pay reminders. This low-cost yet effective channel is a welcome approach to consumers.

- **Text and payments:** Some billers are taking their text reminders one step further by incorporating a link to a payment portal to help facilitate bill payments. At least half of consumers receiving such a text in the last 12 months clicked through to pay their bill. Approximately two-thirds of consumers using these links believe it is the easiest and fastest way to make a bill payment. However, some billers are excelling beyond this to offer a truly frictionless payment experience by enabling customers to pay their bills within the text itself. Datos Insight's research shows that most bill-paying consumers with cell phones are interested in pay-in-text payment solutions. At least 66% of consumers are somewhat likely to pay their bills using pay-in-text if given the opportunity. This enthusiasm rises to 88% when considering only Gen Zers and millennials.

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- **The future of text beyond payments and best practices:** The benefits of text extend beyond that of payments. Text may be used to help financially strapped consumers by delivering payment options. Of consumers who didn't have money and thus paid their bills late, 83% would have found texted repayment options helpful. A significant portion of consumers also prefer text when communicating with billers. But navigating consumer fears can be tricky, and opt-outs are an issue. Therefore, billers must heed best practices when communicating by text and align themselves with a vendor that can navigate the regulatory and compliance landscape.

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