PayNearMe

Why Consumers Pay Late

(and How to Encourage More On Time Payments)

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About this Survey

PayNearMe conducted an online survey in April 2021 to determine perceptions and preferences for how U.S. consumers want to pay their bills. The survey captured responses from a broad distribution of 2,676 Americans aged 18 and older.

The Survey Aimed to Uncover:

- **How consumers want to pay their bills**
- **What types of features and functionality would make the bill pay experience easier**
- **What consumers expect from their bill pay experience in the future**
- **How businesses must adapt their bill pay experience to meet shifting consumer expectations**

Respondent Profile

2,676 adult consumers (age 18+) with representatives from all 50 U.S. states

51% Female

49% Male

Age Ranges

23% AGE 18-29

26% AGE 30-44

29% AGE 45-60

22% AGE 60+

Household Incomes

18% < $25,000

18% $25,000 - $49,999

18% $50,000 - $75,999

24% $75,000 - $124,999

12% > $125,000

8% Unknown

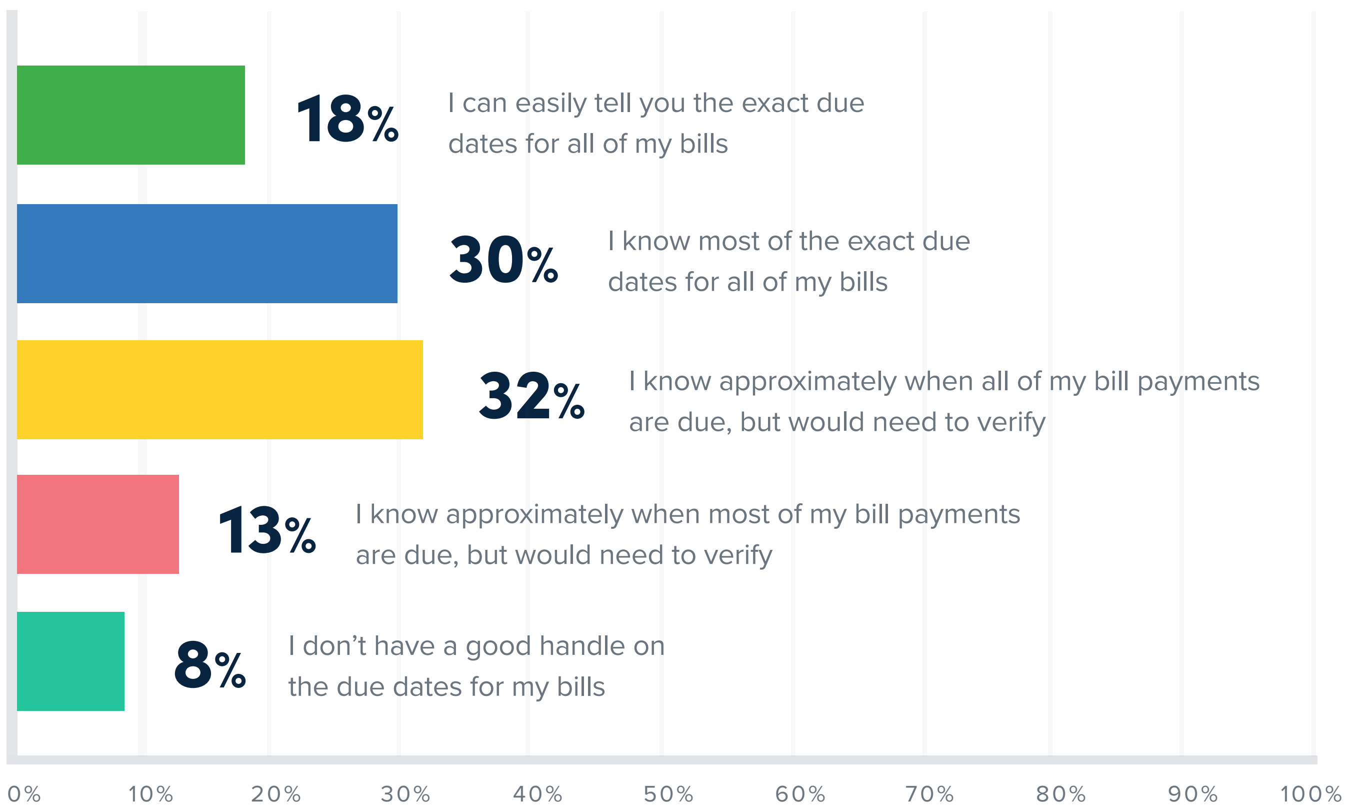
Overview

In our research paper "How Consumers Pay Bills: Expectations vs. Reality," we explored how payments innovation has caused a fundamental shift in the way consumers want to pay bills and how this compares with the options they are given today. This paper uncovered new and surprising insights into the minds of the modern bill payer.

In this, our third of four papers exploring key themes revealed by our research, we'll uncover trends and attitudes around late bill payments, as well as provide suggestions on how to drive more on-time payments and increase customer satisfaction in the process.

Bill Payment Management

Adult consumers (53%) give themselves a grade of C or lower in knowing when their bills are due, with a whopping 21% scoring themselves even lower.



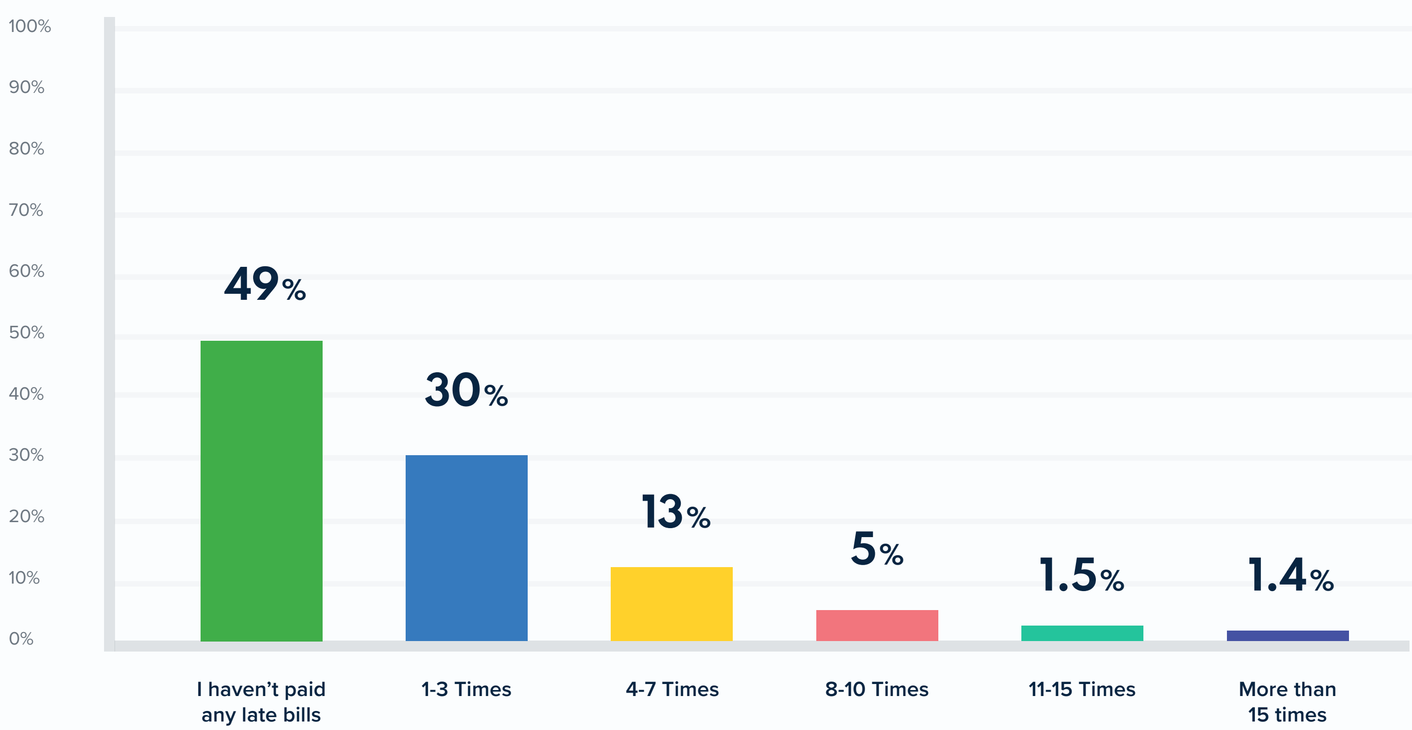
Who's Paying Late

It doesn't matter your gender, income or background; most people forget a due date and make a late bill payment at some point. Our recent survey shows that more than 50% of consumers have paid a bill after it was due in the past 12 months. Payers aged 18-44, in particular, were more likely than payers aged 45 and older to miss due dates several times over the course of a month.

Nearly 30% of respondents aged 18-29 missed more than four bill payments over the past twelve months, while a slightly lower percentage (25%) of those aged 30-44 did the same. In comparison, only 19% of respondents aged 45-60 missed more than four payments during the same period and only 8% of those aged 60 did the same. In short, younger consumers are significantly more likely to pay late versus their older counterparts.

Missing a payment is frustrating for consumers who want to avoid paying late fees and keep their accounts in good standing. It's also frustrating for the billers that have to chase down those customers for payments, losing precious time and money in the process.

Late Payments Over the Past 12 Months - All Respondents



Bills Most at Risk

To better understand consumer attitudes around late payments, we need to understand not only how often they're missing payments—but also which bill payments they're missing most and why.

The survey results show that personal loan payments are most at risk overall, with utility bills being the least likely to incur late payments and car loans and mortgage payments falling in between.

Only 51% of respondents who pay a personal loan say they never miss a payment, making this type of bill the least likely to be paid on time. This is in line with previous industry trends, which have historically shown that consumers are likely to delay this bill because there is no chance of shutoff of service (in the case of utilities), repo (in the case of car loans) or foreclosure (in the case of mortgage loans). Of course, there is still a chance of negative credit impact.

While 61% of survey respondents who pay a mortgage bill state they never miss their payments, recent survey data from WalletHub[1] shows that 36% more Americans were more worried about missing a mortgage payment in 2021 than they were in 2020.

Utility bills are nearly as likely to be missed as personal loan repayments. Only 53% of respondents say they "never" miss a bill, while 29% say they pay utility bills late "sometimes", "frequently" or "always".

Of all the bills in our survey, utility bills were the most universal—only 4% of respondents said they didn't pay this bill, compared to ~30% for the other three bills. This may explain why consumers are more likely to pay this bill late, since they choose to take on an auto loan, mortgage or personal loan, while utilities tend not to be optional.

When asked how likely they would be to delay different types of bills, consumers noted that they would be the least likely to delay paying insurance bills (53% of applicable respondents). Interestingly, only 27% of respondents who pay rent said the same, making respondents about twice as likely to delay their rent payments than their insurance bills.

Late Payments Over Past 12 Months - By Age

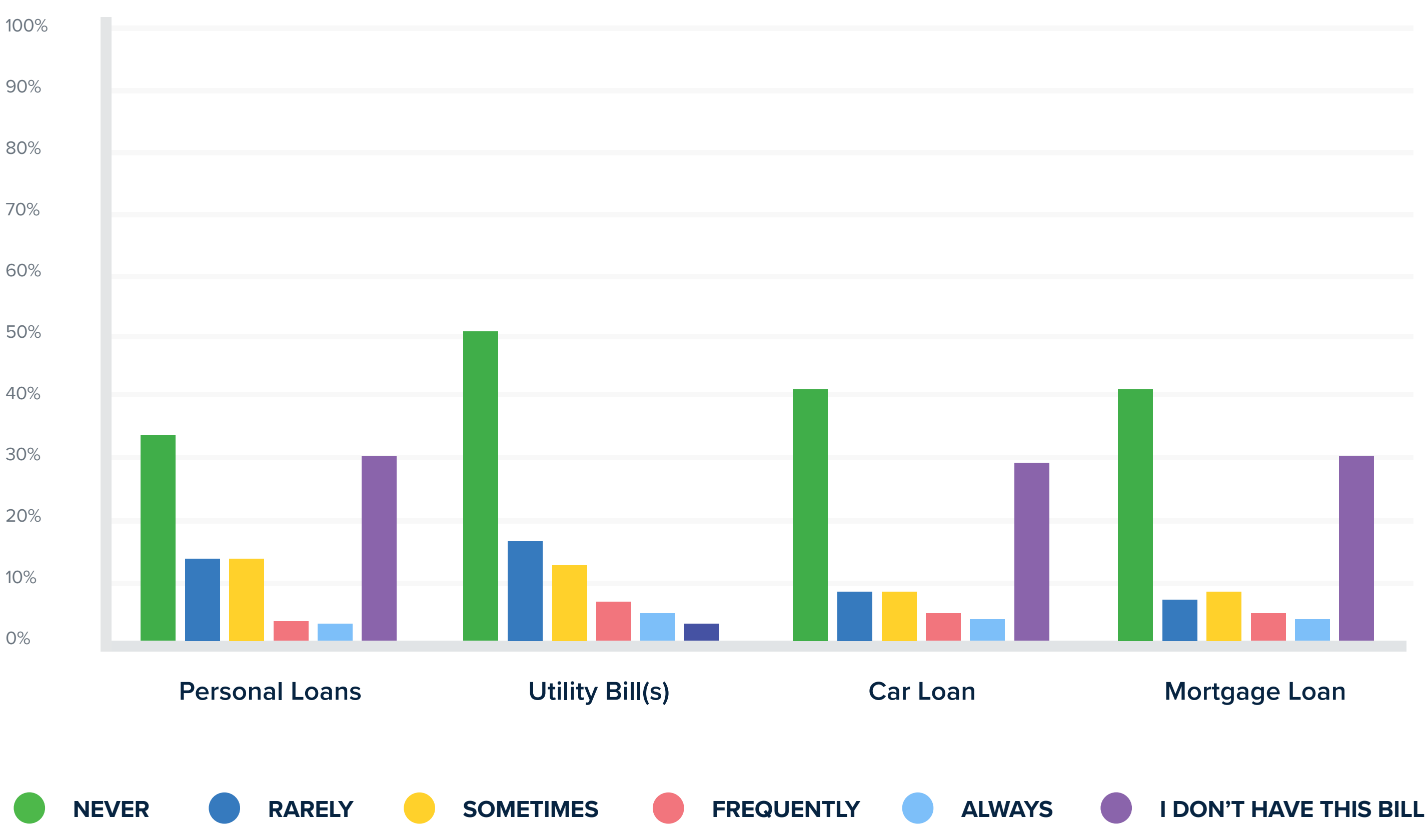
	AGE 18-29	AGE 30-44	AGE 45-60	AGE 60+
I haven't paid any bills late	44.8%	44.25%	46.33%	63.45%
1-3 Times	25.5%	30.32%	34.88%	28.26%
4-7 Times	18.79%	14.8%	11.97%	4.57%
8-10 Times	7.55%	7.47%	3.22%	2.37%
11-15 Times	2.01%	1.29%	1.93%	1.02%
More Than 15 Times	1.34%	1.87%	1.67%	0.34%

1 "47 Million Americans Expect to Miss a Credit Card Due Date in 2021." WalletHub. https://wallethub.com/blog/late-payments-survey/58680. Accessed November 17, 2021.

Likelihood of Delaying Bills - By Type

	VERY LIKELY	LIKELY	SOMEWHAT LIKELY	UNLIKELY	VERY UNLIKELY	N/A
Mortgage Payment	4.41%	6.11%	9.32%	8.79%	36.18%	35.19%
Rent Payment	5.09%	6.23%	8.05%	9.57%	26.59%	44.47%
Personal Loan (ex. medical bill, home improvement)	5.32%	7.13%	12.00%	10.57%	28.12%	36.84%
Car Payment	5.00%	6.29%	9.66%	10.45%	33.94%	34.66%
Utility Bill Payment	6.23%	8.46%	12.87%	15.06%	50.40%	6.98%
Insurance Payment	5.99%	6.74%	11.29%	15.61%	52.63%	7.73%

Number of Times Bill Payment Was Delayed in Past 12 Months - By Type



Why Consumers Pay Late

Now that we know who's paying late and which bills they're paying late, let's look at the data on why. While you might guess that lack of funds is driving consumers to pay late, this isn't the primary reason they're missing payments.

Most often, it turns out, the process simply stresses consumers out. 29% of adults say that paying bills causes them stress and anxiety. Remembering login information is the top driver (52%) of this uneasiness.

Here are some trends we can see across age groups:

- Payers aged 45-60 are the most likely (33%) of any age group to simply procrastinate or forget about their bill.
- Payers aged 30-44 are the most likely of any age group to lose or overlook their physical bill in a stack of mail (28%) or an email (33%).
- Payers aged 30-44 are also the most likely (38%) to become frustrated with the online bill pay process and not complete their payments.
- Payers aged 45-60 are the most likely of any age group (36%) to not have enough money in their bank account to make a payment.
- Payers aged 45-60 are also the most likely to have paid late because they lost their job due to COVID-19 (32%).
- Payers over 60 are least likely to pay late across the board compared to other age groups.

Reasons for Late Payments - By Age

	AGE 18-29	AGE 30-44	AGE 45-60	AGE 60+
I simply procrastinated or forgot	19.24%	31.26%	33.47%	16.03%
I lost or overlooked my bill in the pile of mail	25.54%	28.35%	27.71%	18.4%
I overlooked my bill in my email	29.78%	33.43%	24.44%	12.36%
I became frustrated with the complicated online bill payment process and didn't complete payment	33.59%	38.22%	22.78%	5.41%
All my bills have difference due dates, and I'm not sure which bills are due when	27.91%	34.05%	28.53%	9.51%
I didn't have enough money in my bank account to make the payment	24.04%	28.21%	35.9%	11.96%
I lost my job due to COVID-19	25.51%	31.63%	32.65%	10.2%

Recommendations for Moving Forward

So, how do billers make it easier for their customers to pay on time to avoid headaches on both sides? One opportunity is through reminders. Nearly half (45%) of survey respondents prefer to receive a text or email payment reminder, while 38% want to receive a direct payment link via the same. Recurring payments (30%) and mobile payment methods such as Venmo and PayPal (30%) are also high on consumers' wish lists.

By providing more payment options, billers give customers more opportunities to pay how, when and where they want, leading to a better user experience.

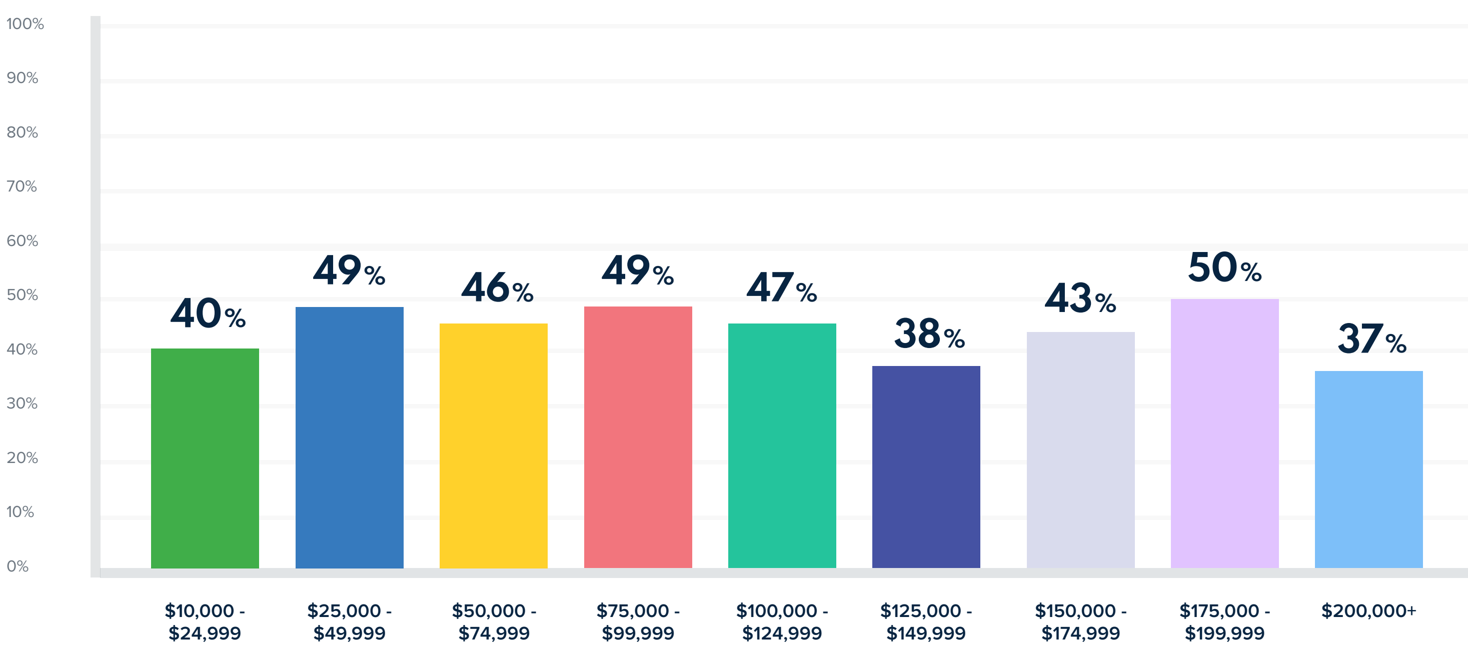
Which of the following do you feel would make it easier to pay bills on time?

- **35%** Ability to store my bills in Apple/Google Wallet and pay via my smartphone
- **30%** Other mobile payment options such as Venmo and PayPal
- **29%** The ability to use different payment types each billing cycle
- **45%** Receiving a text message/email reminding me when a bill is due
- **38%** Receiving a text message/email reminding me when a bill is due along with a link that I can click to make an electronic payment
- **30%** A simple way to set up automatic recurring bill payments
- **11%** None of the above

Reminders

Reminders are also a great way to get in front of customers. Of the 45% of overall respondents who selected this answer as a way to help them better manage paying bills on time, it's interesting to note that this percentage did not change significantly by income level. In fact, while only 37% of repondants with an income over over $200,000 selected this option (the lowest of any income bracket), those at a slightly lower income level ($175,000-$199,999) were the most likely of any group to want reminders (50%). The outlier? Of those respondents who earn between $125,000-$149,000, only 38% selected this option.

Percentage of Respondents Who Said Receiving Reminders Would Help Them Pay Bills On Time - By Income Level



Automatic Payments

Despite 30% of consumers stating a simple way to set up automatic payments would help them pay on time, (see calendar-style chart above), only 54% of survey respondents use autopay today for some of their bills, and 20% have not set up automatic payments at all.

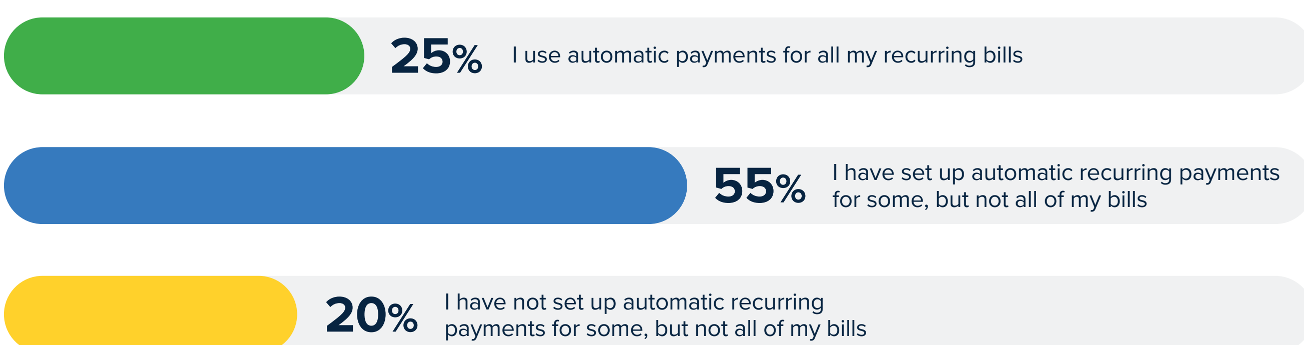
30% of consumers state they want an easier way to set up recurring payments, meaning it's a good idea for billers to consider their current autopay practices. For example, many billers still use physical sign-up forms that must be filled out in person, making the process time-consuming and inconvenient for customers who could be quickly setting up autopay online using a more modern approach. Of course, there are also other factors that play into the lack of autopay adoption.

Respondents with household incomes above $75k were significantly more likely to want easier autopay options compared to those respondents with a lower household income, suggesting worries over automatic withdrawal of funds could play a factor in adoption rates. This hypothesis is further supported by the fact that when asked why consumers who haven't set up autopay haven't done so yet, 70% answered that they want to control when their bills get paid. Additionally, 37% of respondents do not want their payment information stored in billers' systems.

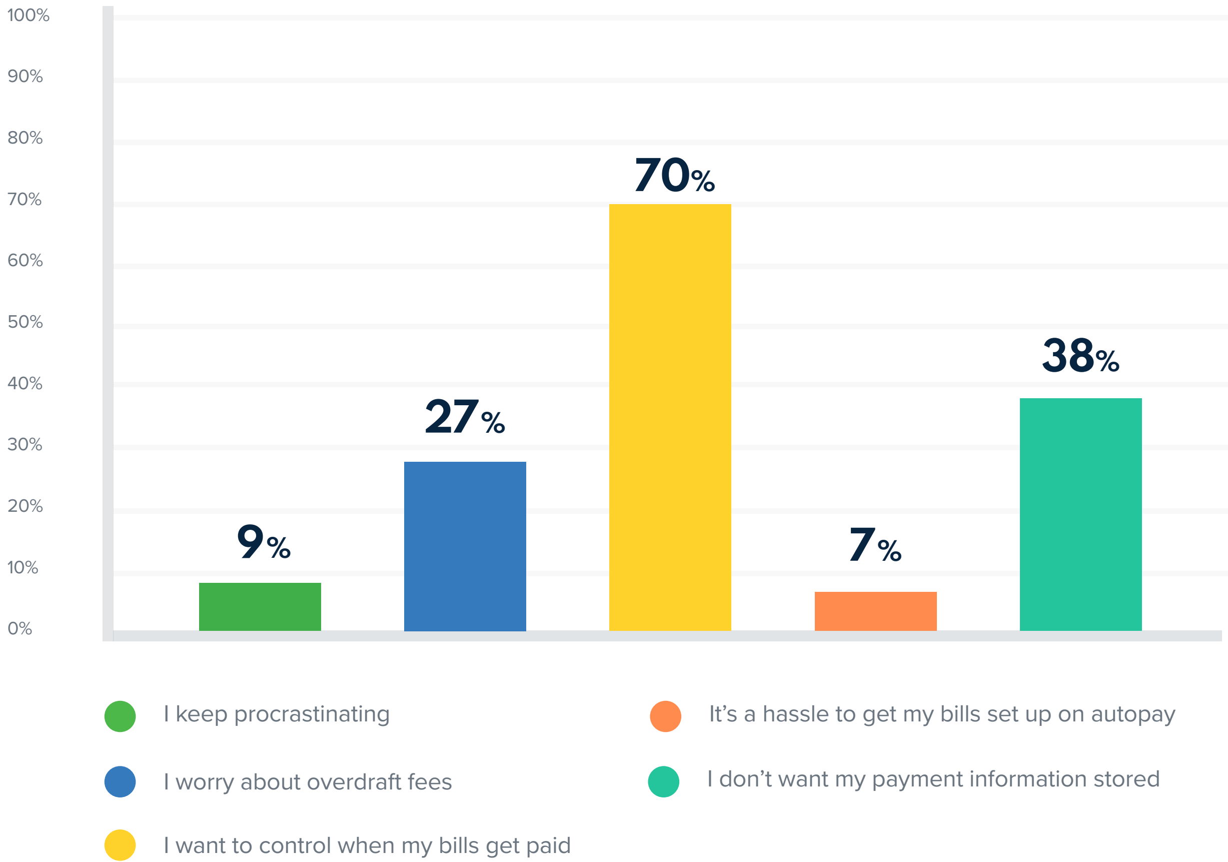
When building autopay enrollment into the payment process, billers can drive more adoption by making online sign-up easy and secure. And with flexible payment dates and reminders, they can help ease consumer worries that sometimes come along with setting up automatic payments.

For those nine percent of consumers who have been simply procrastinating completing setup, a better user experience (both online and offline) can help. Setting up autopay to automatically launch after a successful online payment can help encourage adoption.

Attitudes Around Automatic Payments



Reasons for Not Setting up Automatic Payments



Conclusion

Building a better bill pay experience for users comes in many forms. And it's logical to assume that easier payments means more on-time payments. 27% of respondents said that navigating biller websites that are not user friendly makes paying bills more difficult.

By providing consumers the options they want, simplifying the user experience and providing reminders, billers can help encourage consumers to make more on-time payments. Late fees and delinquencies aren't fun for anyone, and consumers are incentivized to keep their credit scores top notch. When billers provide more options, they give customers the best chance to succeed on the path to financial health, while also reducing time and operational costs.

About PayNearMe

PayNearMe develops technology that drives better payment experiences for businesses and their customers. Our modern, flexible and reliable platform helps businesses increase customer engagement, improve operational efficiency and drive down the total cost of accepting payments. PayNearMe enables more ways to pay by offering all major payment types and channels in a single platform.

PayNearMe today processes all forms of payment including cards, ACH, Apple Pay and Google Pay, and has enabled cash payments through our proprietary cash network since 2009. PayNearMe cash payments are accepted at more than 31,000 retail locations in the U.S. including participating 7-Eleven®, Walmart®, Family Dollar®, Casey's General Stores® and ACE Cash Express®, among others.

Thousands of businesses partner with PayNearMe to manage the end-to-end customer payment experience in industries such as Consumer Finance, Property Management, Insurance, Utility and Municipality, and iGaming and Sports Betting..

To learn more about PayNearMe, please visit **www.paynearme.com**
For press inquiries, contact **insights@paynearme.com**