



How Economic Uncertainty Impacts Consumer Bill Pay Behavior

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About PayNearMe



About this Survey

PayNearMe conducted an online survey of a nationally representative sample of more than 1,200 U.S. adults ages 18 and older in February 2023.

The goal of this survey was to uncover:

- How inflation has impacted the ability of U.S. consumers to pay their bills
- How the economic downturn may impact their financial well-being
- What measures consumers are taking to meet their financial obligations
- Consumers' attitudes surrounding payment choice and convenience

Respondent Profile

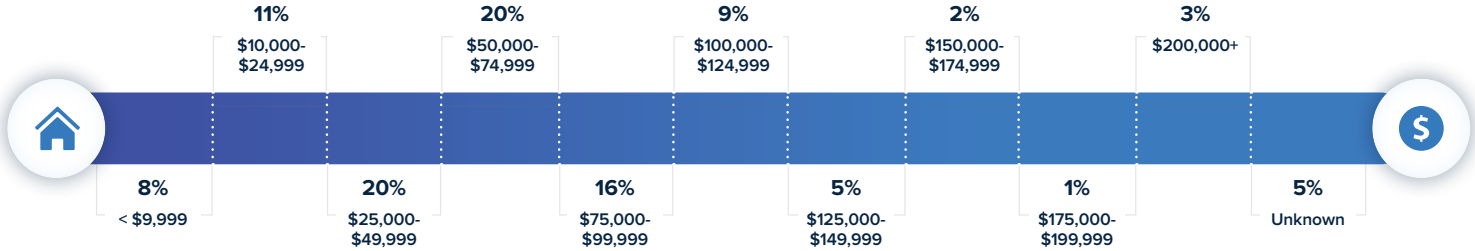
1,206 adult consumers (age 18+), representing all 50 U.S. states.



Age Ranges



Household Income



Executive Summary

Over the last year, the U.S. has endured a challenging economic climate including the highest inflation rate since the Great Recession in 2008¹. U.S.-based tech companies have laid off more than 93,000 employees in 2023, according to CrunchBase², yet the Bureau of Labor Statistics reports that the U.S. unemployment rate is only 3.4%³.

The state of the economy has an impact on consumer spending and bill payment behavior. The current economic climate, though, makes it difficult to compare to past economic downturns because although inflation is high, unemployment is low and

wage growth is high. Thus, we felt it was important to understand how today's economy is impacting consumers' financial well-being and bill payment habits.

In this report, we'll uncover key findings from our survey that illustrate the measures consumers are taking—or anticipate taking in the future—to meet their financial obligations. We will also share consumer attitudes about payment choice and convenience that could help them better organize their finances and pay bills on time.

The Impact of Inflation

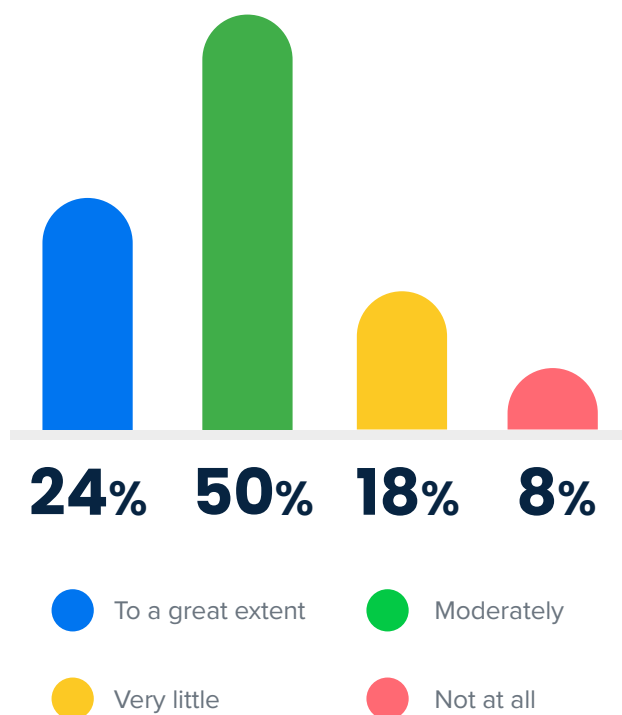
After several years of high inflation, consumers are worried about the economy and it is impacting their ability to pay their bills. The overall cost of living is increasing, leaving consumers with less money each month to meet all of their financial obligations.

According to the Bureau of Labor Statistics⁴, in April of 2021, inflation rates surpassed 4% for the first time since 2008, continuing to grow until peaking at over 9% in June of 2022. Inflation remains high even now in February of 2023, remaining above 6% and causing significant financial stress.

The majority of our survey respondents (74%) say inflation has impacted their ability to pay bills, and 1 in 6 responding U.S. adults (16%) have delayed—or will delay—paying important household bills.

Inflation is also impacting consumers' ability to pay bills on time, with 38% of surveyed U.S. adults stating that they've been late paying important household bills more than once during the last 12 months.

To what extent has inflation impacted your ability to pay your bills?



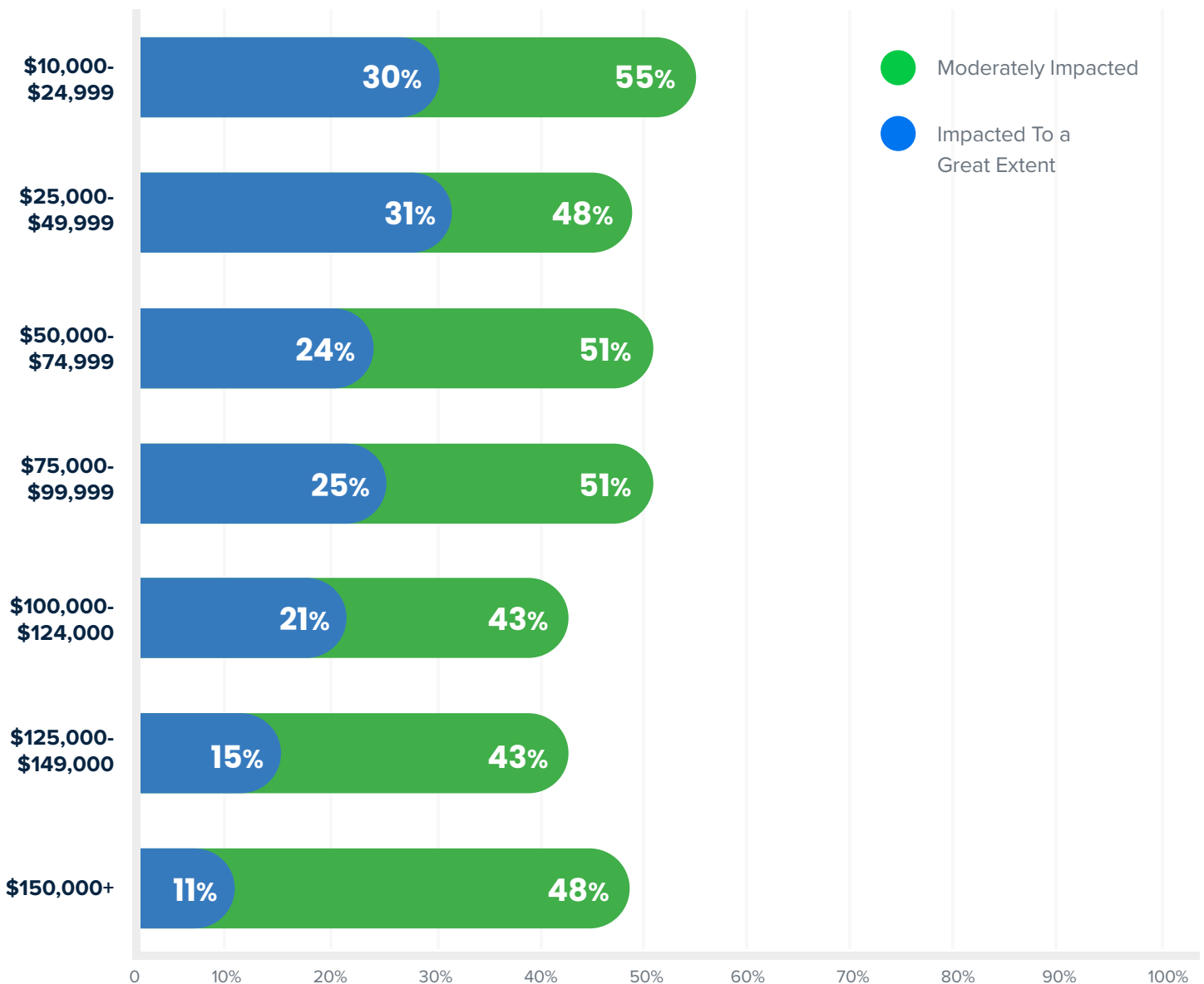
Inflation's Impact Across Income Levels

Inflation is impacting U.S. consumers across all income brackets. An overwhelming 85% of consumers in the lowest income tiers we measured (<\$25,000 a year) said inflation has affected their ability to pay bills, with 31% saying it has impacted them to a great extent.

But no group was immune to this economic pressure. A majority of responding consumers in eight of the nine income groups measured said inflation has had an impact on their ability to pay

bills. Surprisingly, 64% of those who earn between \$100,000-\$125,999 reported being impacted by inflation.

This aligns with recent PYMNTS.com⁵ and LendingClub⁶ research, which showed that “in December 2022, 51% of consumers earning more than \$100,000 annually said they lived paycheck to paycheck, up nine percentage points from 42% in December 2021.”



How Consumers are Coping with Inflation

Of the 74% of consumers who stated inflation has impacted their ability to pay bills, 72% have reduced their discretionary spending—far and away the most popular tactic. Discouragingly, 32% responded that they have reduced saving for the future in order to make their bill payments, showing the difficult sacrifices many are making to stay current on monthly bills.

Our survey also found that individuals in lower income brackets (under \$100,000 annual household income) are most likely to dip into savings or use credit cards to pay their bills.

According to Experian⁷, the average American household holds a debt balance of \$96,371. According to Lending Tree⁸, credit card balances have risen by 15% since the third quarter of 2021. This could indicate that moving forward, consumers may struggle to pay their bills on time as they continue to deal with inflation and a possible recession. This reliance on credit cards can also affect consumers' ability to repay other debt obligations (such as mortgage, auto loan, student loan etc.), which often don't allow credit card transactions.

1 in 6 survey respondents have delayed paying bills due to inflation.

In the face of inflation, what steps have you taken to meet bill payment obligations?

14%

of survey respondents said they would borrow money from family members to pay household bills.

30%

of those surveyed said they would use credit cards to cover expenses.

Recession Concerns

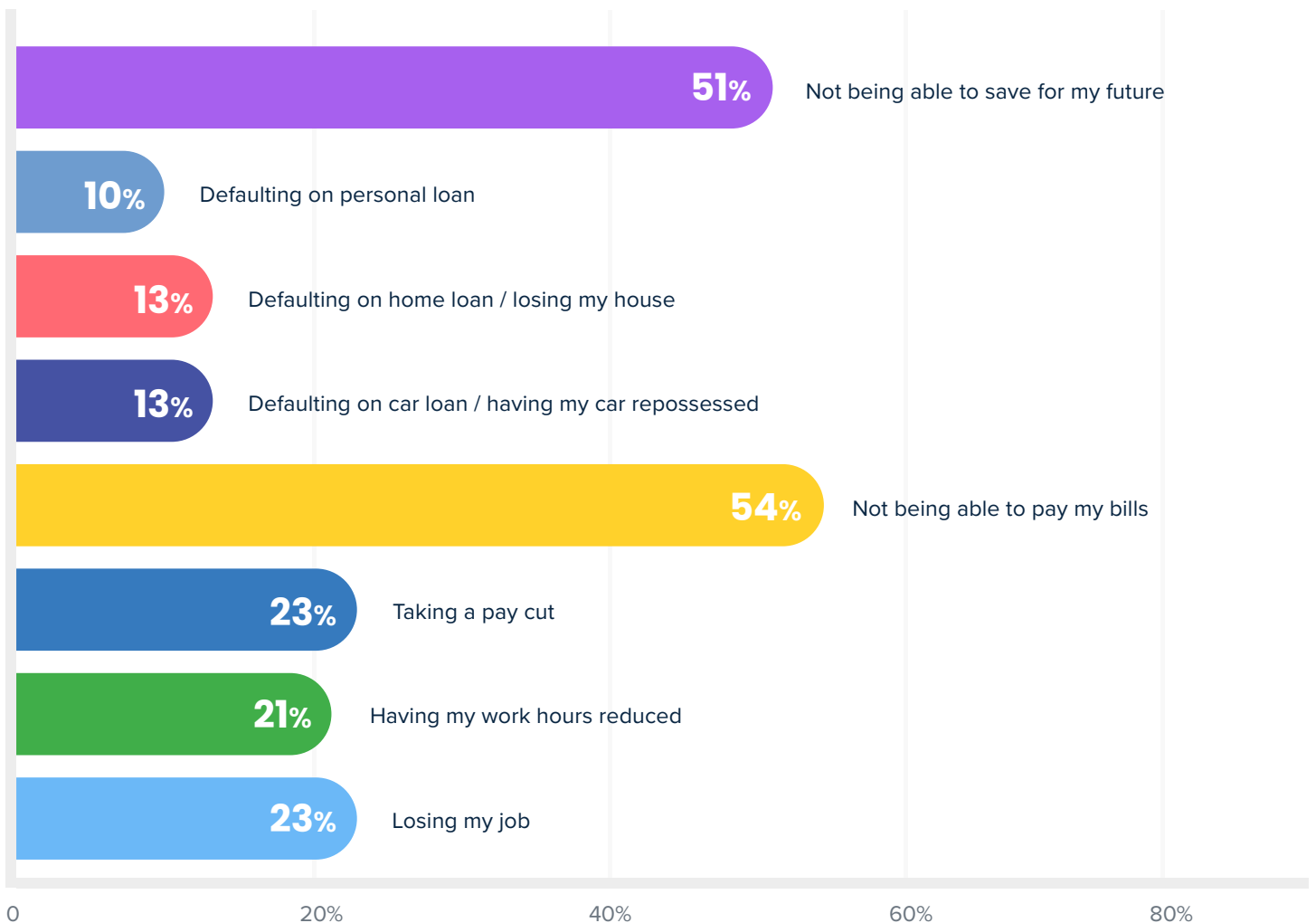
The survey results make it clear that inflation has taken a toll on consumer bill pay habits. Potentially adding fuel to the fire, economists surveyed by Bankrate⁹ predict the U.S. has a 64% chance of entering a recession in 2023. Our survey found that concerns about a potential recession afflict 91% of U.S. consumers, with 55% somewhat worried and 36% very worried.

When asked what worries them about a potential recession, most consumers referenced financial

concerns. More than half of U.S. adults surveyed (54%) are worried they won't be able to pay their bills during a recession, the top answer we received. In addition, not being able to save for the future was top of mind for more than half of consumers.

Employment issues were also a concern for many. Nearly a quarter of those surveyed (23%) worry they will lose their job in a recession, while 21% are afraid of having their work hours reduced and 23% fear a pay cut.

What worries you about the potential recession?



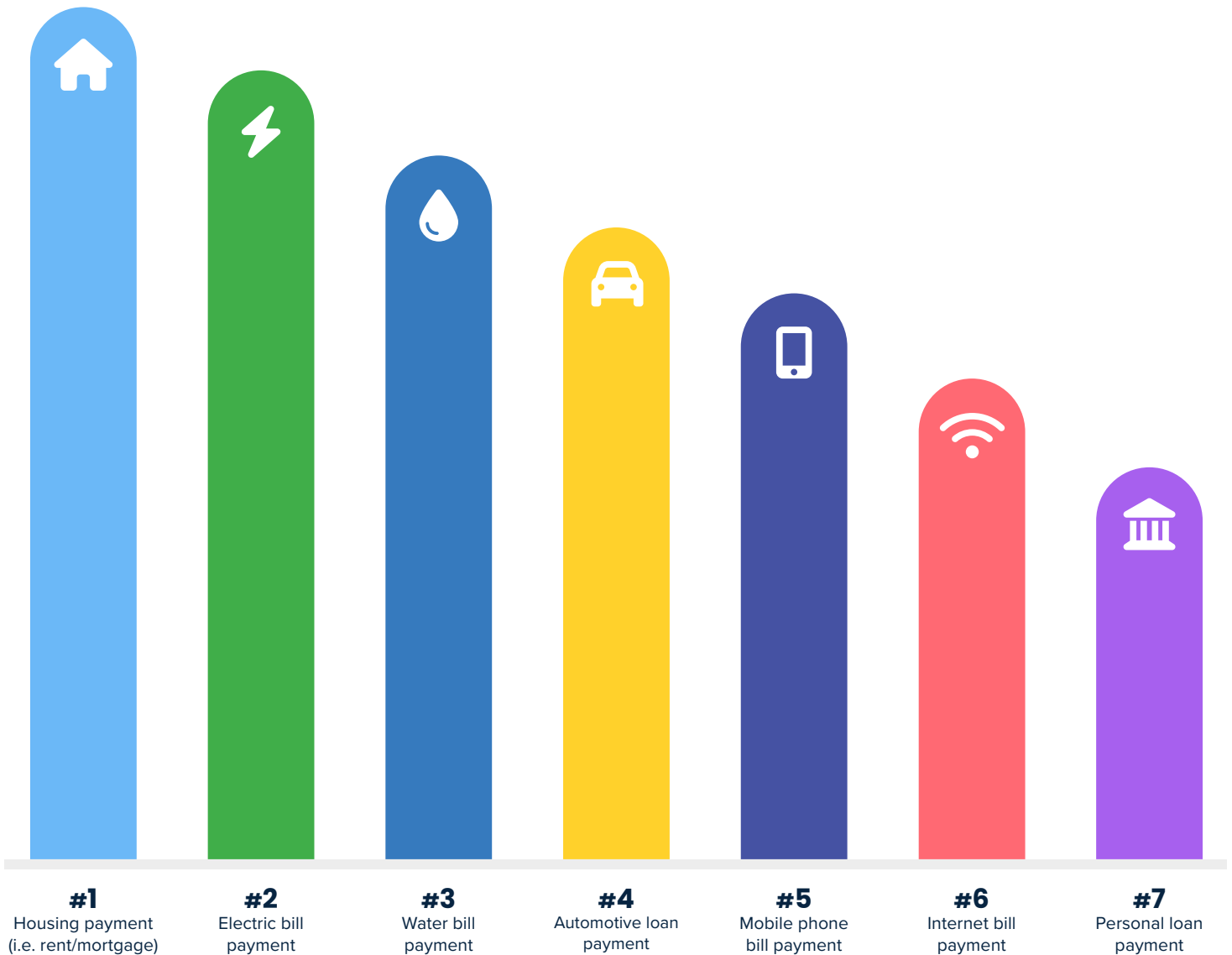
Bill Pay Priorities

When consumers are feeling financial strain, or anticipating economic hardship, they begin to make tough choices about which bills to pay on time. Our survey found that the majority of U.S. adults (61%) with a housing payment will prioritize paying their rent or mortgage first. Our survey also showed that auto loan payments are prioritized after household

utilities such as electricity and water bills. Personal loans slipped to the bottom of the list of priorities for those surveyed.

We asked respondents to rank their bill pay prioritization if money was tight. Using a weighted score, this is how they responded they would prioritize their monthly bills:

How consumers prioritize monthly bills



Promoting On-Time Payments

Now that we've established the mental state of American consumers and the strain on their pocketbooks due to inflation and the possibility of a recession, let's turn to their attitudes about potential solutions billers should consider to help them pay bills on time.

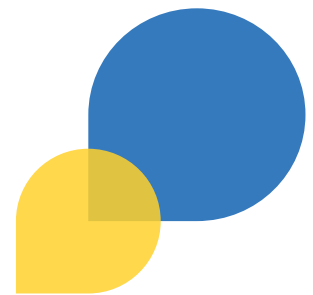
We discovered in our previous research paper, *Why Consumers Pay Late*, that 45% of respondents believed automatic reminders would help them better manage paying their bills on time. The data in this survey remains consistent; consumers believe they could benefit from payment reminders and more convenient, flexible payment options from billers.

Some of the key points our research uncovered include:

- 68% of consumers aged 18-29 say getting a payment reminder via email, SMS text message or push notification would help them pay bills on time (63% across all age groups).
- About half of consumers (48%) would like the ability to split their bill payment between multiple payment types. The preference was highest among consumers ages 18-29 (55%) and 30-44 (58%).
- Mobile payment apps (i.e. Venmo, PayPal, Cash App) are popular among consumers with 81% using at least one.
- 51% of consumers say they store funds in a mobile wallet or payment app (i.e. PayPal, Venmo, Cash App). Of those who store balances 43% held more than \$100 in PayPal, with Apple Pay (37%), Venmo (30%) and Cash App (26%) following behind.

63%

of consumers say getting a payment reminder via email, text message or push notification would help them pay bills on time.



Flexible Payment Options

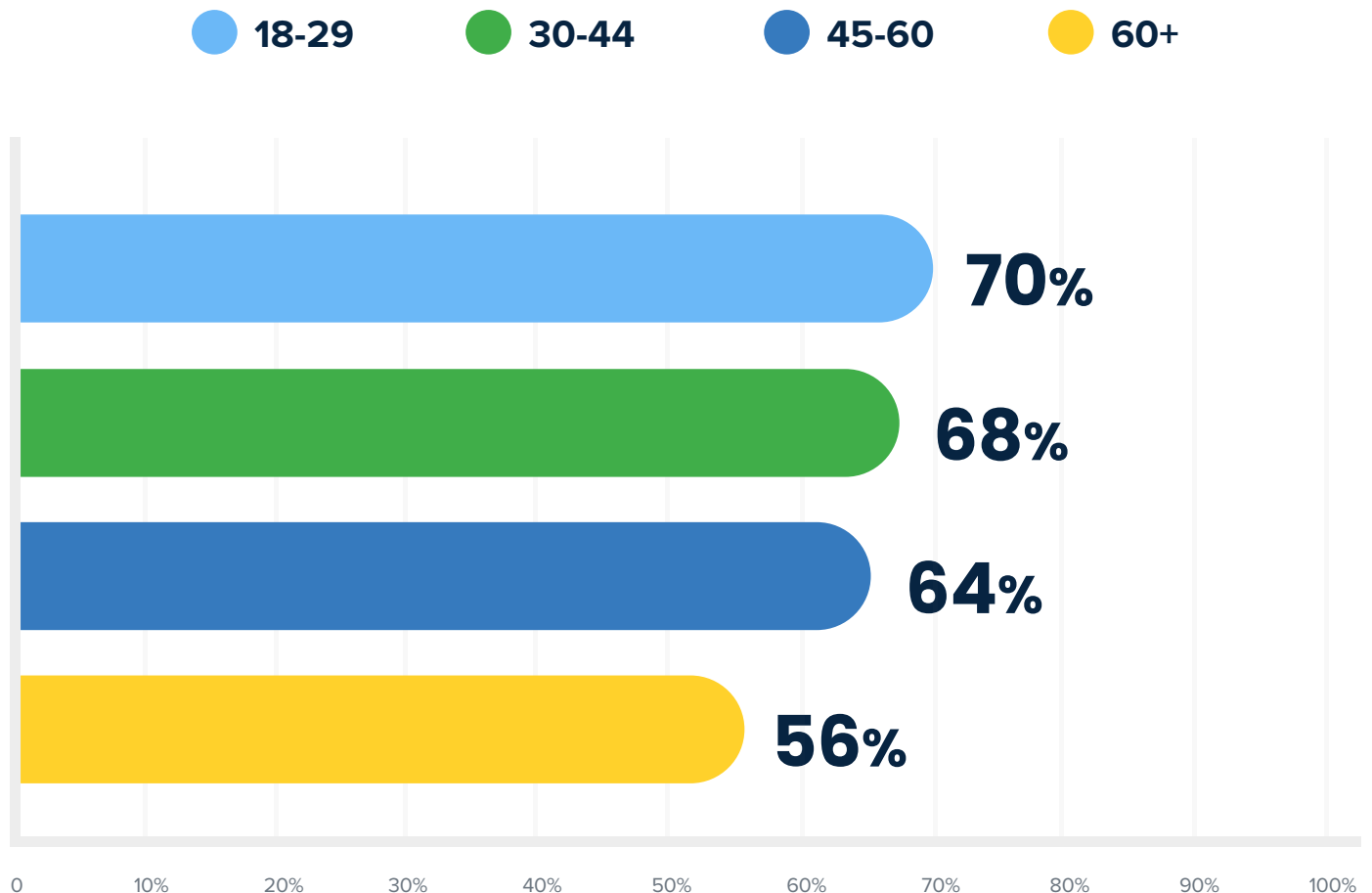
What can billers do to encourage on-time payments? One option is to increase flexible payment options. Our data shows that 54% of consumers say being able to make multiple smaller payments throughout the month would help them pay bills on time. Further, 76% of responding consumers say having the flexibility to set their payment due dates would help them pay bills on time.

Consumers tend to be hesitant about automatic payments, particularly during times of economic

uncertainty. When asked about their likelihood to set up automatic payments, 65% stated they would set up this function if they could set their own schedule—either weekly payments, every other week or on a custom schedule.

By providing more flexible and convenient payment options, billers can give customers more opportunities to pay how, when and where they want, leading to a better user experience and more on-time payments.

I would sign up for autopay if it was more flexible (by age group).



Conclusion

Our data shows that inflation has hindered U.S. consumers' ability to pay their bills, and they're worried about how a potential recession will further impact their ability to pay bills and meet their financial obligations.

While billers cannot control the economy, offering their customers more flexible payment options could help them manage and pay bills on time. Our data illustrates that consumers want to have more

flexibility surrounding payment choice, such as breaking a large payment into smaller payments, payment reminders and moving their payment due date to coincide with payday.

By offering more payment options, billers are also giving customers a level of control on how they manage their finances; control that is desperately needed in times of economic uncertainty.

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, PayPal, Venmo, 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 40,000 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 paynearme.com.
For press inquiries, contact insights@paynearme.com.

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¹ <https://www.usinflationcalculator.com/inflation/consumer-price-index-and-annual-percent-changes-from-1913-to-2008/>

² <https://news.crunchbase.com/startups/tech-layoffs/>

³ <https://www.bls.gov/news.release/pdf/empisit.pdf>

⁴ <https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category-line-chart.htm>

⁵ <https://www.pymnts.com/economy/2023/lendingclub-says-wealthier-consumers-adjusting-to-inflations-new-reality/>

⁶ <https://ir.lendingclub.com/news/news-details/2023/9.3-Million-More-U.S.-Consumers-Ended-2022-Living-Paycheck-to-Paycheck-Than-in-2021/default.aspx>

⁷ <https://www.experian.com/blogs/ask-experian/consumer-credit-review/#s4>

⁸ <https://www.lendingtree.com/credit-cards/credit-card-debt-statistics/>

⁹ <https://www.bankrate.com/banking/federal-reserve/economic-indicator-survey-recession-risks-january-2023/>