

Understanding and Driving Electronic Bill Adoption

Enabling Biller Organizations
to Push for Paperless Billing



Introduction

Online bill pay is an American mainstream practice. Three out of four U.S. online households have paid at least one monthly bill online, according to a 2007 survey titled, *Consumer Billing and Payment Trends 2002-2007; The Volume of Electronic Bill Payments Exceeds Check Bill Payments for the First Time*, conducted by Harris Interactive for CheckFree Research Services. The same study indicated that the percentage of electronic bill payments has surpassed the percentage of check bill payments among online households. But as paperless bill payment has briskly moved through the stages of consumer adoption, its counterpart, paperless bill presentment, has been slower to gain mainstream momentum.

An electronic bill (e-bill) is defined as an electronic version of a company's bill that is delivered to a consumer through the website of the company that issued the bill (a "biller"), a financial institution internet site or a web portal. An e-bill contains the same information as a paper bill and has the same due date. Paperless billing occurs when consumers replace a paper bill with an e-bill. Today, many firms require customers to "shut off" their paper bill, either immediately, or after some period of time, in order to receive an e-bill.

Trends, leading indicators and precursors to e-bill adoption indicate that the potential exists for stronger growth. Laying the groundwork for mainstream adoption are: broadband penetration, generational usage, recent press coverage (regarding "going green"), and growth in online banking, bill payment and online bill viewing (without the paper shutoff).

To date, the adoption rate for e-bills lies squarely in the middle of the critical early adopter stage. To "cross the chasm" into the mainstream, electronic billing will require focused investment in terms of product and promotion to overcome ingrained human habit, lack of education and, at times, a perceived lack of comparative advantage to paper methods.

This document provides a comprehensive analysis of paperless billing utilizing several research inputs and models to help biller organizations understand the challenges and opportunities associated with consumer adoption of e-bills. Its purpose is also to assist organizations in implementing marketing strategies and tactics that will drive paperless bill conversion rates to optimal levels.

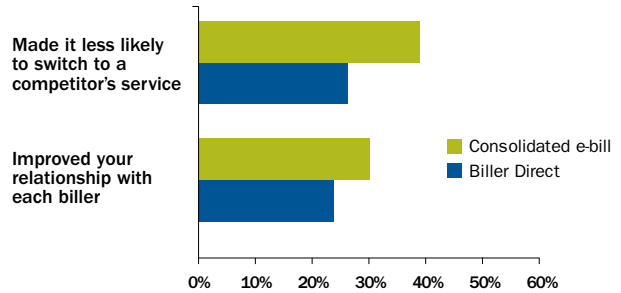
Key Business Drivers of Paperless Billing

Providing and promoting e-bills positively impacts a biller's cost-to-serve, retention, customer satisfaction and cross-selling opportunities, regardless of the distribution channel.

When billers consider the investment necessary to achieve their e-bill penetration potential and returns, they have primarily focused on cost savings. Across industries, billers can expect to save money by digitizing paper billing processes and formats, which include the cost of paper, postage, labor and equipment. The exact cost savings depends on the biller and the bill. For example, according to ESP Consulting, telecommunications companies can expect to save 45 percent per bill, while credit card companies save 37 percent when a paper bill is converted to an e-bill.

Aside from these cost savings, new research from Harris Interactive conducted for CheckFree Research Services shows consumers who use e-bills have higher satisfaction levels and are less likely to leave for a competing service than their paper bill counterparts. This research also shows the increased value metrics driven from e-billing occur within both of the primary online channels: biller direct and consolidated. In the biller direct channel consumers pay and receive e-bills at the biller's website. Consolidated channel users aggregate their online billing activity at a single site, typically a bank, credit union or web portal.

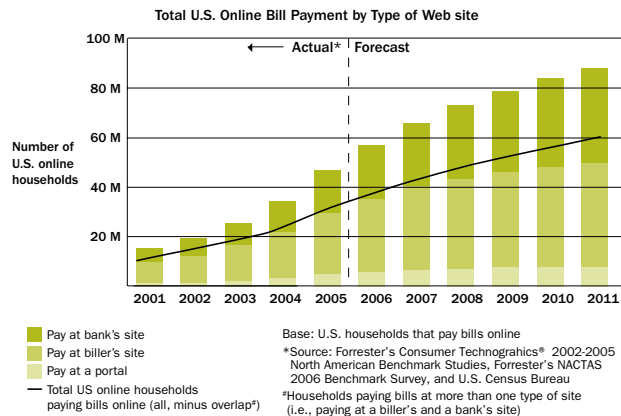
How has receiving an e-bill, either at the biller direct site or at a consolidated site, influenced your relationship with your biller and your likelihood of switching service providers?



Source: Harris Interactive for CheckFree Research Services

Trends and Forecasts

According to research analysis conducted by Forrester and corroborated by Harris Interactive for CheckFree Research Services, biller direct sites have experienced higher penetration in total number of households, but the consolidated channel has more payments by volume than the biller direct channel. Interestingly, between twenty-six and fifty-five percent of bill pay customers are "double dippers" who use both channels. Therefore, to encourage e-bill adoption, billers need to meet the consumer at their preferred bill presentment and payment touch points.

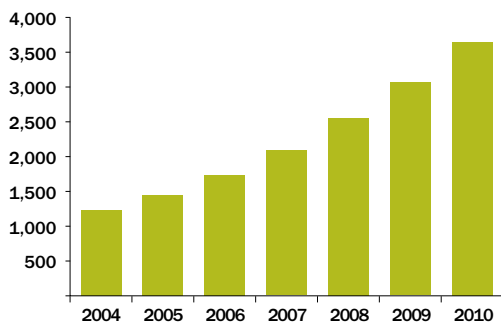


Online Bill and Statement Viewing Experiences Growth

Consumers are viewing more billing and statement information online than ever before and will continue to do so, yet e-bill adoption still lags behind bill pay adoption. Some of this makes sense according to Dr. Kenneth Bernhardt, Regents Marketing Chair at Georgia State University. “Customers naturally will migrate first from bill payment then to bill receipt.” He adds however, “Firms that offer special online-only billing offers can capture high-potential clients on the front end.”

TowerGroup predicts total e-bills delivered will grow over 78 percent between 2007 and 2010. This trend, however, hasn't yet translated to the immediate suppression of paper statements. If online viewership can be considered a critical first step and precursor to ultimate paper shutoff, indications would suggest that consumers will adopt paperless billing in stages — much like consumers try online banking before bill pay. And as consumers grow more comfortable, trusting and dependent on this alternative delivery service system, the paper bill could be seen as increasing the vulnerability to ID theft, not to mention a nuisance due to clutter and shredding.

Total U.S. Consumer E-Bills (in millions)
Billers Direct & Consolidated, With Paper & Paperless



Source: TowerGroup

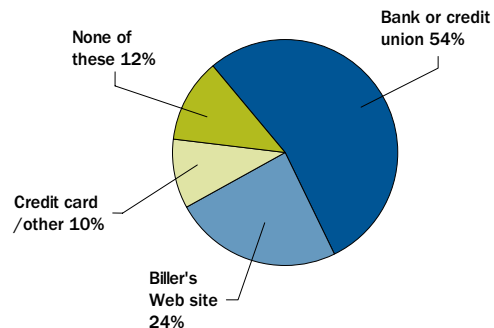
A New Paradigm: Meeting Customers at Their Point of Preference

Over the years some billers have been resistant to offer their customers the ability to receive paperless versions of their bill at the consolidated site. Many fear that promoting or offering e-bills at sites other than their own will produce a negative impact. Yet, the Harris Interactive study conducted for CheckFree confirmed that fully 72 percent of bank e-bill customers also visited their biller's site for services and shopping in the previous six months.

Billers that raise this concern are assuming that they can peel away active consolidated bill pay customers to come to their site for payment and e-bill purposes. In fact, bill pay customers at bank sites rarely move their online billing practices to other disparate venues since it is the consolidated nature of the service that attracts them to that model in the first place.

While biller direct sites are more popular for viewing bills online, actual paper turnoff and consumer preferences for paying bills online is more prevalent in the consolidated model. According to the Harris Interactive study, consolidated e-bill users have higher shut-off rates and show a greater willingness to stop receiving the paper bill. One reason for this is that consumers trust their bank site more with their personal information than their individual biller direct sites.

If you were to pay your household bills online, at which one of the following Web sites would you feel your information is most secure?

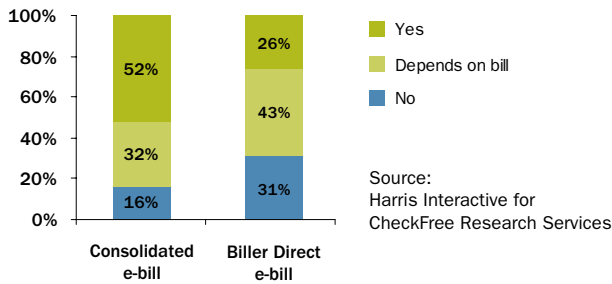


Source: Harris Interactive for CheckFree Research Services

Another point to consider is that consolidated bill pay customers may already receive paperless versions of checking account statements online, which means they are more comfortable with paper suppression.

In terms of consumer preferences, a Javelin study titled, *2007 Online Banking and Bill Payment: Trends, Forecasts and Strategies for Reinvigorating Growth and Adoption*, indicated that survey respondents preferred to view and pay bills online at a bank site over a biller's site by a margin of 2 to 1 (43 percent to 22 percent). According to the same survey, U.S. online bankers, who compose 53 percent of U.S. households, intuitively prefer to view bills at the online banking site they already visit on a regular basis. This inclination to aggregate billing information and transactions at one place for free illustrates one aspect of the compelling, long-term advantage the consolidated model has over biller direct for the consumer.

Would you be willing to stop receiving paper bills if offered the choice?



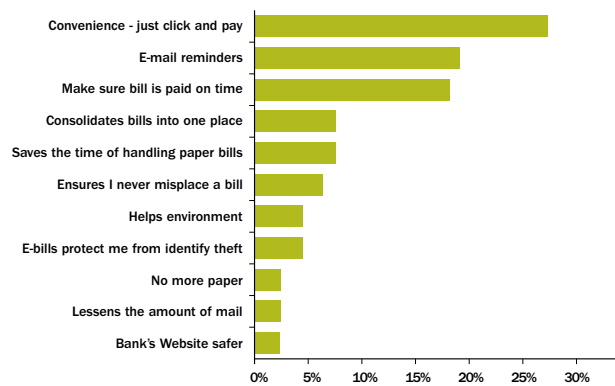
Key Advantages of Paperless Billing to Consumers

Convenience, time savings, access, clutter reduction, environmentalism and ID theft prevention provide measurable value to online customers.

E-bills offer different value propositions to different consumer segments. Quantifiable and qualifiable evidence shows electronic billing delivers convenience, saves time, offers bill reminders, reduces clutter, benefits the environment and helps to protect against ID theft. For many consumers who use consolidated

sites, e-billing facilitates the full migration to the more flexible online channel, seamlessly tying bill receipt and payment into one streamlined process. Converting bills into digital formats also enhances valued-added capabilities such as online personal financial management (PFM). In terms of holistic value generation, "E-bill completes the electronic billing cycle, making billing seamless and more integrated, which leads to life simplification," says Dr. Bernhardt.

Please choose which of the following reasons is most important for why you are currently receiving electronic bills:



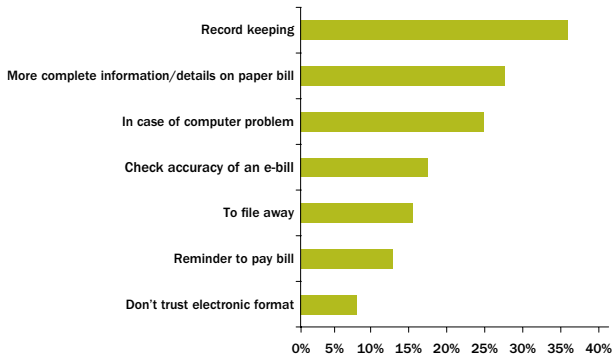
Barriers to Consumer Adoption

Loss of control, record keeping and security are the three concerns most cited by consumers.

Javelin's 2007 Online Banking and Bill Payment report gathered responses from 728 participants who did not utilize online banking services. When asked which opinion reflected the statement: "Some companies are now offering the option to 'turn off' paper statements and bills for banking, credit card, telephone and other accounts and view them online," 52 percent of the participants selected fear of "Losing control over my finances." The second most cited opinion at 36 percent was the "Need for better methods of storing statements."

Top on the list of reasons why e-bill respondents prefer to keep receiving some paper bills is record keeping, according to the Harris Interactive Consumer Lifecycle Research Study, conducted for CheckFree.

Reasons some e-bill users prefer to receive certain versions of their paper bill:

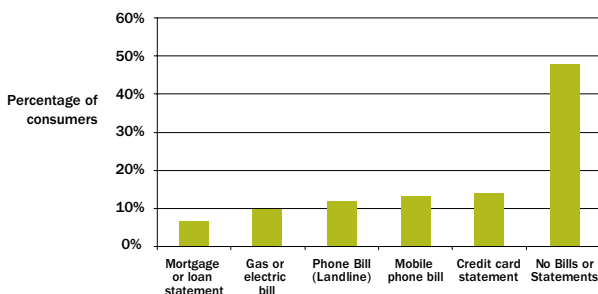


Source: Harris Interactive for CheckFree Research Services

Paperless Bill and Statement Penetration Rates: Under Penetrated Across Industries

While consumers are growing more comfortable with electronic billing and statement viewing, many firms still find that their e-bill penetration rate is lower than hoped. Understandably, some question if there is consumer demand for paperless e-billing.

Some financial institutions now give their online customers the option to turn off paper copies of checks, bills or statements. Which of the following do you only view electronically without ever having paper copies automatically sent to you?



Source: Javelin Strategy & Research

First, it is helpful to understand consumers' confidence in current billing methods. Inherently migrating to a paperless billing and financial platform is at odds with consumers' current channel and media, thereby affirming e-bills and e-statements as disruptive innovations. E-bills require the consumer to retrieve, view and organize their bill receipt and pay process in a different way. Comfortable habits and perceived shortcomings to paperless-based billing practices can suppress growth.

Additionally, paperless billing is a concept initially developed for suppliers, namely billers and financial service providers. Paperless billing has reduced pain for some consumers, especially technically savvy ones, more than others. Billers and banks have not been aggressive in promoting the e-bill service — how it works and where. And without clear industry mobilization and effective, compelling communication of comparative advantages to paperless billing, the potential, currently dormant in paperless billing, will not be realized.

Driving Higher Paperless Adoption Rates

While paperless adoption rates are currently low compared to online bill pay, there are numerous indicators showing that favorable conditions exist for growth in mainstream acceptance of going paperless.

Four of the major indicators are:

- Macro environmental forces
- Electronic billing, payment and presentment consumer segmentation
- Focus group findings
- Synthesis of third-party consumer research

Macro Environmental Forces

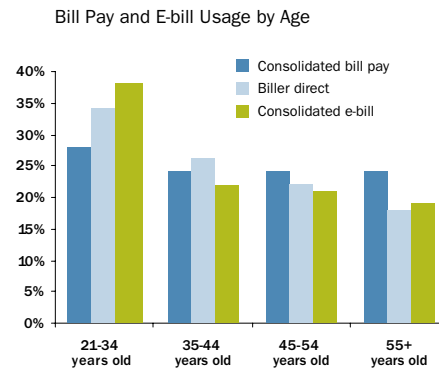
External factors are favorable to paperless billing

Looking at the primary influencers that can shape the marketplace (technological, social and legal), the conditions are favorable to lessen the dependency on

paper. These macro environmental forces (mainstream use of the Internet and mobile devices, comfort with online transactions, increased levels of online banking and bill pay usage) are helping to impact e-bill adoption. The following explains how each primary influence is affecting consumer behavior:

Technological: Americans continue to replace offline behaviors such as mail, landline calling and paper-based currency with online applications such as e-mail, text messaging and electronic payment instruments. Broadband technology has enabled this change in behavior. According to a study by the Pew Research Center titled, *Pew Internet & American Life Project, "Home Broadband Adoption 2007 Data Memo"*, 70 percent of U.S. online households have broadband connectivity. This is critical, as The Yankee Group reported in a 2006 report, *EBPP Investments Yield Substantial Increases in Usage*, that a broadband household is twice as likely to conduct electronic transactions as households using dial-up methods. Another potential driver of paperless bill distribution is the mobile device. As a whole, the ability to receive and pay bills online from the consumer's point of preference will increasingly attract new users, especially the younger generations. This trend should continue to increase as customers further depend on mobile phone functionality and more robust features and services are offered.

Social: Demographics will be another major driver of e-bill adoption. E-bill usage skews toward younger consumers. As younger generations embrace and use more sophisticated technologies, they have a higher propensity to try and utilize online and mobile innovations. As this segment moves into greater financial responsibility, they will expect seamless, convenient online services and will be attracted to firms that offer them.

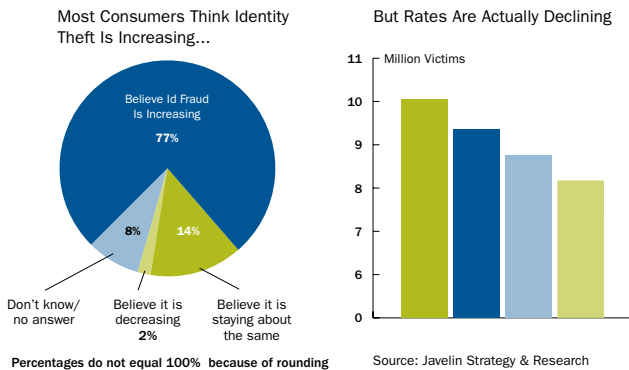


Source: Harris Interactive for CheckFree Research Services

Legal: The legal dynamics affecting paperless billing are mixed. Many of the older “paper culture” laws that initially burdened paperless processes (such as laws requiring a contract to be “in writing” or “signed” to be binding) have been pushed aside in favor of laws that are more supportive of binding electronic transactions (such as the federal E-SIGN Act). Industry regulations that caused reluctance and uncertainty for the financial institutions and billers because they did not address paperless billing and payments have been substantially clarified. Press coverage of these developments has helped paperless billing, as it has made consumers less likely to think of the Internet as a “lawless” environment. In the process of replacing the old laws, however, new regulatory burdens have been created, and the first round of statutes and regulations have sometimes not addressed valid concerns in the most efficient way.

Examples of legal issues that need clarification are: Micro-management of information security with an overemphasis on encryption; overbroad laws and regulations requiring “security breach disclosures;” extensive record keeping; and the management of numerous “opt-outs” and “opt-ins” for information sharing and electronic marketing. These new (and frequently changing) regulatory requirements impose time and cost burdens on billers, banks, vendors and even customers, and limit the number of paperless billing providers who can track and comply with the regulations. Fortunately, however, paperless billing is still much less expensive to process than paper billing.

Interestingly, and ironically, faulty consumer perceptions are often a driver of over-reactive consumer protection laws. Perceptions about identity theft are a perfect example of this phenomenon. According to a February 2007 Javelin Research study titled the *2007 Identity Fraud Survey Report*, occurrences of ID theft are declining, and the majority of information used for ID theft comes from lost or stolen wallets. The irony of the misconception is that consumers are safer online than offline. Jim Van Dyke of Javelin stated in the report that consumers should turn off paper bills and opt for the safer electronic versions.



Consumer Electronic Billing, Payment and Presentment Segmentation

Shifting consumer attitudes toward bill pay and presentment are also favorable

In 2003, CheckFree and research firm Lieberman Worldwide sponsored an attitudinal psychographic EBP segmentation study of 1,200 online respondents who shared some responsibility for household bills. The results of this study found that online consumer attitudes toward EBP can be divided into six segments: Maximizers, e-Savvy Planners, Convenience Seekers, Desperate Avoiders, Self Improvers and Paper Pushers (See chart for descriptions).

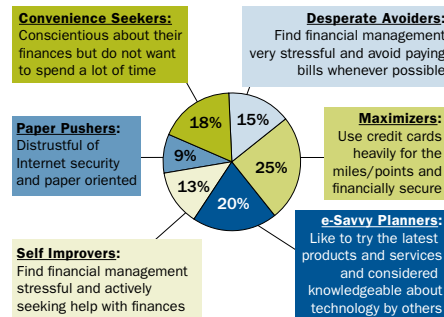
In 2006, CheckFree and Lieberman refreshed the study with a focused component on paperless bill presentment. The findings provide key insight not only into EBP segmentation but also broader billing and

payment trends. As evidence of a shift, the number of Paper Pushers has declined from 22 percent in 2003 to only nine percent of online participants in 2006. This leaves 91 percent of the online base with a medium to high propensity to convert to electronic billing. Certainly e-Savvy Planners, Maximizers and Convenience Seekers are the most likely to adopt paper-free billing but Self-Improvers also lean towards e-bill acceptance as evidenced by the increased activation rate observed around “New Year’s resolution” time.

While Paper Pushers are substantially declining, the number of Maximizers is rising. This increase is the result of aggressive promotional tactics used by the credit card industry to promote usage (most notably the use of rewards points).

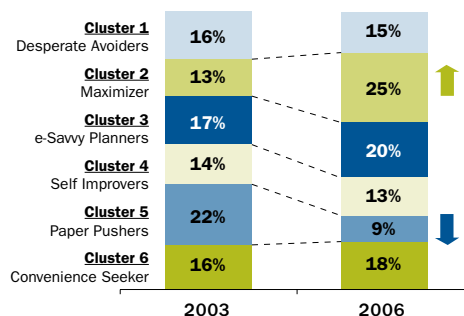
As noted earlier, much of the shift to EBP can be aligned with higher broadband penetration. In 2003, participants in the segmentation study had an average broadband penetration rate of 56 percent compared to 77 percent in 2006. Also, EBP at bank sites grew from 24 percent in 2003 to 48 percent in 2006.

The Bill Payer Marketplace in 2003



Source: Harris Interactive for CheckFree Research Services

Changes in the Bill Payer Marketplace from 2003 to 2006



Source: Harris Interactive for CheckFree Research Services

E-bill Focus Group Findings

Major factors in driving e-bill growth are awareness and understanding. With that, interest, desire and activation swiftly follow

Focus groups conducted in 2006 revealed that e-bill users and non-users found the service valuable and convenient once they understood how it worked.

- *“At first it took some getting used to, but getting the bills electronically and paying them online is simpler and quicker to pay than with paper now.”*

Some consumers said paperless billing is more secure than their mailbox.

- *“Paper bills are a hassle now because you have to be careful to shred everything because of identity theft and fraud.”*

Organization reduces lost or misplaced bills.

- *“The alert helps me out, so I never miss making a payment and I get another alert to confirm that it’s been paid.”*

Several focus group respondents said that e-bills were more convenient than current methods.

- *“I could easily pay my bills while traveling or sitting anywhere on a computer.”*

Barriers

Consumers are confused about what an e-bill actually is.

- *“This is a great idea, a great product. But the descriptions I’ve seen before this don’t do it justice at all.”*

The physical reminder to pay bills is gone.

- *“When I get it (bill) in the mail, I have a specific place that I put my bills and I can visually see it.”*

Changing behavior causes some fear, discomfort and perceived loss of control. E-bills alter their current bill pay process and filing systems, especially with the physical reminders to pay bills gone.

- *“If all billers offered e-bill I would do it.”*

Ultimately, the focus groups found that many consumers still do not know what an e-bill is or how it works — resulting in ignored educational and value proposition messaging.

Synthesis of Third-Party Consumer Surveys

When aggregating the consumer surveys from top research firms around e-bill adoption, clear themes emerge. Compelling mainstream consumers to change from the accepted, ingrained and habitual practices of retrieving monthly bills in the mail, sorting and preparing them for payment, and then filing them away for record keeping requires education, trial periods, a perceived superior methodology, and, at times, incentives. When a consumer activates an e-bill for the first time, they are effectively creating another personal billing system. Acclimating to this new practice can cause discomfort and fears that they may lose track of bills and ultimately miss payments resulting in late fees and bad credit marks. And although the perceived and real safety of online billing is improving, many mainstream consumers still do not trust it.

Despite these findings, there is good news when it comes to the overall prospects of e-bill. Younger consumers will not only be easier to convert to paperless bills, they will desire it. Mainstream consumers can be convinced to convert through education, especially around what an e-bill is, how it works, where it is available and its ID theft prevention benefits. Better and more robust record keeping is already occurring with some billers, and as storage becomes less expensive, will be more widely offered. And low-cost incentives, in particular in the form of charitable donations to conservation groups, can result not only in low cost of acquisition but also customer goodwill.

Adoption Stages and Characteristics

Innovation Adoption Stages

To influence penetration levels and move out on the adoption curve, consider a consumer's decision making process and apply marketing investment accordingly. Everett Rogers, author of *Diffusion of Innovations*, hypothesizes the adoption of a disruptive innovation like e-bill occurs in definable stages. These stages must be considered when developing marketing strategies and may explain why particular stages represent the largest barrier(s) to adoption for a given innovation.

Billers can determine their relative position by asking the following questions, which will help determine where investment and resources should be focused.

Awareness: The customer is in this stage when he/she has knowledge that paperless billing exists, but has little or no knowledge about the details of the offering. At this stage, the most critical questions to ask are: To what extent do customers know they can receive paperless versions of bills at multiple touch points (biller direct, bank sites) and how prominently are companies communicating the paperless e-bill offer?

Interest: In this stage, the customer is motivated or stimulated to seek information about a company's particular e-bill offering. The critical questions to ask during this stage are: What marketing practices are being employed to stimulate interest in the company's e-bill offering and can its customers find the answers to their initial questions about those e-bill services quickly and easily?

Evaluation: During this stage, the customer considers whether to try e-billing. During this phase, questions to ask include: How is the company positioning e-bill? What compelling value propositions is it communicating?

Trial: In this stage, the customer tries e-bill to estimate its value. Critical questions here are: Is the business

allowing its customers to try e-bill and receive their paper bill at the same time? If not, is the business communicating that it is "easy to go back to paper."

Adoption: In this final stage, the customer decides to make full and regular use of e-bill, foregoing the paper bill entirely. Critical questions to ask during this stage include: What is the company's e-bill adoption rate? Can it be tracked as to how customers are utilizing the e-bill offering? Are there marketing opportunities for other goods/services that can be leveraged using the e-bill?

Innovation Adoption Characteristics

Rogers also identified the definitive characteristics influencing the rate of adoption for any given innovation. It is critical to evaluate each of these characteristics relative to an organization's own e-bill offering. Doing so will illuminate the overall compelling nature of the e-bill service versus paper billing methods and can help determine areas of improvement.

Relative advantage: To what degree does the e-bill offering appear superior to paper versions or delivery methods? Is the offering actually better or perceived to be better than the paper alternative? If there are no clear advantages to e-billing from the customer's perspective, why would they be inclined to make the switch?

Compatibility: To what degree does the e-bill offering match the customer's current or preferable bill management and filing practices? Does the e-bill offering protect against fraud? Is it guaranteed? Is it equipped to offer e-mail reminders to customers when e-bills arrive for them?

Complexity: How easy is the e-bill offering to understand, initiate or use? Is there a long, arduous sign-up process? Focus groups have shown that consumers tend to confuse e-bill with electronic bill pay. Does the marketing messaging clarify the differences between the two? Does the organization stress the importance of having multiple resources to help customers to understand and initiate the process of receiving e-bills?

Divisibility: Does the current e-bill offering include the ability for customers to try e-bill on a trial basis? Can they receive both paper and e-bills for a limited time in order to determine the advantages of e-bill versus paper? Divisibility should be seen as a migration strategy — in essence, allowing customers to try before they buy.

Communicability: To what degree can the organization describe the benefits of e-bill to customers who haven't currently adopted it? Is there a demo of an e-bill for customers to try? Are customers able to determine the value proposition for e-bill adoption by current marketing practices? Can customers see how e-bill works before they decide if it is for them?

Improved security, incentives and better record keeping top the list when these firms asked survey respondents what would motivate them to view bills and statements electronically.

In Javelin's 2006 report, *Electronic Bill Presentment: Product and Marketing Strategies to Drive Adoption*, when asked the question "What would motivate you to view more of your bills and statements online?," the top two answers by the 2,200 surveyed were "Improved safety through increased account monitoring capabilities" at 36 percent and "Advanced security or safety guarantees" at 34 percent. This was followed by "Ability to view most or all bills at one site" at 32 percent (validating the need to have more billers in distribution, e-bill ubiquity regardless of channel), and "Access to bills and statements from one of my service providers," which came in at 26 percent.

The Harris Interactive research for CheckFree reinforces the perceived need to demonstrate comparative advantage as the number one action that would motivate consumers to suppress bills. The most popular incentive was offering \$1 off the bill every time it was delivered electronically without the corresponding paper bill. This was followed by the ability to download bill detail (48 percent) and access to 12 months of bill history (46 percent).

Interestingly, the adoption characteristic of divisibility — offering the customer a "try before you buy" trial period — seemed to resonate with consumers. Forty-four percent of Harris Interactive research participants from the 2007 Consumer Billing and Payment Trends survey said the ability to turn on paper at anytime would persuade them to no longer receive the paper bill in the mail. Among features that would be most persuasive to non-users, the number one feature was the assurance that the biller would continue to send the paper bill until asked to stop.

Billers' Role in Pushing Paperless Adoption

Evaluating how firms from various industries are creatively overcoming barriers to adoption and successfully driving paperless bill conversion is key. By reviewing examples of successful paperless adoption campaigns, a deeper understanding can be gained about methods that are working today, as well as ways to enhance current processes for future product releases.

- A regional utility company developed a comprehensive, integrated communications plan promoting electronic payment and e-bills to its customers. They localized the campaign by providing a donation to environmental non-profits in the area for each (up to four) e-bill added. The message was featured in radio advertising, direct mail, e-mail, voice mail, IVR and online messaging.
- A leading national wireless company and a major banking institution collaborated on a joint marketing program to promote electronic payment and e-bills. The companies promoted both brands to their customers via offline and online channels.
- An insurance company began selling automobile insurance online directly to customers beginning in 1999. It encourages customers to submit all bills and claims online and charges a fee to those who select the paper process. The firm also aggressively markets itself using a cartoon character it created that fights monsters to save the environment.

- A national cable provider offers its customers the ability to receive e-bills at most financial institutions. In addition, it gives its online banking customers an e-bill trial period whereby customers receive both electronic and paper versions of their bill before opting-in to paperless statements. This enables customers to “try before they buy.”
- A global financial services firm positions its e-statements as secure, convenient and fast. It also offers its customers a \$5 account credit and six years of billing history.
- Another leading telecommunications provider, one of the first to position environmental efforts with electronic billing, partnered with a national conservation organization and made a donation for each e-bill activated. As an added touch, it built a “virtual forest” whereby customers could locate the online tree that was planted when their e-bill was activated.

Conclusion

Electronic bill payment is a mainstream American practice. Removing paper from transactions has created economic value and utility for consumers, billers, and financial institutions. The stage is now set for the next iteration of electronic billing and payment’s evolution – paperless bill adoption.

By replacing paper billing with e-bills, businesses can recognize significant and immediate cost savings, and reduce environmental impacts. In addition, new research reveals customers who receive and pay bills online, regardless of channel (biller direct or consolidated) are more satisfied and less likely to switch to a competitor. And, billers that achieve higher levels of e-billing will be well positioned to fully optimize the strategic advantages the online channel offers.

Still, consumers have been resistant to going paperless. As a discontinuous innovation e-bill requires a change of habit, which is inherently uncomfortable to most. Along

with a lack of education and weak value proposition messaging, this has resulted in low penetration. This said, current penetration rates in the single digits across most verticals represent enormous potential. The adoption data also puts e-bill at a critical point in the adoption lifecycle. In order to cross the chasm into the mainstream, it needs focused attention and investment.

To accomplish this, billers need to demonstrate and communicate the compelling value proposition(s) that the e-bill service offers to different segments of consumers. Firms also need to offer the customer’s e-bill where they prefer to receive it. Doing so not only helps the biller drive e-bill adoption and increase customer satisfaction, but also enables consumers to receive all of their bills electronically – thereby increasing e-bill’s ubiquity.

The good news is that current market analysis shows very favorable trends to support increased e-bill adoption. Online banking, bill payment and viewing, broadband diffusion, generational usage and shifting attitudes toward EBP are all positive. As younger, tech-savvy consumers look for ways to simplify and de-clutter their lives, more will undoubtedly opt for paperless billing as a means to achieving that goal.

In truth, robust e-bill adoption is in the hands of the biller. Armed with extensive market research on e-bill adoption, billers have the insight and tools to drive their adoption rates to optimal levels. As the previous business examples have shown, many top billers have implemented e-bill strategies with great success. Their business models can serve as an effective guidepost for those billers looking to create an e-bill offering, or to enhance an existing one. And with those companies driving the e-bill firmly into the psyche of the consumer, billers that aggressively market e-bills will see it as an incredibly effective business driver — and much easier to implement than they imagine.

References

- CheckFree Research Services. *Consumer Billing and Payment Trends 2002-2007; The Volume of Electronic Bill Payments Exceeds Check Bill Payments for the First Time*. August 2007.
- CheckFree Research Services. *2006 Consumer Segmentation Study; Six Consumer Segments Identified Based on Attitudes Toward Household Finances*. June 2007.
- Graeber, C., Johnson, C., Dolan, E., Tesch, B. *A Five-Step Action Plan To Help Banks Compete With Biller Sites For EBPP User*. Forrester Research Inc. April 26, 2007.
- Monahan, M., Cundiff, B., Knighten, S., Van Dyke., J. *2007 Online Banking and Bill Payment: Trends, Forecasts, and Strategies for Reinvigorating Growth and Adoption*. Javelin Strategy & Research. June 2007
- Graeber, C., Temkin, B., Hult, P. *eStatement Adoption: Is The Glass Half-Full Or Half-Empty?* Forrester Research Inc. June 12, 2006
- Graeber, C., Johnson, C., Dolan, E., Hult, P. *EBPP Forecast: 2006 To 2011*. Forrester Research Inc. January 25, 2007
- Monahan, M., Cundiff, B., Van Dyke., J. Matava-Knighten, S. *2007 Identity Fraud Survey Report*. Javelin Strategy & Research. February 2007
- Monahan, M., Van Dyke., J. *Electronic Bill Presentment: Product and Marketing Strategies to Drive Adoption*. Javelin Strategy & Research. February 2007
- Horrigan, J. *Home Broadband Adoption 2007 Data Memo*. Pew Internet & American Life Project. June 2007
- Rogers, E. PhD. *Diffusion of Innovations*. 1995. Free Press
- Moore, G. *Crossing The Chasm*. 1991. HarperBusiness
- Bernstein. Postal Rate Commission. *Response of USPS Witness Bernstein To Interrogatories of GCA*. July 24, 2006
- United States Postal Service. *The Household Diary Study; Mail Use & Attitudes in FY05*. April 2006.
- Levine, J. *EBPP Investments Yield Substantial Increases in Usage*. Yankee Group, March, 2006

Further Reading

- USA Today. *You Can Save Trees By Viewing and Paying Bills Online*. Sandra Block, July 31, 2007
- USA Today. *ID Theft's a Big Pain, But Protecting Yourself Needn't Be*. February 6, 2007
- Wall Street Journal. *Quick Fix; Stop the Paper Trail*. Nate Herprick. January 9, 2007
- Wall Street Journal. *Pushing Paperless: The Pros and Cons*. Eleanor Laisse. May 2, 2007
- Consumer Reports. *10 Easy Steps to the Simple (Financial) Life*. February 2007
- Consumer Reports. *Paying Bills Online – Safely*. July 2007
- Kiplinger's Personal Finance. *What You Need to Know About Paying Bills Online*. September 2007.
- Money Magazine. *Save a Buck, Save The World*. Jean Chatzky. June 2007.
- Time. *The Global Warming Survival Guide*. April 9, 2007
- Scientific America. *Money Is Green, but Online Banking is Greener*. August 16, 2007.

About CheckFree (www.checkfree.com)

CheckFree empowers organizations to drive profitability and performance to your business through a combination of our innovative solutions, industry expertise and collaborative partnership.

Serving thousands of organizations worldwide, we apply our broad industry expertise to gain an in-depth understanding of your business requirements. Our consultative approach and constant focus on quality enable you to manage risk and efficiency, measure return on investment (ROI) and increase profitability. Our objective is, quite simply, to deliver the best solution for your business.

At CheckFree, we pride ourselves on being more than just a software vendor. We are a trusted partner – and the success of this partnership depends first and foremost on a solid, shared understanding of your specific operational requirements.

Why are our customers consistently able to report on projects that have finished on time and on budget – with business benefits and ROI targets achieved and frequently exceeded? It is the application of our business and technology expertise. It is our dedication to a reliable and proven implementation methodology and focus on process quality. It is the combination of your operational intelligence and ours – based on a continuous cycle of measurement and improvement – that needs to be applied to drive profitability and performance.



Corporate Headquarters

4411 East Jones Bridge Road, Norcross, GA 30092, USA

North America
800.437.2997

Europe, Middle East, Africa
+44 (0) 845.013.1200

Asia, Australasia
+61 (0) 2.9409.4000

www.checkfree.com

CheckFree is a registered trademark. Other products referenced in this material may be trademarks or registered trademarks of their respective companies.

© Copyright 2007 CheckFree Corporation. All rights reserved. 32-6-8-COL 11/07