

## Omnichannel Banking Success Factors Blog: Digital Banking Billpay

As we continue our series of perspectives on best practices in financial services on the road to omnichannel banking, we take a look at the latest innovations in the venerable Electronic Bill Presentment and Payment (EBPP) market category. Today's EBPP, which has its roots in computer-based online banking, is increasingly being touted as part of a comprehensive mobile and/or digital billpay solution by progressive banks and credit unions.

With banks and credit unions continuing the transition from a branch interaction business model to include greater emphasis on online and mobile variants, concerns about customer satisfaction and retention are prevalent. Many financial institutions are evaluating new and promising customer outreach models as they seek to become the primary financial institution to their banking customers.

Many FIs are responding to customer demand for more self-and-assisted service banking channels options that empower them to bank when, where, and how they wish. At the same time, they are seeking business models that combine convenience and ease-of-use with robust functionality as part of an overarching goal of keeping banking customers engaged and happy – and hopefully delighted – with their banking provider.

Increasingly, FIs are rediscovering that banking customers are highly valuing some of the foundational online banking features, like billpay, that they may have been taken for granted in the past. This may be because some of the early versions of billpay were clunky, hard to use, and required much work to access billing and payment information.

The latest billpay versions, however, can include an even greater value proposition for consumers than was previously available. These new and expanded mobile payments features are intuitive and easy to use, and have proven to be popular with a wide variety of banking customers. Many offer a wider variety of presentment and payment options, including auto-discovery information about account, vendor, and payment options.

Electronic billpay capabilities, particularly in the form of mobile banking offerings, offer much promise. With nearly two-thirds (64%) of Americans owning smartphones in 2015<sup>i</sup> (up from 35% in 2011), there is a strong demand for mobile-enabled solutions. This increased adoption of mobile devices has been a driver for continuous improvement in electronic billpay and other mobile capabilities over the past few years. It's interesting to note that almost half (47%) of respondents to a recent Fed survey said they made a bill payment using a bank's online banking website or banking app in the previous 12 months<sup>ii</sup>. And increased usage by Millennials and tech-savvy X-gens and baby boomers means that this number will only grow.

Not only have there been improvements in online banking variants for customers using PCs and tablets via online banking portals, but new billpay capabilities have been introduced in mobile web and downloadable mobile app products for use by mobile phones, phablets, and tablets. In addition to the significant investments to improve and expand the functionality of online banking products, much attention is being focused on mobile banking billpay solutions, which continue to attract new users. And in an increasing number of cases, comprehensive next-generation digital banking solutions that include the best features of online and mobile banking versions, no matter the device or access mode, are being offered.

Progressive financial institutions are finding that newer versions of online and mobile billpay – and increasingly digital billpay – can be a win-win for both banking customers and FIs alike. For bank customers and credit union members, such solutions can promote increased customer communication and interaction, a better customer experience, and higher customer satisfaction ratings. For financial institutions, offering the latest billpay solutions can mean increased “stickiness” and opportunities for stronger, lasting relationships, and a greater propensity for using other mobile banking solutions. Also, these latest billpay solutions can encourage broader and deeper customer engagement, and contribute toward an FI’s overarching goal of becoming the primary financial institution for their banking customers.

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<sup>i</sup> Pew Research Center, 2015

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