

The Newest Digital Payment Strategies & Advanced Technologies in Local Government

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IGFOA 2020 ANNUAL CONFERENCE WEBINAR SERIES



MARKET TRENDS IMPACTING ONLINE BILL PAYING

How People Pay Their Bills Is Changing



**Digitization
of Payments**



**Mass Adoption
of Mobile Devices**



**Importance of
Generations**

We're In The Midst Of A Major Shift

- **How payments are made is rapidly changing:**
 - In the U.S., digital wallets like PayPal, Venmo, Amazon Pay and Apple Pay are projected to overtake credit cards as the most popular online payment method in 2020 - Worldpay
- **Technological advancements are transforming how consumers and businesses interact:**
 - By 2021, 40% of consumers will use voice assistants like Alexa instead of websites or apps when service needs arise - Capgemini
 - In 2020, 85% of all interactions between millennials and businesses will occur without human interaction, as self-service and chatbots become fully ubiquitous - Gartner

Those agencies that embrace the shift, will have a significant advantage in the pursuit of maximum customer satisfaction and operational excellence while maximizing adoption.

We've heard it before... **Millennials...millennials...millennials...**





The Millennial Generation...

“America’s largest generation” with **75.4M** million people

75% of the workforce and **46%** of U.S. income by 2025¹

Digital natives, raised in the era of digital payments

67% are more likely to trust tech-based companies²

>20% have never written a check¹

63% don’t have a traditional credit card³

86% are smartphone users¹

38% use apps and mobile tools to pay bills

¹Source: First Data, The Unbanked Generation, 2015

²Source: Koski Research Study, 2015 (N=2,024)

³Source: A survey commissioned by Bankrate and compiled by Princeton Survey Research Associates
<http://www.bankrate.com/finance/credit-cards/more-millennials-say-no-to-credit-cards-1.aspx>



... And the Popularity of Digital Wallets Exploding

By **2021**, alternative payment methods are projected to account for **~75%** of ecommerce payments worldwide¹

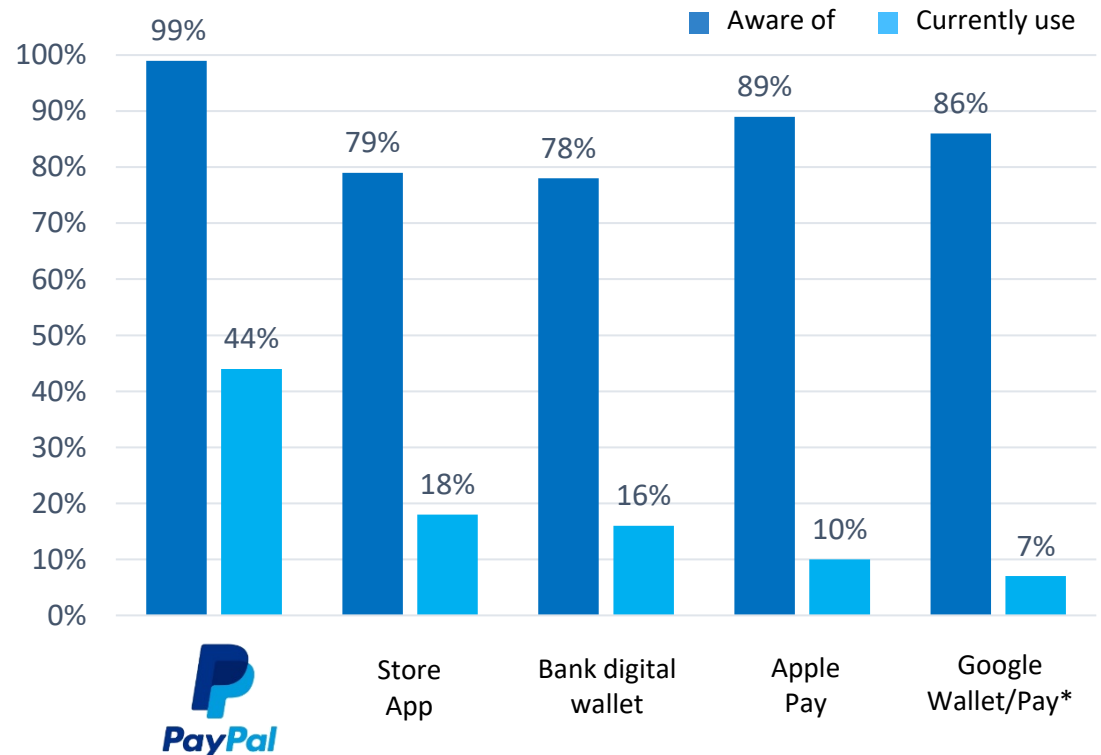
Digital wallets to surpass credit cards by 2021²

76% of US consumers think Digital Wallets are a secure form of payment technology³

73% of US consumers claim security is more important than convenience when shopping online³

77% of US consumers believe PayPal is more convenient than other payment methods³

In **Q1 2018**, mobile represented **24%** of digital commerce sales⁴



Source: The Future of Money, Koski Research, Fall 2017
*Study was fielded before the Android Pay/Google Wallet re-brand.
Android Pay use was 5%.

¹Source: yStats.com, Global Alternative Online Payment Methods: Second Half 2017, retrieved 3/2018
²Source: Forrester Research, "The Next Phase Of Digital Wallet Adoption," Sept 2017
³Source: Digital Trends Impacting Commerce, Kelton Research, June 2018
⁴Source: comScore, "State of the U.S. Online Retail Economy in Q1 2018"



The Cost/Benefit Balancing Act of Credit Card Acceptance



Customer Service



Security Risk



Operational Efficiency



PCI Compliance Cost

Digital Wallets

- Digital version of a traditional wallet
- Hold credit and debit cards for making payments, store coupons and loyalty programs, specific information about personal identity and more
- Faster, easier, and safer than using physical cards
- Millennial preferred – the payment option 75.4M people aged 24-39 already use

Digital wallets are projected to overtake credit cards as the most popular online payment method THIS YEAR



Digital Wallets in the News

tr TechRadar

More than 6.1 billion people will use digital payments by 2023

In 2017, the global digital payments market was valued at \$3.1trn, according to figures pulled from market and consumer data provider Statista. In ...



B London Loves Business

Venmo grows by 47% year-over-year, 2.6x more than PayPal | London Business News

Data gathered by Leambonds.com shows that Venmo's year-over-year total payment volume has grown by 47.61% which is more compared to ...



D Digital Transactions

Why PayPal Thinks Shifts to Digital Payments Will Outlast the ...

Observers have said before that the Covid-19 crisis is reshaping payments, but on Wednesday afternoon executives at PayPal Holdings Inc.



OnFocus

Digital Wallets Offer Contactless Way to Pay

Pay Safely with a Digital Wallet. As consumers seek to limit the amount of surfaces they touch in a COVID-19 world, more are adopting digital ...
6 days ago



C Credit Union Times

Analysis: Transactions Drop as Consumers Go Into 'Savings Mode' & Digital Payments Soar

Digital payments are having a heyday as the novel coronavirus pandemic ...
CO-OP compared payment transactions volume in April 2020 to ...



Raconteur

Digital payments: how COVID-19 sped up adoption

Are digital payments COVID winners? The coronavirus pandemic represents a turning point for the payments industry, as those companies that ...





 **PayPal**

 **PayPal
CREDIT**

venmo

pay

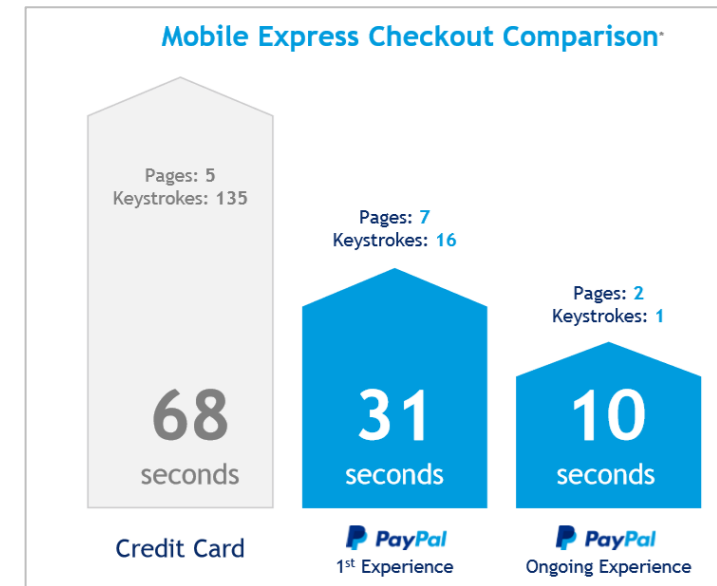
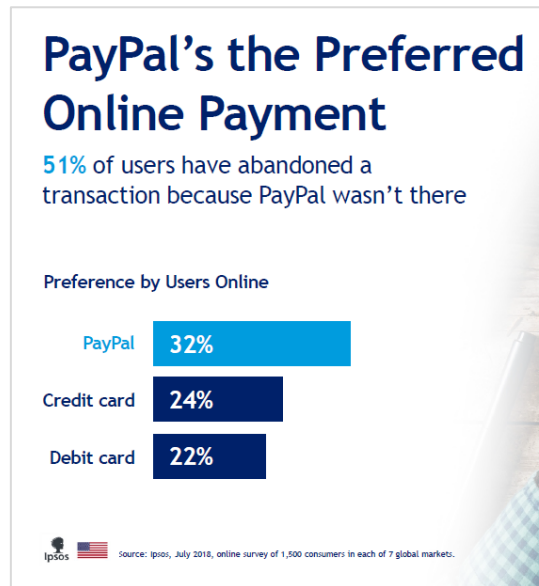

2020
SEEING BEYOND
THE CHALLENGES

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About PayPal



- Most used digital wallet in world
- Over 305 million active users worldwide, 100 million+ in U.S.
- 64% of U.S. adults have used PayPal for an online transaction in the last year
- One Touch™ checkout results in 88% fewer keystrokes



About PayPal Credit



- Flexible revolving line of credit
- Interest free if balance is paid within 6 months
- Allows customers to pay over time
- 78% use PayPal Credit for everyday expenses and bills
- 33% of PayPal Credit users are millennials

The screenshot shows a mobile checkout interface. At the top, the PayPal logo is on the left and a shopping cart icon with '\$1,608.70 USD' is on the right. A green notification banner reads: 'Congratulations! PayPal Credit is now in your wallet as an additional funding source.' Below this, the user is greeted with 'Hi, Pat!' and 'Review your payment details' with a 'Change >' link. A note states 'No interest if paid in full in 6 months. See terms'. The shipping address is 'Pat Brandt, 9690 Deereco Road, Timonium, MD, 21093, United States'. The payment method is 'PayPal Credit' for '\$1,608.70 USD'. There is a checkbox for 'Make PayPal Credit my preferred way to pay' and a 'Continue' button at the bottom.

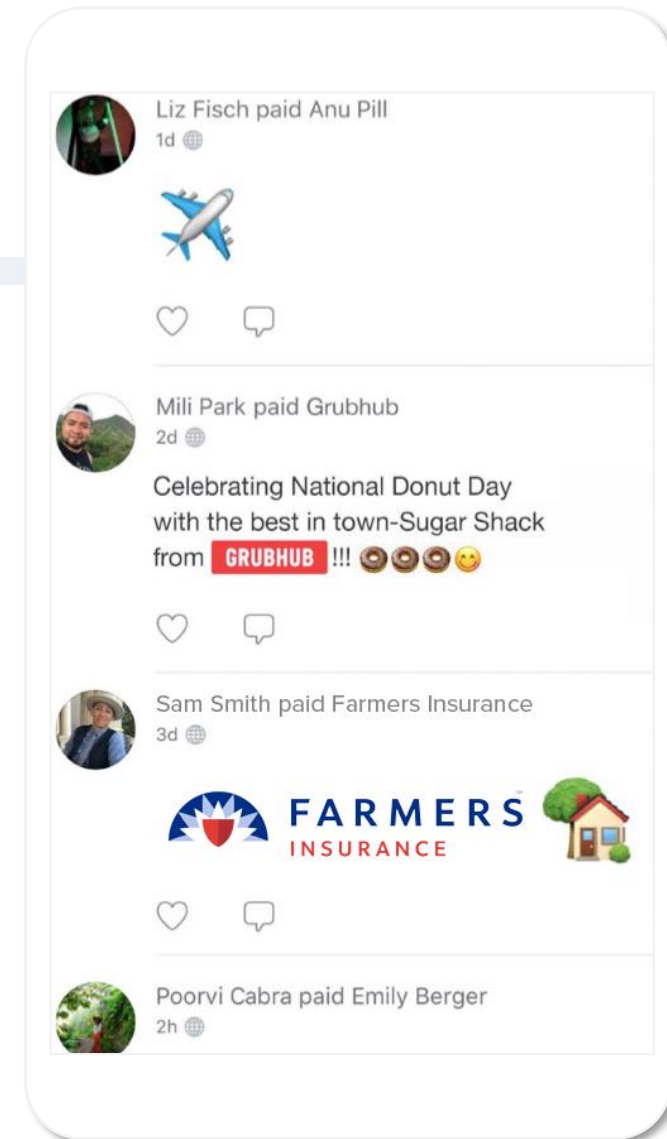
PayPal Credit

The most popular and frictionless financing solution providing a simple, trusted, flexible way to pay over time.

- **Consumer Benefits:** Pay merchant now, pay PayPal later
- **Mobile Optimized:** 'Card-less' credit solution
- **Easy to Use:** Select PayPal Credit inside PayPal wallet at checkout

About Venmo

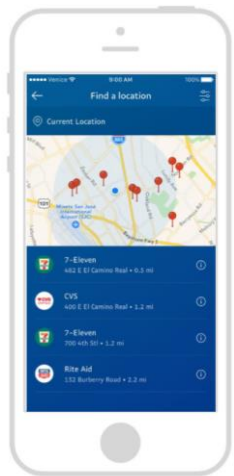
- 40 million active users, growing 80% YOY
- Preferred payment method of Millennials
 - 66% used Venmo in last 12 months
- The ‘social’ payment method with a strong network effect that is accelerating utilization



Digitized Cash – Solutions For The Underbanked

25 Million U.S. Households are 'Underbanked' and have limited options for how to pay bills, until now....

Consumer has cash and wishes to pay bill(s). Locates closest store on PayPal App

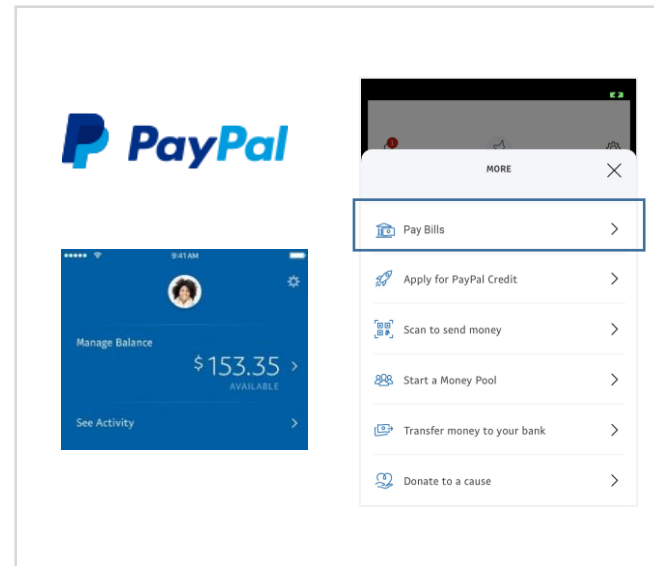


Over 85,000 Store Options

Consumer's cash is 'digitized' and made available in PayPal wallet



Billers selected, bill paid from PayPal wallet



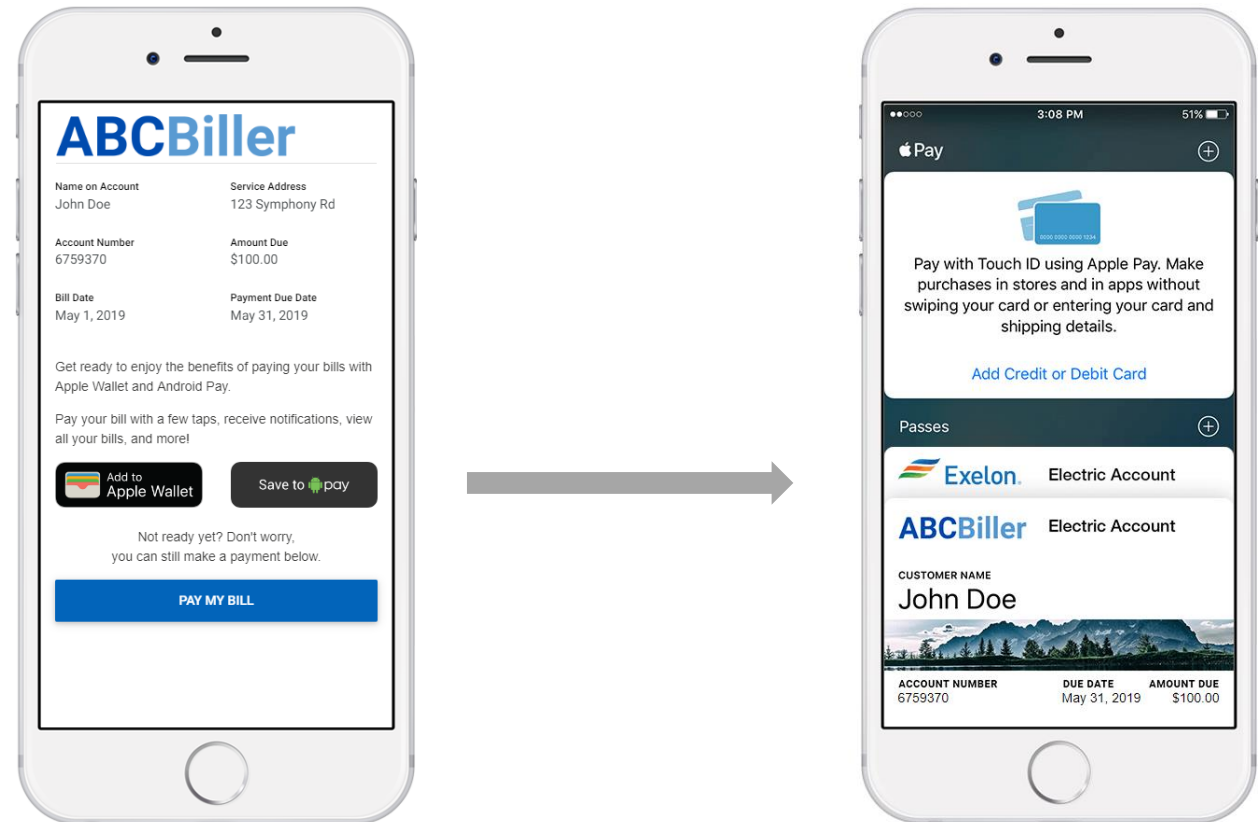
Powered By
Paymentus

Digital Payment Posts in Real-Time

ABC Biller

Bill Presentment Directly To Device-Based Wallets

- Enables bill presentment, notifications and payment capabilities that leverage native wallet functionality available through Apple and Android devices
- Customers are able to enroll easily and have future bills sent directly to their mobile wallet



Voice Based Assistants

- Artificial intelligence is an integral part of the customer experience
- **BILL PAYERS use assistants to** receive important bill reminders, schedule payments, communicate with billers and more
- **BILLERS use assistants to** extract information from systems; “Alexa, how many payments above \$500 have been processed in the last 37 days?”



By 2021, 40% of consumers will use voice assistants like Alexa instead of websites or apps when service needs arise – (*Capgemini)



300M+

active Amazon customer
accounts worldwide*

91%

of consumers who have used Amazon Pay
would use it again if given the opportunity

83% rate Amazon Pay a

10 out of 10

for 'security' and 'brand trust'



Customers interact with Alexa

Billions

of times each week

Engagement with Alexa has grown

4x

over the last two years



*Active customer accounts represent accounts that have placed a paid order during the preceding 12- month period.



VOICE ASSISTED BILLING & PAYMENTS WITH AMAZON ALEXA

- **Reduce late or missing payments** – Alexa provides automatic, proactive alerts when it looks like a payment will be late or has problems clearing.
 - Notifications appear as a yellow ring or as an on-screen banner
- **Lower customer service costs** – Alexa can respond to customer questions about bill due dates and statement amounts.
 - *“Alexa, when's my water bill due?”*
 - *“Alexa, how much is my electric bill this month?”*
 - *“Alexa, did my gas bill get paid?”*
- **Expanded bill payment options across channels** – Use Alexa and Amazon Pay to pay bills

“Alexa, when's my power bill due?”



SECURING PHONE PAYMENTS – EXISTING SOLUTIONS

COMMON APPROACH #1

Customer reads card information to employee who enters it into a payment terminal

- **Significant security risks.**
- **Business is in PCI scope.**



COMMON APPROACH #2

Employee directs customer to website to make a payment

- **Customer satisfaction risk.**
- **Potential non-payment.**



COMMON APPROACH #3

Employee transfers customer to IVR to make payment

- **Customer satisfaction risk.**



SECURE SERVICE™

Step 1: CSR validates customer

✔ Account Information ✔ Customer & Payment Information ✔ Confirm Payment

Please enter all of the information below and click **Continue**.

Account Information

* Payment Type:

* Account Number:

* ZIP Code:

Step 2: CSR stages payment before transfer and release to Secure Service™

Payment Information

* Payment Date: Now Later

* Payment Method:

* Payment Amount: \$

SECURE SERVICE™

Step 3: Customer enters card information in Secure Service while CSR views progress

The screenshot shows a modal window titled "Transfer to IVR" overlaid on a payment interface. The modal contains the following elements:

- Transfer customer to IVR #**: 1234567890
- Paymentus Access Code**: 58
- Progress Steps**: A sequence of four steps: "Credit Card" (with a green checkmark), "Expiration Date" (with a green checkmark), "CWV" (with a partial smiley face icon), and "Payment Processing" (with three dots).
- Call Status**: In Progress
- Disclaimer**: "By closing this modal, you will no longer be able to monitor your current customer's progress. This form will reset to start the payment for your next customer."
- Buttons**: A red "CANCEL IVR PAYMENT" button and a blue "START OVER" button (partially visible).

In the background, a payment summary is visible, including:

- Payment Date**: Oct 09, 2019
- Total Payment Amount**: 02.50
- payment method.** (partially visible)
- CONTINUE** button (blue)

SECURE SERVICE™

Step 4: Customer chooses to hang up or return to CSR (example below is return to CSR)

The screenshot displays a 'Transfer to IVR' modal window. At the top, it shows the title 'Transfer to IVR'. Below this, there are two input fields: 'Transfer customer to IVR #' with the value '1234567890' and 'Paymentus Access Code' with the value '58'. A progress bar follows, consisting of four steps: 'Credit Card', 'Expiration Date', 'CW', and 'Payment Processing', each with a green checkmark. Below the progress bar, the 'Call Status' is 'Transferring back to agent'. A warning message states: 'By closing this modal, you will no longer be able to monitor your current customer's progress. This form will reset to start the payment for your next customer.' At the bottom of the modal is a red button labeled 'CANCEL IVR PAYMENT'. In the background, a payment summary is visible, including 'Payment Date' (Oct 09, 2019) and 'Total Payment Amount' (02.50). A blue 'CONTINUE' button is also visible at the bottom right of the background interface.

SECURE SERVICE™

Step 5: CSR presented with payment summary details to share with customer

Thank you. The following payment has been successfully submitted.

Payment Submitted

Confirmation number:	734994
Payment Date:	Oct 9, 2019 6:28:31 PM
Payment Type:	
Account Number:	6759370
Zip Code:	12345
Payment Method:	MasterCard
Card Number:	*****5454
Payment Amount:	\$100.00
Total Amount Charged:	\$100.00

[Make another payment](#)

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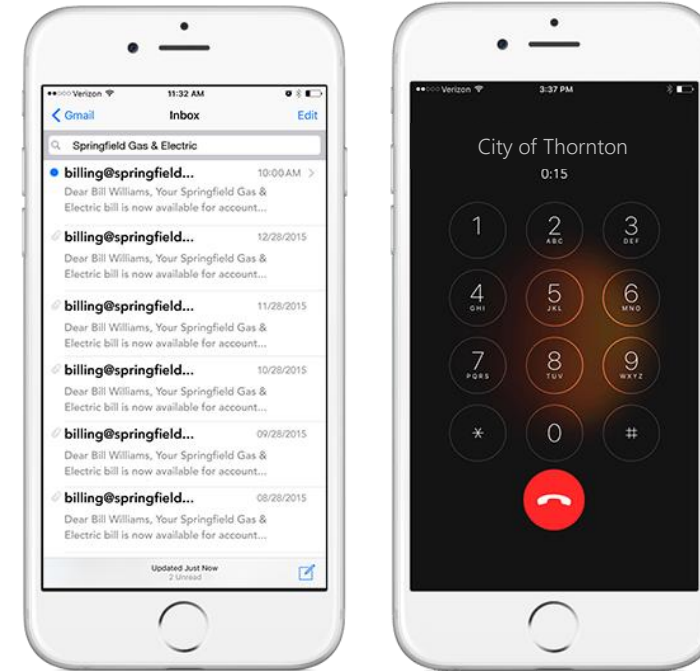
CUSTOMER COMMUNICATION

- Use outbound messaging **via text, email and phone**

to communicate with customers for –

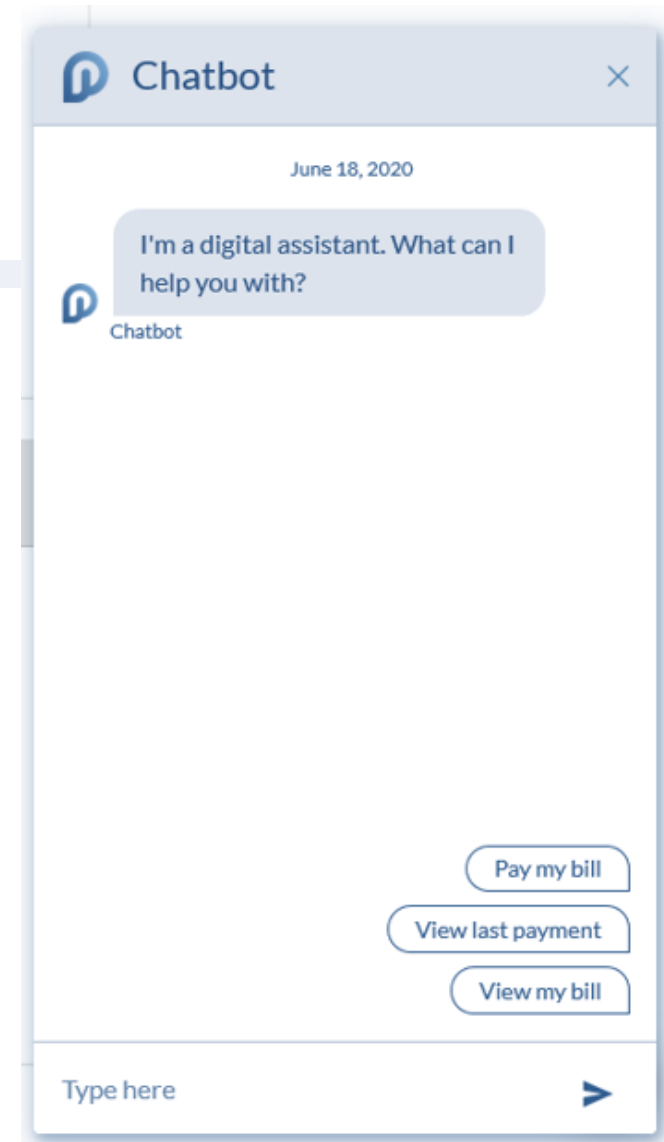
- eBill/Bill ready notifications
- Payment reminders
- Shutoff notices
- Service/outage/boil alerts
- Other proactive messages

Timely reminders about account specific information are highly valued by customers!



CHATBOT

- A chatbot simulates conversations and various interactions with customers via a chat interface online
- Gives customers the ability to assist themselves and your CSR team to concentrate on other complex customer issues
- Customers can communicate with the bot to:
 - Receive account balances
 - Make a payment
 - Schedule a payment
 - Answer common questions
 - Contact live help



CREATIVE PAYMENT SOLUTIONS IN UNIQUE TIMES...AND BEYOND

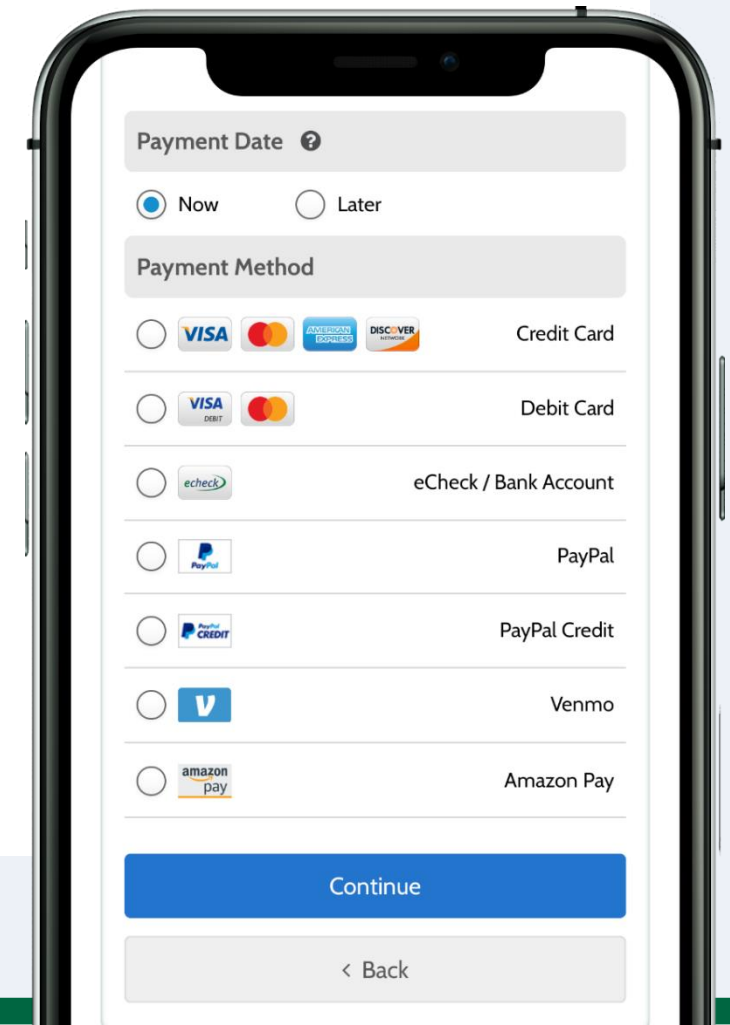
- Proven technology to address the new normal, improve customer satisfaction, and increase digital engagement.

Offer More Digital Payment Channels

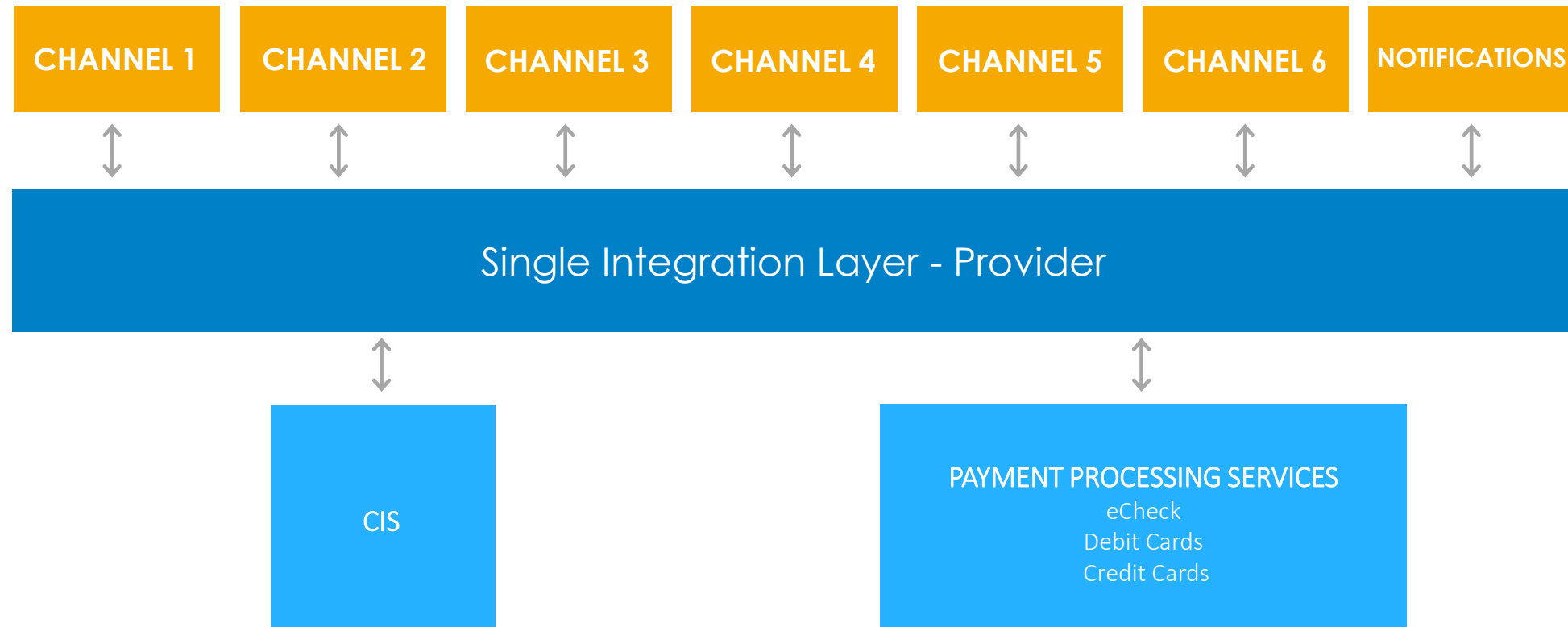
Secure Remote Phone Payments

Drive AutoPay and Digital Adoption

Stay Connected With Customers



Single Vendor, Enterprise-Wide Integration



Offloading PCI Compliance

- Use a Level 1 PCI Compliant 3rd party provider
- 100% hosted; payment data is completely removed from your network
- Provider handles the full customer experience and all aspects of payment acceptance and security



Shift risk and liability away from your business and on to the third party provider.

QUESTIONS?

Thank You

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