

Why are Consumers Reluctant to Automate Their Credit Card Payments?

Only 35% of savvy bill payment users automate their credit card payments.

About Personetics Insights:

A major part of our work is processing the data from millions of banking customers to better understand their behaviors and how they manage their day-to-day finances. We constantly analyze activities, spotting trends and collect customer feedback. Once we observe a trend or pattern, we use crowd sourcing to target relevant individuals and collect their feedback to gain greater insights into their behaviors.

Recently, we looked at consumer behavior as it relates to bill payments and payment automation and more specifically, at credit card payments.

Electronic bill payment is main stream.

The bill payment landscape continues to fracture and shift with the addition of newer channels such as mobile and tablet, emerging alongside well-established payment methods such as checks, mail, walk-in and phone.

Electronic bill payments have become common for many consumers. According to a recent Fiserv Payment study: The number of online households that pay bills electronically either through a biller or financial institution website has held steady since 2012 at 74%, with nearly half using the financial institution's website. Consumers are also more open to automating their payments. According to our data, 66% of users who use digital payments have set-up automatic payment instructions for some of their regular payments.

Credit card auto-pay sign-up is lacking.

However, consumers are still reluctant to automate their credit card payments. Our data shows that only 35% of the users who have automated other bill payments have setup up auto-pay for their credit card.

■ *So why are consumers not automating their credit card payments?*

The most common answer is “sense of control” with 40% of consumers looking for tools to help them take control of their monthly bills. The next significant group of consumers, more than 30%, is concerned with not having enough funds in their checking account to cover the unpredictable amount. An interesting finding is that 8% are worried about their ability to dispute a charge after the payment is made.

■ *How can FIs convince more customers to automate their credit card payments?*

Customers have different needs and concerns, and banks should consider approaching customers with more relevant guidance and personalized advice addressing their specific situations.

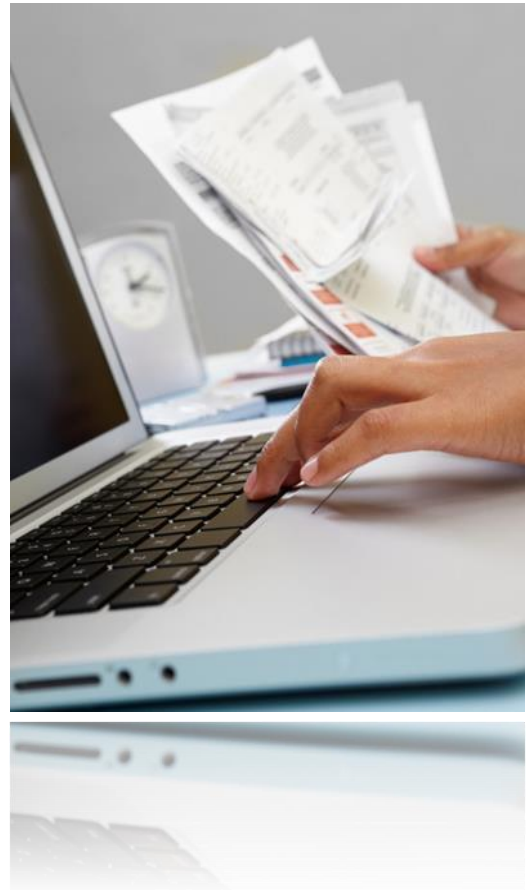
For example, we found out that affluent customers are more inclined to sign up for auto-pay if they receive an alert with the bill amount along with e-statement delivery.

■ *What's the benefit for banks?*

FI's spend a lot of time and resources servicing customers with payment-related issues. Our research shows that one of the largest inbound call categories is credit card payments, which has significant increases in volume around payment due dates. Payment-related issues also happen to be one of the major sources of customer dissatisfaction with their financial institution. In fact, our data consistently shows that offering smart help, such as personalized assistance with regular payments, results in a significant increase in a customer's willingness to recommend an institution to friends and family (over 80%).

About Personetics:

Personetics is working with some of the largest banks delivering personalized, trustworthy customer experiences across all digital channels. We believe that by focusing on the individual's best interests, banks can improve their relationships with customers and achieve sustainable growth. For more information, visit us at www.personetics.com



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