

**InvoiceCloud**<sup>®</sup>

Research report

**Modernizing collections  
for improved efficiencies:  
digital payments as  
a force multiplier**





## The universal touchpoint: billing and payments

No aspect of local government is the same as it was even two years ago, especially as it pertains to interactions with residents and customers. Arguably, the most critical of those engagement points are sending bills and collecting payments; paying bills is a universal touchpoint for all residents or customers and these collections directly impact your organization's revenue.

It's undeniable that the emergence of COVID-19 accelerated the need for contactless billing and payments – but, realistically, most people have been adopting digital payments for other consumer experiences for years. The ease and convenience of making a purchase on Amazon, for example, has raised the bar for payment expectations across the board. **And the experience of paying tax, utility, and other government bills is no exception.**

To evaluate how local governments are handling billing and payments today and how they hope to transform billing and payments tomorrow (if at all), InvoiceCloud surveyed a variety of government organizations. What we found was a disconnect between the priorities that matter to local governments and the most direct route to accomplishing those goals: **automation.**



## The research

For direct insights from local government professionals, InvoiceCloud partnered with the [Center for Digital Government \(CDG\)](#), a national research leader on information technology policies and best practices in state and local government.

Together, InvoiceCloud and the CDG surveyed local representatives, as well as state, town, city and county employees for an updated look at how local governments bill and collect payments, their organizational priorities, payment-related challenges, and their plans looking ahead.

In total, we collected 139 qualified responses from local government professionals that collect bill payments with the following titles: Finance Director, IT Director, Utility Manager, Deputy Treasure, Deputy Manager, City or County Manager, and all administrative finance titles. Find the full questionnaire in [Appendix A](#) and a breakdown of the government branch, agency/department function, job role, and job function of respondents in [Appendix B](#).



After reviewing the survey results, we uncovered a few key trends (and a few areas of disconnect) that could help local governments realize superior operational efficiencies. Before we dig into the data, however, let's take a moment to understand what we mean by a "force multiplier" and how this relates to the automation of billing and payments.

## Billing and payment automation as a force multiplier

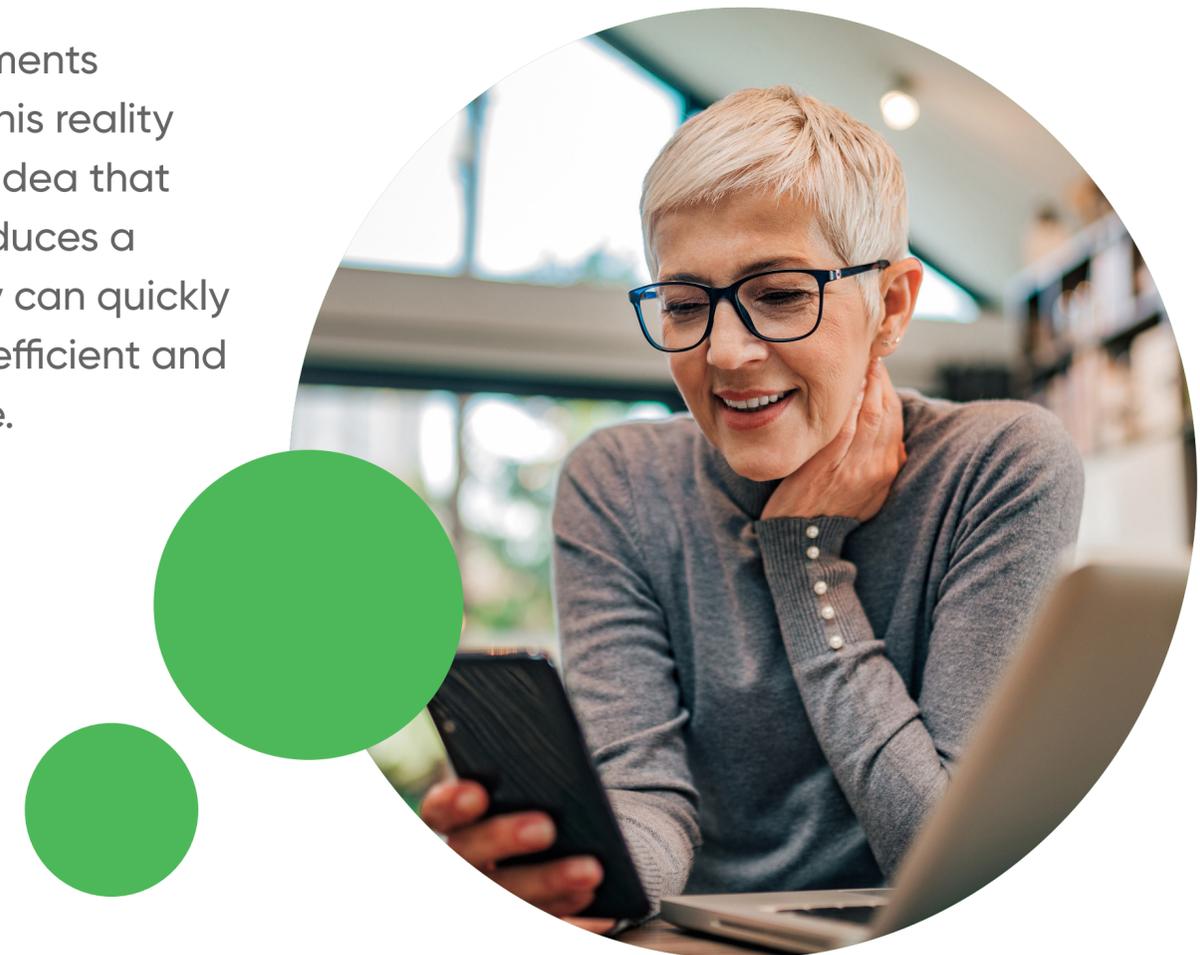
If you've ever caught yourself wishing you could have four more of your superstar employees (whether that's yourself or teammates with specific skillsets), you already have an idea of how beneficial automation can truly be.

While there is a pervasive misconception that automation seeks to replace the human workforce, the opposite is actually true. When implemented against certain operational tasks, technology can empower your workforce in incredible ways – billing and payments are a great example of this.

By automating billing and payments, your organization is essentially freeing employees of the mundane, manual, and oftentimes stressful tasks associated with collections. This allows staff to focus their energy on high-priority projects for the organization, avoid employee burnout, and improve organizational morale across the board.

**From a business perspective, digitizing billing and payments is actually an easy way to get the most out of your workforce – which is why we refer to this type of automation as a force multiplier.**

If local governments can embrace this reality and reject the idea that automation reduces a workforce, they can quickly become more efficient and more profitable.

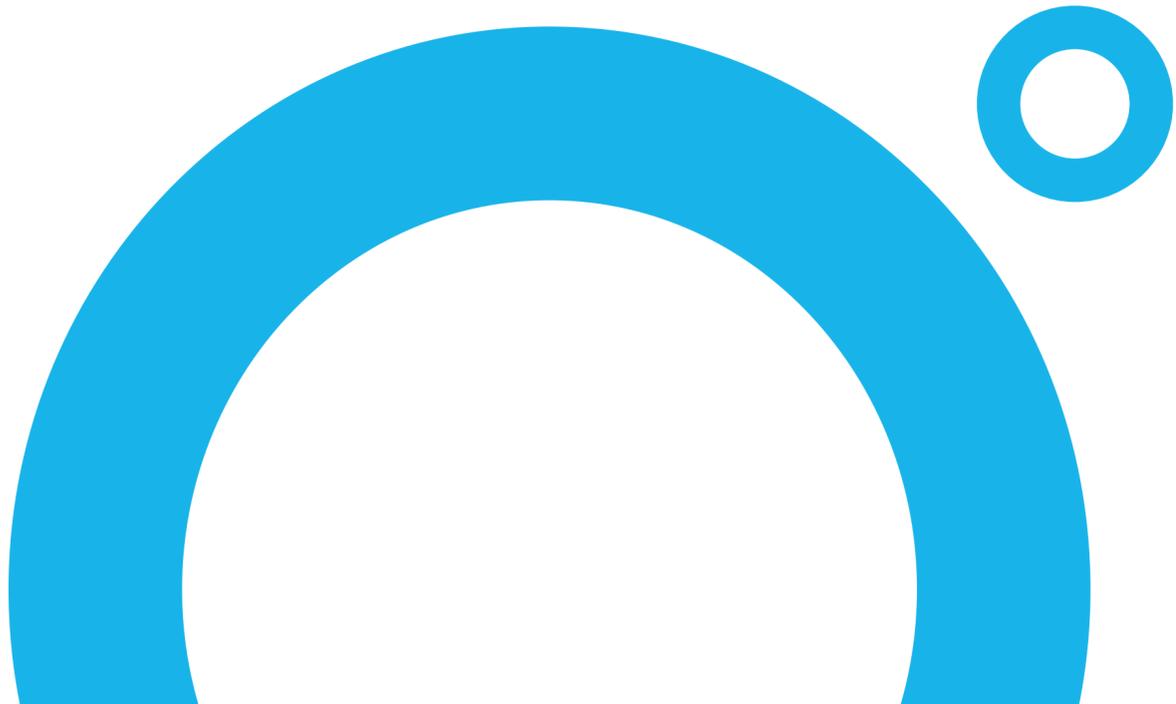




## Survey Takeaways

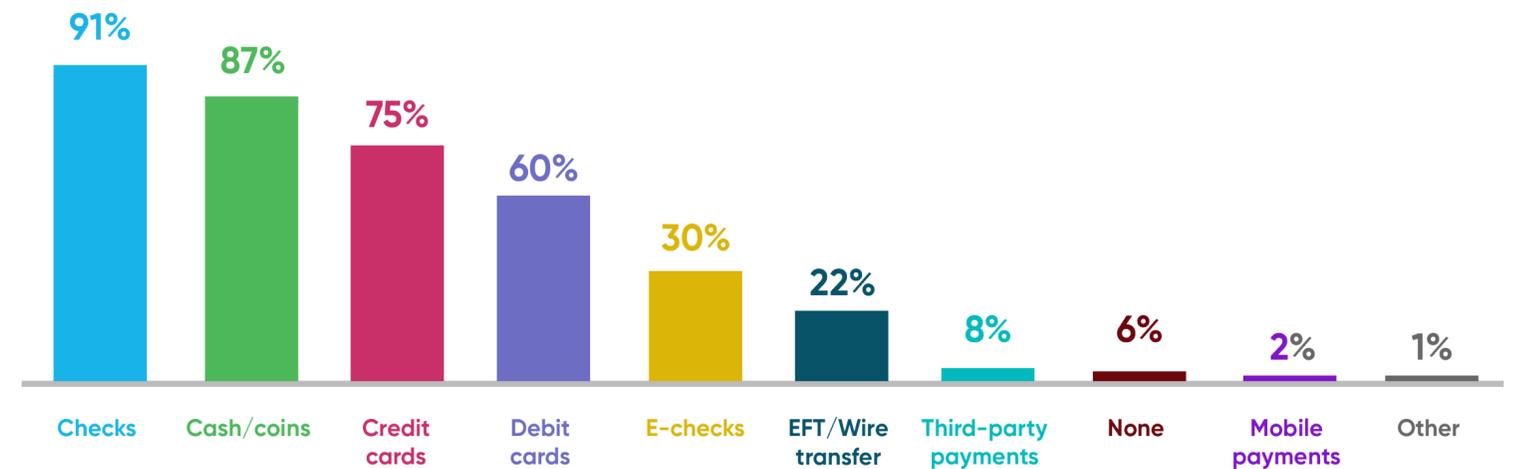
### Digital payment options are lagging in local government and utilities

To determine how local governments and utilities can improve tomorrow's payment processes, we needed to take stock of how government organizations are sending out bills and collecting payments today.



### What methods of payment does your organization accept? (Please select all that apply.)

(Please select all that apply.)

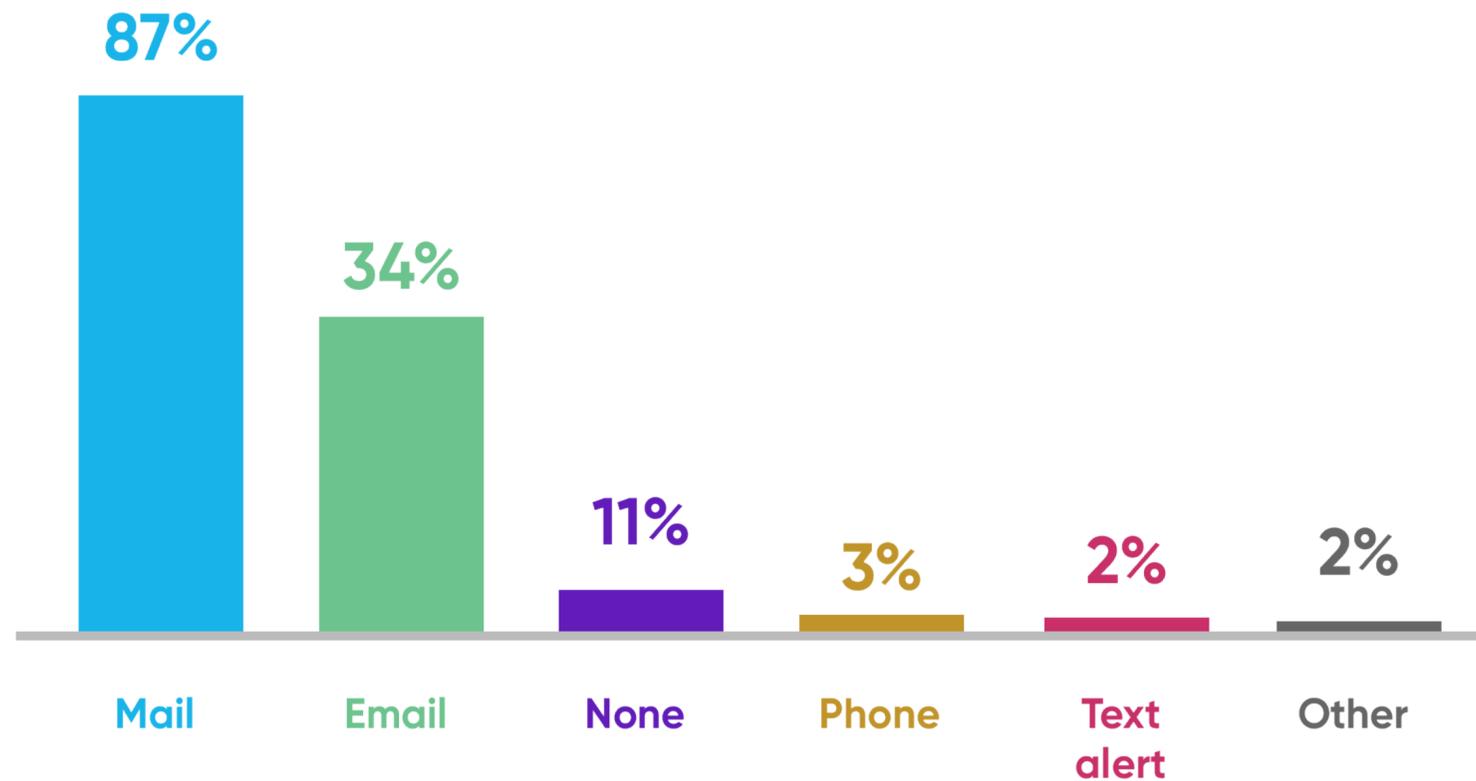


The sizeable gap between organizations accepting checks (91%), compared to digital collection methods like e-checks (30%), mobile payments (2%), and even debit cards (60%), is very telling.

Government agencies have plenty of room for electronic payment adoption, which would accelerate collections, reduce late and delinquent payments, and boost customer satisfaction levels – but first, these organizations must make those payment options available for those who prefer to use them.

## How does your department or agency bill residents?

(Please select all that apply.)



If non-digital methods are most common for collecting bill payments, it makes sense that the most popular routes for sending bills would skew non-digitally, too. **Eighty-seven percent of respondents bill using paper notices, while only 34% of those same respondents bill via email.** The percentage drops to as little as two and three percent when asked if respondents bill by text alert and phone, respectively.

According to this data, digital payment options and billing methods are lagging across the industry. That means many local governments are likely missing out on major organizational efficiencies that can streamline internal processes and positively benefit their communities.

## Self-service payments are largely under-utilized

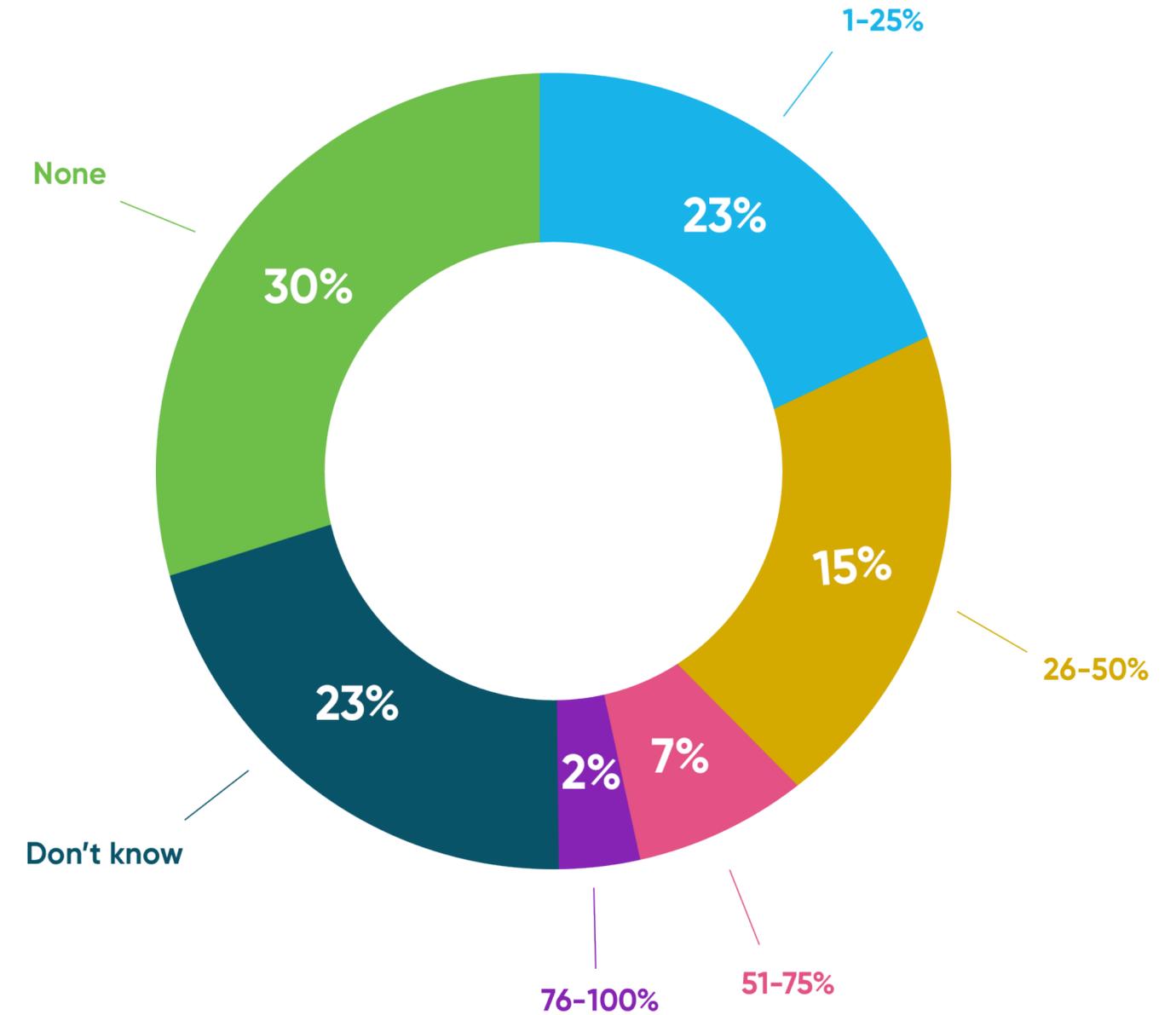
When talking about payments, self-service routes are ways your customers can pay bills without the help of someone from your organization. This can look like a customer setting up reoccurring automatic payments, choosing to receive automated electronic bills, or simply making a payment through a digital portal.

For local government employees, self-service options like these are the ultimate time-saver; with fewer payment-related calls to field and fewer paper bills to process, operational staff members can avoid burnout and focus on high-priority projects.

However, despite the convenience self-service routes offer both government employees and residents, the data shows that these options are not commonly offered or used in the industry.



What percentage of residents use self-service payment routes?



**Fifty-three percent of respondents indicated that they either “do not know” how many residents use self-service payment routes or that no residents use self-service routes at all.**

Now, this could be for a few reasons. It may be that government agencies are not measuring their residents’ use of self-service, which only deprives the organization of insights into what can make internal operations more efficient than ever.

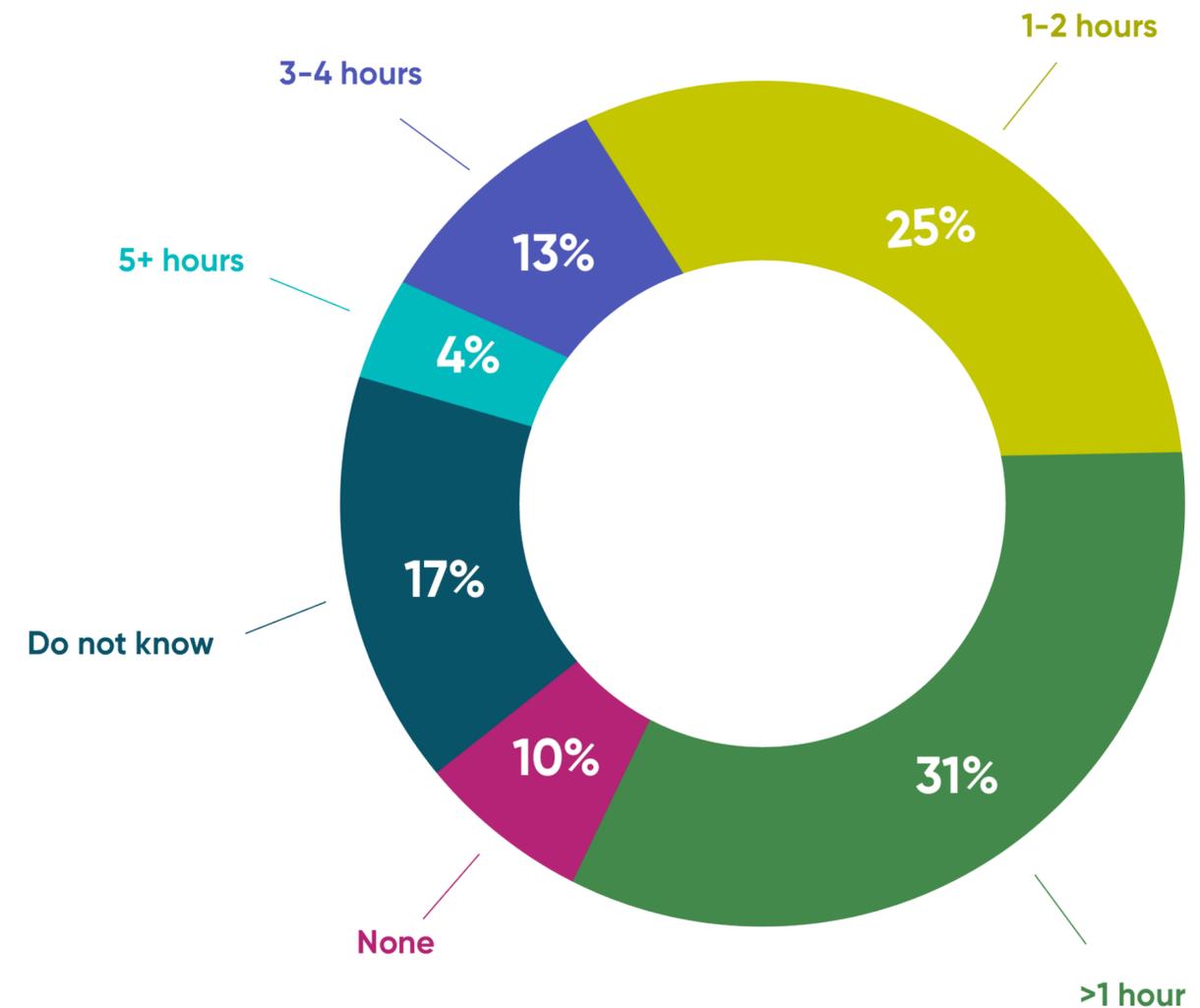
It’s also possible that at least 30% of respondents don’t offer self-service routes at all. That, as we mentioned earlier, would mean that over a quarter of respondents are missing out on a simple way to save employee time and conserve organizational funds.

Even respondents that are offering and measuring self-service payment routes are experiencing low numbers of enrollment, which indicates there may be a lack of understanding around which self-service options to offer, how to drive enrollment to those routes, and why this matters.

### **Government employees spend 10-20 hours per week fielding payment related calls**

Fielding phone calls is one of the most time-consuming tasks for government employees. While some of these calls are critical and must be handled, a large portion of these weekly call volumes pertain to something that can be easily eliminated: billing and payments.

**On a typical day, how much time does the average staff member in your department or agency spend on the phone with residents related to billing and collecting payments?**



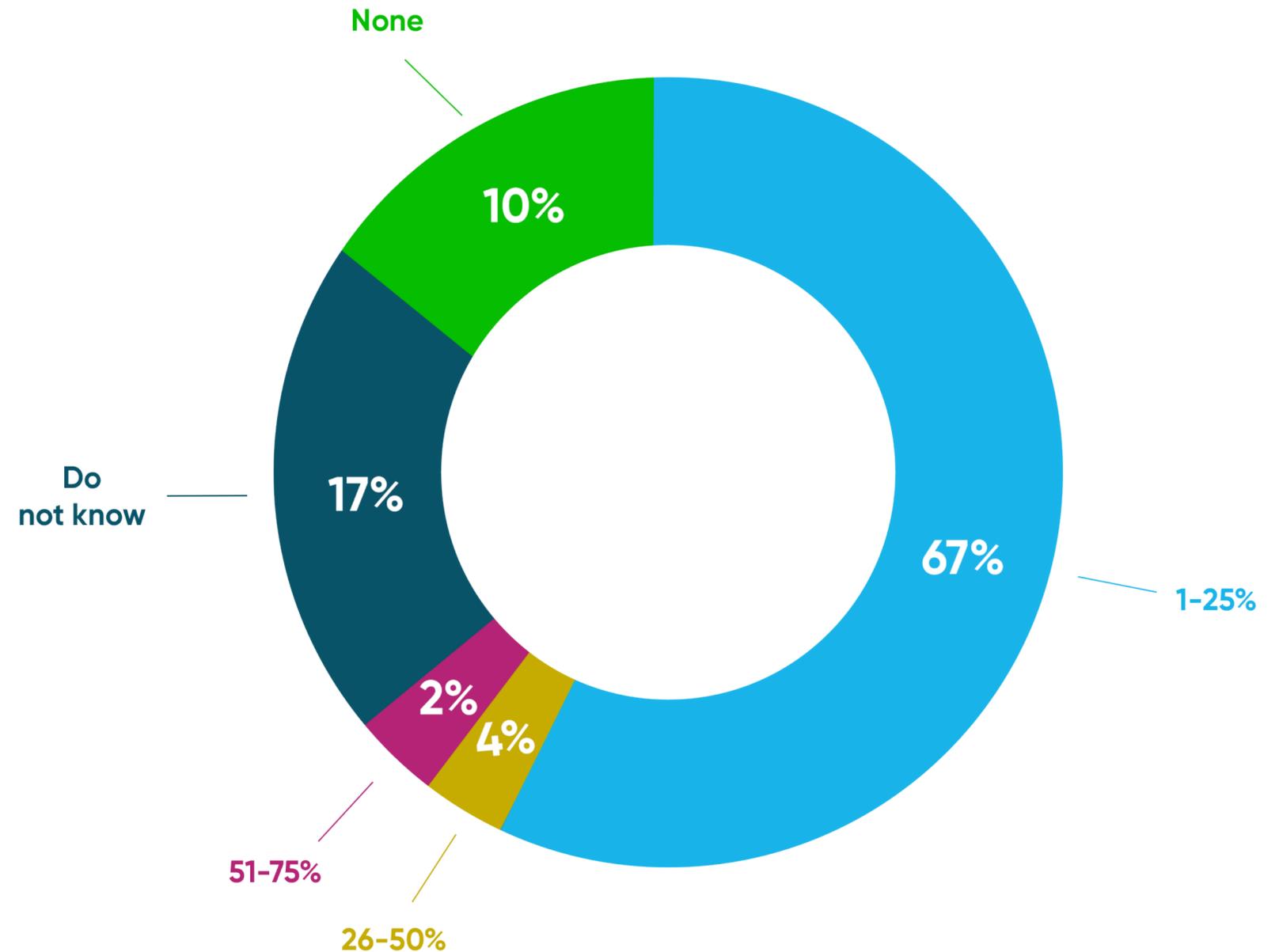
Thirty-eight percent of organizations surveyed say their staff spends an average of 2-4 hours a day fielding billing and payment related calls. That's roughly 10-20 hours of an employee's 40-hour work week that could be redirected to higher priority tasks for these local governments.

With easier to use, modernized payment options, fewer frustrated residents will call their town/city hall or utility provider with questions, complaints, or payments to process on the phone. These calls not only take up valuable employee time, they can also accelerate staff burnout and negatively impact office morale. That being said, reducing these incoming calls is an understandably popular goal for government organizations – and billing and payment-related calls are clearly a great place to start decreasing these volumes.

### Late or delinquent payments are a common challenge

Sending bill notices and collecting payments are some of the most critical processes for local governments to safeguard and streamline (especially considering that incoming payments are often a main source of revenue for these organizations). That being said, a majority of respondents are still struggling to eliminate late or delinquent payments.

Approximately what percentage of your overall payments are late/delinquent?



**Unfortunately, up to 73% of respondents still struggle with an influx of late or delinquent payments.**

Additionally, 17% of respondents have no way to determine what percentage of their collections are late or do not arrive. This not only means a majority of organizations regularly receive revenue behind schedule or not at all, it's likely they're also dedicating time and resources to track down those delinquent payers. That means more phone calls, more printed notices to mail, and more stress for employees.

The issue here calls back to an earlier datapoint – the lack of self-service payment options within local government. Again, self-service covers a wide range of actions payers can take; automatic payments, for instance, would help this 73% of respondents see consistently on-time payments every cycle. Even offering a quick, easy way to pay bills from a mobile phone or computer would decrease the volume of late payments. [Previous InvoiceCloud research](#) shows that at least 60% of payers have forgotten to pay a bill in the past – that's why encouraging customers to sign up for payment reminders can be an incredibly valuable self-service option. Overall, enabling these self-service capabilities is the way to make a sizeable dent in late and delinquent payments.

## Despite inefficiencies, few challenges are reported

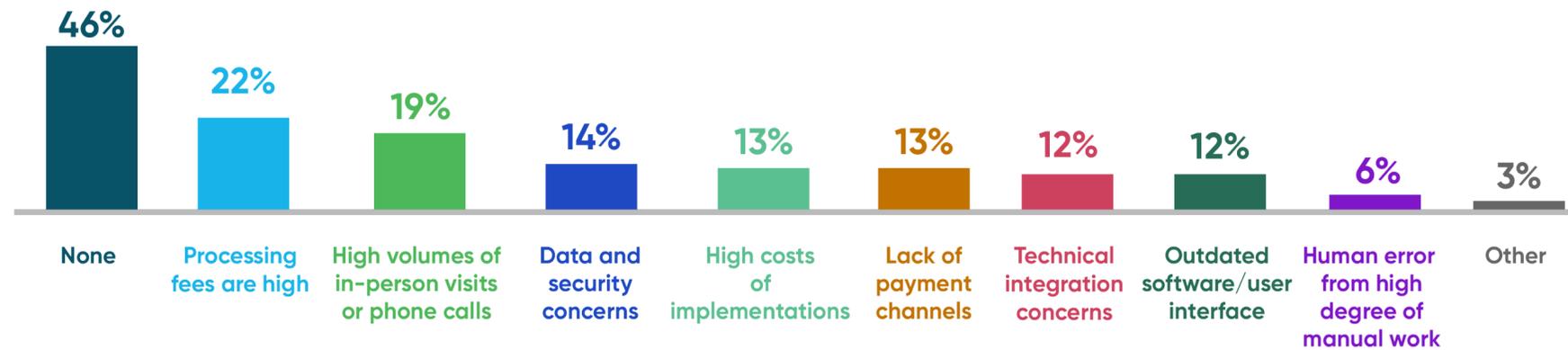
So far, the data has shown us that:

- **Billing and payment-related call volumes are taking up a disproportionate amount of employee time.**
- **The majority of respondents receive late or delinquent payments.**
- **Both of these inefficiencies likely stem from the lack of self-service payment options made available to residents and utility customers.**

Despite this, we were surprised to hear that many of these same respondents feel their organization is facing no challenges due to billing and payment inefficiencies.

## What challenges, if any, are you experiencing related to billing and collecting payments?

(Please select all that apply.)



However, the data does indicate there are some common challenges local governments experience as a result of clunky billing and payments.

While we have no way of knowing precisely, some interpretations could be made. For instance, the **22% of billers struggling with high processing fees** may be working with electronic bill presentment and payment (EBPP) providers that don't offer organization-specific fee structures, which are typically based on the needs of their customer base and their internal goals. The **19% concerned about increased payment-related calls and in-person visits** could be responding to the complications brought by COVID-19, and the **14% of respondents worried about data and security** may be aware that in 2020, the average cost of a data breach rose to \$3.86 million.

With those high-stake issues in mind, it's truthfully hard to imagine that any government organization isn't experiencing some challenge related to manual billing and payment processing.

## Employee productivity is the biggest anticipated benefit of automating billing and payments

Next, we asked respondents to look ahead and imagine that they have automated billing and payments: how would their organization benefit if staff didn't have to worry about the hassles associated with processing payments manually?

**What benefits, if any, would your organization gain from automating tasks related to billing and payments?**

### Top three benefits:



These three anticipated benefits make sense, especially considering the amount of time employees spend fielding billing and payment-related calls and pursuing late and delinquent customers, according to the data.

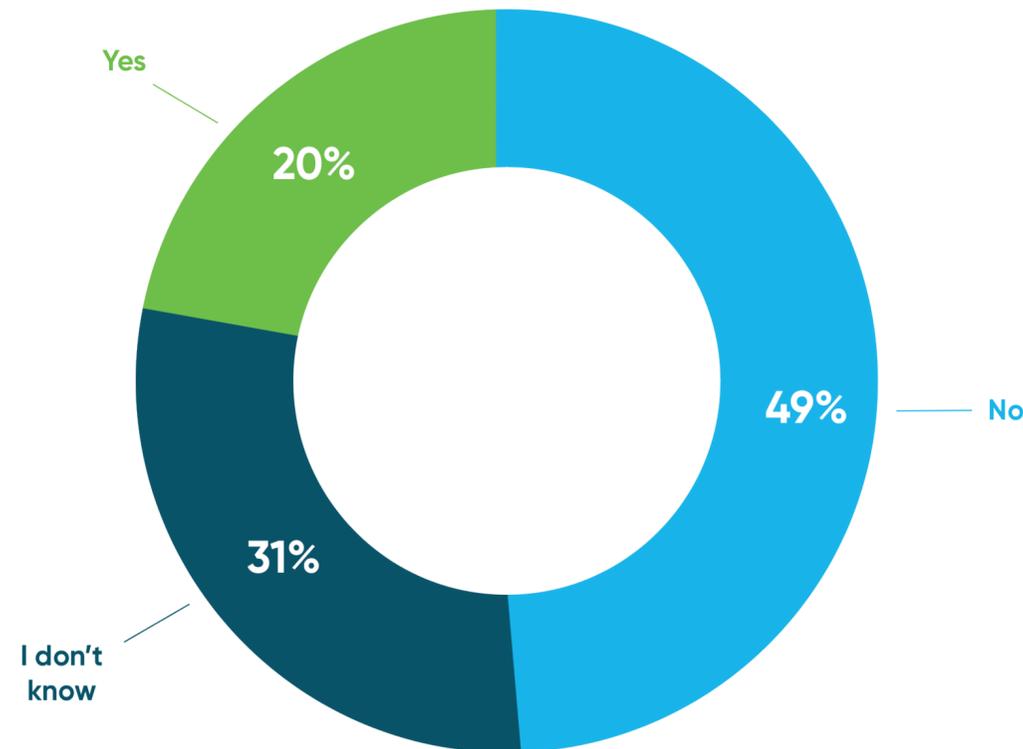
It's also plausible that the current state of the world has influenced these hopeful benefits; with the changing health risks of COVID-19, especially for seniors or immunocompromised folks, reducing in-person traffic and employee burnout are understandable and empathetic organizational goals. In-office staff members are the lifeblood of local government (they keep internal processes running smoothly and act as the face of your organization, after all), so it makes perfect sense to prioritize the physical and mental health of these employees.

According to this data, automating billing and payments is critical not only for retaining your staff, but for creating a pleasant work environment and best leveraging staff's time and energy where it really matters to your organization.

## One in five organizations plan to modernize their billing and payment processes

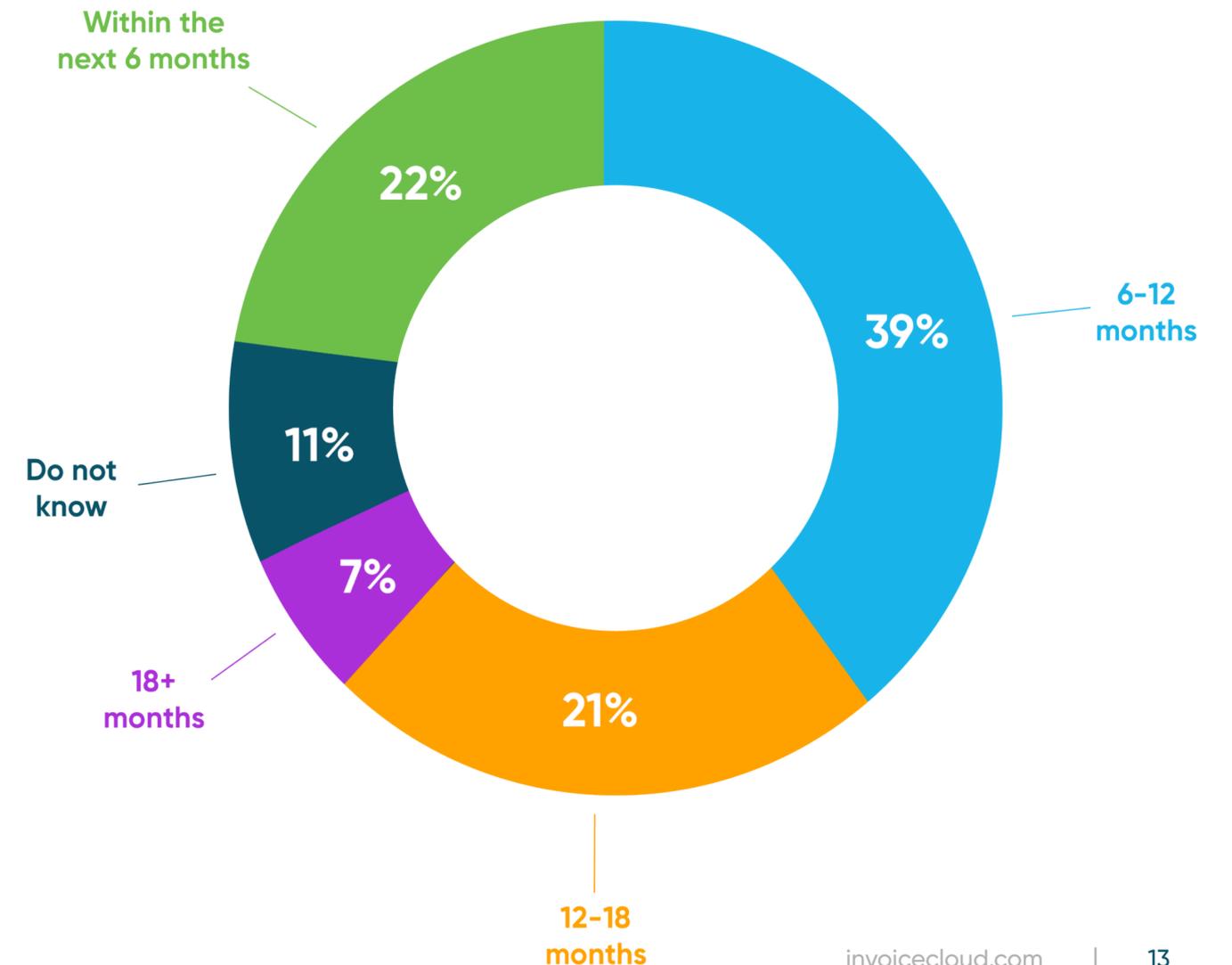
We've gotten a sense from respondents of how they send and collect bills, the payment-related challenges they're facing, and the benefits they could realize by combating these challenges with automation. With all these factors considered, we were curious to find out how many respondents plan to modernize their billing and payments in the near future.

Does your organization have plans to modernize your billing and payments method?



While 31% of respondents are unsure about their future plans, **one in five respondents intend to modernize their billing and payment processes, and soon.**

If yes, when do you plan to modernize payments?



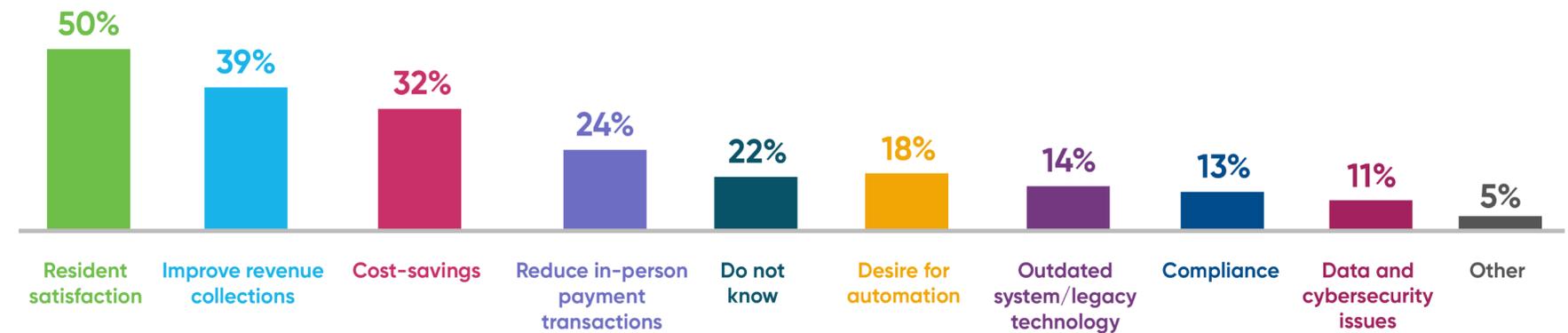
Of the respondents that have plans to modernize their billing and payments, **82% plan on making this modernization by the end of 2022.**

Why the rush? It's likely that COVID-19 has accelerated the need for this modernization, due to both health concerns and mounting digital preferences among customers of all ages. These government organizations have clearly identified digitizing billing and payments as an easy path to enhanced operational efficiencies and overall happier customers, and they're understandably making this a priority.

### Resident satisfaction is beneficial for all

Speaking of happier customers, half of respondents looking to modernize billing and payments identified "resident satisfaction" as one of their biggest motivating factors.

**What are the top three motivations for your organization in modernizing your approach to billing and collecting payments?**





Some of the more popular responses call back to other trends in the data – improving revenue collections is critical for smooth processes and cash flow, and the benefits of cost-savings are clear. **But above all else, resident satisfaction remains the biggest motivator to modernize, according to 50% of respondents.**

More granularly, this was the most common response among respondents with “elected official” titles, which certainly makes sense. Regarding billing and payments, elected officials know resident satisfaction is a huge sticking point; making payments isn’t just universally unenjoyable, it’s something all residents must do. Capitalizing on ease of use for this universal resident engagement point is a great way to positively impact customer satisfaction – which could lead to reelection for officials and would decrease frustrated resident interactions for government employees.

# Automating billing and payments to support and enable the government workforce

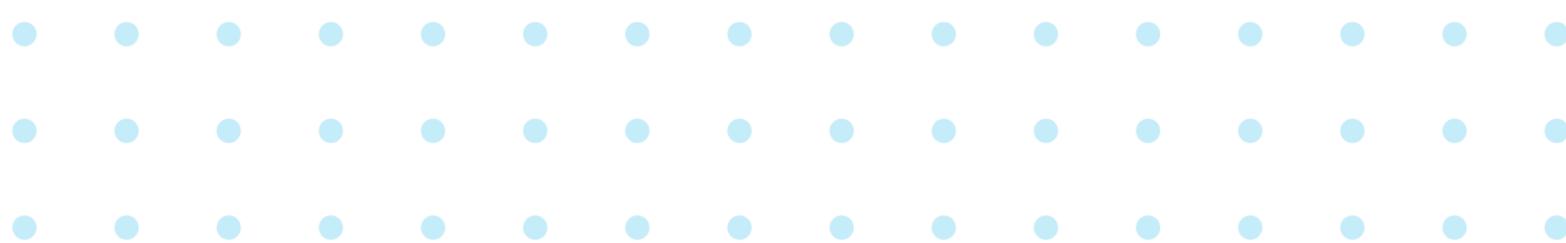
In the past year and half, we've seen local governments face a reckoning. These organizations did what was necessary to survive an unprecedented health crisis; some were only able to offer a fragmented customer or resident experience, and others struggled with overworked, burnt-out staff members. Moving forward, it's clear that there must be an emphasis on improving both the internal and external government experiences.

The expert government analysts at the CDG believe that moving forward, CIOs and local government leaders are going to try and understand how this disconnect happened and what they can do to offer a more harmonious government experience for all. They'll likely find that internally, they're low on staff, and must come to grips with fact that the workforce they have today is not the workforce they'll have tomorrow. Externally, these leaders should realize that meeting resident expectations with digital billing and payment methods are merely table stakes in today's world, and that this is a necessity for resident satisfaction.

The good news is that automating billing and payments improves both facets of the government experience. Leveraging technology isn't taking away jobs, it's making the jobs of your employees easier (maybe even freeing up revenue to hire more employees, if that's something your department/agency has been wanting to do).

## In reality, automating billing and payments will:

- o **Save employee's time, allowing them to focus on more valuable tasks or projects**
- o **Reduce/avoid employee burnout and improve office morale**
- o **Reduce call volumes**
- o **Reduce in-person visits to public buildings**
- o **Streamline internal processes with fewer mailed in payments**
- o **Positively benefit residents with easy bill payment options and superior customer service, therefore increasing their satisfaction**
- o **Enable organizations to prioritize employee health**
- o **Reduce paper waste and the cost associated with printing and mailing paper bills**



While the desire to automate billing and payments may be low, eliminating these tasks with technological solutions are the best way to simultaneously improve the government employee experience and resident satisfaction, while also saving organizational resources. Looking ahead, local governments must draw the line between those benefits and automation if they hope to support their staff and keep collections consistent.

If you're ready to optimize your online payment platform, InvoiceCloud offers digital payment solutions that can improve both internal government processes and provide a superb resident experience. To learn more about InvoiceCloud's highest adopting online payment platform and see our user experience in action, [schedule a demo](#) today.



# InvoiceCloud®

InvoiceCloud is the leading provider of online bill payment services.

Founded in 2009, the company has grown to be one of the leading disruptors in the electronic bill presentment and payment (EBPP) space, helping institutions put customer experience first.

By switching to InvoiceCloud, clients improve customer engagement, loyalty, and efficiency while reducing costs, churn, and defaults in the process. With over 2,100 clients across the US and over 50 million payments processed annually, the InvoiceCloud solution is one of the most secure, innovative, and inclusive fintech solutions in the market.

To learn more, visit  
[www.invoicecloud.com](http://www.invoicecloud.com)

Find the full questionnaire in Appendix A and a breakdown of the government branch, agency/department function, job role, and job function of respondents in Appendix B.

## APPENDIX A: Full Questionnaire

1. How does your organization collect payments from residents?  
(select all that apply)

- In-Person
- Kiosk
- Mail
- Online
- Mobile
- Phone (automated or customer service rep)
- We don't **[DISQUALIFY]**

2. What methods of payment does your organization offer?  
(select all that apply)

- Cash/Coins
- Credit cards
- Debit cards
- Checks
- Third-party payments (ex. PayPal, Venmo, CashApp etc.)
- Automated Clearinghouse and wire transfers
- E-Checks (electronic checks)
- Mobile payments (ex. ApplePay/Google Pay)
- None
- Other. Please specify.

### 3. What payments do you collect from residents?

- Utilities (Gas, electric etc.)
- Water
- Garbage
- Property taxes
- Parks and facilities rentals
- Professional licenses and permits
- Land permitting and planning
- Animal services (ex. pet licenses)
- Library fines
- Birth, death, and marriage certificates
- Vehicle registration
- Excise taxes
- Parking tickets
- Other. Please specify.

### 4. How do you bill residents? (select all that apply)

- We don't bill residents
- Mail
- E-mail
- Phone
- Text alert
- Other. Please specify.

### 5. On a typical day, how many hours does the average staff member deal with residents (total interactions) on the phone related to related to billing and collecting payments?

- Scale of 1 minute to 8 hours

**6. On a typical day, how many direct, in-person interactions do you have with residents in your office(s) related to billing and collecting payments?**

- 1-10
- 11-25
- 25-50
- 51-75
- 76-100
- Over 100

**7. How long is the average interaction with a resident?**

- Under 3 minutes
- 3-5 minutes
- 5-10 minutes
- 10-15 minutes
- 10-20 minutes
- Greater than 20 minutes

**8. If your organization could automate some of these manual tasks, what, if anything, could your organization do with more time?**

- Reduce employee burnout and fatigue
- Free up employees for more valuable tasks/work
- Serve more residents
- Reduce caseloads on employees
- Reduce in-person traffic in public buildings
- Improve infrastructure or services to residents
- Other

**9. Approximately, what percentage of your overall payments are late/delinquent?**

- Percentage scale 0-100%

**10. What percentage of residents use self-service payment routes, like automatic payments, to make payments?**

- Percentage scale: 0-100%
- We don't offer self-service routes for residents

**11. What challenges, if any, are you experiencing related to billing and collecting payments?**

- Processing fees are high
- Lack of payment channels (ex. we don't offer mobile, online etc.)
- High volumes of in-person visits and phone calls
- Outdated software/user interface
- Technical integration concerns (platforms don't integrate with our existing systems)
- High degree of manual work increases risk of human error
- Data and security concerns
- High costs of implementation
- None
- Other. Please specify.

**12. Do you have plans to modernize your payment processing and billing?**

- Yes
- No
- Don't know

**[For those who answered "yes" in Q12]**

**13. If Q12= Yes, when?**

- Within the next 6 months
- 6-12 months
- 12-18 months
- 18+ months

**[For those who answered "yes" in Q12]**

**14. In Q12 = Yes: What is motivating you to modernize your approach to billing and collecting payments? (Select top 3)**

- Improve revenue collection
- Resident satisfaction
- Cost-savings
- Compliance
- Outdated system/legacy technology
- Data and cybersecurity issues
- Desire for automation
- Reduce in-person payment transactions
- Other. Please specify.

**15. When approaching modernizing payments and billing in the past, what technical constraints if any, have you encountered?**

- Lack of technical training and professional development
- Lack of support from vendor(s)
- High degree of customized workflows requires significant customization
- Lack of internal IT team expertise

**16. What implementation or resident adoption challenges, if any, have you encountered with payment processing, billing platforms or services? (open text)**

## **APPENDIX B: Survey Demographics**

### **Branch of government**

- County: 37%**
- City/Town/Village: 26**
- Special District: 9%**

### **Agency or department function**

- Administration: 22%**
- Public Works: 20%**
- Elected Official: 19%**
- Finance: 16%**
- HHS: 8%**
- Public Safety: 6%**
- IT: 3%**
- Courts: 1%**
- Agriculture: 1%**
- Emergency Services: 1%**
- Environment: 1%**
- Development: 1%**
- Other: 1%**

### Job role

- Elected Official: 37%
- Subject Matter Expert: 18%
- Executive/C-Level: 16%
- Senior Management: 16%
- Supervision: 12%
- Other: 1%

### Job function

- Operations: 40%
- Elected Official: 25%
- Finance: 24%
- IT: 4%
- First Responder: 3%
- HR: 2%
- Technical: 1%
- Other: 1%