

Backers Of Online Bill Paying Look To Streamline Services

By Lynn Walford
Investor's Business Daily
June 5, 2001

There's no way to get out of paying your bills. But you may be able to make it easier.

A variety of online services aim to help. They use e-mail and the Web to simplify the onerous task.

Only a small number of consumers pay bills online, but that could be changing, says Catherine Graeber, a San Francisco-based analyst for Forrester Research Inc.

This year, 7% of online consumers will pay their bills electronically, she says. In about half those cases, the payments go directly to the biller. In the other half, users pay the bills through services or banks.

Graeber expects the percentage of online bill payers to reach 12% of online consumers by the end of 2002.

Bill-payment services are available from Web portals, banks and other financial service firms.

Often banks will offer free bill-payment services for a trial period or include them in premier bank accounts. Fees usually run \$3 to \$6 a month.

Banks see this as a way to hang on to customers. Customers that sign up for bill-payment services are 50% less likely to switch banks. Graeber says.

Services Vary

If you're ready to start paying bills online, be aware that not all services are the same. For one thing, they're not always able to receive all your bills. They also vary in the lead time they need to make payments.

The services typically cover a certain number of transactions. If you go over that number, you may have to pay extra. That could be significant if you plan to pay a lot of bills each month.

At CyberBills Inc., which runs the Web site statusfactory.com, you can pay up to 30 bills for \$8.95 a month. The service works with all kinds of bills because it can receive and pay paper bills — they don't have to be electronic.

"We receive your bills for you at our own ZIP code in Henderson, Nev., scan paper bills and provide bill payment," explained Pam Goncalves, director of Corporate marketing at CyberBills. The San Jose, Calif.-based company last week agreed to be acquired by Milwaukee's Metavante Corp.

You can try out StatusFactory for three months for free. You can schedule payments, get e-mail reminders and view all your bills on the Web. At the end of the year, you can order a

report of all your bills on a CDROM for 514.95.

E-Mail Option

A new development in bill paying may get more people to handle the task online. A service of CheckFree Corp. will let you pay bills via e-mail.

By this summer, if you're using a bill-payment service that uses Check-Free Web jay 3.2 software, you'll be able to receive your bills in your e-mail. You'll just click a payment option, schedule a pay date, enter your password and ~our bill will be paid.

"Electronic bill payment via e-mail may be a way to increase interest," said Ian Rubin, an analyst at International Data Corp. in Framingham, Mass.

Still, fees may be the main thing holding back the adoption of online bill payment. Banks offered free access to automated teller machines for 20 years before asking customers to pay for the service, Rubin notes. But online bill payment services expect the customer to pay after a short trial period.

If you're unwilling to pay for online bill paying, there are free options. Yahoo Bill Pay, run by Yahoo Enc., lets you schedule and pay bills on the Web at no charge. But the service only works with participating phone, utility and credit card companies.

The U.S. Postal Service, meanwhile, lets you try its bill-paying service for six months for free.

Another option is to pay each bill online by working directly with the payee. Many major companies let you see your bills on the Web with added features called rich billing content.

"At the Verizon Web site, you see your wireless phone bill, all the numbers you called and you can analyze your bill," said Tom Healy, a spokesman for Princeton eCom Corp., a firm in Princeton, N.J., that handles billing and payment processing for businesses and financial institutions.

Many billers prefer to have the consumer go directly to their Web site Healy says. That lets them offer better customer service and special offers.