

Collective Dynamics



Research Prospectus

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EBPP Research Prospectus

Introduction

There are over 27 billion recurring bills to consumers each year. It is estimated that presentment and payment processing costs for businesses are in the range of \$1.00 per item for a paper-based transaction versus \$.50 or less for an electronic item. Electronic Bill Presentment and Payment (EBPP) therefore has the potential to greatly reduce this processing cost and also provide significant convenience to consumers. Banks and other stakeholders may benefit from providing EBPP services in terms of customer loyalty, cross-sell opportunities, and generating fee income. Adoption has to date been slow, but EBPP is a potential “killer application” as it generates repeated consumer visits to the provider’s website, and creates resistance to customer attrition if successfully implemented. Collective Dynamics (CD) is conducting primary research to discover consumer attitudes regarding EBPP options to find out:

- What are the key impediments to EBPP from a consumer’s perspective?
- What features (attributes) of EBPP are most important to consumers?
- How those attribute compare relative to each other?
- What segments of the consumer base are most interested in which features/options?

We believe the results of this research will be of great benefit to financial institutions, financial services providers, and billers in better understanding evolving consumer needs, thereby focusing strategies and resources on meeting these needs more effectively.

The approach outlined in this Research Prospectus is a “straw man” approach, and will be refined by the Charter Members as outlined in the Charter Member section below.

Topic

The focus of this research study is to understand how consumer preferences manifest themselves into business drivers and the consumer issues in and surrounding Electronic Bill Presentment and Payment (EBPP). EBPP as used in this study is the process of presenting a bill/invoice from a biller to a consumer electronically; and, the process of allowing the consumer to send funds to the biller electronically. Collective Dynamics (CD) will address these main issues, the business questions impacting stakeholders, and the consumer receptiveness to various combinations of EBPP brands and feature/function alternatives. This is best described by indicating the types of business questions that the research will address which are as follows:

- ◆ How do consumers feel about Biller Direct vs. Consolidated Billing? How much do they value each relative to the other and other key features?
- ◆ Which EBPP providers are most trusted and how does trust influence adoption of service? (bank, credit card issuer, Internet Service Provider, Portal, US Post Office, retailer, etc.)?
- ◆ How important is billing detail (thick vs. thin)?
- ◆ How important are different Customer Service options to the customer (phone, web, e-mail, etc.)?
- ◆ What features/functions are most important to customers? (current and/or future)
- ◆ How interested are consumers in access devices other than a PC (wireless, PDA, etc.)?
- ◆ What are the biggest issues or problems to the use of EBPP options from a consumer perspective?
- ◆ What are the demographic characteristics of consumers most likely/least likely to adopt the service? (age, income, etc.)
- ◆ How big is the consumer’s security concern about receiving bills via email, and how is that concern likely to drive behavior?

Specific business drivers (attributes of payment options) and their range of values (levels) will be evaluated as described below. For example, a business driver (attribute) might be *EBPP Provider* and its values (levels) might be bank, credit card issuer, Internet Service Provider, Portal, US Post Office, retailer, etc.

Charter Membership

CD is offering Charter Memberships to up to five participants. Charter Members will have input on study goals and the research design. The cost for Charter Membership is \$10,000. Charter Members will receive credits to reduce their Charter Membership fee if certain pre-established sales goals are achieved.

Approach/Methodology

Collective Dynamics will utilize on-line interviewing and conjoint techniques to gather both qualitative and quantitative information. The design phase of the study will identify and prioritize the key business drivers (attributes/levels) identified from industry experience, other research, and interactive sessions with the Charter Members. The resulting survey will then be administered via on-line surveying techniques. This first section will contain general survey questions and “open ended” questions to better identify issues and disincentives that are important to the survey population. The second section will focus on more detailed analysis of the important attributes/levels and consumer issues and quantitative measurement of these attributes/levels.

Deliverables

- ◆ Management Presentation and Report
 - Management presentation at your site
 - Presentation content and detailed appendix
 - Business Drivers (Attributes/Levels) and their utilities/importance levels for the consumer (see back page for examples)
 - Research findings
 - Strategic implications
 - Conclusions and recommendations
- ◆ Data -- Survey statistics, frequency counts, cross-tabs and correlations of responses
- ◆ Follow On Analysis -- One day of consulting to explore your specific questions or issues

Study Dates

The study will begin in July and will be completed by the end of September 2002.

Collective Dynamics Qualifications

Collective Dynamics’ staff members have over a hundred years of collective experience in the financial services and payments arena. We have managed a broad array of traditional and alternative payment studies (credit card, ATM/EFT/Debit, Internet banking, ACH, etc.) so we understand the core issues and challenges facing stakeholders in the EBPP arena. Collective Dynamics staff members also have extensive market research experience and specific skills and experience in the area of conjoint analysis research.

Cost

Total cost of the study is per participant is as follows:

- | | |
|---------------------------------------|----------|
| • Charter Membership | \$10,000 |
| • The regular participant price | \$7,500 |
| • Early registration (by August 15th) | \$6,000 |
| • First five (5) registrants | \$5,000 |

Property Rights

Collective Dynamics retains all rights to the data and conclusions. Study participants are free to use the study results within their organization/holding company but may not share or divulge study information in any form with any other party without the express prior written consent of Collective Dynamics.

Contact Information

To sign up for this study or for questions or further information regarding this study, please e-mail or call:

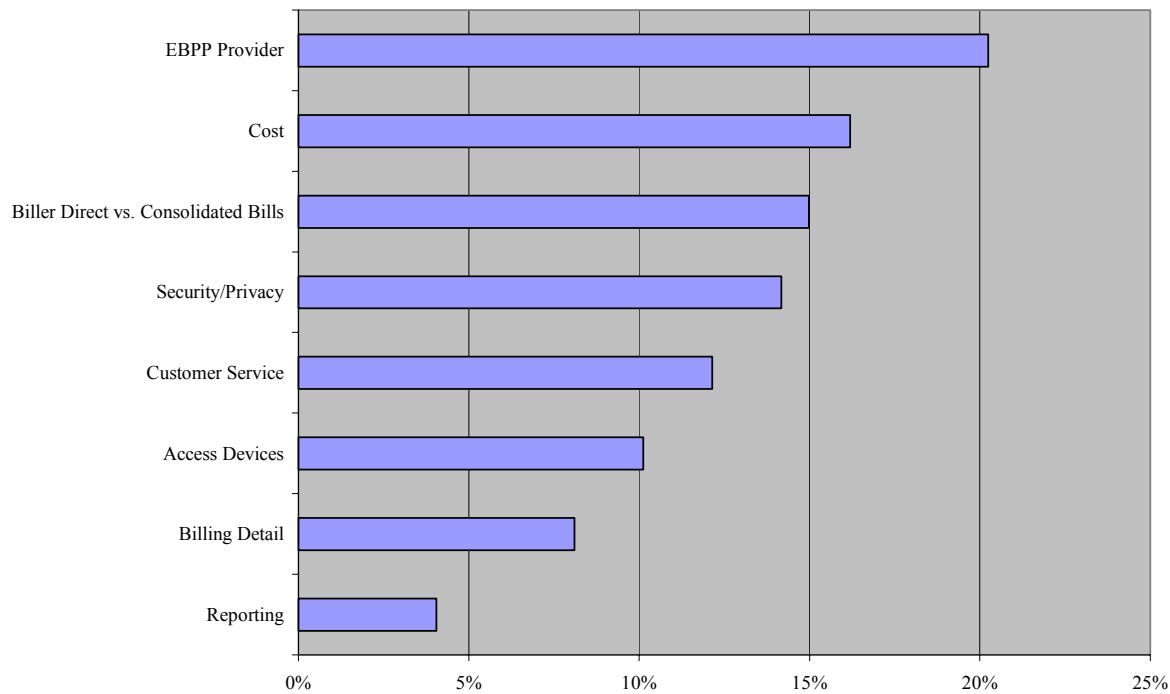
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Collective Dynamics EBPP Research Study

Example Output

The following charts are based on example data and are intended solely to illustrate the types of insights that are being investigated in the research. They are not intended in any way to represent actual business driver values.

Importance of Feature/Attribute



Consumer Preference for Various Provider Types

