

# *Collective Dynamics*



April, 2003

## Recurring Payments Research Prospectus

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### Introduction

Recurring payments options still offer tremendous potential for a variety of stakeholders. Billers have an opportunity to streamline their billing processes, better manage receivables, and reduce float. Financial service providers have the opportunity to offer payment services and serve customers through more efficient channels. Customers can benefit by eliminating time consuming bill payment chores, reducing postage expense, and eliminating late payment fees. With this in mind, Collective Dynamics is conducting primary research to discover consumer attitudes regarding recurring payments options to find out:

- What methods (payment types) do consumers use now for recurring payments? Why?
- What are the key impediments to changing the method of recurring payment?
- What would make consumers switch to a new payment method for recurring payments?
- What features (attributes) of recurring payment options are most important to consumers?
- How do those attributes 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.

### Topic

Recurring payments, as used here, includes any consumer payment, of a fixed or variable amount, that is due on a regular basis (for example, weekly, monthly, quarterly, etc.). Car payments, house payments, subscriptions, and utility payments are examples of recurring payments. The focus of this research study is to understand current usage of recurring payment methods, consumer issues and preferences for various types of recurring payment options, and how consumers might be “switched” to channels or forms of payment that would benefit various payment stakeholders. Collective Dynamics (CD) will address these main issues, the business questions impacting stakeholders, and the consumer receptiveness to various alternatives for recurring payments. This is best described by indicating the types of business questions that the research will address, which are as follows:

- ◆ How do customers make payments now? Who is using/not using various recurring payment methods?
- ◆ Why are consumers using the recurring payment methods they use? Why are some customers avoiding mechanisms that might benefit billers or other stakeholders?
- ◆ What are the biggest issues, problems, and impediments to the use of recurring payment options from a consumer perspective? What types of incentives would be most effective in converting consumers to recurring payment options?
- ◆ What payment accounts do customers most want to use (checking, credit card, money market, etc.)? What payment mechanism would they prefer to facilitate recurring payments (sign up at biller, Electronic Bill Payment, Quicken, etc.)?
- ◆ Which recurring payments providers are most trusted and how does trust influence adoption of service? (Bank, Credit Card Issuer, Biller, Electronic Bill Payment Provider, Intuit/Quicken, etc.)?
- ◆ How important are different Customer Service options or controls to the customer (phone, web, e-mail, etc.)?
- ◆ What features/functions are most important to consumers?
- ◆ What are the payment history or demographic characteristics of consumers most likely/least likely to adopt the service? (age, income, late pay status, etc.)

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 *Recurring Payments Provider* and its values (levels) might be bank, credit card issuer, biller, etc.

### 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 and other research. 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 incentives/disincentives that are important to the survey population. The second section will focus on more detailed analysis of the important attributes/levels, consumer issues, and quantitative measurement of these attributes/levels.

## **Deliverables**

- ◆ Management Presentation and Report
  - Management presentation at your site (not including travel expenses)
  - Presentation content and detailed appendix
  - Business Drivers (Attributes/Levels) and their utilities/importance levels for the consumer (see back page for examples)
  - Strategic implications
  - Conclusions and recommendations
- ◆ Data -- Survey statistics, frequency counts, cross-tabs and correlations of responses
- ◆ Follow On Analysis -- As part of the management presentation we will explore your specific issues and strategic imperatives

## **Collective Dynamics Qualifications**

Collective Dynamics’ staff members have over a hundred years of 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 recurring payments arena. Collective Dynamics staff members also have extensive market research experience and specific skills and experience in the area of conjoint analysis research. In the past year alone we have delivered research to a broad range of players in the payment system, including:

- |                   |                   |                    |
|-------------------|-------------------|--------------------|
| • Bank of America | • Global Payments | • ScotiaBank       |
| • CheckFree       | • Hypercom        | • Unisys           |
| • Concord EFS     | • Infonox         | • US Bank          |
| • Coca-Cola       | • JPM Chase       | • Visa             |
| • Federal Reserve | • MasterCard      | • Wells Fargo Bank |

## **Study Dates**

The study will begin in April and will be completed by the end of July 2003.

**Cost** -- Total cost of the study per participant is \$10,000 plus any actual travel related expenses to the client site for the presentation of the findings.

## **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:

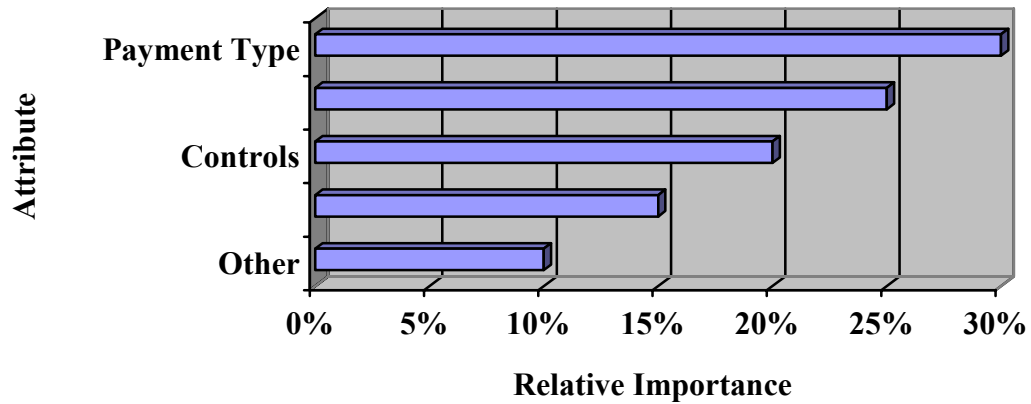
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# Collective Dynamics Recurring Payments Research Study

## 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 drivers or driver values.*

### Example Importance of Attributes/Features



### Example Preference For Payment Accounts

