

Benefits of Bill-Payment Kiosks for Customers

The self-service application can help a service provider save money, boost payment rates and create a better customer experience.

By Richard Slawsky
Contributing editor,
KioskMarketplace.com

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Not long ago, the customer payment center was a fixture of service providers such as the local utility, phone or cable company. Customers dropped by the center, walked up to the payment window and plunked down the cash to cover that month's bill.

That scenario is no longer. The growing cost of real estate and labor, combined with the growth in alternative payment channels, is turning the operation of payment centers into a burden for billers.

But there's still a need to take care of those customers who either don't own a computer, don't trust the mail, prefer to deal in cash or simply would like an alternate channel to make payments at the last minute.

That's where a payment kiosk comes in. By enabling customers to make payments at a kiosk, service providers can offer a more effective and cost-efficient mechanism for customers to pay their bills.

Reaching the unbanked and underbanked

Although many customers have embraced credit and debit cards as part of a shift to a

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cashless society, there are still a significant number of people who prefer to pay their bills in person. For them, online billpay isn't an option.



Nine million households in the United States do not have access to a checking or savings account. Billpay kiosks allow those customers to make payments easily, without a bank account.

About 40 million individuals in the United States fall into the unbanked or underbanked category — approximately 15 percent of the U.S. population.

Source: TIO Networks

According to the Federal Deposit Insurance Corporation, 9 million households in the United States do not have access to a checking or savings account. An additional 21 million households have a checking or savings account but rely on alternative financial services.

Research by self-service provider TIO Networks indicates about 40 million individuals in the United States fall into the unbanked or underbanked category — approximately 15 percent of the U.S. population.

And thanks in part to the economic turmoil of recent years, more and more customers are waiting until the last possible minute to pay their bills. As credit has gotten tighter, many of those customers are paying in cash.

For many service providers, it's simply not cost effective to maintain a full-time payment processing center. In addition, when people process payments instead of computers, errors are more likely to occur, resulting in a time-consuming, behind-the-scenes accounting process.

And for those service providers that operate retail outlets, using those outlets to process payments can be a waste of resources.

“Skills of customer care professionals in stores are typically geared toward customer problems,” said Jim Bennett, CEO of Tulsa, Okla.-based U.S. Payment Systems, a provider of billpay kiosks.

U.S. Payments supplies turnkey solutions for self-service bill payment, including its own PaySite billpay kiosk.

“To use skilled employees to count change may not be the most efficient use of their time,” Bennett said. “It may appear to be good service, but most agree dealing with more complex customer service issues is the best application of (those employees’) talents.”

Consider, for example, a mobile phone store. According to research by Duluth, Ga.-based technology provider NCR, approximately 40 percent of visitors to a mobile phone store are there to pay a bill.

“Mobile phone companies and telecom providers pay for real estate and employees to sell things,” said Bob Tramontano, NCR’s vice president of marketing for financial services. “You end up with real estate that costs too much and people who are paid too much to perform that simple transaction.”

Improving the customer experience

With so many challenges involved, billers often look for ways to automate the billpay process while still providing a quality customer experience. Many businesses have found the answer in the form of a self-service billpay kiosk.

From a customer-service standpoint, a bill pay kiosk permits a service provider to deliver consistent, valuable service 24

hours a day, 365 days a year. Real-time posting expands business hours and eliminates a disruption in service to those “just-in-time” payers.

As an alternative to having a customer service representative handle in-person payments, billpay kiosks can significantly reduce personnel and overhead costs. Kiosks located in convenience stores can function essentially as multiple satellite offices but without the overhead.

Reconciliation costs also are greatly reduced. There’s no longer any need to manually count deposits and reconcile them to accounts paid.

And a kiosk network can reduce the amount of theft as fewer hands touch the funds.

“Secured cash handled by professionals greatly reduces losses and end-of-month discrepancies between the retailer handling the money and the payment provider,” Bennett said.

A look at the future

Overland Park, Kan.-based utility company Kansas Gas Service is one company that has deployed PaySite kiosks manufactured by U.S. Payments.

“Payment kiosks offer users the convenience to conduct business transactions on demand,” said Bridget Debus, a senior accountant of administration for Kansas Gas Service. “Payment kiosks are user-friendly and convenient.”

Kiosks located in convenience stores can function essentially as multiple satellite offices but without the overhead.



Billpay kiosks expand business hours and are more convenient for customers, while also reducing personnel and overhead costs.

Kansas Gas Service is the largest natural gas distribution company in Kansas, providing natural gas to more than 642,000 customers in 342 communities.

“As a utility provider, payment kiosks are viewed simply as a customer choice bill-payment option,” Debus said. And a good one at that, she adds.

By partnering with third parties, the utility has been able to establish its brand beyond its company locations. The company currently has several dozen self-service billpay kiosks in supermarkets and other retail locations across the state.

A number of service providers, including utilities, cable television, Internet and mobile phone providers, have partnered

to deploy billpay kiosks in 80 Best Buy locations around the country.

“They support pretty much every major carrier in the country, and it’s been shown that anyone who sells phones has the ability also to provide bill-payment services, because people like to pay bills where they acquired their phones; it’s like a trusted feeling,” said Hamed Shahbazi, chairman and CEO of Vancouver, British Columbia-based TIO Networks, which supplied the kiosks. “And of course, that’s for those folks who make in-person bill payments, but there are still a lot of those people who do make in-person bill payments.”

U.S. Payments is exploring partnerships with providers of prepaid utility services, where customers pre-purchase utility services in the amount they choose. Such services, already popular in Europe, are becoming increasingly available in the United States.

Kiosks are a perfect fit for such programs and helps them overcome one of the challenges inherent with that service, Bennett says. In order for such programs to be successful, prepaid utility providers have to give people the ability to make payments on those accounts at all times of the day so they can keep the power on.

“The result is the utility customer saves money in disconnect and reconnect fees,” Bennett said.

***About the sponsor:** U.S. Payments supplies turnkey solutions for self-service bill payment. Its network of payment terminals lowers the cost of in-person payments and enhances the customer experience. Customers who use its machines report greater satisfaction and find the process to be fast, convenient and easy. Clients who receive payment on the network choose either real-time or batch-remittance data and receive funds within two days. U.S. Payments’ PaySite kiosks enable continual, anytime service. When positioned in an accessible location similar to ATM sites, they provide all-day customer access for increased self-service convenience.*