The Paper Statement Challenge: A Targeting Opportunity

A new research-based strategy could encourage more consumers to turn off paper statements and bills, creating substantial benefits such as environmental preservation and increased satisfaction.

Prepared by Javelin Strategy & Research
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Research Methodology

• This white paper is based on findings from the 2011 PayItGreen Research, which was conducted by Javelin Strategy and Research on behalf of NACHA — The Electronic Payments Association. To ensure independence and objectivity, the sponsor of the research was not involved in tabulating, analyzing or reporting final results.

• The 2011 PayItGreen Research consisted of an online survey conducted from a random sample of 3,502 respondents in March 2011.

• The survey targeted adults in the United States based on representative proportions of geography, gender, age, income and ethnicity.

• The overall margin of sampling error is ± 1.66 percentage points at a 95-percent confidence level.

• Key population segments discussed in this white paper include:
  • **General Population**: All consumers
  • **Gen Y**: Consumers who are between the ages of 18 and 32
  • **Early Adopters**: Consumers identifying themselves as the first to try any new technology
  • **Early Adopters and Gen Y**: Consumers identifying themselves as the first to try any new technology and who are between the ages of 18 and 32

A New Focus for Financial Institutions & Billers: Disconnect Double Dippers from Paper

Over the past 15 years, financial institutions and billers have been working hard to educate and encourage consumers to adopt and use online tools for banking and payments. NACHA’s most recent PayItGreen survey shows nearly 30 to 40 percent of consumers receive their financial statements and bills online. However, a closer review of these conversion rates reveals consumers have not completely transitioned to being paperless. The survey reported an additional 30 to 40 percent of consumers receive their financial statements and bills online and on paper—which is known as “double dipping.” Although organizations have succeeded in migrating large numbers of consumers to take advantage of online resources, they have not been entirely successful in completely disconnecting them from paper.

Today, double dipping presents new challenges for financial institutions and billers to overcome. Consumers who use both online and paper methods potentially dilute organizations’ ROI by demanding twice the amount of service. The cost of electronic financial statements and bills is staggering, and without more consumers stopping paper statements entirely, organizations will not be able to realize maximum efficiencies.

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Interestingly, the survey demonstrates the double dipping problem exists primarily among Gen Y and Early Adopters segments, in which consumers are more likely to double dip than general consumers. However, the positive news is they are also more likely to respond to messages promoting online conversions given their online and technology-savvy outlooks, presenting tremendous opportunity for financial institutions and billers. These segments include consumers who would be more open to banking online, but who have not yet stopped receiving paper statements.

Traditional marketing assumptions identify older generation and less technology-savvy segments as those that would be resistant to online conversions, resulting in aggressive targeting. Based on the survey, however, a new focus and marketing strategy should include encouraging and reminding existing online consumers to disconnect from paper. The emphasis helps to more directly target those individuals already embracing paperless statements and bills, reminding them they do not need to double dip and can turn off paper statements entirely. In fact, the survey showed that double dippers would be amenable to paper statements and bills being automatically shut off.

**Targeting Segments: Young and Technology-savvy Double Dippers**

Surprisingly, compared to general consumers, a significantly higher proportion of Gen Y and Early Adopters reported they currently receive financial statements and bills online and on paper. Furthermore, for major financial accounts such as checking, the tendency seems strongest among the very core segment of consumers who are both Gen Y and Early Adopters. Forty-eight percent of consumers in this segment reported they double dip on checking account statements versus 33 percent of general consumers.

**GEN Y AND EARLY ADOPTERS DOUBLE DIP FOR ALL MAJOR FINANCIAL ACCOUNTS**

Figure 1: Current Channel for Receiving Key Financial Statements and Bills

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Based on the survey, however, a new focus and marketing strategy should include encouraging and reminding existing online consumers to disconnect from paper.
Gen Y and Early Adopter segments, i.e. the segment that is most likely to pave the way to adopting online/paperless behavior, are straining financial institutions and billers by generating costs for electronic delivery as well as paper. Such trends are also common among statements for household bills, such as utilities, Internet, and television.

**The Opportunity: Automatic Shut Off**

Most consumers cite lack of trust in financial institutions’ and billers’ websites and the convenience of reviewing paper statements as primary drivers for double dipping. As a result, marketing messages may not easily penetrate such behavioral and psychological barriers.

In this area, however, the younger segment presents a more promising window of opportunity. Nearly 20 percent of Gen Y consumers stated they simply forgot to turn off paper statements—resulting in double dipping—versus 10 percent of the older population. Perhaps there is a need to regulate and mandate online-only conversions by automatically turning off paper statements.

Many financial institutions and billers worry about the impact on customer satisfaction and customer attrition when shutting off paper. However, there are readily viable segments that could be impacted positively. As seen in Figure 2, Gen Y and/or Early Adopter segments are significantly more agreeable to automatic shut offs than their counterparts. They appear significantly more open to change and twice as likely to accept having their financial institution or biller automatically shut off paper statements.

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**GEN Y AND EARLY ADOPTERS MOST AGREEABLE TO AUTOMATIC SHUT-OFFS**

*Figure 2: Willingness to Allow Automatic Shut Off of Paper Statements*

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The opportunity presented by Gen Y is further heightened by an openness to adapt and engage in new behaviors. These consumers tend to be more flexible and their propensity to bank online is instinctive. Unlike older segments that may take time to onboard, or are too accustomed to paper to adapt to online systems because of tenure, Gen Y appears more open to banking online, regardless of tenure.

**GEN Y MORE OPEN TO ‘ONLINE ONLY’ EARLY OR LATE IN RELATIONSHIP**

Figure 3: Percent of Statements Received Online Only

Financial institutions and billers should identify segments that show promise to help maximize their ROI. Once these segments are identified, they can develop marketing strategies and implement educational programs to counter the ongoing attachment to paper. Marketing messages would have to be nuanced and allay concerns expressed by such segments, including issues around a lack of trust in financial institutions and losing access to archived statements.

**Call To Action: Increase Paperless Adoption**

Financial institutions and billers should refocus their attention to influence younger segment consumers, encouraging them to adopt online-only relationships with their financial information, letting go of paper. Recommended steps include:

- **Refocus** on younger, technology-savvy segments such as Gen Y and/or Early Adopters
- **Identify** current paperless adoption rates among target segments in databases
• **Change** outbound marketing messages and channels to better **target** Gen Y and/or Early Adopters

• **Create** appealing content, including messages and images, and placement in websites, to attract Gen Y and/or Early Adopters

• **Measure** results over time and **monitor** progress

• If no progress, **survey** target consumers to better **understand** barriers and drivers, such as personal preferences and competitive offerings

• **Invest** in individual, customized advice, and tap into secondary and primary data

**INSIGHT**

This white paper presents high levels findings from the PayItGreen survey. The research collected extensive data on key trends and preferences such as: drivers to paperless adoption, barriers to disconnecting from paper, ‘green’ messages most likely to resonate with consumers and penetration rates for paperless adoption by demographic segments. Financial institutions are encouraged to tap into this rich, readily-available consumer data to develop their marketing strategy. For more information please contact Jennifer West, Director, Advanced Payment Solutions at jwest@nacha.org.