



Genkiosk Bill Payment

February 2012

White paper:

What can organisations do to reach unbanked populations and those lacking Internet access?

Introduction

For all non-retail based organisations, the ability to make payments by direct debit or via the Internet has become a key part of completing transactions. They are easy, effective and traceable; the benefits are clear to both the customer and the business. This is particularly the case for utility and telecommunications companies where monthly or quarterly bills are an integral part of the business model.

Nevertheless, there is much debate on what to do about the significant unbanked populations around the globe and those who lack access to the Internet. This paper focusses on how organisations can take advantage of best of breed kiosk management technology to reach the unbanked and digital poor.

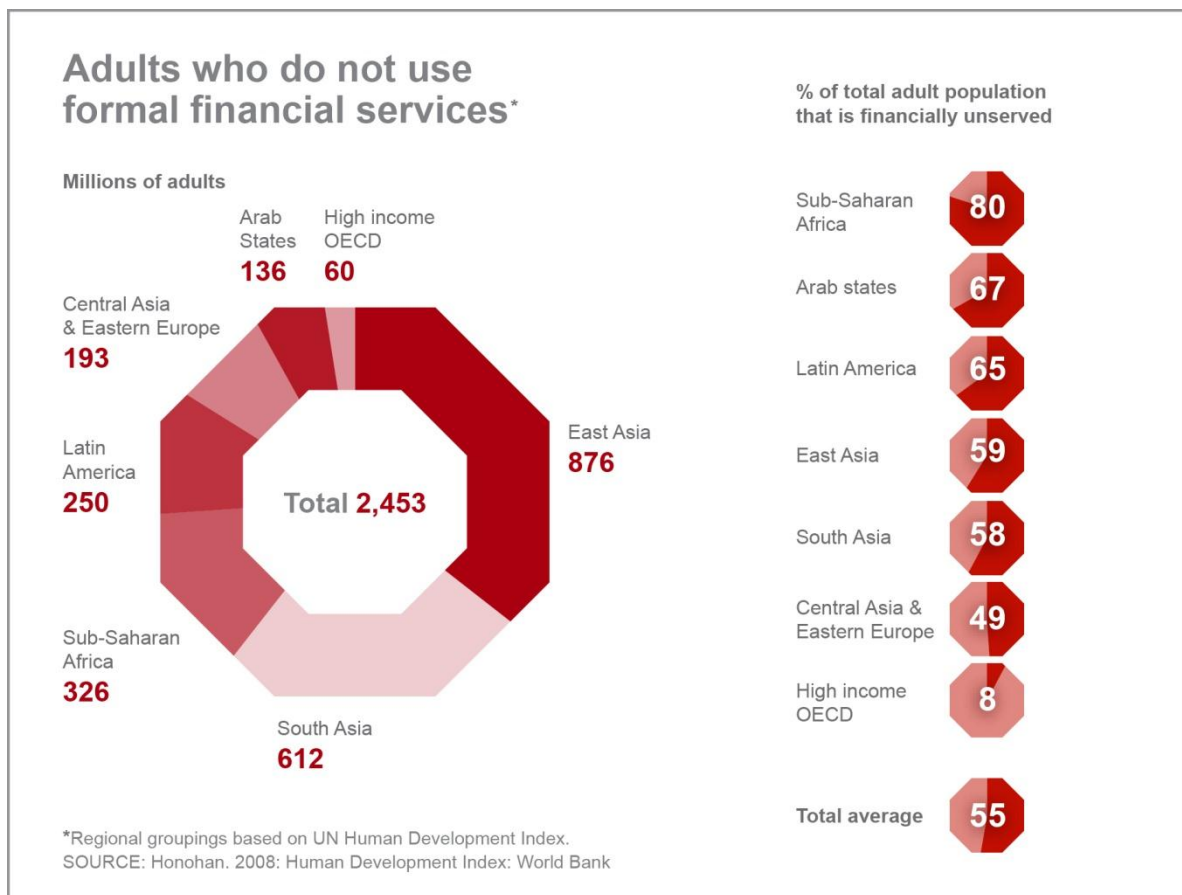
The Unbanked

In 2009 the Financial Access Initiative (FAI) and McKinsey & Company published a report entitled 'Half the World is Unbanked'. From the title alone, readers can see that this is a burning issue.

According to the research 2.5 billion adults, just over half of the world's adult population, do not use formal financial services to save or borrow. The report also revealed that the majority of the unbanked are concentrated in specific geographies: 62% of adults, nearly 2.2 billion, living in Asia, Africa, Latin America and the Middle East are unserved.

For utility and telecoms companies, the ability to penetrate this significant community will mean a greater market share. Unbanked does not necessarily mean cashless; although primarily found amongst low-income individuals, the term 'unbanked' is purely a lack of access to a personal financial service facility. Over the last few years, there has been a growth in the use of self-service kiosks to plug this gap in bill payment.

How is it being used? Companies develop an estate of accessible self-service kiosks to the public. Customers will then make their regular weekly, monthly, quarterly transactions at the kiosks themselves, which have an integrated and secure cash payment facility. Receipts can be issued for traceability and robust software allows for transactions to be made securely.



In any bill payment solution, security is absolutely paramount – no data can be compromised. Companies should look to a kiosk management system partner that can tailor the security levels and checks according to their operational needs. There can be a lot of cash sitting inside a kiosk and the technology is available to ensure that security is at the appropriate levels. For example, if a kiosk becomes out-of-action, a high level security alert can be automatically issued – enabled and triggered by the software itself – to warn of a potential security threat and immediate action can be taken. With such robust technology, it might even be argued that kiosks can be safer than individuals paying a bill via credit card over an unsecure Internet connection at home.

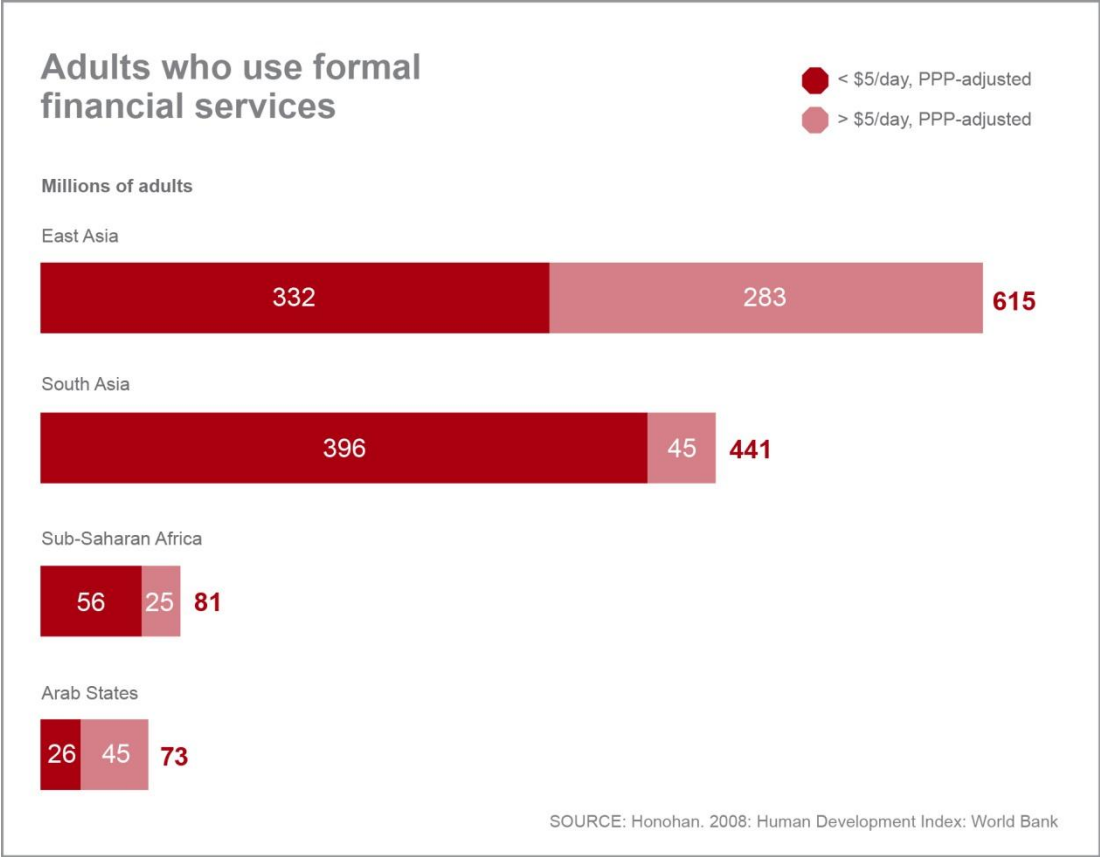
The other major benefit of kiosks is the emphasis on ‘self-service’. It removes the need for high staffing costs and puts the customer in control of bill payment. While a kiosk venue may have one member of staff available to help first time users and answer queries, it removes the need for companies to have a long line of manned tills. From the customer perspective, queue times can be significantly reduced too.

“The greatest number of unserved adults, almost 1.5 billion, reside in East and South Asia. In Sub-Saharan Africa 80% of the adult population, 325 million people, remains unserved, as compared to only 8% in high income OECD countries.”

Source: Half the World is Unbanked, Financial Access Initiative and McKinsey & Company, October 2009

Experience and anecdotal feedback has shown that self-service kiosks for bill payment are central to service provision for migrant populations. These communities tend to be unbanked and yet they are required to pay bills. Kiosks are a real answer to this problem where there are obvious and significant migrant communities in areas such as the United Arab Emirates, Southern USA, which has a large Mexican migrant population, and Eastern European citizens migrating to find work around Europe.

Although the opportunities may be broader in other parts of the world, we can see therefore that bill payment kiosks for the unbanked are not solely limited to the developing world and there are opportunities to provide this vital service in North America and Europe too.

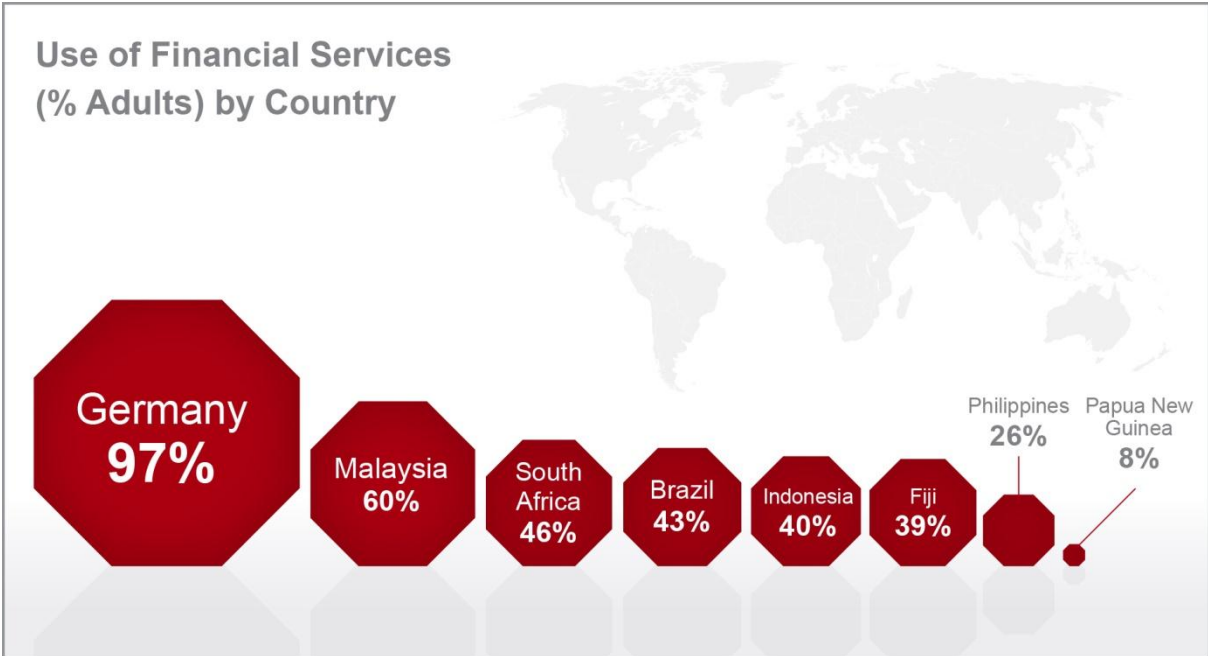


Internet access – the reality

Despite the rapid rise in digital technology, global Internet access remains an uneven story. According to Internet World Stats the average global Internet penetration rate in 2011 was only 30.2%. That means that on average, just under a third of the world’s population have access to the Internet. It is clear that Africa (11.4%), Asia (23.8%), the Middle East (31.7%), Latin America and the Caribbean (37%) have a significant way to go in order to bridge the global digital divide.

Where Internet access is lacking, kiosks can be used to plug the gap. Call centre operations and on-site till facilities can be streamlined to make way for self-service kiosks. The operational advantages are obvious and for the customer, accessible bill payment facilities are more than a convenience, they are an essential transaction point with the service provider. Utility and telecommunications companies may choose to pass on the cost benefits of kiosk usage to customers – just as many telecoms providers do for customers with direct debit provision.

With business intelligence built into leading kiosk software management solutions, companies choosing to exploit this technology can ensure that usage patterns can be monitored to track who is using them and when. This will help organisations to develop an insight into usage patterns in real-time, enabling service providers to track customer behaviour, throughput and efficiency performance indicators.



Case study – bill payment kiosks in practice

In order to gain an accurate picture of the potential of bill payment kiosks, a case study example is provided of a utility company that needed to provide a smarter solution to their cash paying customers.

For this utility company – based in the Middle East – traditionally customers had visited their head office to pay bills with the local currency. At certain times of day, queuing times had become a real issue for customers and ensuring staff were present at peak times was an operational nightmare.

A customer at a counter with a complex query or detailed enquiry could hold up the queue further, while customers in line wanting to make a straightforward payment were being delayed. Multiple staff members with detailed product knowledge were deployed to handle all matters, including the routine everyday service.

The utility company decided to install a suite of self-service kiosks to streamline operations and tackle these challenges. The new kiosks were installed in the foyer of the same head office and were deployed to offer bill payment.

The immediate results of this strategic shift in bill payment facilitation were that customer waiting times were reduced, as well as staffing levels. By providing self-service kiosks for the standard procedural transactions, the remaining staff could concentrate on fulfilling more complex requirements. Customer satisfaction therefore was increased, with the potential to impact retention rates. For any organisation looking to retain customers, this kiosk technology can play a business critical role.

Terminals – the highway to effective bill payment

The convenience element for kiosk bill payment is a key driver for the end user. We are starting to see the rise of travel terminals or important public spaces as ideal arenas for the situation of self-service kiosks.

Consumers can have the choice of paying a variety of bills, normally in a public space such as a gas station, a shopping mall or even a busy high street.

On highways, paying for road tolls is certainly an efficient use of the gas station footprints which are already located along most main routes and major road terminals. As already discussed, kiosks can be as secure as they need to be for effective service delivery.

Just as convenience can be a driver for the use of kiosks at the chosen location, it can also work the other way around too. Gas stations may also attract further business, using the facility as a means to pull in further customers on to the site. When a bill payment customer enters the premises to complete bill payment transactions, they remain on site for an extended period of time. The probability of browsing behaviour is increased, along with the potential to cross-sell items such as consumable goods. The ability to drive further revenue generating activity is therefore enlarged by attracting customers into the retail environment.

Intelligent kiosk management software is available to enable the effective implementation of bill payment at terminals and in retail environments. They can provide the diversity needed to offer a wide range of services to attract the greatest possible coverage of customers. Kiosk management software also provides a self-promotion facility to supplement signage within the retail location and to support marketing campaigns.

Like any retail setting, the ability to analyse sales figures is essential. Kiosk management software should provide a business intelligence application to access detailed levels of data to review performance and track trends on takings so that you can analyse the root causes. Primarily, intelligent management of kiosks should provide your business with the ability to be reactionary.

Summary

While the McKinsey and FAI research focusses on what governments and the financial services sector should be doing to bridge the divide with the unbanked, the utility sector and telecoms industry are able to provide an important bill payment solution for adults who do not use formal financial services.

The same is true for the digital poor. As online bill payment has become a real functionality of Web usage, those who are unable to acquire high speed, secure Internet access are limited in their ability to pay bills. Self-service kiosks have helped many companies across the world overcome staffing and customer experience challenges, while in-built business intelligence solutions transform them into effective marketing and retail performance functions.

Self-service kiosks – the real opportunities

