



# Energising the future of utilities.

7 ways PayPal helps utilities meet customer expectations and drive growth.



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# Customers are feeling the pinch.

With ongoing high costs of living, as well as significant increases in the cost of energy and water,<sup>1</sup> they're evaluating their options. But despite financial concerns, only 40% of customers who switch utility providers do so for economic reasons.<sup>2</sup>



**UK consumers under 30 are 2.1x more likely to start paying online for utilities if PayPal is available.<sup>6</sup>**

The new price cap introduced by Ofgem in October 2023 gives consumers more reason to shop around. Their decisions will be led not just by cost, but by simplicity, security and speed in all interactions. With 25% of consumers planning to switch suppliers,<sup>3</sup> utility providers need to proactively respond with more customer-centric and digital experiences to limit churn and its associated costs.

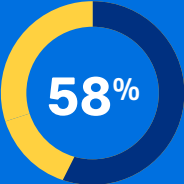
The utility providers today enjoying lowest percentage of customers intending to switch (about half the average) are the digital disruptors.<sup>4</sup> In the current market, and with big changes on the horizon, it's time for utility providers to evolve to meet new digital realities.

### Embracing digital.

Digital transformation is more than just making services available online. It's about building a more efficient, customer-focused business. To do that, utility providers need to streamline operations to drive efficiencies and tackle growing debt and collection costs.

E-commerce has led the way to streamlined payments solutions and freedom in how customers pay. And today's customers now expect the same quality online experiences from their service providers – including utilities. These expectations have been openly acknowledged by Ofwat, defining a best-in-class customer experience performance commitment for water companies in their 2019 price review.<sup>5</sup>

Delivering fast and flexible digital experiences for customers drives positive business outcomes. With the help of PayPal, you can deliver on customer demands, enabling them to interact and transact with you digitally when and how they want to, and see marked improvements in business agility and operations management.



**58%** of utility executives worry about a lack of skills to complete a digital pivot, especially in the payments space.<sup>8</sup>



**75%** of UK utility executives consider their digital service offering to be average to very poor compared to companies across other sectors.<sup>7</sup>

# The proof is in the numbers.

We know utility executives are worried they lack the skills to complete a digital pivot, particularly in payments, and that's where we come in. Not just a button, we're payment experts with the experience, know-how and solutions that help you exceed customer expectations. We don't just process your payments — we can help you attract new customers and grow customer loyalty and retention.



**#1**

PayPal is the preferred online payment service in the UK.<sup>9</sup>



**2x**

UK consumers are more than twice as likely to purchase from a site that offers PayPal.<sup>10</sup>



**74%**

of the UK consumers trust PayPal to keep their payments secure.<sup>11</sup>



**9.1pp**

PayPal can help increase authorisation rates by 9.1 percentage points.<sup>12</sup>



**It's time to make the change to a payments provider that will help prepare you for the future.**



# The power of PayPal.

20 years ago, we helped revolutionise the payment industry.  
Today, we're revolutionising business.

As one of the world's largest 2-sided payment networks, we connect businesses with consumers across industries in over 200 markets around the world. Our laser focus on payments means we're tapped into some of the latest consumer expectations and payment innovations. We deliver friction-free and fast experiences customers love, helping businesses attract new customers, build loyalty among their existing base, and streamline operations.

**33M+**

active accounts in  
the UK.<sup>13</sup>

**\$1.36T**

total global payment  
volume in 2022.<sup>14</sup>

**22.3B**

payment transactions  
globally in 2022.<sup>15</sup>

**As you embark on your digital transformation journey, we know you're focused on three key things:**

- Improving operational efficiencies.
- Reducing collections.
- Growing your customer base.

With PayPal, you have a payment provider with long-standing experience, deep insights, and robust data to help you navigate the way forward. A partner focused on helping you grow and gain market share by meeting customer demands.

**PayPal powers some of the largest utility companies worldwide.**





# 1 Delivering more payment options.

Customers want to pay on their terms — how, when and where it's most convenient for them. They expect the same flexibility and choice when paying bills that they enjoy when buying anything online. They demand smooth, secure, reliable, and frictionless online payment experiences, and delivering these can result in faster, more on-time payments.

With traditional infrastructure, choice of payment methods can be hard to deliver. PayPal has most of the popular options built in, with credit and debit cards, payments direct from bank accounts, buy now pay later (BNPL), direct debit and recurring payment options all packed neatly into our enterprise payments platform.

When the payment options they prefer are at their fingertips both online and in apps, customers are more likely to pay bills sooner, cutting the cost of late payments and collections.

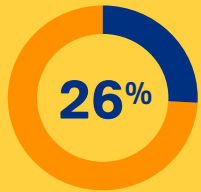
One PayPal integration delivers multiple payment options to your customers across all your touchpoints. And with our integrate once approach, whatever comes next in payments is delivered seamlessly and automatically to your customers.

**73%** of UK consumers who use digital payment use PayPal.<sup>16</sup>

## Limiting bad debt before it happens.

50% of UK utilities executives say tailoring payment arrangements for personal circumstances is a priority area.<sup>17</sup> And while these arrangements are important, especially given the current economic environment, wouldn't it be better to ward off late payments and arrears before they happen?

PayPal's strong customer experiences and payment flexibility, along with real-time processing, automatic retries and low failure rates, mean customers are more likely to pay on time, every time.



of consumers that do not pay online would start paying online for utilities if PayPal is available.<sup>16</sup>

# 2 Getting paid in seconds (not days).

What would real-time payments mean for you? Legacy batch payment processing is fraught with problems in today's immediate world. Delayed processing means increased risk of declines and late payments, and negatively impacts cashflow.

With PayPal's real-time processing and digital wallet capabilities, issues can be identified and payments retried immediately from customers' linked payment methods, ensuring transactions are approved at a higher rate and more often on the first try.<sup>18</sup>

Beyond improved cashflow, real-time payments could deliver greater operational efficiencies. Reducing manual work and multiple reconciliation tasks with automatic settlements frees staff to work on more business-critical tasks. The ability to update systems and complete sales can instantly provide a better end-to-end experience for both customers and the customer service staff who serve them. Real-time payments can also allow utility providers to access robust, real-time reporting and real-time control over risk exposure.

**PayPal can increase authorisation rates by 9.1 percentage points.<sup>19</sup>**

Batch processing	PayPal's real-time payments
✗ Delayed reporting on failures	✓ Instant re-attempts on other payment methods in the PayPal wallet upon initial failure
✗ Manual settlements	✓ Automatic settlements
✗ More late payments	✓ Real-time payment reporting
✗ Increased collections costs	✓ Decreased operational costs

## The true cost of payments

It's easy to think of transaction fees being the biggest factor, but is that the end of the story? Take a moment to consider the impact of payments across your business.



### Time to process

Longer payment processing time leads to delayed reconciliation processes, more touchpoints and multiple resources allocated.



### Time to receive payments

What's the impact on your working capital and cashflow?



### Customer churn

In 2021, 25% of UK consumers are looking to switching providers.<sup>20</sup>

What would even a slight reduction in this rate mean for your revenue and profit?



### Approval rates

What's your average transaction approval rate and what impact does that have on operational staff time and collection costs?



### Collection costs

What's the cost of engaging collection agencies or selling customer debt? What impact would cutting the average number of days of outstanding debt deliver?



### Partner management

How many parties are involved in payments (e.g. banks, credit card providers, payment processors, billing engines and invoicing solutions), and what's the cost of managing and maintaining these relationships? And what about internal or third-party fraud management systems?



### System management

How many systems are involved in a single transaction? How well do they integrate with each other and what's the cost of maintaining them, including regular updates?

# 3 Driving operational efficiencies.

Offering a unified range of payment methods, all seamlessly orchestrated within a single ecosystem can help deliver considerable advantages, both delighting customers and streamlining operations. With PayPal's payment platform, you can simplify and consolidate all your payment systems into a single solution.

Take control of the ever-escalating end-to-end costs of collecting bill payments. Reducing the costs of declined transactions, delayed payments, and collections, as well as staffing costs associated with payment handling, manual reconciliations, and customer servicing, all adds up. Focusing on self-service and digital wallets can make a big impact.

Simplicity is key. Delivering a gateway, merchant facility and digital wallet in one, PayPal can help eliminate potential for error and improve customer servicing as staff can more easily track customer payments and payment history.

One integration with PayPal could help reduce operational costs and improve efficiency across your organisation.

## Enabling better self-service.

UK utility executives are focused on delivering better self-service capabilities and aligning with customer expectations. They want their customers to be able to easily manage their account and make payments on the go.<sup>22</sup>

With PayPal, ease of payments anytime, almost anywhere, is securely built in as standard.







# 4 Looking forward with confidence.

With all your transactions in one optimised control panel, it can be easy to stay on top of trends, manage your exposure to risk and drive impactful decision-making, enabling you to stay competitive in a highly volatile market.

Robust and streamlined reporting both in the control panel and delivered daily via API can give strong insights into the business, allowing for faster, data-backed decisions.

PayPal's extended commerce capabilities can also open up new opportunities for strategic partnerships, both within your wider group of companies and with third parties. These partnerships can make it easier for you to offer insurance, products and services, like water boilers and EV charger installation. Our integrations can make technically difficult experiences easy and secure, allowing you to create new monetisation opportunities and go to market faster.

With PayPal focusing on your payments, you can focus on your business priorities.



## **Making business priorities achievable.**

Loyalty and rewards programmes are a huge incentive for utilities customers. But with outdated tech and payment providers, the implementation of partner deals and discounts often results in frustrating customer journeys, big demands on developers, delayed payouts, and manual reporting and analysis.

PayPal's extended commerce capabilities can make these strategic partnerships easy. Development time can be slashed, reporting automated and immediate, funds automatically routed to the appropriate parties in real-time so customer experiences are never compromised.



# 5 Tightening security.

Securing customers' data is a growing concern for enterprises across industries. PayPal can help you protect your business and customers' data while maintaining compliance.

PayPal has achieved PCI DSS (Payment Card Industry Data Security Standards) compliance certification under various programmes and standards. This underscores our commitment to security and the protection and integrity of customer data. We can help maintain the security and PCI requirements of handling customers' sensitive financial data. When PayPal processes payments for you, you can spend less time dealing with data security and more time growing your business.

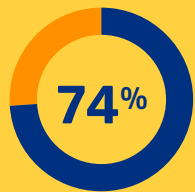


## Data security is at the core of everything we do.

Tap into our proprietary mix of data, models and tools to help optimise fraud prevention. Our fast-learning predictive risk algorithms ingest trillions of data points from across our network to identify patterns and help mitigate risk in real-time.

In your control panel, you can test and deploy new risk rules in real-time to adapt to evolving fraud patterns without friction at checkout or increasing the risk of false declines. Or easily and securely connect with third-party security services partners to optimise your risk and security profile.

PayPal can help you navigate new fraud threats and security challenges around the globe and quickly pivot your approach to help protect your transactions while ensuring you remain PCI compliant. With decades of data-driven insights, PayPal can help prevent fraud and reduce risk.



**of consumers trust PayPal to keep their payments secure.<sup>23</sup>**

## Streamlining in-field operations.

In-field operations are effective at encouraging acquisition for utility providers, with sales representatives able to give personalised service and price comparisons in real-time. Asking these customers to complete paper or tablet forms with card details, however, can impact the sale.

With PayPal, you can streamline onboarding with mobile payments and fast, easy and more secure opt-in for recurring payments.

# 6 Getting set up with PayPal.

Our solution engineering team works with you to develop a plan for integration across all your systems, platforms, and tools. The PayPal platform is developer-friendly, and delivered in a modular format so you can add and remove functionality to suit your needs. With our API updates, new features and enhancements are rolled out automatically.

As a robust solution, we're already integrated with some of the most popular third-party providers, meaning your e-commerce platform, billing software and CRM could plug in easily. And with the help of our local, experienced solution engineering team, we'll integrate our platform with yours to ensure best-practice integration and performance, and reduced tech debt across your system architecture.

## Reaching new customers.

Entice new customers who prefer to pay with PayPal with a co-marketing campaign. We can help you directly target up to 12 million active UK accounts with special offers and promotions. Lists can be washed to target either prospective or existing customers for stronger results.





# 7 Having the right people on your side.

Our support doesn't stop once you're up and running. Our local account management team is your go-to for all things PayPal and payment optimisation.

As well as day-to-day account management to work through any issues that may arise, our team's here to provide training to help you get familiar with the platform and reporting capabilities and derive the most value from them.

You'll get insights into your performance against industry benchmarks, and work together to develop plans for the quarter ahead.



Quarterly business reviews with our team can also keep you on top of how things are tracking and any shifts in consumer behaviour.



# About PayPal.

PayPal has remained at the forefront of digital transformations and online payments for more than 20 years. Our insights and innovation have helped drive growth for our merchants, with convenience, choice, and trust at our core.

Powered by PayPal Braintree, our enterprise solution is the payments platform supporting some of the UK's largest enterprises and some of the world's leading brands.

#### **Your partner in environmental sustainability**

We use a science-based approach to reduce our impact on the environment and take action to mitigate greenhouse gas emissions, efficiently manage our natural

resources, explore environmental innovations across our products and services, and engage our employees in sustainability. We've pledged net-zero carbon emissions by 2040 and have started the journey by powering all our data centres with 100% renewable energy.

### **Power forward with PayPal**

To tap into the power of PayPal and find out more about how we can help modernise your business, contact our utilities specialists today at [paypal.com.uk/utilities](https://paypal.com.uk/utilities).



We're a founding member of the [Climate Innovation for Adaptation and Resilience \(CIFAR\) Alliance](#) and fund a climate Task Force which launched the [Digital Finance for Climate Resilience Framework for Action](#).



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