



Visa Bill Payment Case Study: DTE Energy

Consumers and Utilities See Shift in Bill Payment Preferences

For more than a decade, consumers have been writing fewer checks and using credit and debit cards more frequently to pay household bills¹. As consumers are changing the way they pay household bills, Visa is actively working with billers across many industries, including utilities, to expand and facilitate card acceptance.

- In the last seven years, *card acceptance for utility payments has nearly doubled* from 41 percent to 81 percent².
- *More than two-thirds of consumers who buy online now pay a portion of their monthly bills using a credit or debit card*, and electronic payments are expected to double by 2012 and account for 10 percent of all consumer bill payments³.
- Meanwhile, the U.S. Postal Service reports a *steady decline in bills paid by mail*⁴.

Billers See Top and Bottom-Line Benefits of Card Acceptance

Billers report that credit and debit cards are a more efficient and effective way to collect revenue.

- **Payment is guaranteed.**
- **Cash flow is improved due to more rapid posting.**
- **Customers are more likely to setup direct billing.**

Utility providers can also experience improvement in operational efficiencies that go right to the bottom line, with lower costs for:

- **Payment processing and check handling**
- **Customer service**
- **Bill presentment**

In fact, Web-based bill presentment and payment can cost 60 percent less than traditional check-in-the-mail paper-based transactions⁵.

DTE Energy, a Detroit-based utility company, saw an opportunity to increase revenues collected *and* strengthen customer relationships by providing a convenient and easy way to pay with a debit or credit card, while reducing the cost of bill presentment and collection. In March 2009, as part of its customer-focused strategy, DTE Energy proactively made the decision to not charge its customers a convenience fee when they use payment cards to pay their utility bills.

While Visa generally prohibits merchants from charging fees for the use of Visa cards, billers may charge a convenience fee on Visa transactions that are made via an alternate payment channel and meet other requirements. The decision to include this convenience fee, however, is at the discretion of the biller.

DTE Customers Enjoy Convenient Way to Pay

Since waiving convenience fees, DTE Energy has benefited from more timely, efficient bill presentment and collection, as well as greater customer satisfaction. "I wanted to get eBill (paperless) and pay with a credit card, but I will never pay a fee to pay a bill; that's just absurd," said a Traverse City, Michigan resident and long-time customer of DTE Energy. "Now that there is no fee, I like saving paper by getting eBill and scheduling the exact day the payment will be made with my credit card."

"We clearly see an improvement in speed of payment, the ability for our customers to get immediate confirmation of payment so as to prevent shut-off of service and faster deposit of funds for us, which is a win-win situation for our customers and our shareholders. Based on the cash flow improvement, guarantee of payment and increased customer satisfaction; the benefits of doing away with convenience fees far outweigh the costs," said DTE Energy's Tim Sullivan.

U.S. utilities and other major billers like DTE Energy have embraced the acceptance of payment cards in order to reduce processing costs and speed collection of balances due.

For more information, visit www.visa.com/merchantbillpay

DTE Energy Enhances Customer Satisfaction and Revenue Collection

The electronic billing and payment process also has a real impact on customer satisfaction – a key performance indicator for energy delivery organizations – and utility companies are taking note.

1. Bureau of Economic Analysis, Nilson Report, PayStream Advisors, and Visa Estimates, 2007

2. Credit Card Acceptance, Chartwell Inc., September 2007

3. Aite Group, Using Card-Based Bill Pay to Attract Engaged Consumers, September 2008

4. United States Postal Service Household Diary Study, July 2008

5. Bill Presentment, Chartwell Inc., January 2007