

The Paylt™ Digital Government Adoption Index

The Path to Government Customer Experience 2.0

2024 Edition



Introduction

Digital government in North America is at a new inflection point

The last 10–15 years have seen state and local governments add digital channels for many services, and the pandemic accelerated this shift. But the lackluster customer experience in most online services has constrained end-user adoption — so the full promise of digital government has yet to be realized by agencies or the residents they serve.

Digital government is now poised to enter a new wave of innovation, as agencies and their vendors take stock of modernization outcomes. NASCIO reports that its members [cite citizen experience and digital service delivery](#) in 2024, recognizing that broader use of digital will unlock efficiency gains, raise resident satisfaction, and improve access. They aim to upgrade digital experiences to be more intuitive, customer-centric, and easy to use.

We call this Government Customer Experience (CX) 2.0.

Where the first wave of digital government focused on simply offering an online option for some services, Government CX 2.0:

- Prioritizes **digital as the primary means** of service delivery
- **Designs around the customer** rather than agency processes
- Drives **measurable outcomes** for agencies and the residents they serve

But [customer-centric digital service delivery](#) faces headwinds. Government employees deal with complexity that makes it hard to innovate fast. Compounding the problem: Public sector-focused tech vendors often bring antiquated thinking and sub-par solutions to the table. They influence purchasing decisions back towards the status quo — short-changing agencies and residents alike.

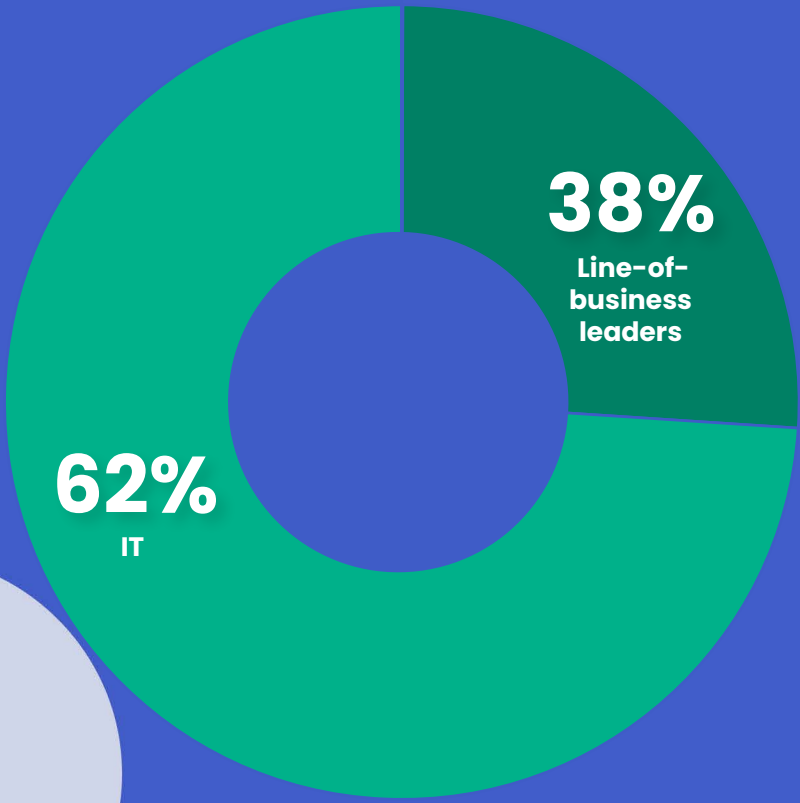
About the survey

To better understand the progress made thus far, as well as the road ahead, we surveyed 2000+ consumers and 600+ government leaders across North America. Our research explores the reality on the ground, in agencies, and among the residents they serve, to better understand the path to Government CX 2.0.

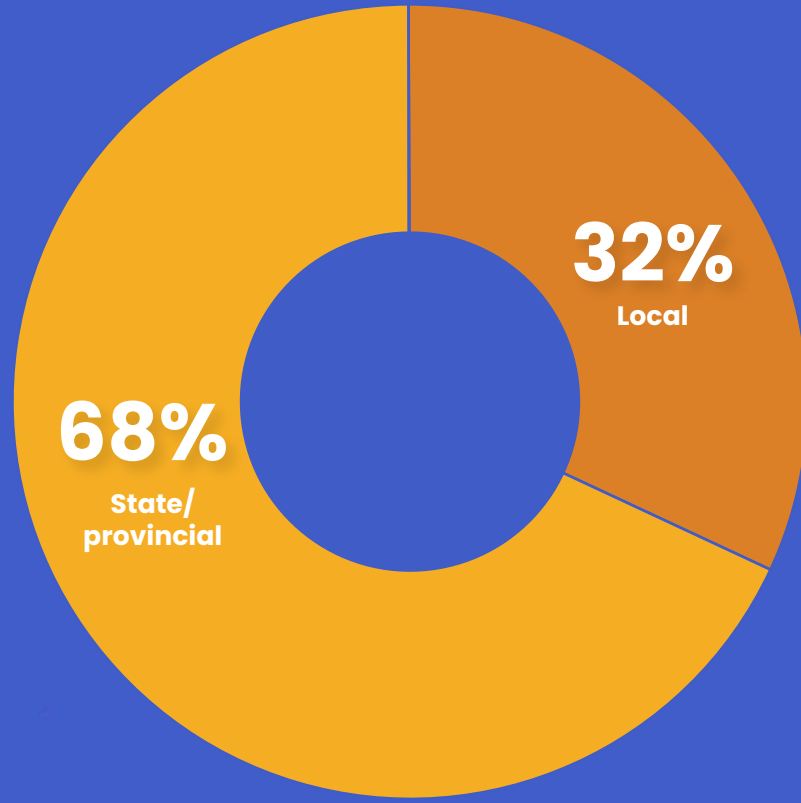


Government leader respondents at a glance n = 611

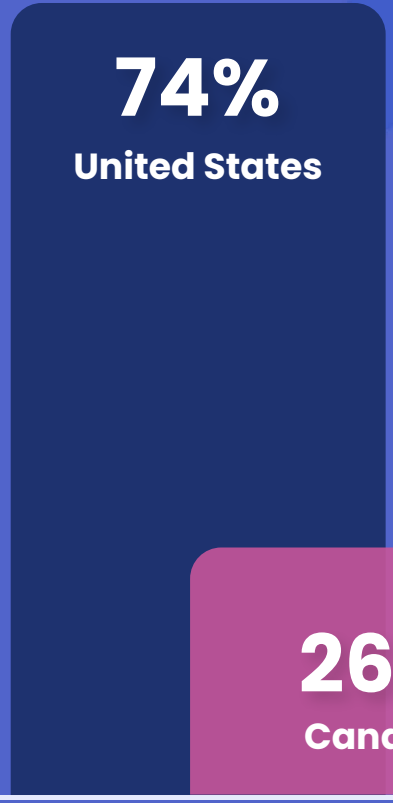
Role in Agency



Jurisdictional Level



Country



Government Findings

Government leaders want measurable outcomes from digital services

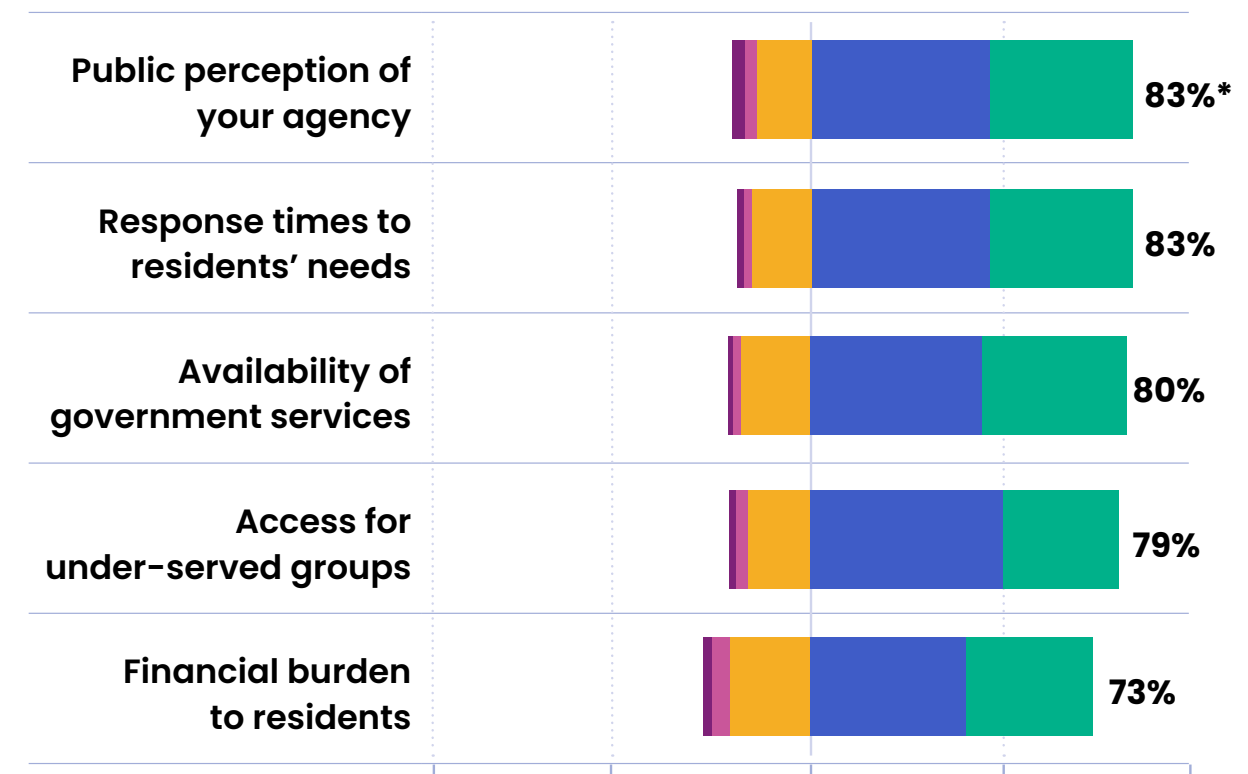
In the second wave of digital government, service upgrades are driven by tangible benefits to the agency and residents alike. When asked to rank the top three outcomes sought from upgrading or adding a digital customer experience and payments platform, two outcomes were most frequently cited: **saves my agency money through efficiency gains** and **improving resident satisfaction and trust** were both chosen by 33% of respondents.

Other outcomes frequently cited as important:

- **Collecting revenue faster (32%)**
- **Easier to provide customer support (31%)**
- **Collecting payments for many different services in one place (30%)**

Agencies are betting on digital platform upgrades to free up resources in order to focus on improving service for their community: decreasing wait times, increasing access to government services, and simplifying interactions – all of which ultimately boost the public’s perception of their local government.

How could a well-adopted digital customer experience and payments platform impact the following:



*Percentage selecting somewhat or very positively



But end-user adoption is critical to achieving the benefits

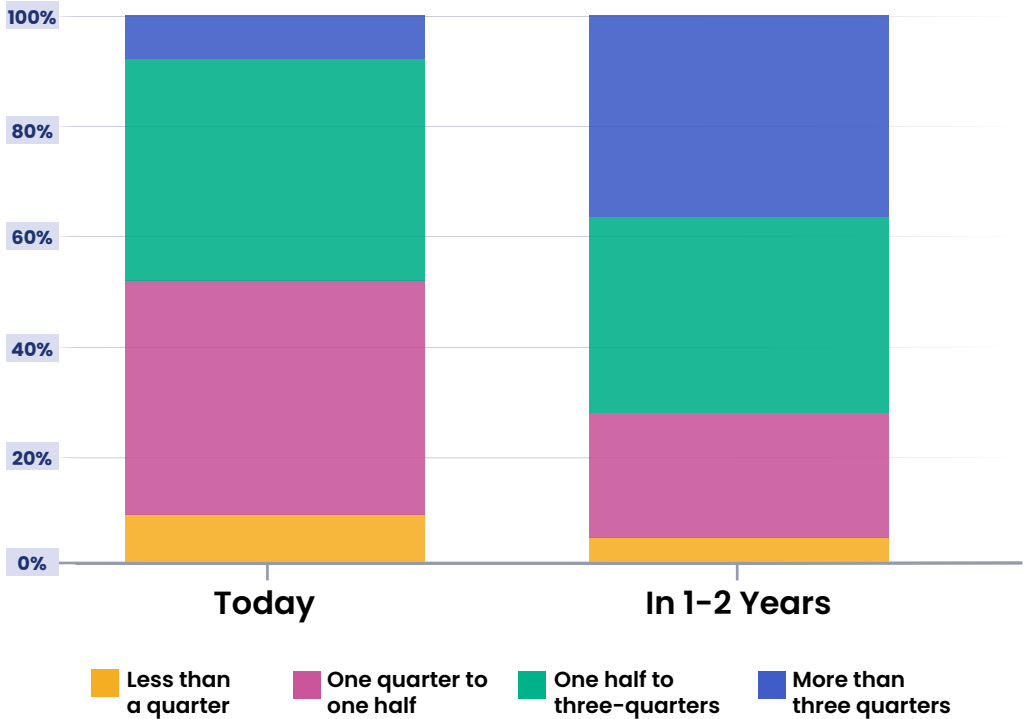
Agency leaders understand the benefits of digital and are eager to see more interactions transition online. Today, an average of 51% of resident payments are collected online. Continued channel shift is a priority: respondents set an average target of 65% online adoption in the next 1-2 years. Further, **37% of respondents want to see more than three-quarters of payments online.**

This is where the shift to Government CX 2.0 comes into play. The first-wave model of simply adding a payment gateway to a clunky government website limits adoption, because this approach is designed around back-end processes and systems without taking into account the customer experience.

As a result, users often struggle to find their payment amount, wonder if the transaction was completed effectively, or just can't figure out how to make the system work.



Percentage of payments made digitally today, and desired proportion of digital payments in 1-2 years.



Competing priorities impede progress

Given how keen agency leaders are to realize broader digital adoption, why haven't they been able to prioritize this aspect of modernization?

We asked agencies what barriers they face when implementing or upgrading a digital customer experience and payments platform in their organization.

Modernization projects have to overcome a variety of challenges and compete for scarce resources in order to cross the finish line. Even worse, when an agency already has some form of online access, no matter how inelegant or poorly adopted it may be, it can undermine the urgency to upgrade.

The result: Many agencies are stuck with clunky payment tech that fails to drive meaningful channel shift. **Nearly two-thirds (64%) of consumer respondents reported at least one challenge related to completing payments online.**



What is the single largest barrier to implementing or upgrading a digital customer experience and payments platform in your organization? (Top 3 most frequent responses)

- 1 | Competing IT priorities
- 2 | Procurement processes and rules
- 3 | Budget constraints



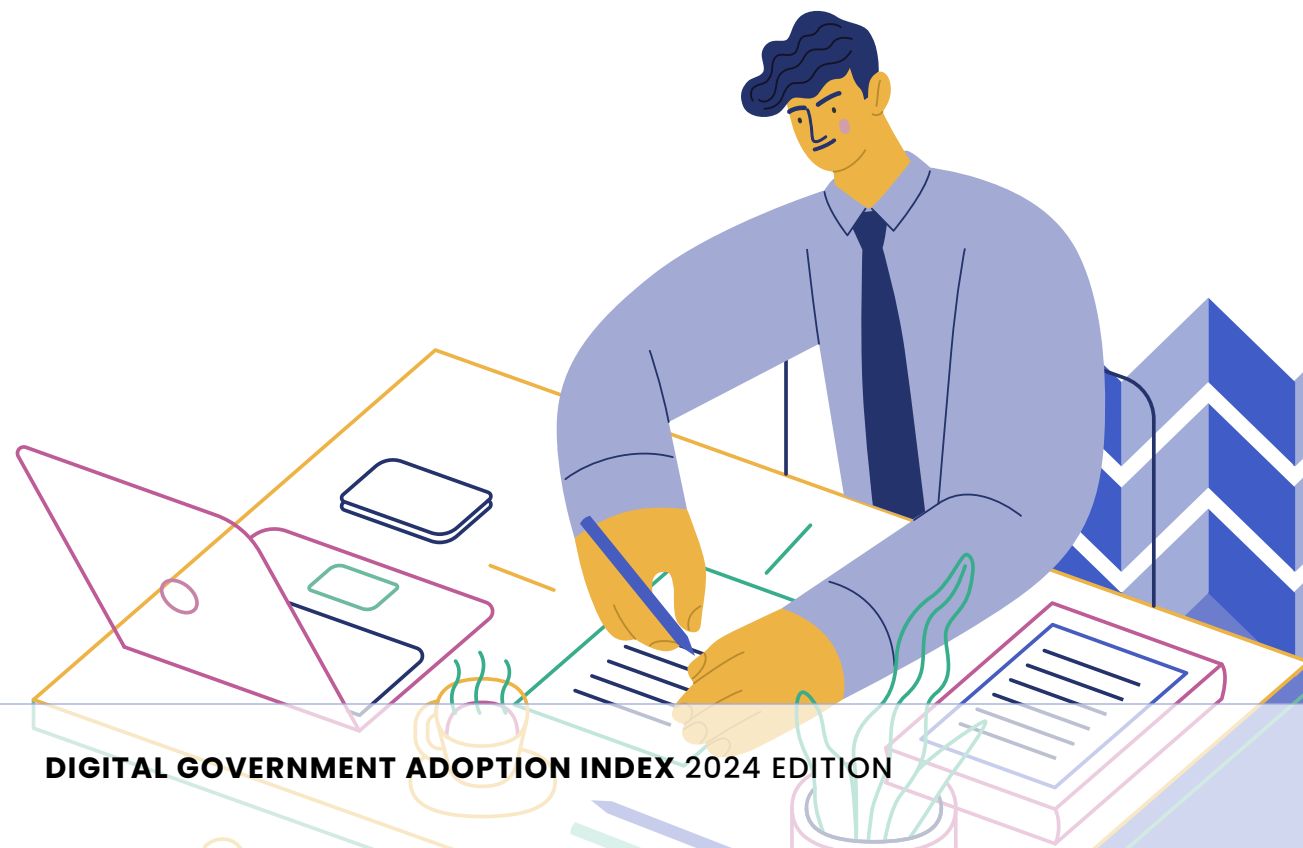
- 1 | Competing IT priorities
- 2 | Organizational resistance to change
- 3 | Budget constraints

Upgrading the employee experience in government

As state and local government agencies contend with [ongoing challenges](#) in [acquiring and retaining talent](#), improvements in digital service delivery can be a retention tool. In 2023, 650,000 public sector jobs remained vacant, impacted by the Great Resignation and the “silver tsunami” of public-sector retirements that outpace hiring. In a recent survey by the Public Sector HR Association, **46% of HR officials reported that it is getting harder to fill finance roles** and **64% said it is getting harder to fill IT roles**. These staff vacancies present an additional challenge in driving modernization projects forward: a lack of professionals to do the work.

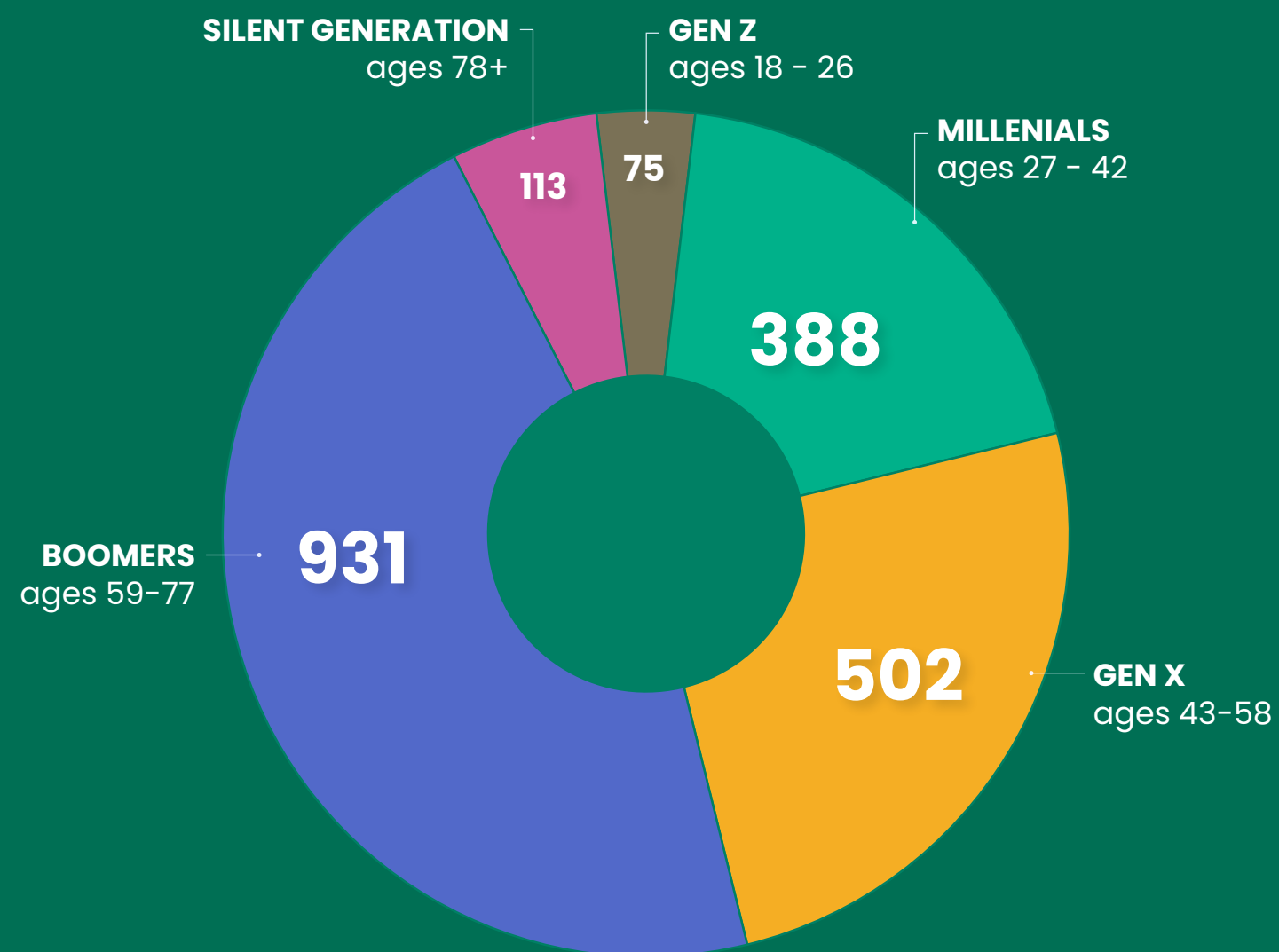
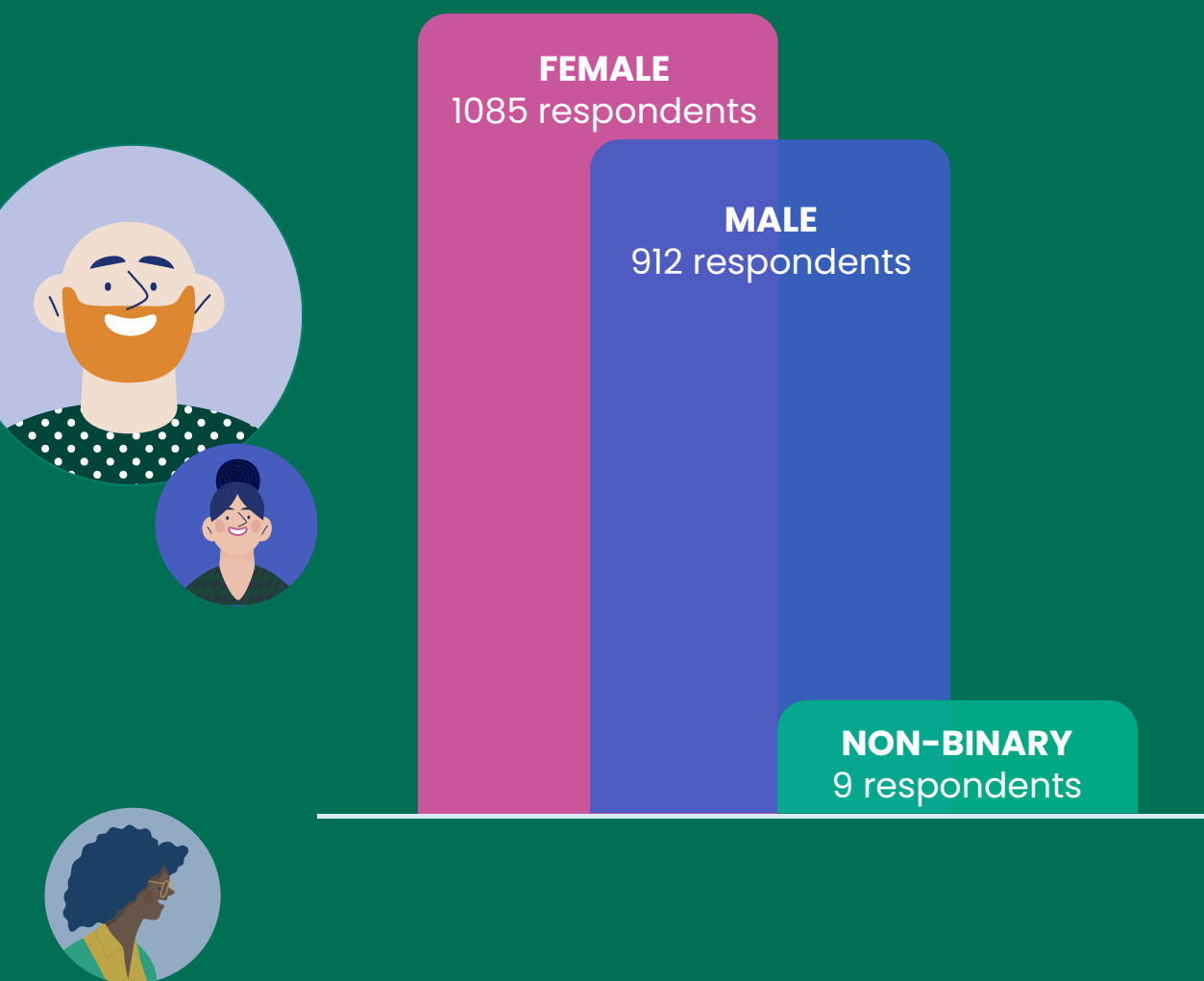
Even so, respondents are bullish about the impact of digital government on overall job satisfaction: **Eighty-three percent of respondents expect the transition to digital government to enhance or positively impact the overall job satisfaction and engagement of employees in their organization.**

Reducing redundant manual tasks and providing better tools to support customers [improves employee satisfaction](#). As additional residents transition to digital channels, agency leadership has the opportunity to redeploy talented staff to more strategic projects and programs.





Resident respondents at a glance n = 2009



Consumer Findings

Residents are ready for the next wave, too

Just as government agencies recognize the benefits of improving online service delivery, consumer expectations for digital government continue to grow. Residents expect digital government interactions to mirror the other digital experiences they have in areas like shopping, healthcare, banking, transportation, education, and more.

The majority (67%) of our consumer respondents paid online the last time they had a government-related bill to pay, while only one in four paid in person, and even fewer (9%) paid via mail or IVR.

And what about the slow adopters — the one in three people who did not pay online? Even they are starting to shift. **More than half (52%) of those who did not use online channels before said they are likely to pay online next time.**

As for the 48% who do not expect to engage digitally, they mostly cite personal preference (56%) or security concerns (42%) as the main reasons. Government agency leaders should make note of these concerns and reinforce the heightened compliance and security protocols that protect digital government interactions.

Accessing services digitally creates a virtuous cycle of re-use:

93% of those who paid a government agency online last time are likely to do so again

77% expect to access other/additional government services online after they have had a positive experience paying online

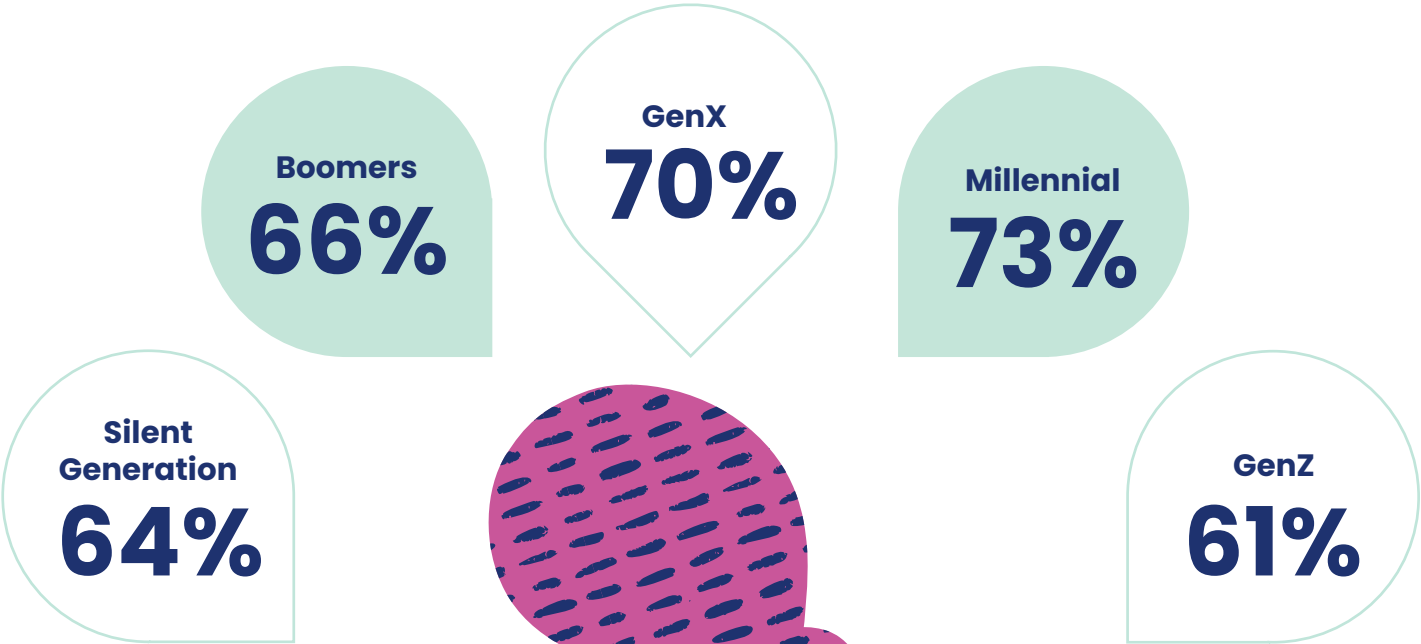


Digital government is for the young – and the young at heart

It's a common misconception that younger generations (so-called "digital natives") are the majority of people using digital government services. Through our survey we discovered that **age has even less bearing on the likelihood of paying online than we expected.**

As GenZ emerges into adulthood, we expect that generation's rate of digital government adoption to increase significantly. But many GenZ-ers have not yet reached a life stage that requires them to pay taxes or complete other government transactions. Motivators to pay online, however, have interesting generational dynamics. We asked how various factors impact the likelihood of paying online.

Percentage of respondents who have transacted online, by generation:



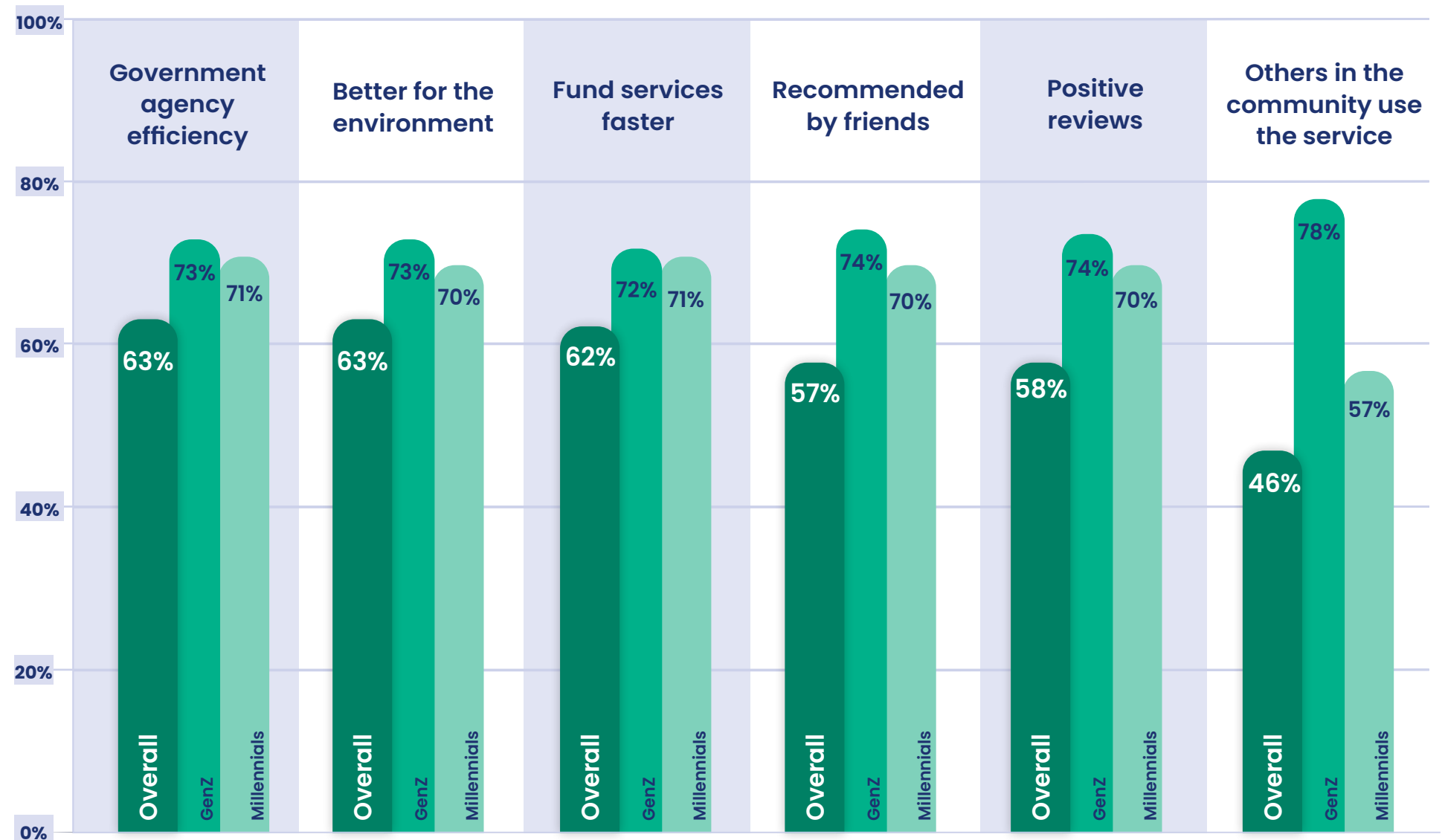
Encouraging the shift to digital

Motivators to pay online have interesting generational dynamics. We asked consumer respondents how various factors impact the likelihood of paying online.

While respondents are fairly universally (82%) motivated by convenience, **GenZ and Millennials are more commonly influenced by their peer groups as well as aspirational outcomes for a better environment and greater good.**

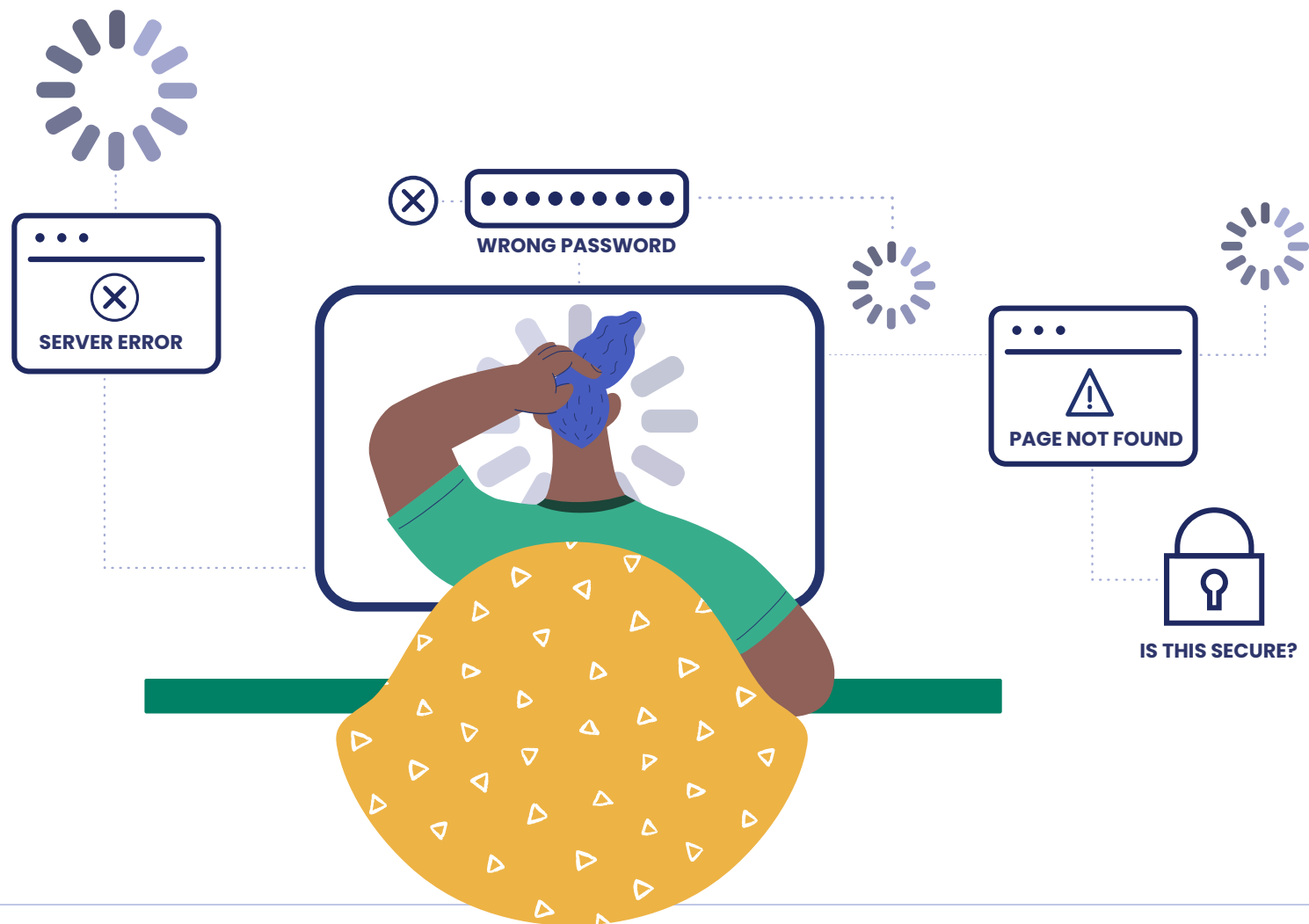
As leaders in government agencies consider how to communicate and promote digital services, we encourage them to **reach beyond the obvious convenience benefits and share the real impacts to sustainability. Operational efficiencies lead to better funding essential services** driven by the shift to online. For residents who are still evaluating whether to pay online, these factors could be the difference maker.

How would each of the following impact the likelihood of your making payments to your state or local government online?



Easy is harder than it looks

Residents still encounter difficulty navigating government digital channels. **Sixty-four percent of people who paid online cited at least one challenge in the process.** Government leaders have an opportunity to continue to improve the end-user experience.



Problem	Percentage of residents who experienced it
Technical glitches: slow loading times, errors during payment processing	22%
Difficulty navigating through the process to pay	17%
Worried that my transaction was not secure	16%
Difficulty finding where to pay online	15%
Not able to use my preferred payment method	12%
Did not receive a receipt or needed documentation after transaction	11%
No way to pay in installments	11%
Challenges finding my specific bill amount or other information needed to complete payment	10%
Did not receive confirmation that my payment was successfully completed	10%

All too aware of these challenges, government leaders cited ease of use at the top of their wishlist as they look to upgrade their customer experience.



Which of the following features are most important when selecting a customer experience and digital payments platform?

(Assume that government-standard security and payment compliance is already included.)

1 | Easy for residents to use

2 | Cost effectiveness

3 | Easy for my team to use

IT'S
A TIE!

Integration and compatibility with other systems in place

Offers comprehensive set of payment methods

Improving the user experience for everyone pays dividends in both resident and employee satisfaction. But it's important to clarify exactly what easy means.

For residents, make it easy to find and pay a bill using their preferred method. Provide confirmation, receipts, and documentation — and enable the user to store them in their account.

For agency users: make the software intuitive and easy to learn, with a single pane of glass to see transaction activity, reconcile revenue, and support residents who have questions. As other government systems modernize, worker satisfaction will grow.



What's Ahead

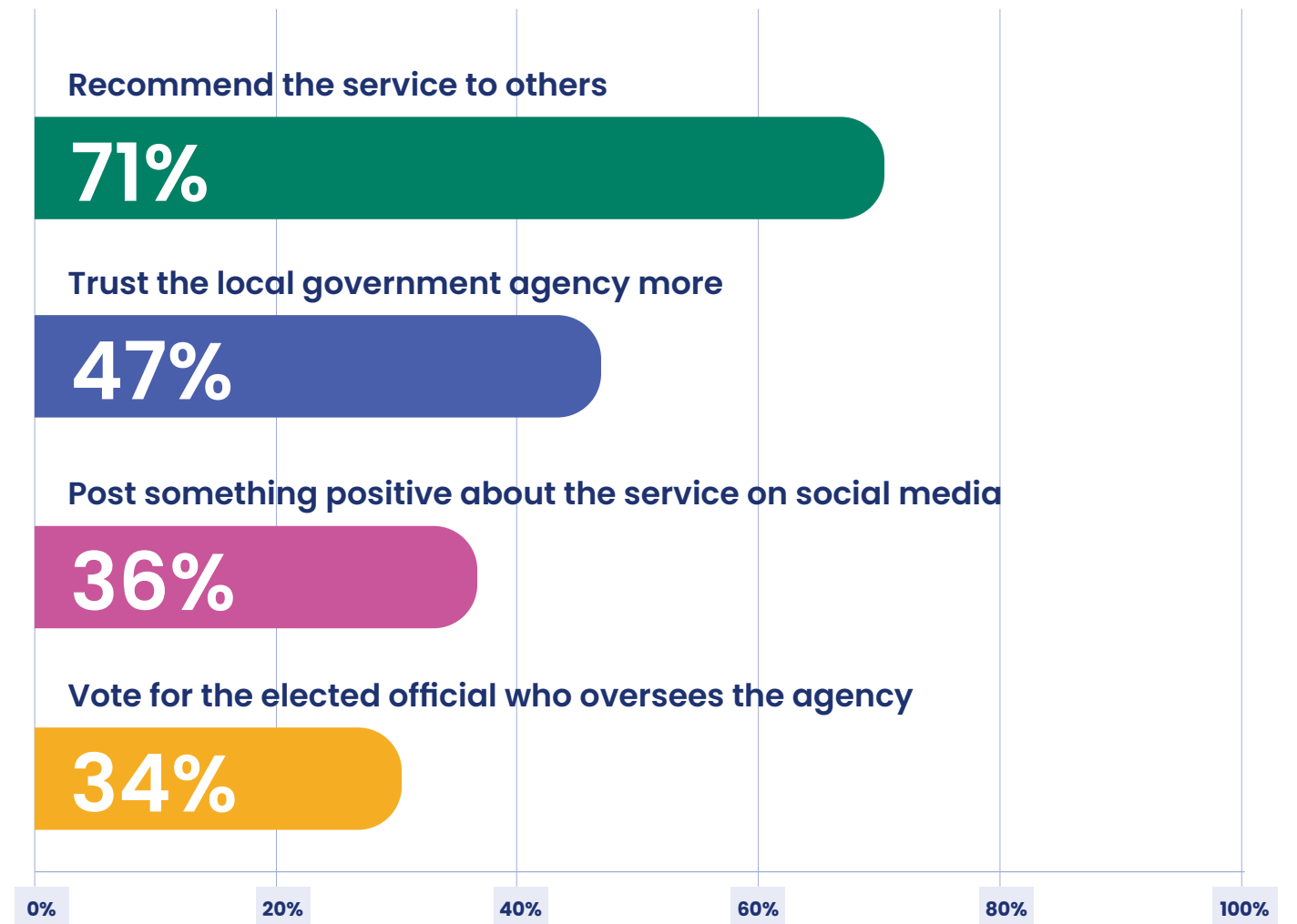
The road to Government CX 2.0

Digital government is here to stay — and it sits at an inflection point as agency leaders look to drive adoption of digital services to unlock efficiency benefits, improve customer service, and deepen resident trust.

Consumers want digital government. Residents are much more likely to recommend services to others and trust their government when they have a positive experience online. And 1 in 3 respondents will go so far as to recall their digital experience when they head to the ballot box. An online payment might be the only regular interaction many residents have with their government. From a relationship standpoint, it becomes a critical point of interaction.



If you paid your government bills online and had a good experience with it, how likely or unlikely would you be to do each of the following?



As government leaders embark on the journey towards Government CX 2.0, three themes should guide their behavior: **Community, Collaboration, and Communication.**

Community.

Government agency leaders planning the [next generation of digital services](#) should **actively seek feedback from their community** to inform service design. Agencies must consider what is right for their community. This could mean providing services in several languages, offering a way to pay in cash or via an installment plan, or simply ensuring that the service feels like part of the local culture.

Use surveys and focus groups to identify the right things to prioritize. Mine your customer support call data to find out where users get stuck or frustrated. And expect to iterate: Deliver the best solution you can deliver quickly, but add features over time to make it better.

Collaboration.

Departments within an agency are often siloed, but that doesn't mean the resident experience has to be. Providing great digital services that encourage user adoption will require agencies to lean into interdisciplinary collaboration and strategic planning for a digital future that spans different government silos.

Involve IT, business leaders, elected officials, appointed officials, and career professionals in the dialogue. Why? This prevents technology that is a solution to a problem that doesn't exist or mismatched to the real needs of the agencies using it.



Communication.

Although customers want to access government digitally, agency leaders must be **proactive with communication about digital services** to drive awareness about their availability and persuade residents, especially those who are hesitant, to adopt the digital channel. Some specific tips:

1. The majority of consumers (61%) expect to easily find information on an agency's website, so **make sure your website is clear and simple to navigate.**
2. Consumers are looking at mailed bills, and 57% of customers expect to be able to find details on digital payment options on every bill. **Include a QR code to make the digital option easy to access.**
3. Help your residents find the information they need. Thirty percent of respondents turned to search engines to find how to pay, but 15% said they couldn't find it. **Ensure that your website has clear instructions for how to pay online.**
4. **Provide security and privacy information** upfront and often to overcome one of the chief reasons that laggards are hesitant to adopt digital.
5. **Encourage people to post reviews, share on social media, and recommend to friends.** This helps others learn about the service and can help adoption snowball.



Tackling competing IT priorities

Although the need for modernization across the entirety of government systems is important, IT investments should be prioritized on their impact based on agency outcomes. With that in mind, some considerations:

- In most cases, the benefits of digital in driving agency efficiency and mission achievement are best realized when the majority of residents use online channels. **Make user experience a foundational aspect of the project scope.**
- **Tackle trade-offs collaboratively.** Since line of business leaders and IT pros sometimes operate in different contexts, it's important for everyone to have a voice in the prioritization exercises that are a natural part of every modernization project.
- **Consider buying instead of building.** Although government leaders may assume their requirements are too unique for an off-the-shelf software solution to meet, this is no longer the norm. Configurability and composability are now the norm in cloud software, making it suitable for a wide range of public sector nuances.
- **Think differently about procurement.** What got you here, won't get you there. Research the state of the art of digital customer experience before writing requirements. Look at public and private sector examples, and aim for the best. Even more important: Choose solutions based on the outcomes they drive rather than the features they include.



Conclusion

Keeping everyone's eyes on the prize

The road to Government CX 2.0 can seem long and challenging, but the benefits are significant. We encourage government leaders to think big.

What would it mean to have 90% adoption of digital channels in the next few years? What might you do with the newly-freed people and budget no longer dedicated to customer support or manual processes? What would it mean for your community if you accelerated revenue collection? What could a cohesive resident experience that spans multiple agencies and payments do for the government agency and the residents you serve?

Considering questions like these will generate excitement and enthusiasm for the road ahead.



Additional resources



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Methodological note

This survey was conducted online within the United States and Canada by The Harris Poll on behalf of Paylt from September–December, 2023, among 2,009 adults ages 18 and older who have previously made a payment to the government (n=1000 from the United States and n=1009 from Canada) and among 611 managerial-level government employees who have technical input into payment systems (n=450 from the United States and n=161 from Canada). The general population in the US data are weighted where necessary by age, gender, race/ethnicity, region, education, marital status, household size, household income, and propensity to be online to bring them in line with their actual proportions in the population. The sampling precision of Harris online polls is measured by using a Bayesian credible interval. For the US general population of this study, the sample data is accurate to within +/- 4.59 percentage points using a 95% confidence level. The general population in Canada data are weighted where necessary by age, gender, race, region, education, marital status, household size, and knowledge of official languages. For the Canada general population of this study, the sample data is accurate to within +/- 4.20 percentage points using a 95% confidence level. The managerial-level government employees who have technical input into payment systems data was not weighted. For the US managerial-level data of this study, is accurate to within +/- 5.63 percentage points using a 95% confidence level and the Canada managerial-level data of this study, is accurate to within +/- 9.20 percentage points using a 95% confidence level. For complete survey methodology, including weighting variables and subgroup sample sizes, please contact us at press@payitgov.com.

About PayIt

PayIt enables state and local government agencies to deliver a great resident payments experience that accelerates the shift to digital. Agencies choose PayIt to better achieve their mission through improved operational efficiency, customer support, and resident satisfaction. Our solutions span property tax, courts, utilities, DMV, outdoors, and more. PayIt provides a single resident profile across agencies and jurisdictions, integrates into back-office and adjacent systems, and our team helps clients drive adoption of digital channels. Serving more than 100 million residents in North America, we have received awards from Fast Company and StateScoop, and have been listed in the GovTech 100 for 8 years and counting.



To learn more, visit www.payitgov.com

