

The Paylt[™] Digital Government Adoption Index

Creating Digital Dividends
for Agency Operations
and Resident Satisfaction

2025 Edition



Government modernization: It's time to think bigger

Government agencies are using technology to meet the needs of their residents in new ways, improving the customer experience and at the same time driving improved efficiency in their operations. As they contend with the tradeoffs and challenges of modernization, business and IT leaders in government organizations recognize the significant benefits of shifting services to digital — and that they cannot achieve their targeted operational outcomes without delivering a better digital experience for residents.

This area of government modernization stands out for its mutual benefit to agency operations and resident satisfaction. While most government modernization projects require difficult prioritization tradeoffs, the broad value of modern digital payments and customer experience is hard to match.

Digitizing resident transactions creates a mutual dividend for agencies and residents that compounds over time: resident satisfaction and trust grow, agencies reduce manual processes and shorten time to revenue, freeing resources for improved service delivery. This in turn continues to increase benefits to the resident.



From 2023 to 2024, we have had a 26% increase in the volume of dollars that is not coming in through the office and a 17% increase in transaction volume. The faster we can get a dollar into the Treasurer's Office, the faster we can put it to use. The investment revenue the county has made is equivalent to about a 13% tax increase, which wouldn't have been achieved without the increased cash flows.

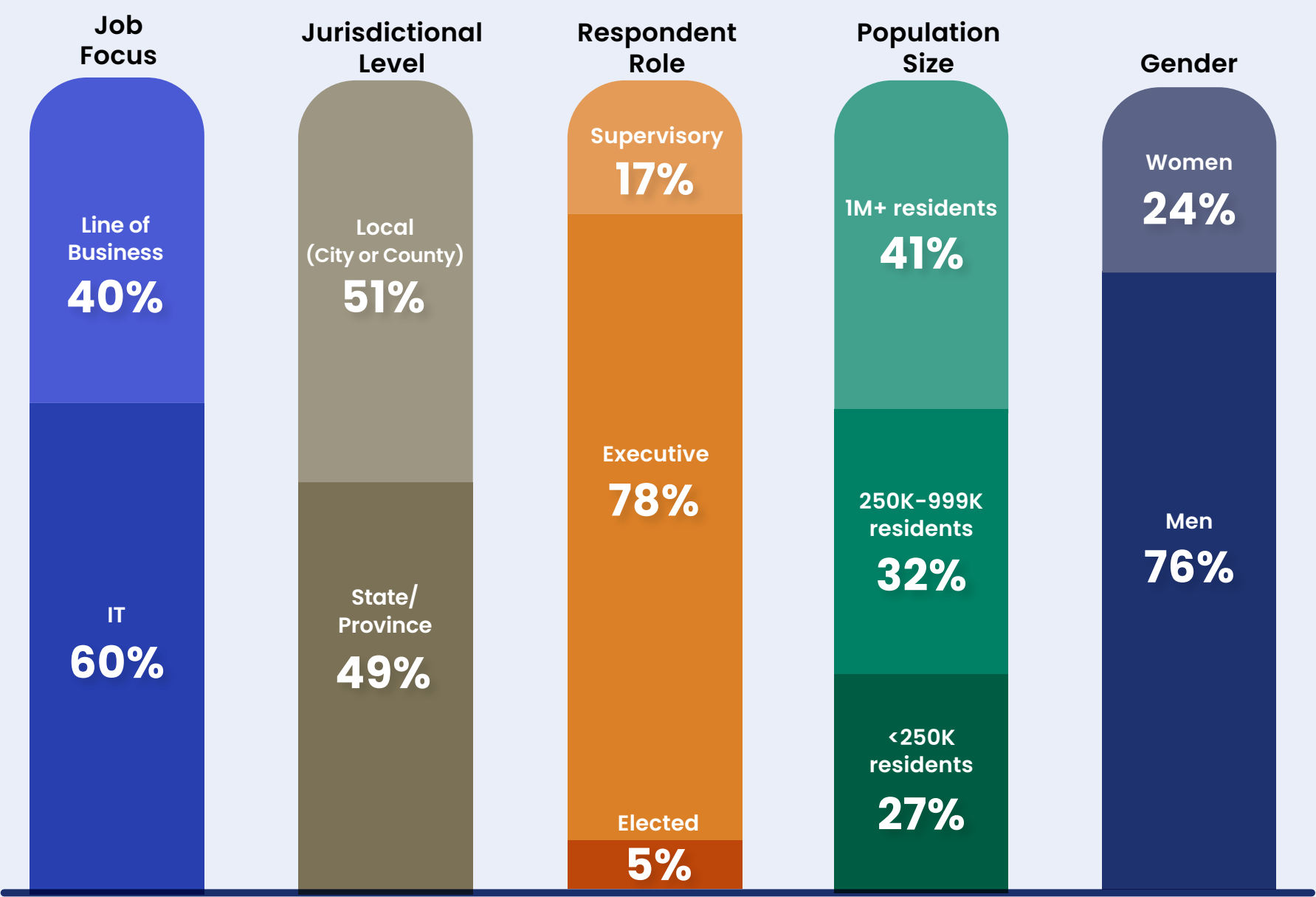
> Maria Walls
County Treasurer for Beaufort County,
South Carolina

Now more than ever, public sector leaders should evaluate modernization projects through the lens of this mutual digital dividend, looking for solutions that drive more traffic to digital channels and accelerate the benefits to their agency.

With mutual benefits top of mind, we studied the state of customer experience and payments through a survey of IT and business leaders in city, county, and state/provincial government agencies to understand our progress toward achieving the digital dividend. Our findings explore key insights that will help public sector leaders evaluate, plan, and execute digital service improvements.



Government leader respondents at a glance



Breakdown of respondents, from left to right: IT/LOB, Province or state vs. local, elected/exec/supervisory, jurisdiction size, gender. n = 600

STUDY METHODOLOGY

Our survey was conducted in January 2025 via The Harris Poll. For this survey, our respondent sample comprised 600 IT and government line-of-business leaders from across the US and Canada. We balanced our sample to ensure broad representation across respondent roles as well as jurisdictional level and size. n = 600



The mandate: Modernization must produce meaningful business outcomes

The modernization journey always requires tradeoffs, and government agencies prioritize technology projects that improve internal effectiveness and efficiency — especially regarding financial management. To hit the mark, modern solutions must:

- ▶▶▶ **Improve the speed** and accuracy of internal decisions
- ▶▶▶ **Streamline repetitive reconciliation** processes and reduce manual tasks
- ▶▶▶ **Decrease time** to revenue so services are funded faster

Technology that helps agencies make these advances is integral to modernizing public services and adapting to evolving resident expectations.

New tech, new expectations

Along with improving government service delivery for residents, digitization has transformed the day-to-day work of government staff. Tasks like analyzing large data sets, financial reconciliation, and funds disbursement can now be automated or refined, eliminating or simplifying manual processes, minimizing errors, and improving security. As modern tech has improved workflows for public sector staff, leaders in these agencies have raised their expectations for government technology.

83% of respondents said upgrading to a modern digital payments platform would positively impact job satisfaction and engagement.

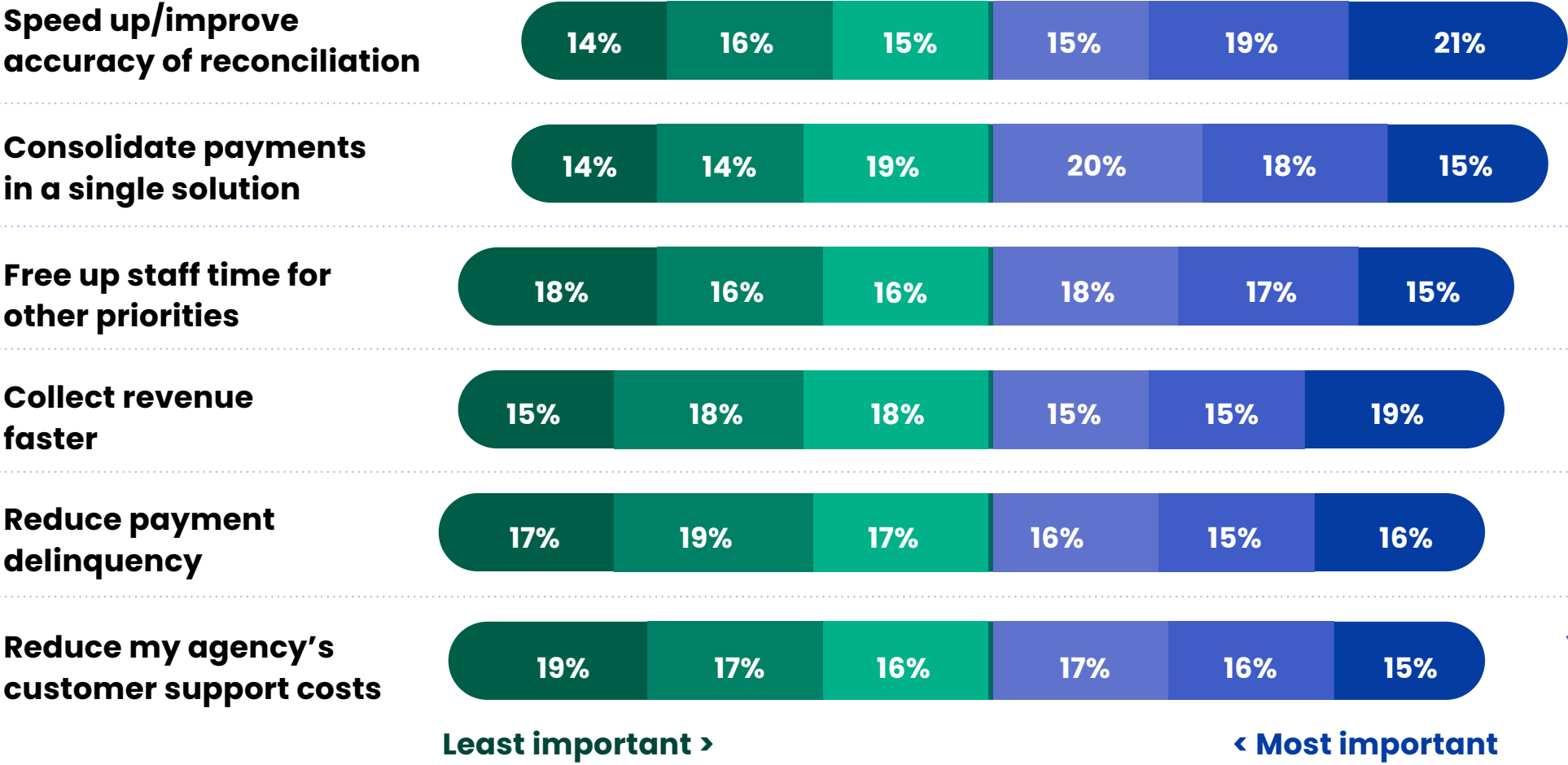




When we asked respondents about what business outcomes they were most likely to expect from government technology, the top priorities go hand-in-hand with improving financial operations. Speedy and accurate financial management topped the list, with consolidation of fragmented digital payment portals coming in a close second.

Understandably, public sector leaders recognize the inherent inefficiency and error-prone nature of manually compiling transaction data from multiple processors — a time-consuming task that modern technology can solve.

Relative ranking of business outcomes from digital payments and customer experience platform



Asked to rank the importance of various business outcomes derived from a modern customer experience and payments platform, improved reconciliation topped the list for 1 of every 5 respondents. 55% of respondents ranked this outcome in their top 3. n=596



Other “more important” outcomes included collecting revenue faster and reducing payment delinquency — again, signaling the importance that government leaders are placing on measurable financial benefits from technical solutions.

We’ve had similar results in past research: When asked about the benefits of a modern payments solution, respondents highly ranked measurable business outcomes like faster revenue collection and cost savings via efficiency gains.

Payments are made more quickly with a streamlined procedure, which also cuts down on support phone calls and lines.

> Elected Official from a large municipality in the U.S.

Streamlined operations reduce administrative overhead for governments, allowing resources to be redirected to other community priorities.

> Executive IT leader from a medium-sized municipality in the U.S.

Digital payments move money faster. When payments are slow to arrive or be processed (e.g., paper checks), both financial management and customer experience suffer. When more payments are digital, cash flows are improved and reconciliation time decreases.

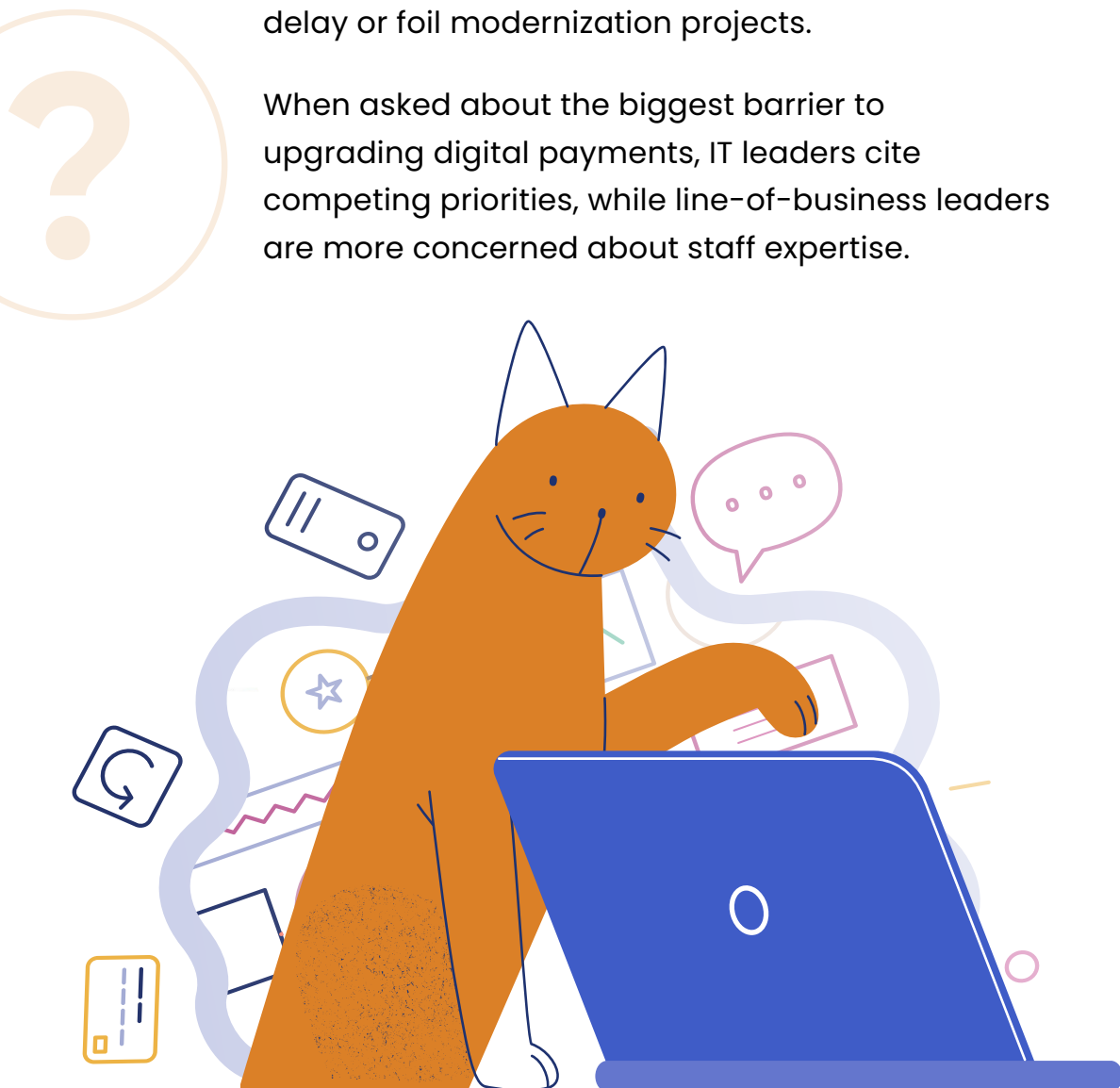
Almost half of the respondents selected “freeing up staff time” as one of their most important target business outcomes. Instead of tech taking away jobs, technical solutions give staff more time for community engagement and projects requiring human judgment.

Customer support improvements rounded out the list of targeted business benefits. Using digital solutions to reduce agency customer support costs and make customer support easier has been a common thread alongside the other efficiency gains described above.

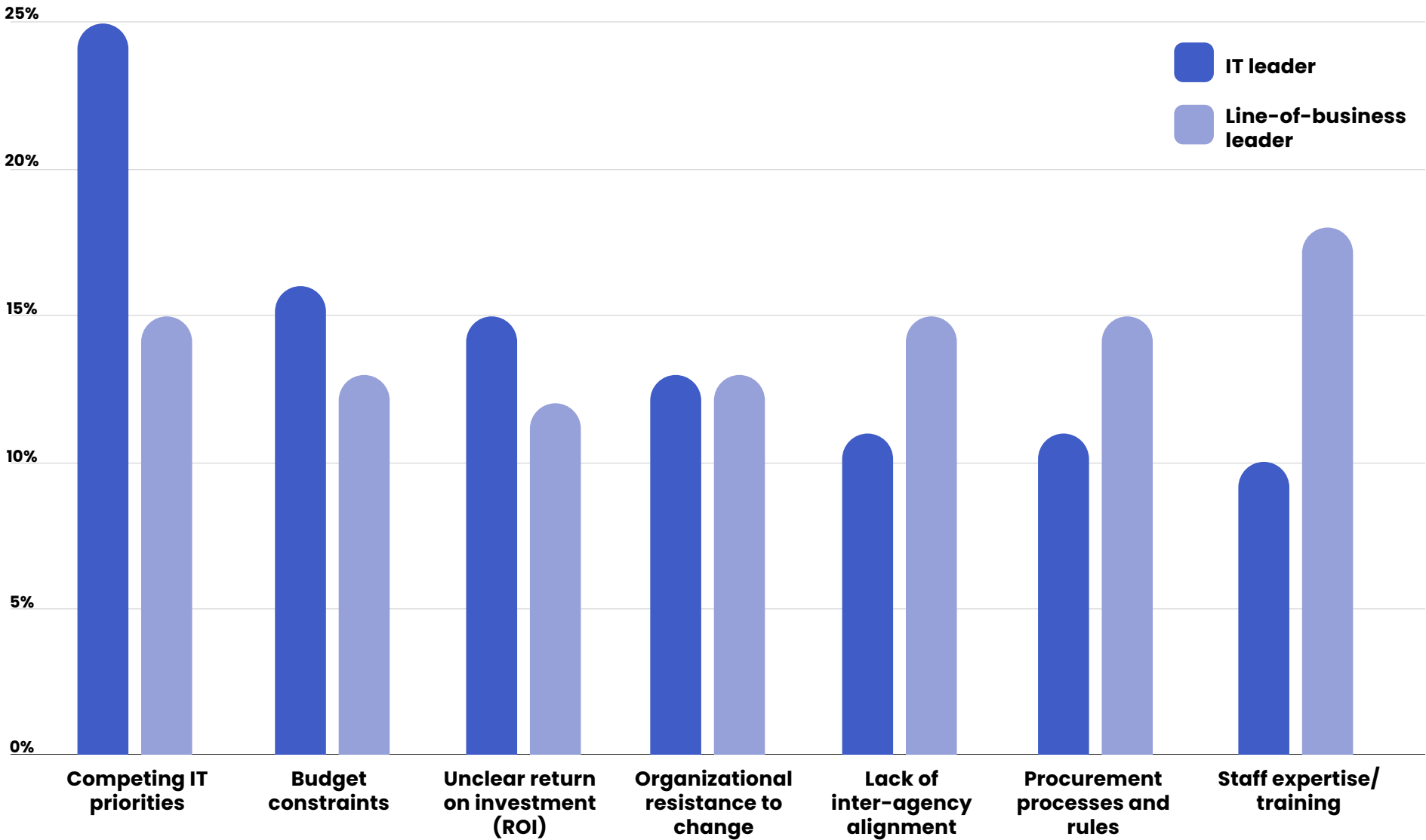
Government modernization can feel like herding cats

There’s no shortage of challenges in digital government. Not only do agencies have to provide vital services to residents but they also need to maintain business continuity internally throughout modernization projects. Competing priorities, limited funding, and trouble proving ROI often delay or foil modernization projects.

When asked about the biggest barrier to upgrading digital payments, IT leaders cite competing priorities, while line-of-business leaders are more concerned about staff expertise.



Single greatest barrier to implementing or upgrading a digital payments and customer experience platform

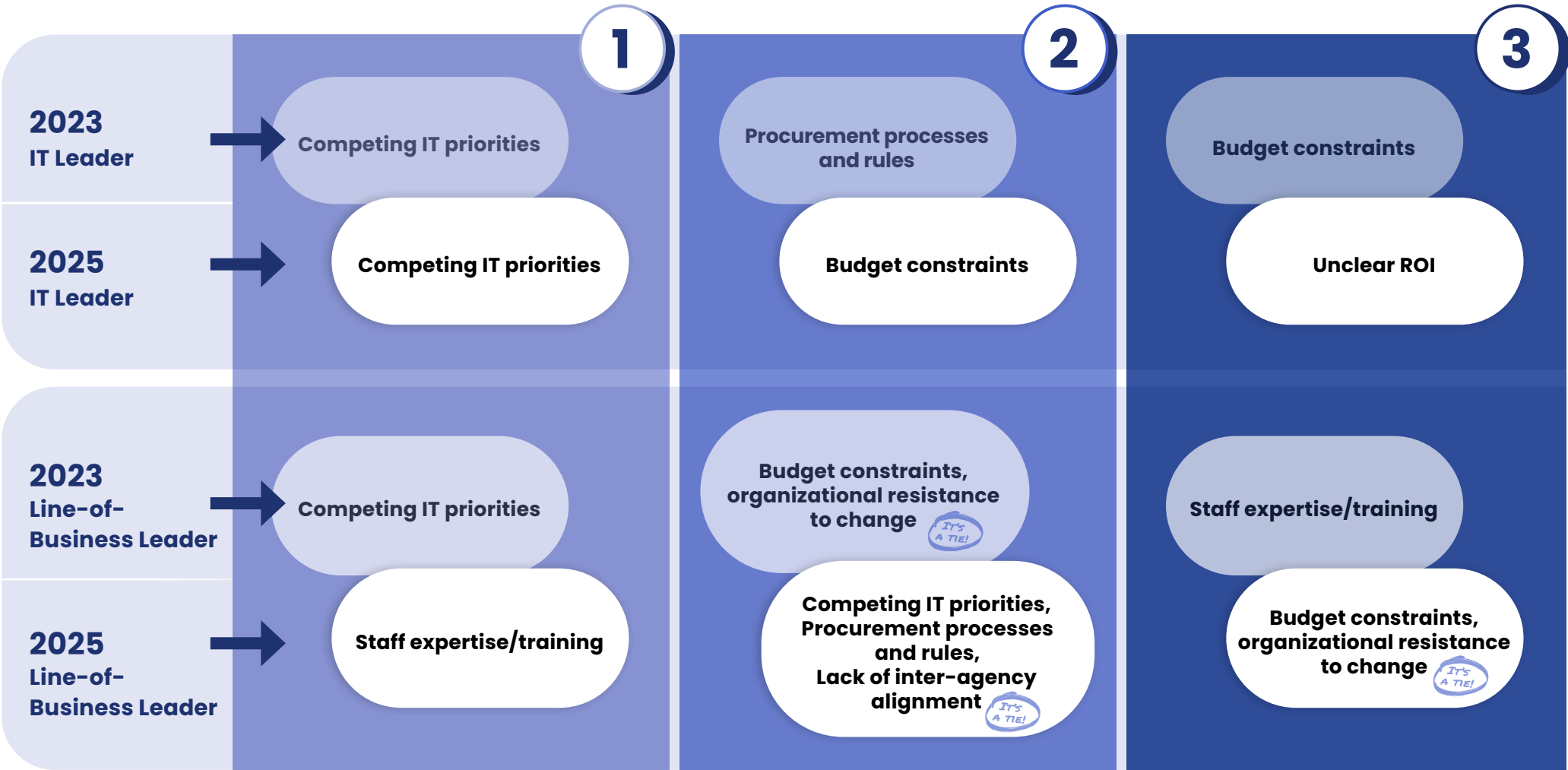


Line-of-business and IT leaders see different challenges to improving their digital payments experience, with IT leaders most frequently citing competing priorities and LOB leaders most frequently citing a lack of staff expertise. n=600, with 360 IT and 240 LOB

Respondents working for state agencies selected competing IT priorities as the largest barrier and local leaders are most concerned about staff expertise — reflecting the constrained IT resources that many local government agencies are dealing with. (City leaders consistently report that they need more IT talent experienced with cybersecurity, data analytics, application building, and AI modeling.)

Competing IT priorities was most frequently cited as the single largest barrier for IT and line-of-business leaders in the past 2 years we have conducted the study. But from 2023 to 2025, IT leaders became increasingly concerned about cost management and ROI, whereas line-of-business leaders are more concerned year-over-year with organizational resistance to change and agency alignment.

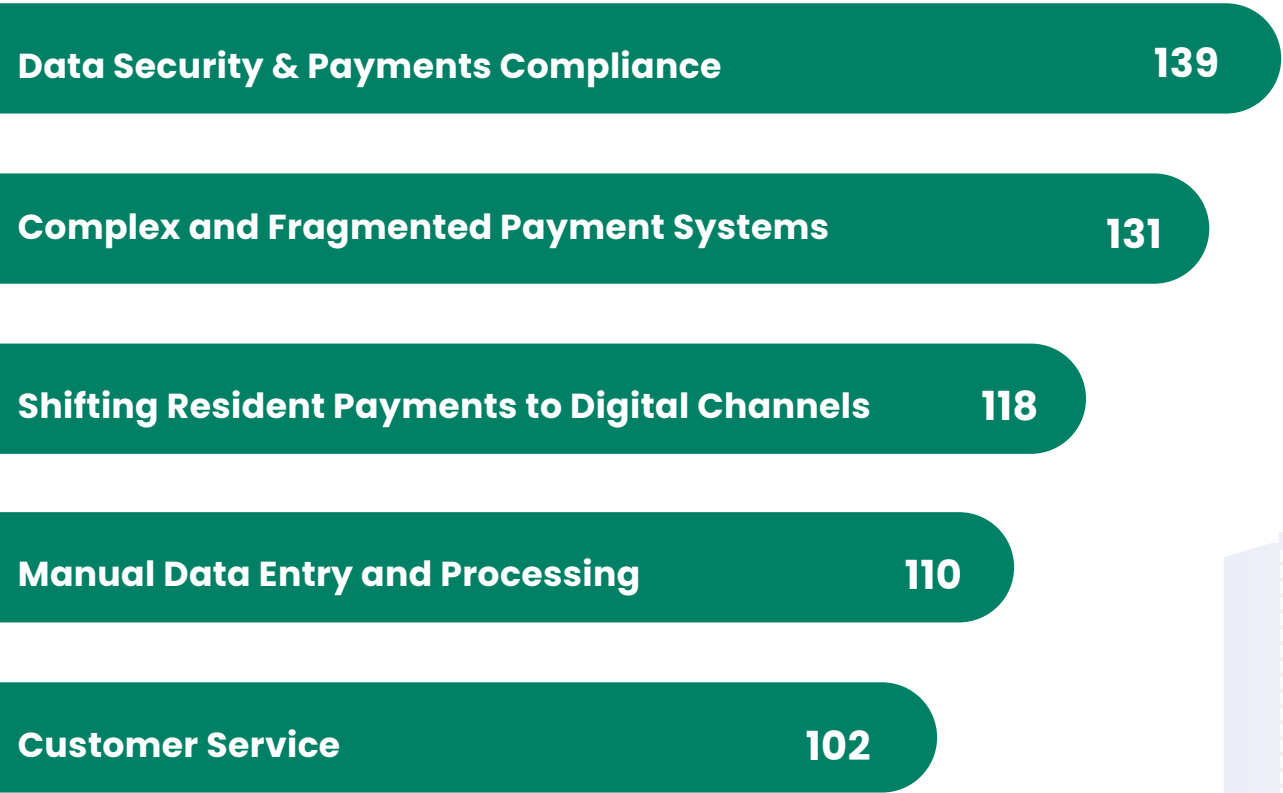
2023 vs. 2025: Competing IT and Line-of-Business Leader Priorities



Payment collection and processing pose their own challenges

Many government payment systems are a disconnected patchwork of platforms and providers. After payments security and compliance (table stakes for all agencies), respondents cited fragmented payment systems as their top concern, and manual processing wasn't far behind (fourth).

Top-ranked challenge in bill collection and payment processing



Challenges organizations face during bill collection and payment processing. n=600

That's a lot of wasted resources consolidating payments from different systems and services — not to mention the impeded cash flow and lack of transparency. Moving to a single modern payment platform consolidates transactions, resulting in frictionless money movement.

And notably, consolidating into a single payments system also presents an opportunity to improve the resident experience by bringing all government transactions into a single account portal that mirrors those of modern e-commerce.



Widespread digital adoption requires a better customer experience

As customers become more discerning with digital experiences, private-sector businesses have been leveraging great customer experiences to build trust and create loyalty. **While almost 90% of government agencies offer an online payment option, adoption hasn't necessarily kept pace.**

Online payment offered today:



A large gap: Digital adoption falls short of goals

The government leaders we surveyed are hoping for a big jump in adoption rates:

- Only **30% of respondents** said they're currently collecting 60%+ of payments online — and only 5% currently see adoption rates over 80%.
- But **70% of respondents** want to exceed 60% of collections online in the next 18-24 months, and 29% want to hit 80% or higher digital adoption.

When it comes to digital payment adoption, states are performing slightly better than local jurisdictions. While 36% of state respondents report current digital adoption above 60%, only 26% of local respondents are seeing adoption that high.

“

As people get accustomed to the way we do business, they're like 'I love this. This is easy. This is simple. I can do a monthly payment option. I can set up an automatic payment.' When you have that type of communication, that connection, with your community, it's only a matter of time before people adopt it, and it really has snowballed.

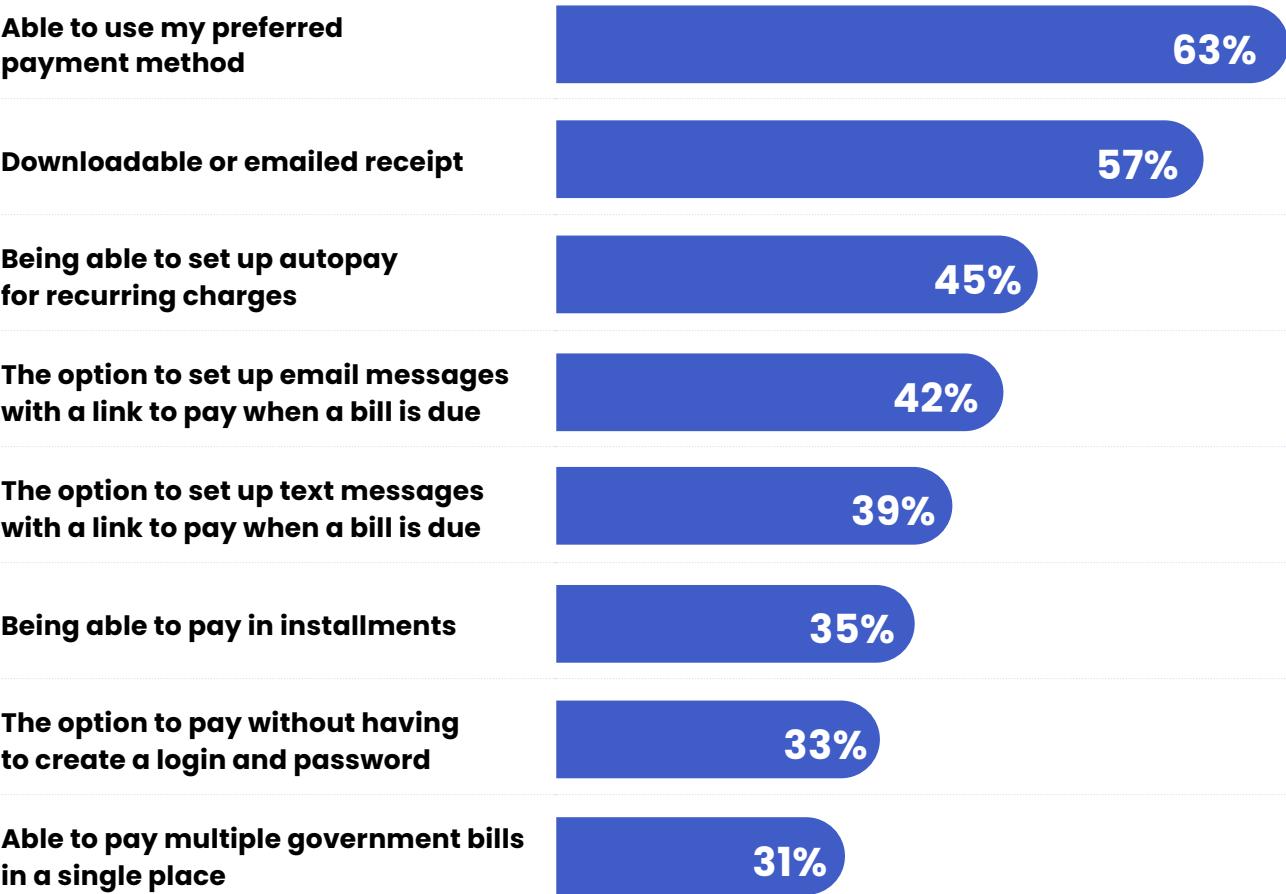
> John Globensky
City Treasurer for the City of Grand Rapids



Are agencies keeping pace with consumer expectations?

Consumers expect flexibility in payment methods for online transactions with the government — in fact, it was the most frequently cited expectation in our 2024 study of consumers.

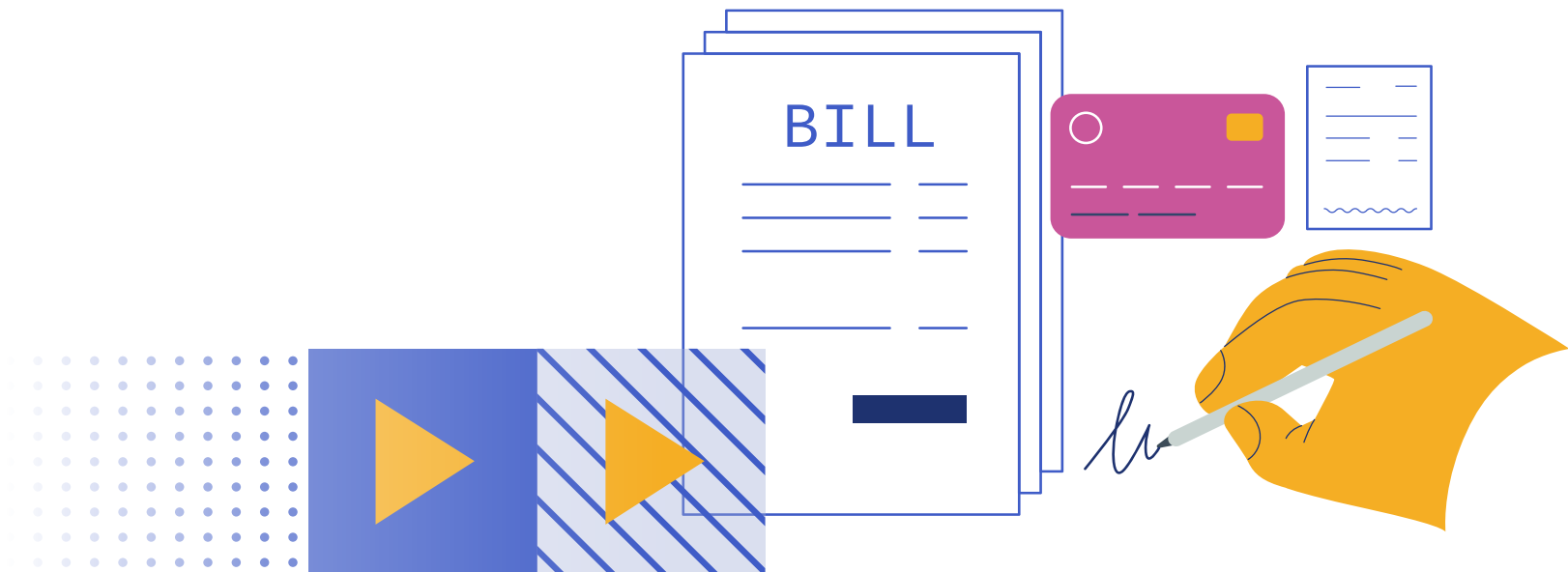
Features that residents expected to find in a government payments experience in 2024 n=1545



On average, most government agencies offer around four payment methods — usually including credit card, cash, and debit options. And while government leaders recognize the importance of legacy payment modes such as checks and cash, there is a growing recognition that processing paper checks consumes resources that could be deployed elsewhere and introduces security risk and time-to-money delays.

I would like to forgo the use of checks in the future as they take too long to process and may subject the payee to even further risk of money owed due to insufficient funds. I think we need to start thinking outside the box and taking payments via other means such as Venmo or PayPal.

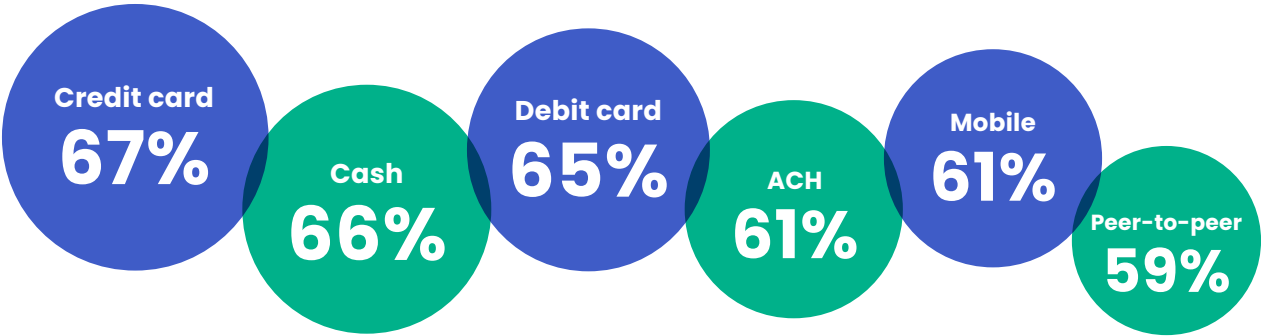
> IT leader from a medium-sized state in the U.S.



Payment methods offered today, with plans to continue

New payment methods are on the rise as resident expectations evolve and government agencies respond. Just two years ago, in our 2023 study of government payments, only 11% of respondents accepted mobile payment methods, while today 61% of our respondents accept them. And P2P payments were barely a blip back then — only 9% of respondents expected to add that option within the next couple of years. Since then, P2P payments have become more popular with consumers.

Current payment methods offered today, with plans to continue to offer for the next 2 years



The most significant drop from '23 to '25? Checks are going away. Although 88% of government agencies said they accepted checks in our 2023 report, only 20% of residents preferred to pay that way. And government agencies have responded accordingly: Less than half of government respondents (42%) will be accepting checks in 2 years, and 36% plan to discontinue that offering.

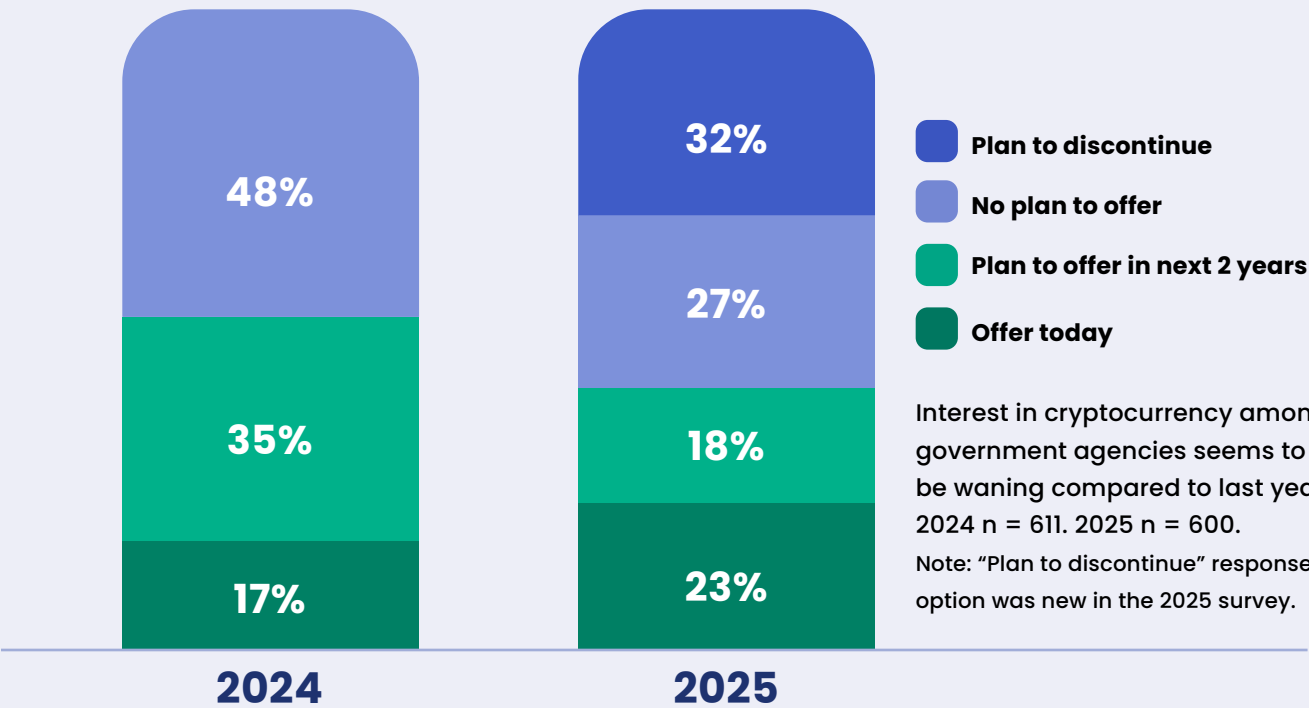
We expect shifts like these to continue, as more consumers abandon their checkbooks, adopt mobile payments, and government agencies extend digitally enabled cash payments to under-banked individuals who can pay at retail locations.

Government agencies can't decide what to do with crypto

...and truly who can blame them? There has been plenty of hype around cryptocurrency, but crypto payments in global e-commerce represented just 0.2% of overall transaction values in 2022.

When we asked government leaders about offering cryptocurrency as a payment method, responses were all over the map. Although crypto was most frequently cited as “On the roadmap to add” this year, 32% of our respondents have plans to stop offering this payment method.

Cryptocurrency as a government payment method offering

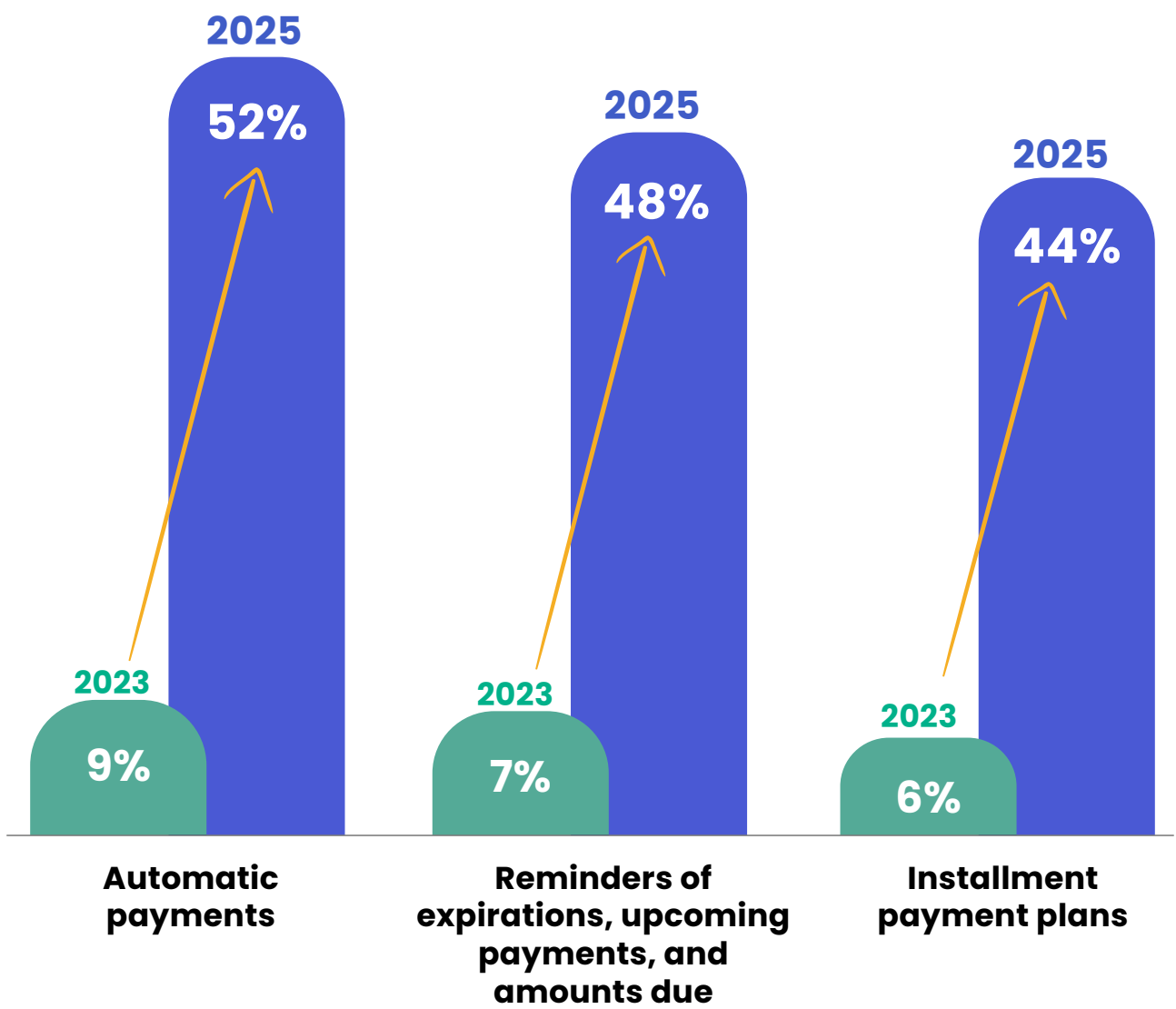


Something to keep in mind if crypto is on your roadmap: According to the U.S. [Federal Reserve](#), only 2% of people used cryptocurrency to buy something or make a payment in 2021, and in 2023, just 1% of people had done so.

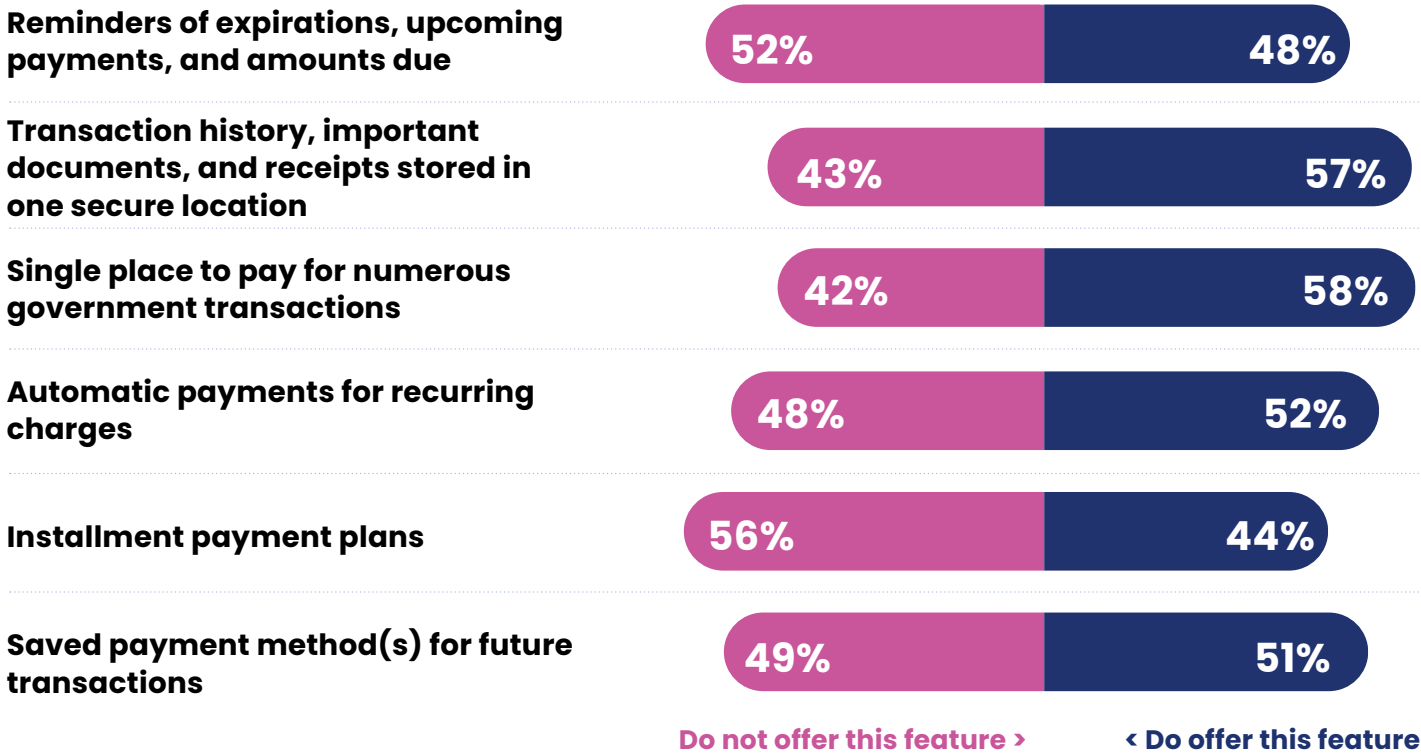
Despite year-over-year progress, advanced payment features are emerging slowly

Government agencies are beginning to deploy advanced payment features now commonplace in the private sector. For example, only 51% of government agencies enable a user to save a payment method in their profile, and just 44% offer installment plans — both standard e-commerce features today.

Although the percentage of agencies offering these features has barely passed 50%, there has been notable growth over the 3 years we have run our study:



Advanced payment features offered



Several advanced payment features that are currently standard issue in consumer e-commerce have yet to arrive in many government agencies. n=520

Security remains top of mind for agencies (and residents)

As in our 2023 study, security and compliance tops the list of challenges that government agencies face. We do not expect to see this change, as security and compliance are core to payment processing, and the threat landscape continues to evolve and security leaders strive to see around corners to avert risk.

Cybersecurity has been the top priority in NASCIO's State CIO TOP 10 Priorities for 5 years now, and will likely remain a critical issue for government leaders for a long time.

Consumers share the concern about security and privacy. In our 2024 Consumer Digital Adoption Index, data security and privacy concerns were the chief factors cited by respondents who are hesitant about paying digitally.



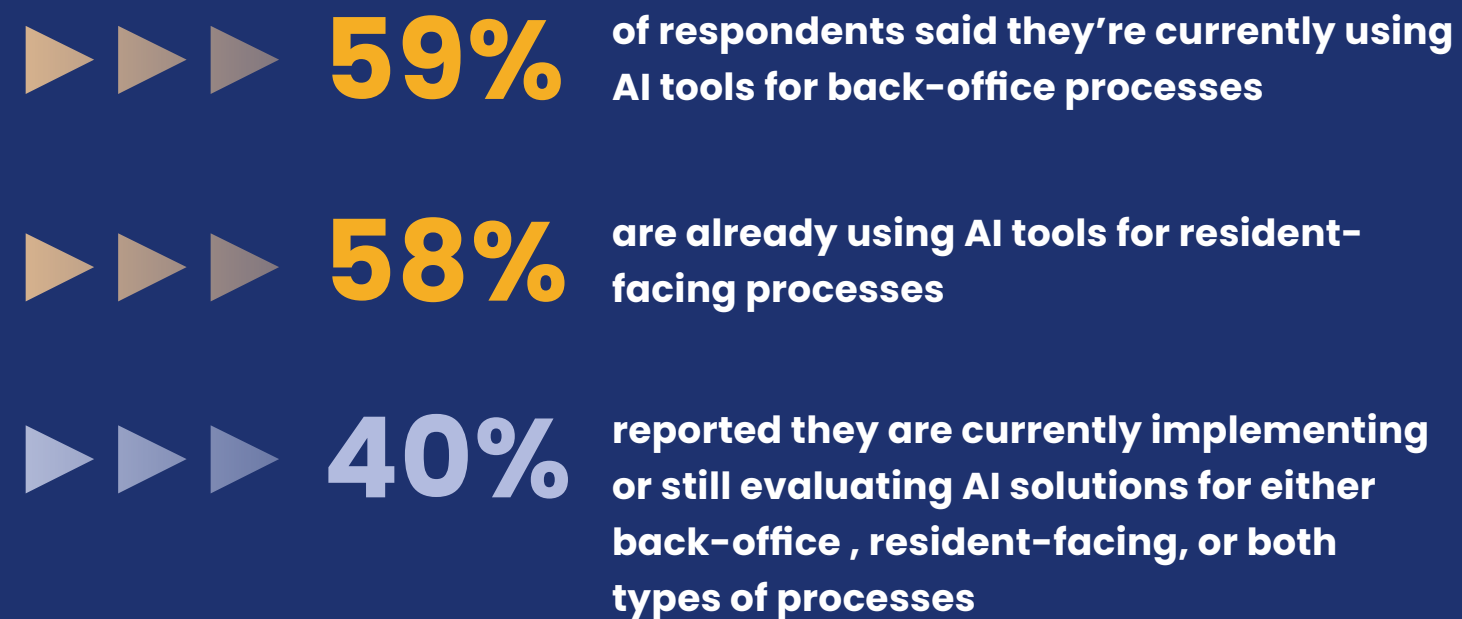
AI in government technology?

Industry leaders are jumping in, but consumers aren't convinced yet

The past 18 months have seen significant change in public sector leaders' assessment of artificial intelligence. In 2023, members of the **National Association of State CIOs** did not cite AI as a top-10 strategic priority, and as a tool, AI placed only 6th. But in their recently-released priority technology strategies for **2025**, NASCIO members vaulted AI to the number 2 spot for strategies (security took the top spot once again) – and as a priority application, AI sits in the top spot, reflecting the technology's potential to address numerous other challenges cited in the study, including cybersecurity threats.

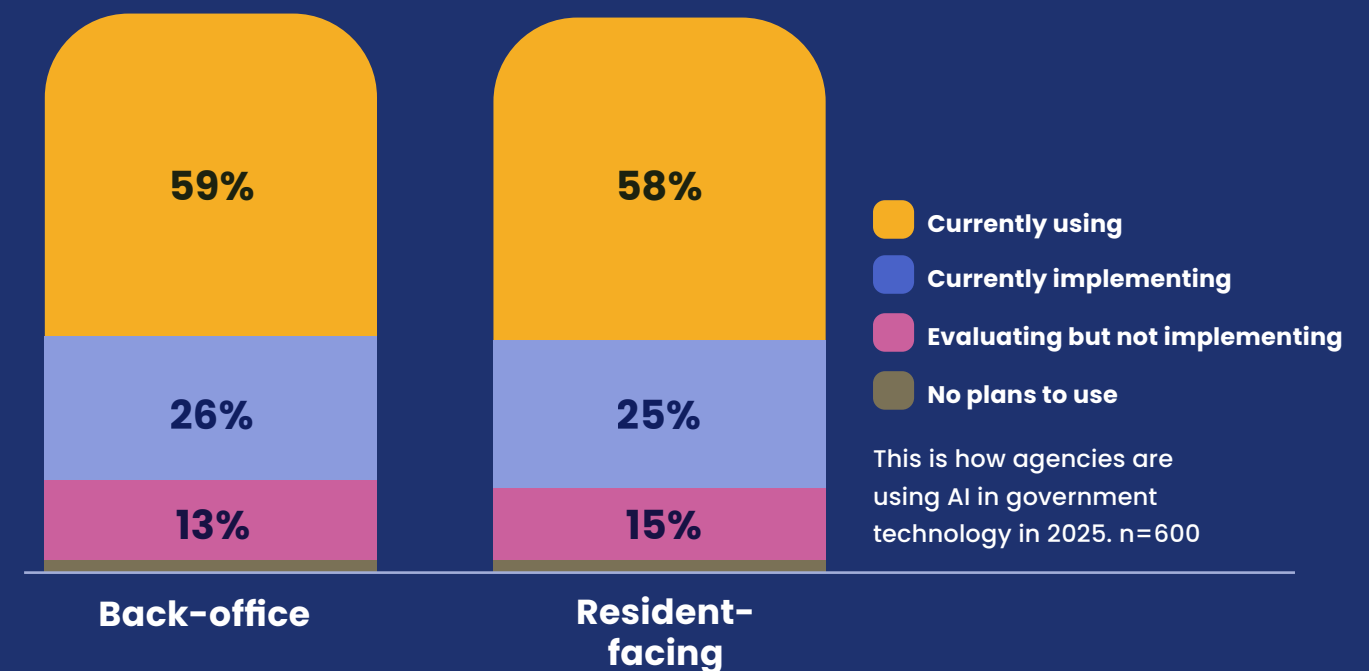
If 2023 was the year of AI discovery and intrigue, 2024 was for planning and creating agency policy regarding AI use. Now, 2025 is the year for implementation and execution.

We asked respondents about the status of AI in their agency:



Based on our data, local jurisdictions seem slightly ahead of the curve: 64% of local respondents said they're already deploying AI, compared to 53% at the state level. Naturally, state-level AI deployments can be more complex than those for a city or county.

Use of AI in payments and customer experience



Our results mirror similar recent studies. The [2024 Digital Cities Survey](#) from the Center for Digital Government found that almost half (44%) of responding cities have chatbots today, and another 44% say they're coming soon. And a recent poll of state leaders by the [National Association of State IT Directors](#) (NASTD) reported that nearly half of responding states are using AI for chatbots, and resident portals were cited second as a future use case; over half had already implemented AI for administrative processes and cybersecurity.

This year's shift from evaluation to implementation of AI (quite rapid for government) isn't too surprising. Our [2024 report](#) found overwhelming optimism about AI, with 89% of respondents expressing that AI has the potential to improve operations in state and local government over the next 5 years.

We can't just take gigantic risks with AI, but we also are not going to put our heads in the sand. If you decide not to learn anything by the time AI becomes required we won't know anything about it because we won't have done any work with it, and we won't have any experience with it. So it was a mandate for us to begin the AI journey with publicly available data.

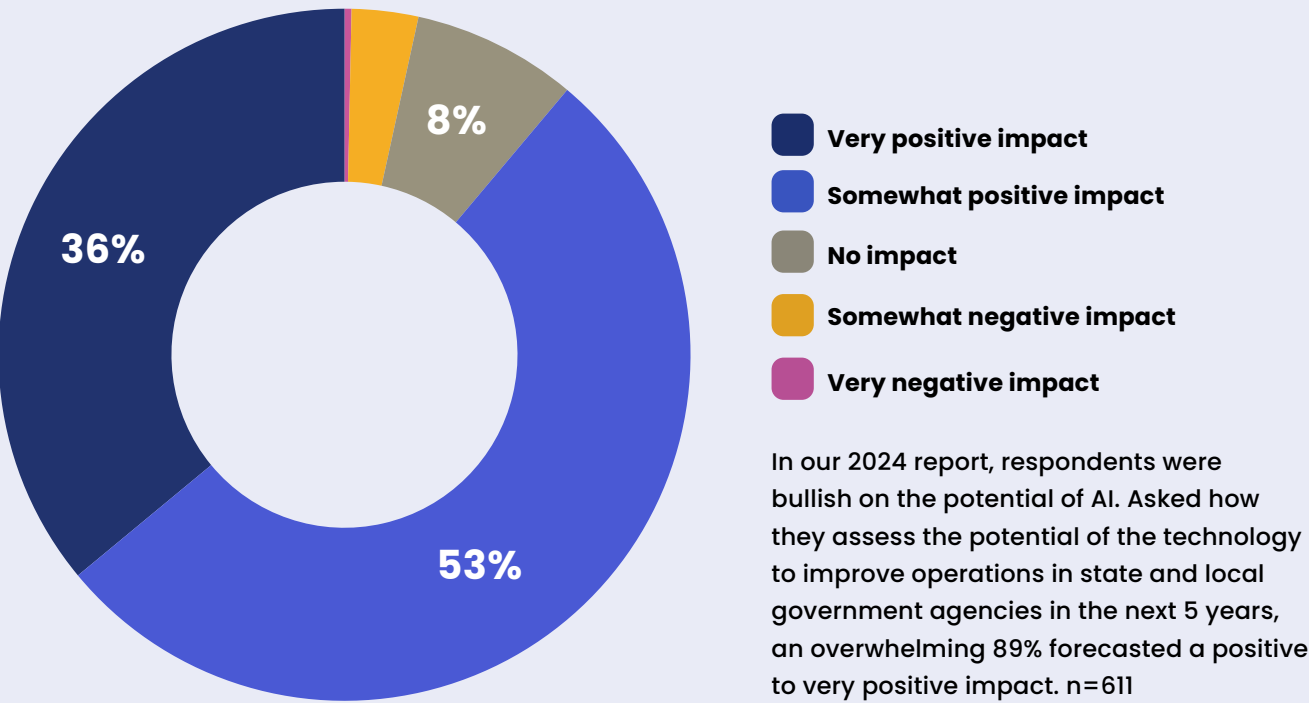
› Jonathan Feldman,
CIO of Wake County

The use of AI-powered reminders helps to reduce missed payments and increase revenue predictability.

› Executive IT leader from a medium-sized province in Canada



Potential for AI to improve agency operations in the next 5 years



But are residents on board with AI?

As consumers learn more about AI, they seem a little more comfortable, but they remain skeptical about the use of AI — especially when it comes to trust and security. In other words, consumer acceptance seems tied to 1) the industry, 2) what data is involved, and 3) how the information is being used.

There's still a **high level of discomfort** when AI is used in programs and decisions that affect people's daily lives, health, and employment — and that includes government services.

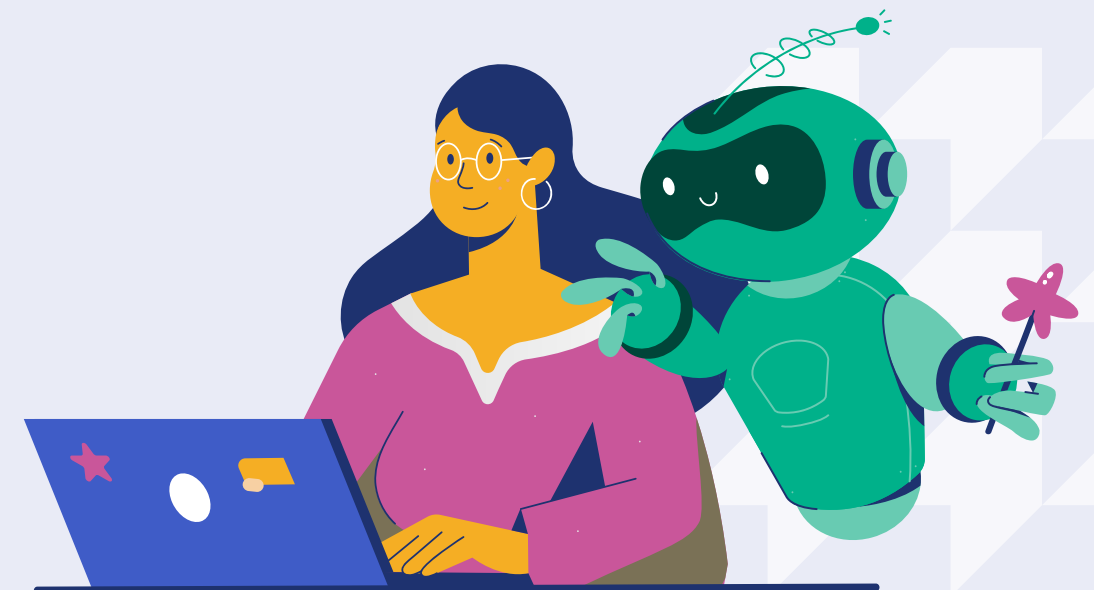
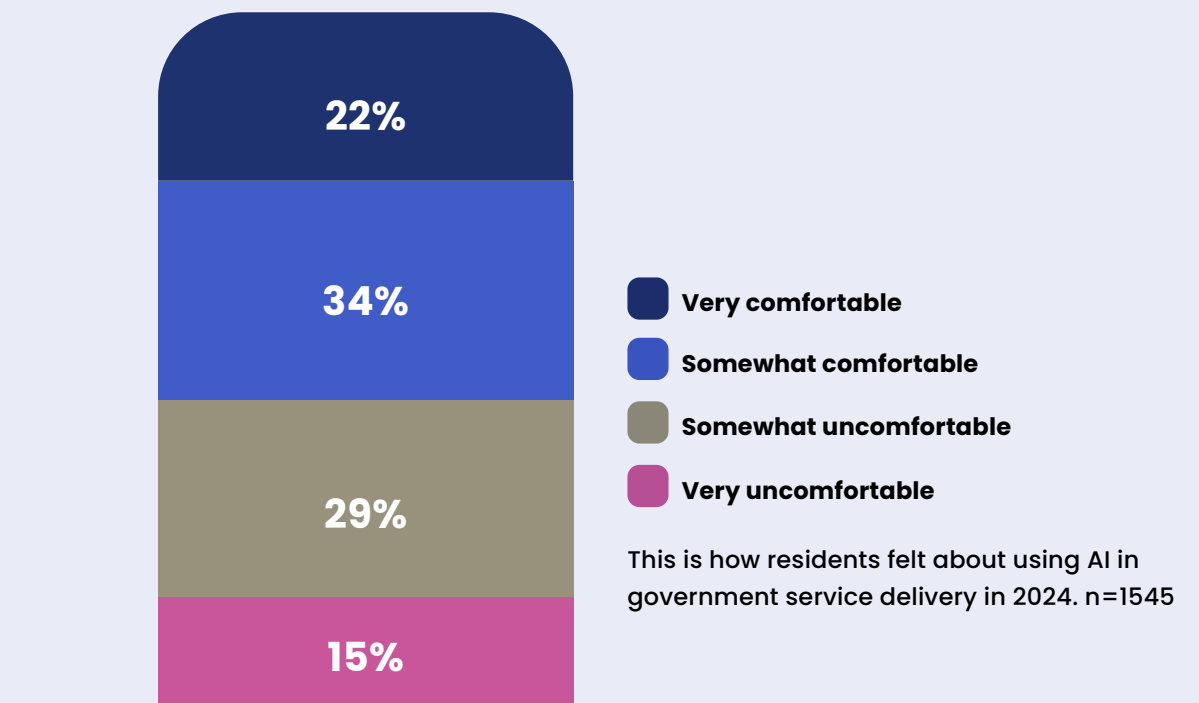
In our **2024 study of consumer attitudes towards digital government**, **56% of respondents said they are somewhat or very comfortable with government agencies using AI, while 44% of respondents said they are somewhat or very uncomfortable with this new technology.**

Get buy-in from your residents. There is some fear around AI; it's a real concern.

› **Amelia Powers Gardner**
County Commissioner
for Utah County, Utah

Our 2024 study found that consumers who are more enthusiastic about technology and who have embraced digital government interactions were more likely to express comfort with AI, but even among the most digital-forward respondents, about a third cited some level of discomfort with the use of the technology for government service delivery.

Resident comfort with use of AI for government services



Navigating the future with AI

AI holds significant promise to improve government service delivery. But adopting AI requires a careful strategy. The majority of government agencies remain cautious about deploying AI systems due to concerns related to data privacy, data quality, bias, and ethical implications. In recent NASTD research, respondents cited similar concerns as residents: higher risk, underdeveloped solutions, and workforce concerns.

But with thoughtful implementation, agencies can maximize value for residents while maintaining accountability and public trust.

BEST PRACTICES FOR IMPLEMENTING AI

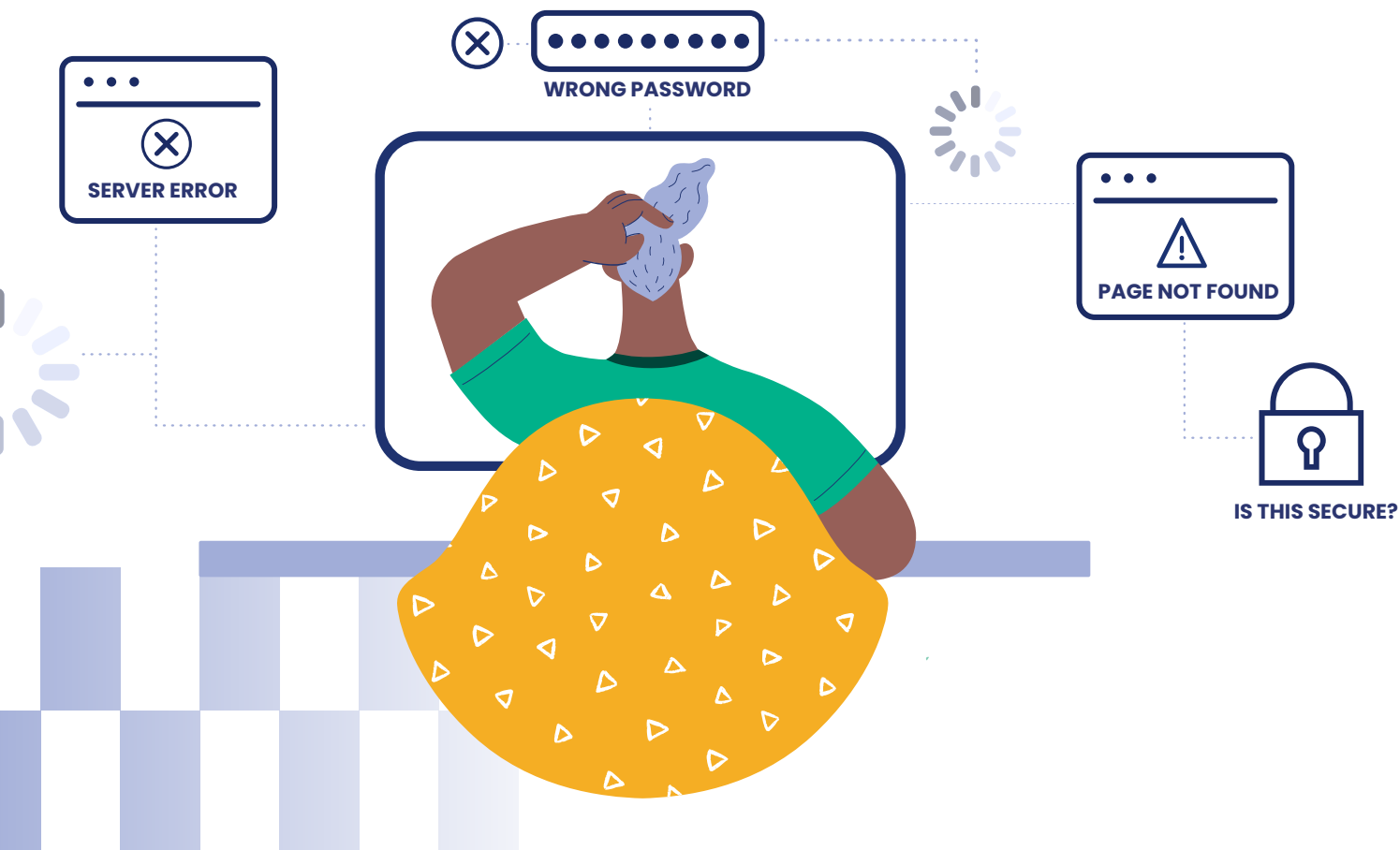
- Create thorough, specific, and clear **AI policies**
- **Understand the security and privacy implications**, and implement the proper protections
- **Communicate transparently** with residents and staff about the solution
- **Start with narrow use cases** and expand from there, building on success
- **Build continuous monitoring** and reevaluation into your AI roadmap



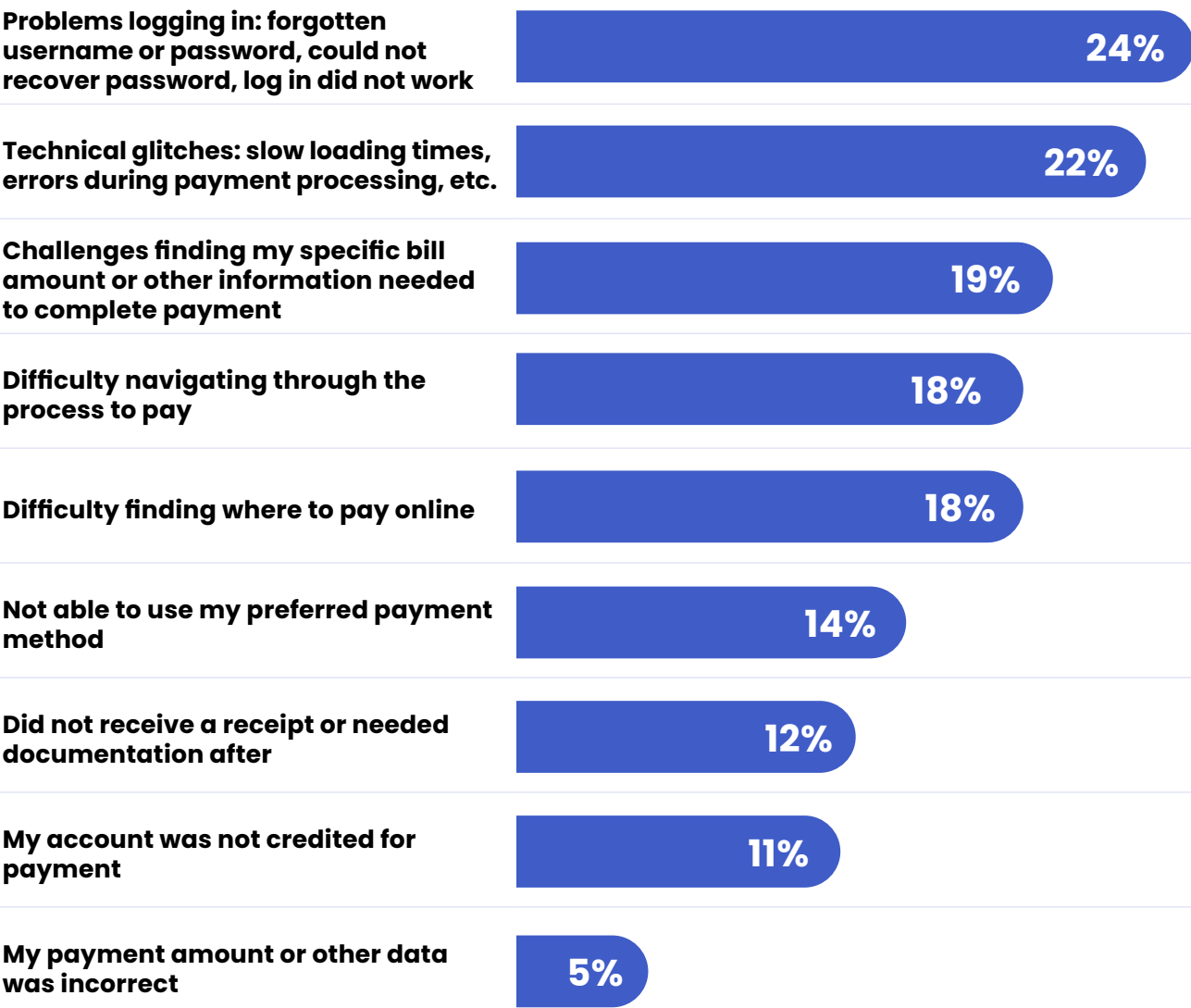
It's time to focus on the user experience in GovTech

Agencies won't achieve their target business outcomes from modernization unless digital channels become the default for a large portion of their residents. And the customer experience (or lack thereof) often gets in the way of widespread adoption of digital.

Consumers still encounter quite a few challenges when paying online — and they all center around user experience: issues with log-in, system errors, confusing navigation, and absence of their preferred payment option.



Difficulties encountered when paying online

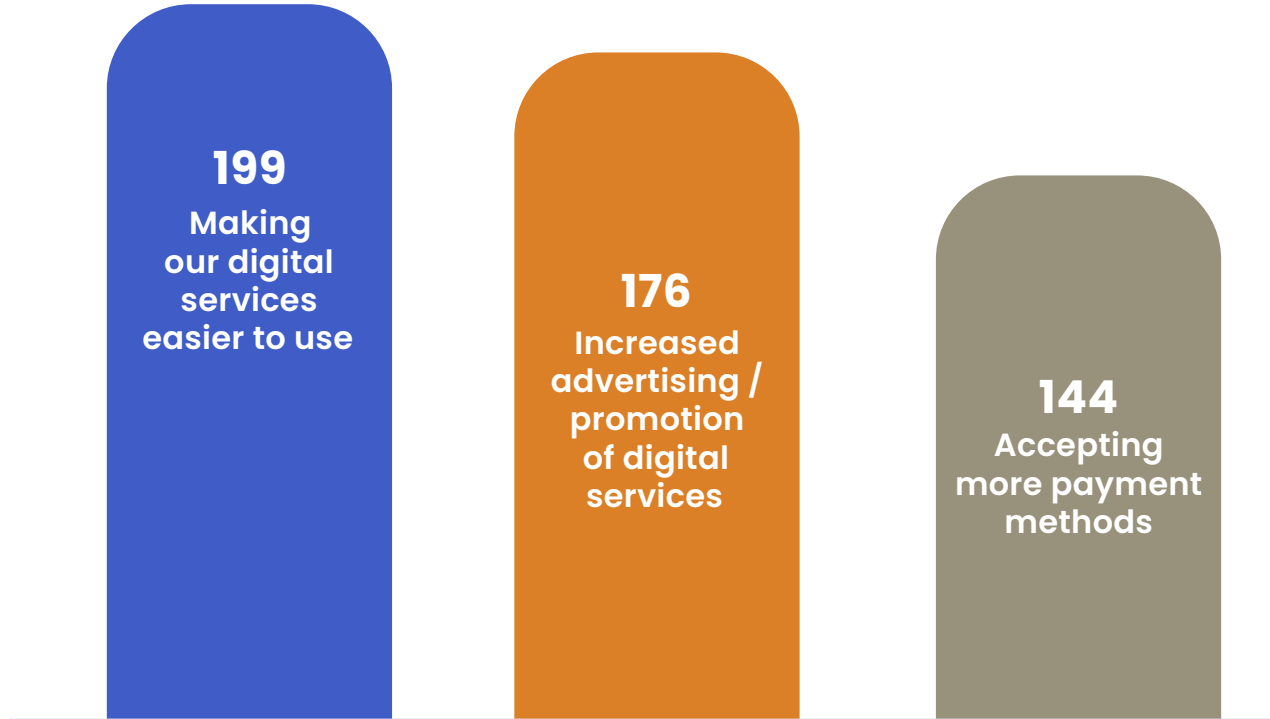


In 2024, consumers cited numerous difficulties when paying for government services online. n=1545

Government leaders recognize the importance of user experience. When we asked about the most important features of a digital government platform, a combined 42% cited intuitive user experience for residents and staff.

Similarly, previous research showed that improving resident experience was a top motivation for modernization.

Factor that has the most potential to drive increased adoption of digital services



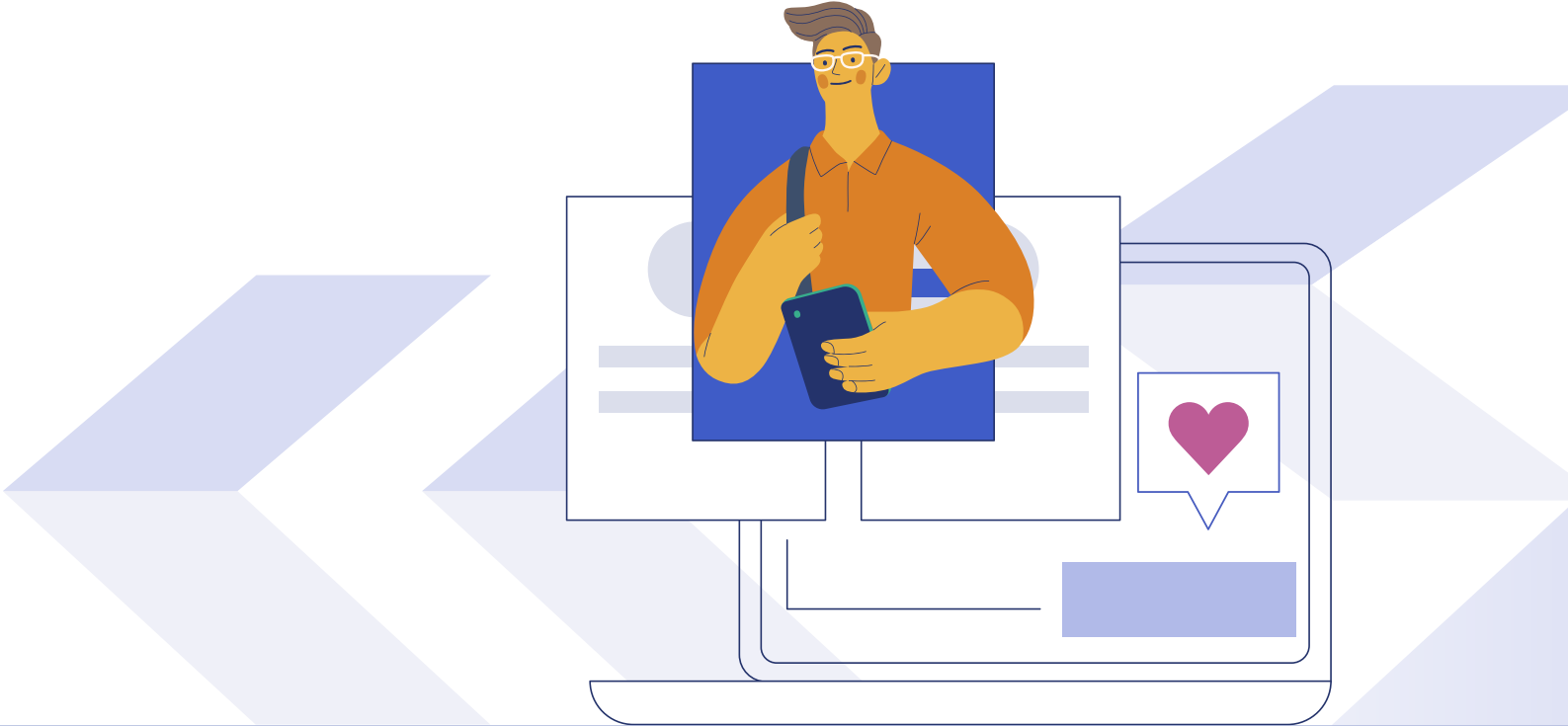
Improved user experience tops the list of things that could increase adoption of digital services. n=520

Respondents were fairly evenly split on the benefits of the shift to digital payments. Asked which of the following would be most positively impacted by a digital payments platform that drives more payments online, 31% cited agency operating efficiency, 36% cited resident satisfaction and trust, and 34% cited staff satisfaction and retention. This distribution reflects that government leaders recognize that digital dividends are distributed mutually among residents and the agencies that serve them.

Offering digital services has certainly made things easier for taxpayers, but it has also made it easier for my staff.

› Marc Stoff
Chief of Staff for the City of St. Louis

A modernized digital government experience increases adoption, brings efficiencies, and delivers a clear return on investment — all while improving resident satisfaction. Yet, fragmented payment systems and poor user experiences are already costing agencies money. Modernization may seem challenging amid competing IT priorities and budget constraints, but the right approach can turn these obstacles into opportunities.



How well are you doing?

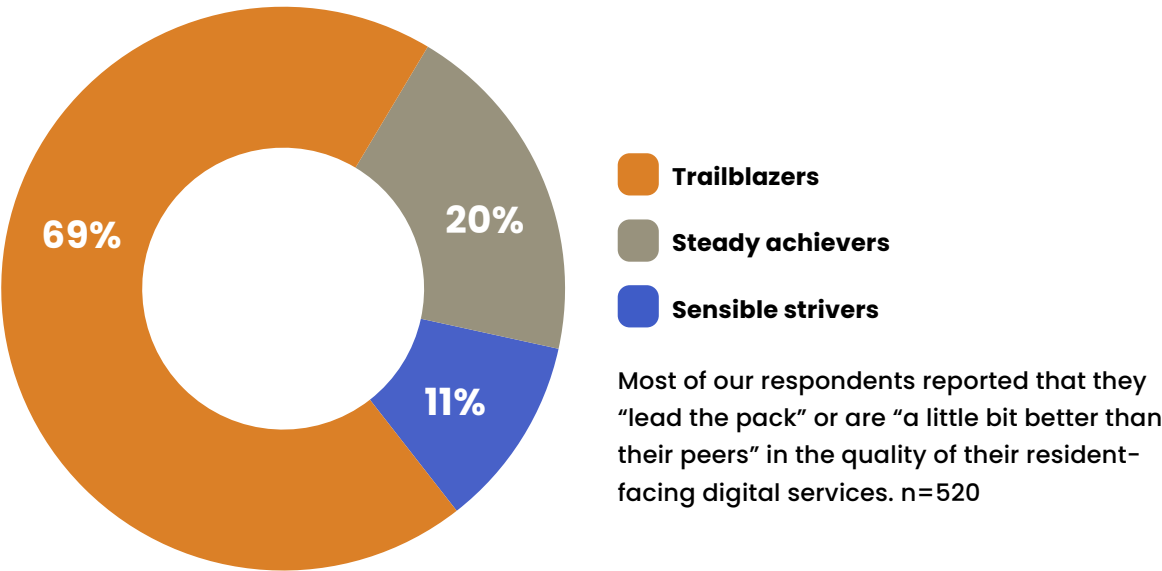
The surprising self-assessment results

While most government professionals are confident in how they stack up against their peers, a few are really hard on themselves!

Almost 70% of respondents self-rated their digital service delivery as better than their peers in other similarly sized jurisdictions. We designated these respondents as our Trailblazers. Our respondents who rated themselves as average were designated as Steady Achievers. And those whose self-assessment indicated they are behind their peers? They seem to think of themselves as Sensible Strivers, so we'll call them that.

But does that hold up?

How do your digital services stack up to other agencies like yours in jurisdictions of the same size?



We wondered if our respondents' self assessments correspond to the digital initiatives and programs they reported in other parts of the survey. **Surprisingly, we discovered few meaningful differences in the state of digital offerings among our three groups of respondents – with only two notable exceptions.**

Sensible Strivers report both the highest digital adoption today – and they are the most likely to have a higher adoption goal for the future. Perhaps Sensible Strivers assigned themselves a lower rating because they set very high standards for themselves.

AI deployments are strongly correlated with a higher self-rating. Trailblazers were more likely to be implementing or have already deployed artificial intelligence for both back-office and resident-facing services.

A breakdown of the self-assessment results

	Trailblazers	Steady achievers	Sensible strivers	Average across all respondents
Number of payment methods offered	4.67	4.51	4.1	4.4
Number of advanced payment features offered	3.1	2.99	3.08	2.68
Digital adoption above 60% today	30%	37%	44%	31%
Digital adoption targets above 60% in 18-24 months	31%	37%	45%	31%
Using or implementing AI in back office	81%	56%	69%	75%
Using or implementing AI for resident-facing services	82%	59%	59%	75%

n=520

Create long-term value for government agencies and residents

Modernization still faces familiar hurdles: competing IT priorities, budget constraints, legacy technology, and resistance to change. But progress is happening, a little bit at a time.

Accepting online payments is a natural place to begin with modernization, but just offering payment acceptance doesn't cut it these days. To drive end-user confidence, the entire customer experience has to be more personalized; a great user experience for residents results in broader digital adoption, leading to better business outcomes and higher resident satisfaction.

The agencies leading the way view modernization through the lens of business outcomes, ensuring technology investments deliver measurable efficiency, cost savings, and service improvements.

And while modernization can feel like a long haul, even small improvements compound over time, maximizing the digital dividend.

Additional resources



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 9 years and counting.



Smarter for government.
Easier for everyone.

To learn more, visit www.payitgov.com