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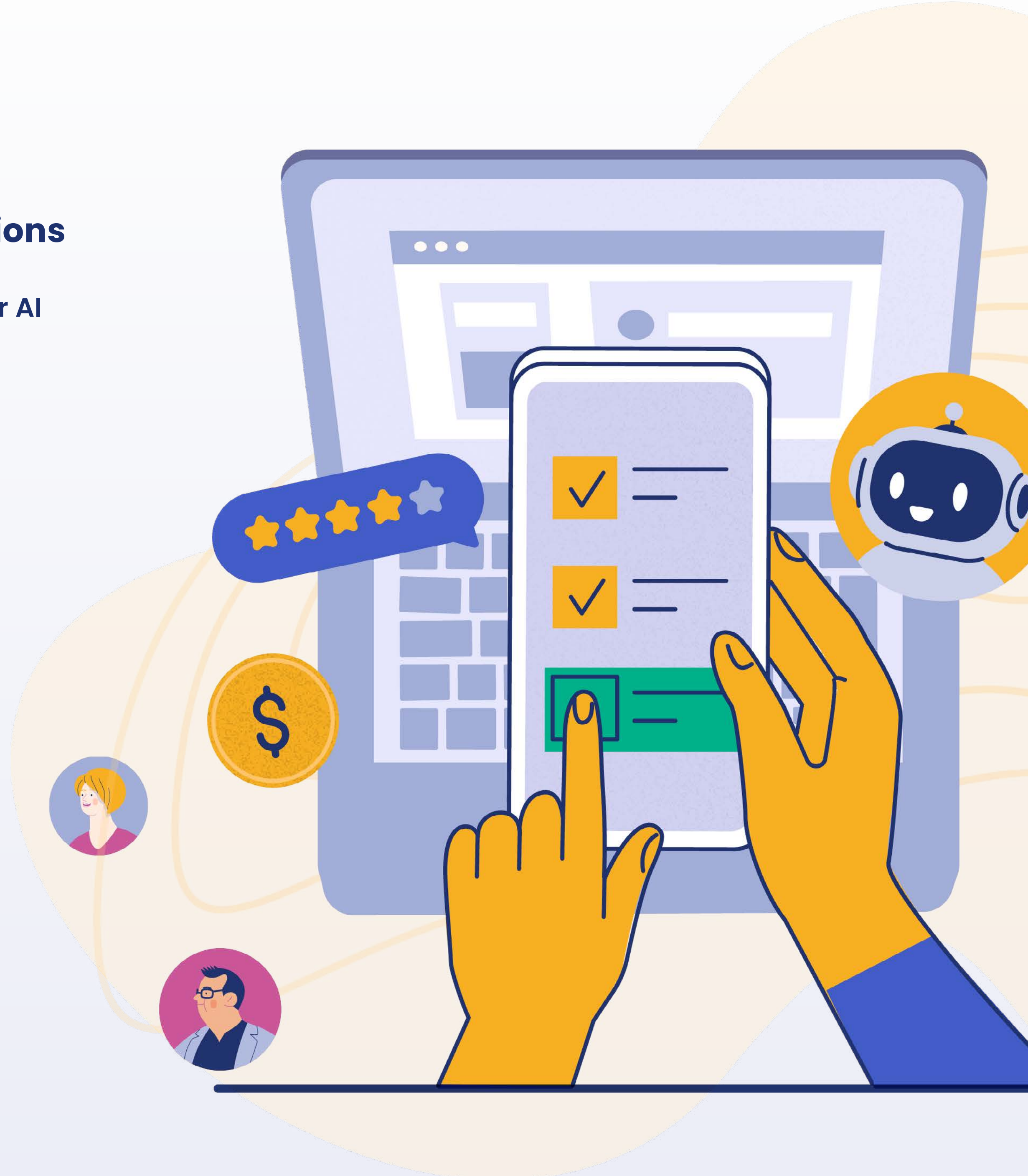
2026 Consumer Digital Government Adoption Index

The Road to 90%+ Online Adoption

Contents



Introduction

For state and local government agencies, the days of "we just need to offer an online payments option" are over. It's no longer enough to put a barebones payment widget on a website and hope for the best. That strategy falls far short of the efficiency gains and resident satisfaction goals most public sector leaders want to achieve.

Our annual survey of consumers in the United States makes it clear: **It's possible to move the vast majority of transactions online.** But getting there requires a strategic approach that brings together technology, user experience, and thoughtful promotion. And as AI continues to advance, government services once thought too complex or sensitive to digitize are now well within reach.

This report provides a roadmap for IT and line-of-business leaders in counties, cities, and states who want to move as much traffic online as possible. It covers the fundamentals of promotion and user experience, then dives into resident sentiment on AI: what they're comfortable with, what they aren't, and what that means for how you launch and label AI-powered services.

Our survey polled 1,038 adults across the United States about their experiences with digital government. Our sample was balanced across gender, age group, and type of community (rural, suburban, city). Of the survey sample, 815 had completed an online transaction within the last 18 months; the remainder had used an offline channel.

Respondents used the digital channel for a wide range of payments, with DMV services the most common:

- **60% renewed a vehicle registration**
- **54.4% renewed a drivers license**
- **30.2% paid property tax online**
- **16.2% paid court fines, tickets, or fees**
- **27.7% paid for a different service or bill**

Digital adoption: Gradual improvements, plenty of headroom

Government agency leaders know they need to increase the share of digital transactions to achieve their targeted efficiency benefits. In early 2026, we surveyed 609 line-of-business and IT leaders in state and local agencies about their goals for digital adoption. On average, they reported that about half of their transactions were taking place online, and nearly three-quarters of respondents wanted to see 10 or more points of growth in that percentage.

49.5%

Average portion of government transactions taking place online, as reported in the 2026 Government Payments Index

14 points

Average target for digital adoption growth reported by state and local government leaders

89.2%

Portion of digital users rating their most recent online transaction with government as "good" or "excellent"

70%

Portion of state and local government leaders who say their agency's digital offerings are as "good as or better" than their peers

And of course, most residents prefer digital channels as the primary mode of transaction. In this year's survey, **78.5% of our sample had completed at least one state or local government transaction online in the last 18 months**, marking a reasonable initial target for digital adoption.

Satisfaction scores skew high for digital government services. People are happy when they get their government business done quickly and conveniently.

These are high marks, but they don't tell the full story.

What holds residents back from online channels?

A closer look at the data tells a story of missed opportunities to increase digital adoption. The good news: There are straightforward steps to take.

In our sample, **21.5% of respondents used offline channels for their last transaction**. While about half of that group stated they simply prefer to use offline channels, three key themes emerge in the feedback.

What is the main reason you did not use an online option to complete the government payment or service?

16.6%
are concerned about data security

15.2%
said they tried to use a digital channel, but the process was too complicated or they "had a bad online experience"

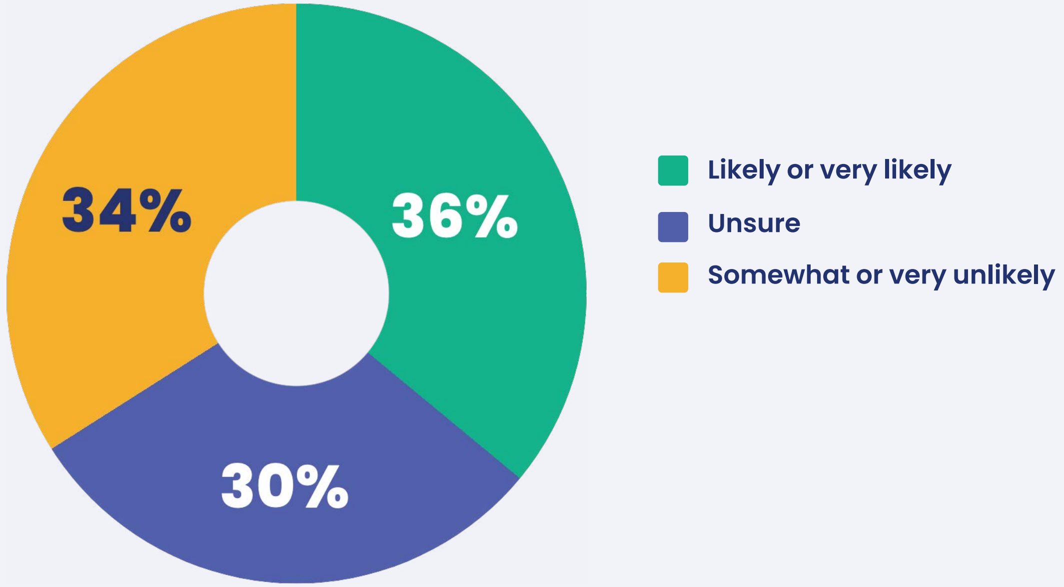
7.2%
did not know that paying online was an option

Among those who chose an offline channel for their most recent transaction, **over one third expect to use a digital channel next time, and nearly one third more are undecided**. This creates an opportunity for outreach and encouragement.

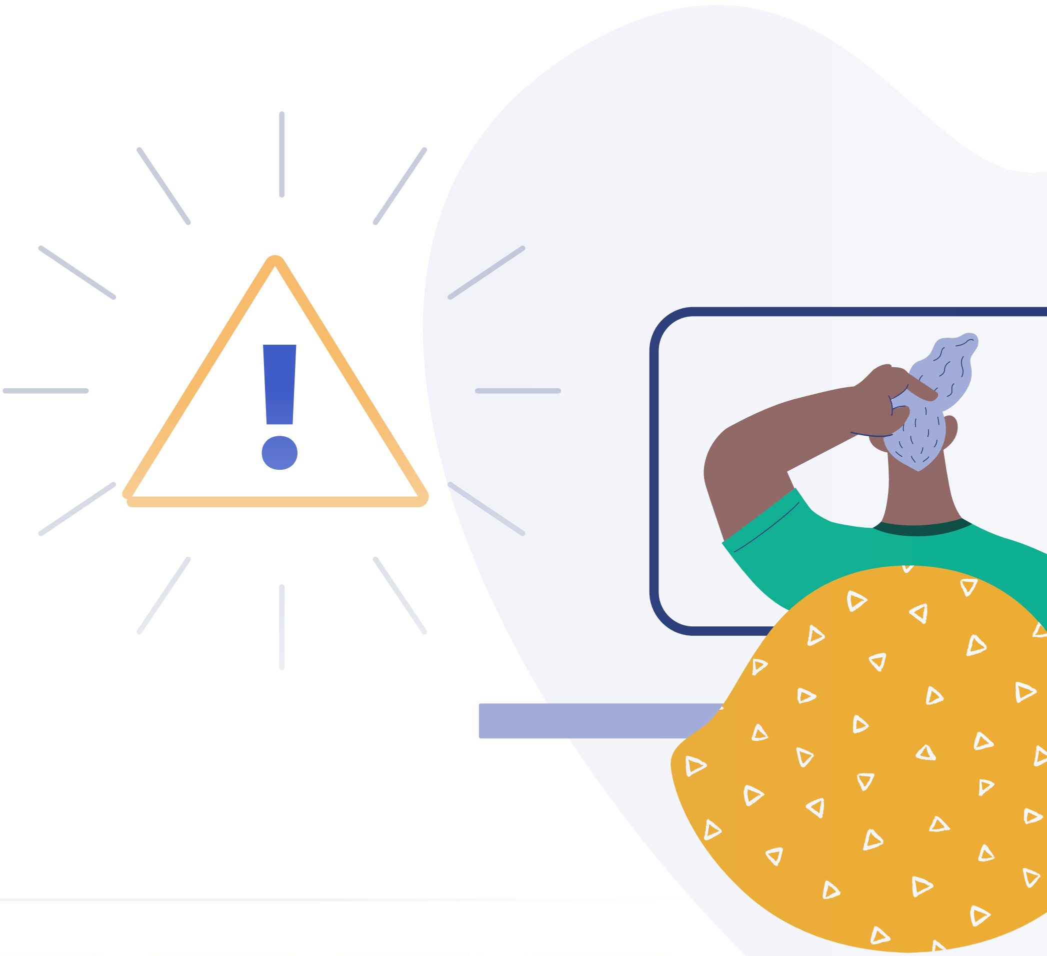
Setting aside the "firmly analog" respondents, those residents who plan to go online or can be convinced to give it a try represent a meaningful opportunity to increase digital adoption. Understanding the reasons for digital hesitancy is the first step. The second is taking action to address those reasons.

How likely are you to transact online next time?

The next time you have a government bill to pay or need to access a service, how likely are you to do it online if that is an option? n=223



Digital abandonment, more common than we expected, provides another layer of insight. 36% of respondents reported that they have started a government task online but had to stop and finish offline.



Why did respondents abandon an online channel?

What is the reason you abandoned your online government task? n=294

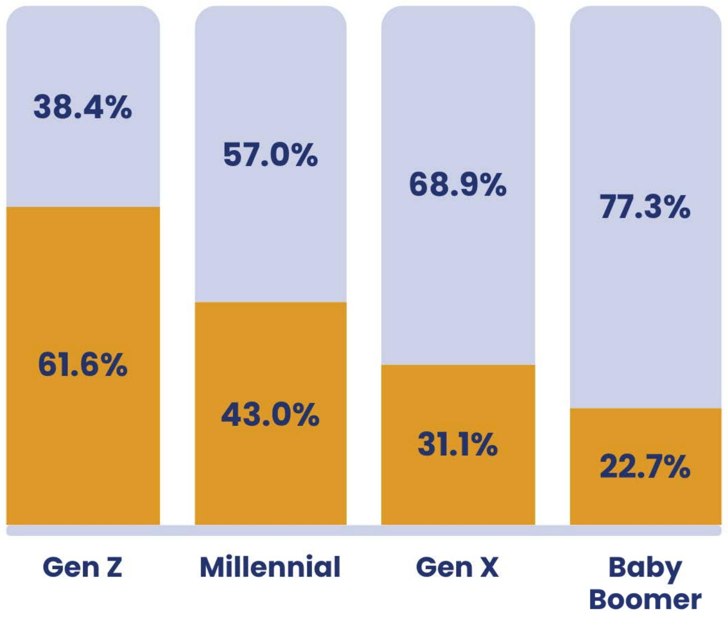
The data tells an even more interesting story when we break out the responses by age cohort. Gen Z respondents — arguably the most digitally native cohort in our sample — were the most likely to have abandoned a digital task. Gen Z also had lower rates of overall satisfaction with their last digital transaction, with 17% rating their transaction experience as very poor, poor, or fair, compared to 10.8% in the overall sample.

Expectations for a good online experience are higher among younger respondents who have grown up in the era of iPhones, DoorDash, and TikTok. For state and local government leaders hoping to deliver more digital services, **the bar for "good enough" is higher than ever.**

Abandonment of digital channels, by generational cohort

Have you ever started a government task online but had to stop and finish another way (phone, mail, in-person)? n=294

Yes No



Digital use of 90%+ is within reach

Today, 78.5% of US consumers have completed at least one government transaction online. The real question is this:

How much of the remaining 21.5% can be converted to digital channels?

According to the research, many non-digital users can be converted. Asked whether they would use a digital channel next time, 35.9% of the respondents who had not transacted digitally indicated they are likely or very likely to do so in the future. An additional 30% are persuadable: They indicated that they are neutral on their plan for future digital transactions. Taken together, those two groups comprise an additional 14.2 points of resident adoption available, putting the ceiling of addressable residents at 92.7%.

Only about one in fourteen residents should be considered firmly analog. Everyone else is already online, or can be brought there.

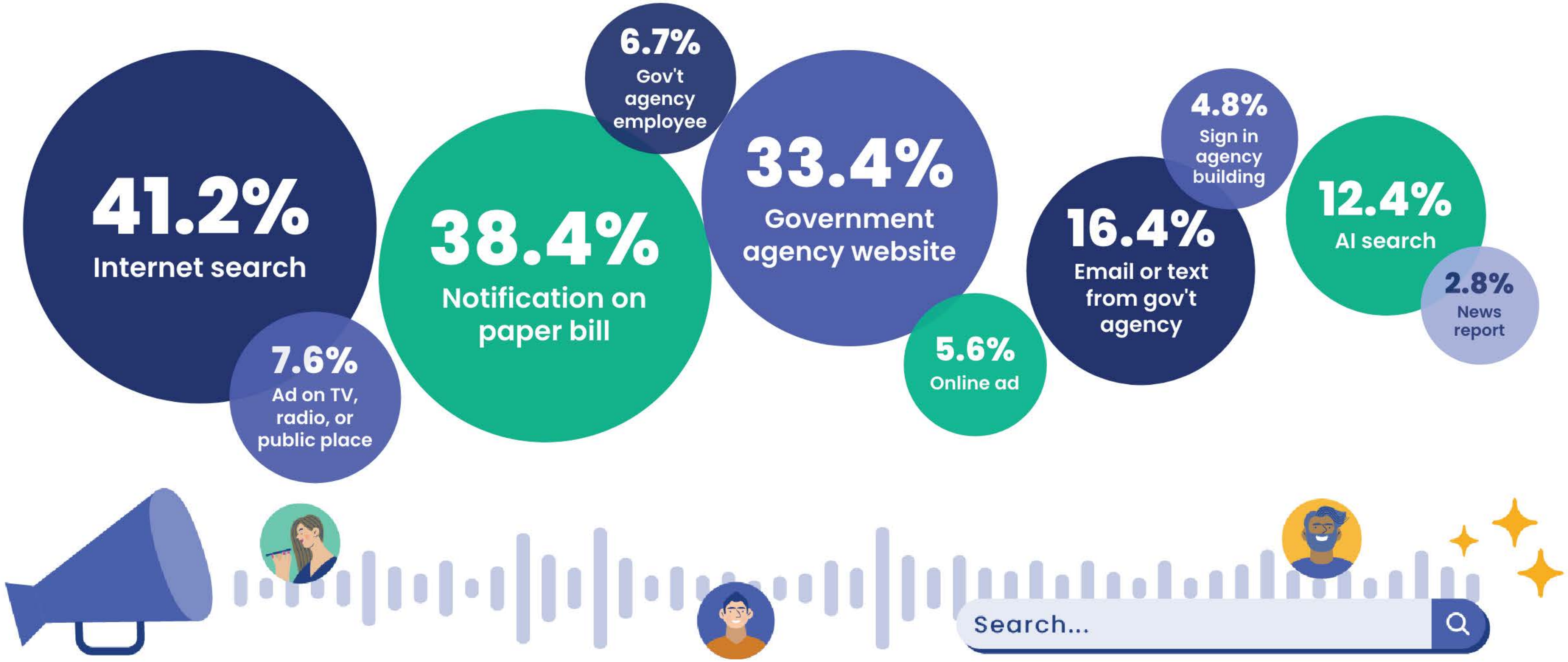
Three things lie at the core of achieving 90%+ digital adoption:

Multi-channel promotion grows digital adoption

There is no single best way to reach residents. **It's best to use multiple communication channels — the most important of which are already in your control.** Our respondents most often cited internet search, bill notifications, and government agency websites when asked how they learned about digital services. On average, our respondents said they used **1.76 communication channels** to find the digital service they used.

Residents find digital government services through multiple channels

How did you find out about the online government service(s) you have used in the last 18 months? Check all that apply.
n=815; multi-select



In our survey of public sector leaders from earlier this year, 25% cited increased advertising as a way to drive growth in online use. **But the most important channels to prioritize are ones that don't require ad spend**: your website and your bill. Ensure that the online services have high visibility in each place. Paid advertising can be a useful add-on, but it accounts for a small share of discovery.

Your jurisdiction is composed of people from a wide range of age groups, levels of education and income, ethnic backgrounds, and preferences that shape how they find information. Reaching the majority of your residents requires a full-court press.

Discovery channels also vary by generational cohort, with mail taking a back seat to digital channels for younger generations, but still prominent among older residents.

Email and text reminders were also cited frequently as a discovery channel. But they're typically only provided to residents who have already transacted in the past, mostly online, so they're generally not a viable channel to acquire new users.

Top discovery channels by age group

	Gen Z	Millennial	Gen X	Baby Boomer
1	Internet search	Internet search	Paper bill	Paper bill
2	Agency website	Agency website	Internet search	Agency website
3	AI-assisted search	Paper bill	Agency website	Internet search
4	Paper bill	AI-assisted search	AI-assisted search	AI-assisted search

Government leaders should prioritize the following steps to ensure continued discovery and new user acquisition:

1. **Audit the informational pages on your website** through the lens of a resident who is trying to take care of their bill as quickly as possible online. Provide clear information about security and privacy protections in place, and add instructional videos for residents who want to "preview" the experience or need a bit more guidance.

2. **Redesign the paper bill insert as a conversion asset,** with the URL and a scannable QR code placed prominently and an indication that paying online is easy and secure. The bill is the largest channel for older residents and is already being printed.

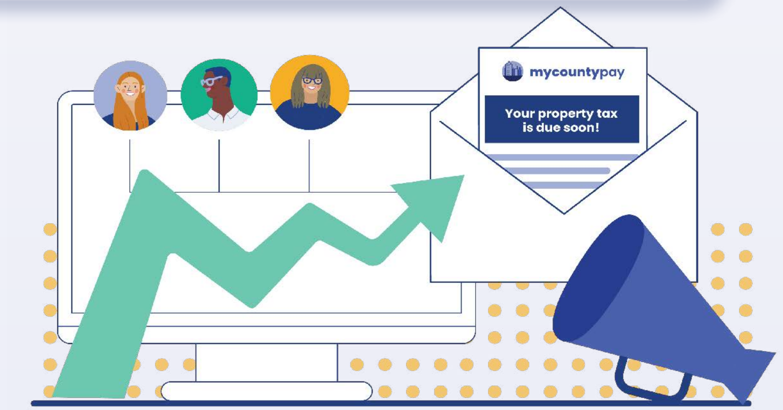
3. **Audit your agency website's search engine optimization**. A third of residents start there, and having good SEO fundamentals in place is critical for both traditional search engines and AI tools.

4. **With SEO basics in place, ensure that your service content is answerable by AI assistants:** Structured, marked-up content and clear answers to plain questions. 12.4% of respondents overall and 22.3% of Gen Z arrive this way today, and AI adoption is increasing rapidly.

5. **Build your email and text list deliberately.** Think of it as the lowest-cost way to drive digital use and reuse. Wherever possible, acquire email addresses and phone numbers from offline users as well (along with a communication opt-in). Reminders are incredibly effective for every generation.

6. This year's study did not focus on the role of social media in driving awareness, but **if your agency is active on social media, don't overlook its importance** in a multi-channel promotion strategy.

The message matters, no matter what channel you are using. First and foremost, make it clear that the online service is the official way to pay and has robust security and privacy protections in place. Once these are in place, you can convey the other benefits that you think will be meaningful to your residents, such as getting a receipt right away, having a positive environmental impact by reducing paper use, or the convenience of avoiding an office visit.



Can AI find your services?

The use of AI platforms such as ChatGPT, Claude, or Perplexity instead of traditional search engines is on the rise, especially among younger respondents. And in the United States, AI summaries are now provided for more than 40% of traditional search engine queries. Ensuring that LLMs can find your digital offerings must now be a core part of your digital adoption strategy.

The good news: **A .gov domain already carries authority for both search engines and LLMs.** If your agency website does not currently use a .gov, consider making a change as the first step. Then consider additional steps to optimize your website for AI visibility. Work on site speed, schema markup (a fancy term for labeling the elements of your website, which is also important to traditional search engines), and making sure that authentic, accurate information about your digital services shows up on other high-authority websites such as Wikipedia, news sites, and Reddit.

A great UX grows digital adoption

Poor user experience accounts for 15% of the total avoidance of digital and half of all abandonment. Getting it right is foundational to widespread digital adoption.

The problem: Long-standing government procurement practices steer teams towards buying online payments processing instead of a full customer experience with deeply integrated payments tech. This leaves government teams fully responsible for managing the user experience, security and compliance, and driving digital channel shift — none of which are core competencies of the average government agency.

Since government organizations serve the broadest array of residents, getting the experience right is critical. Building a great user experience doesn't happen by accident. It happens through the application of modern UX conventions that are optimized over time with experimentation and testing.

As you evaluate vendor payment solutions, conduct your own usability audit with hands-on-keyboard testers outside of your team. Start with these:

Intuitive.

Is the system easy to navigate? Is it clear what the user should do next?

Low friction

Does the transaction take as few steps as possible? Is already-available information pre-populated?

Clear feedback

Does the system make it apparent when there is an error, or an input has been accepted?

System performance

Do pages load quickly? Are user inputs processed immediately? Is the system stable and free of crashes or freezes?

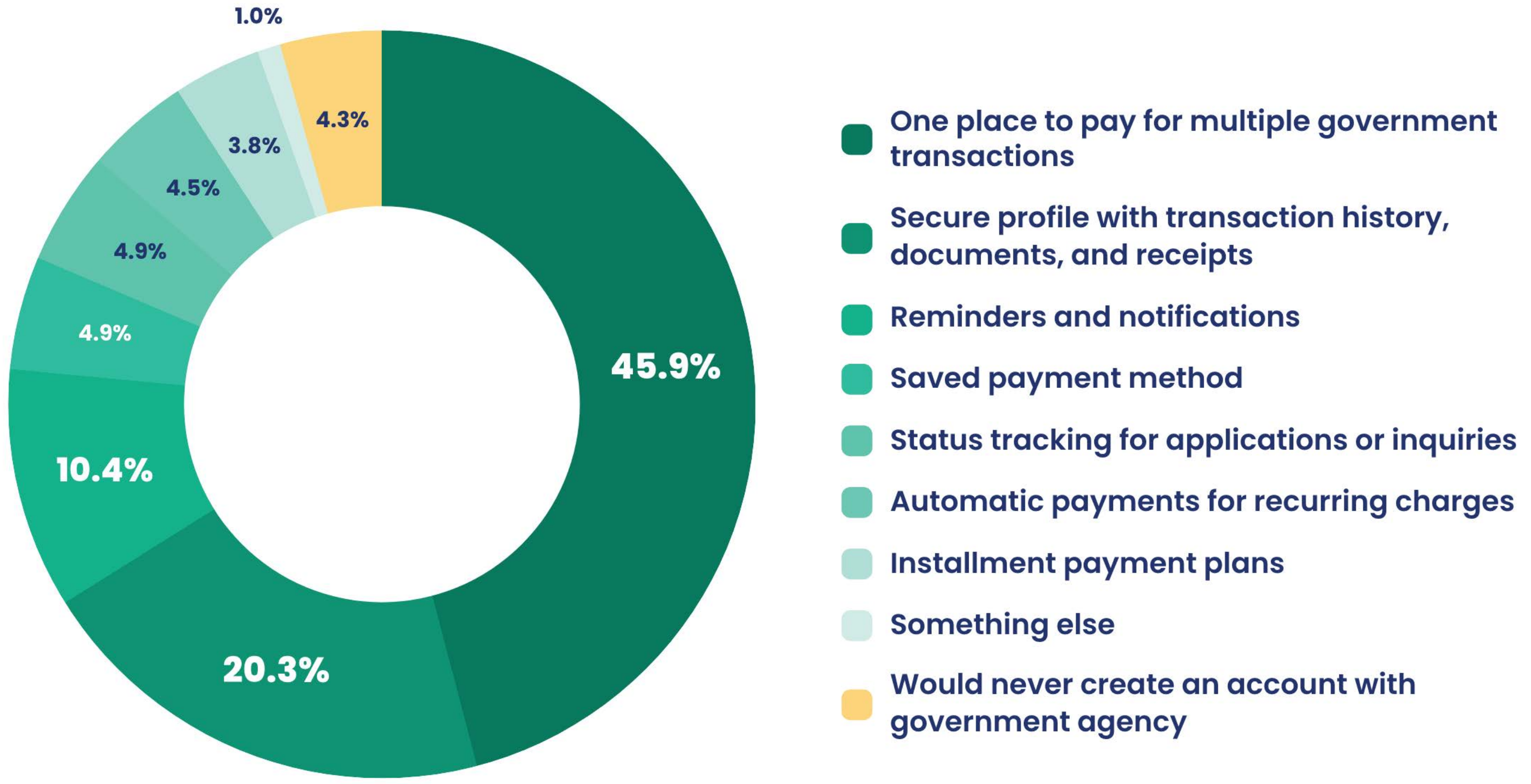
Accessible

Has the platform been certified compliant with WCAG standards?

Residents want the experience they now get across private-sector ecommerce, banking, financial services, and healthcare: a digital front door to the government agency that drives confidence and convenience. And they are willing to take the additional step of creating a standing account with a government agency for the right benefits, like a robust account profile, reminders, and one platform to pay multiple government bills.

What do residents want from an online government account?

Which of the following features would most motivate you to create an online account with a government agency, instead of checking out as a guest? An online account would involve creating a username and password and providing some basic information such as email, billing address, and phone number. n=815



When residents create accounts, they are more likely to reuse the service. Add reminders from your agency and that likelihood increases even more. Among our respondents who recall whether they have received a digital reminder, 52% did and found it helpful, a further 20.4% want one but have not received one, and only 11.9% do not want them.

The user experience is a big difference-maker between lackluster and leading digital adoption. Getting it right pays off quickly, and doesn’t have to wait for backend modernization efforts to be completed if the payments experience can integrate with your system of record.

Service expansion grows digital adoption

With most basic transaction services now digitized, it's time to rethink the opportunity. Technology advances have made it possible to digitize additional use cases once viewed as too sensitive or complex to complete online.

Among the 29% of abandoners who did not complete a transaction due to an eligibility hurdle, most described a physical step: presenting documents at a counter, a signature on paper, collecting a plate or tags in person, an identity check that had to happen face-to-face. Requiring many of those steps to happen in-office stems from long-standing practice rather than statutory requirement.

Today, AI tooling makes it straightforward to review and validate documentation in real time, and even to match a live selfie taken with a mobile device or webcam to biometric data on file. Offering services in multiple languages, once a daunting task, is significantly more straightforward than even a few years ago.

With technology unlocking richer, more complex user applications and transactions, government teams should scrutinize what services have been kept in-person thus far and consider whether it is possible to move them online. Not only will this drive resident adoption and keep your digital channel "sticky" for them, but it will also improve operating efficiency and reduce the friction in your financial operations.

How AI is reshaping resident expectations

AI and the efficiency mandate

State and local government agencies are looking toward artificial intelligence to get more services online and cut what it costs to run them. NASCIO ranked AI first on its 2026 priority list (knocking cybersecurity off the top spot for the first time). At the same time, AI is changing how residents find digital services and raising expectations for digital experiences.

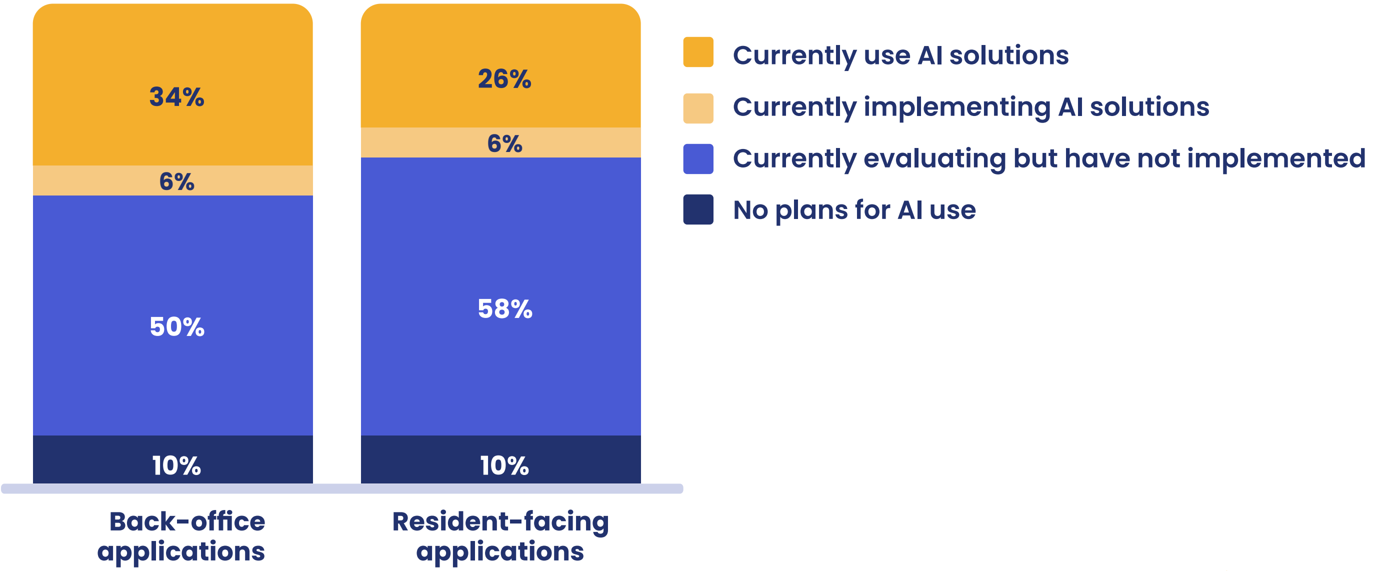
Our January 2026 study of government leaders reflects growing AI enthusiasm:

64%
of government respondents expect AI will be able to help them serve residents faster

93%
of government leader respondents who have already deployed an AI solution said they are seeing it help their organization operate more efficiently

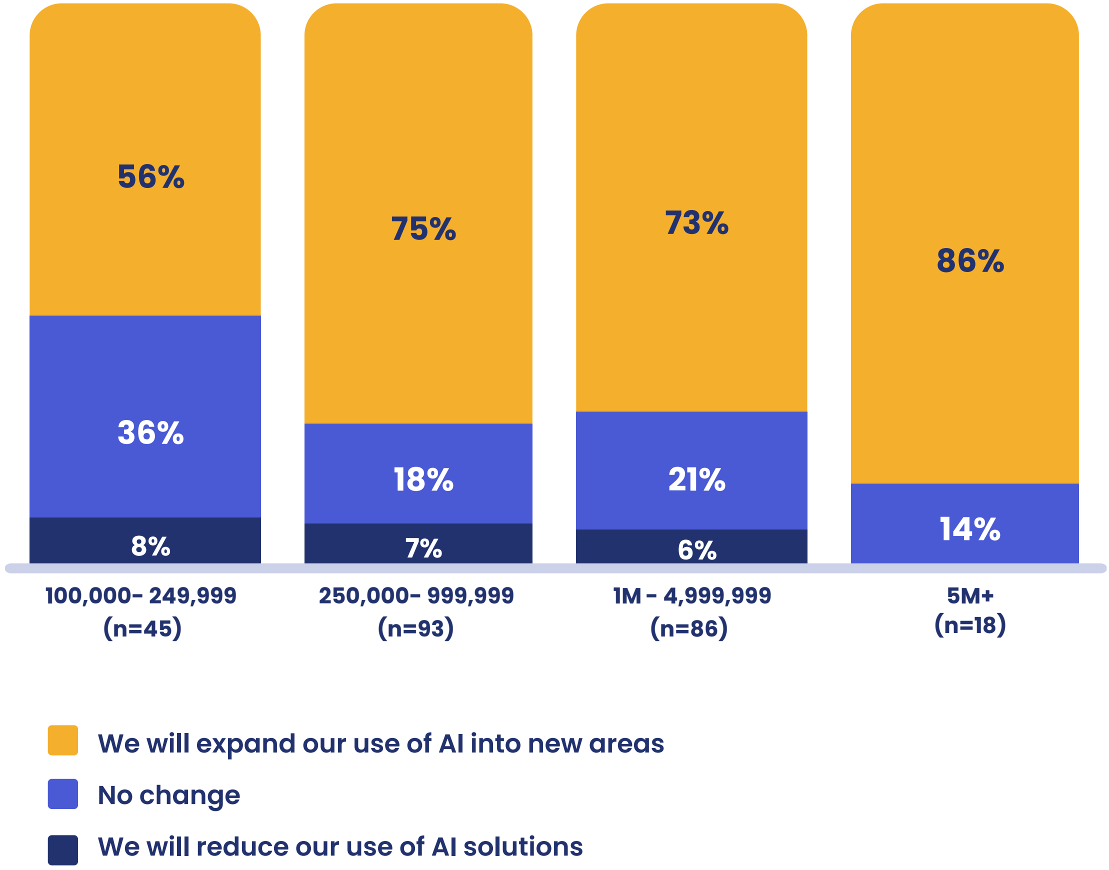
Use of AI in back-office and resident-facing applications

Government organizations are evaluating and implementing AI solutions in both back-office and resident-facing applications. We asked government leaders how AI fits into each. n=609



Plans for AI in the next 12–18 months, by jurisdiction size

Looking ahead to the next 12–18 months, how do you expect your use of AI technology to change? n=242

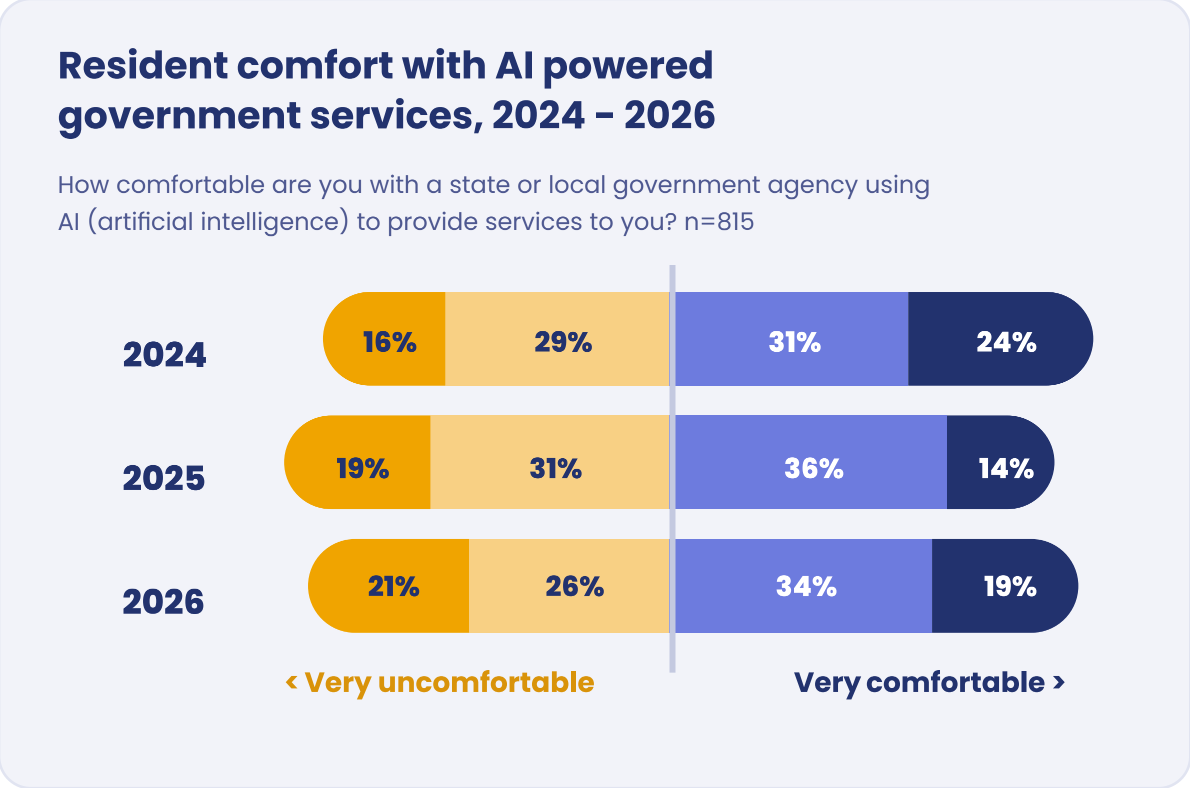


And initial AI programs are just the beginning. Government leaders who have active AI deployments report that they expect to expand their use of AI in the coming 18 months. The larger the community, the more aggressive the AI plans.

AI in government is here to stay. But public sector leaders must manage a range of risks and considerations as they pursue AI-powered transformation: data readiness and access, policies and guardrails, and resident response, to name a few.

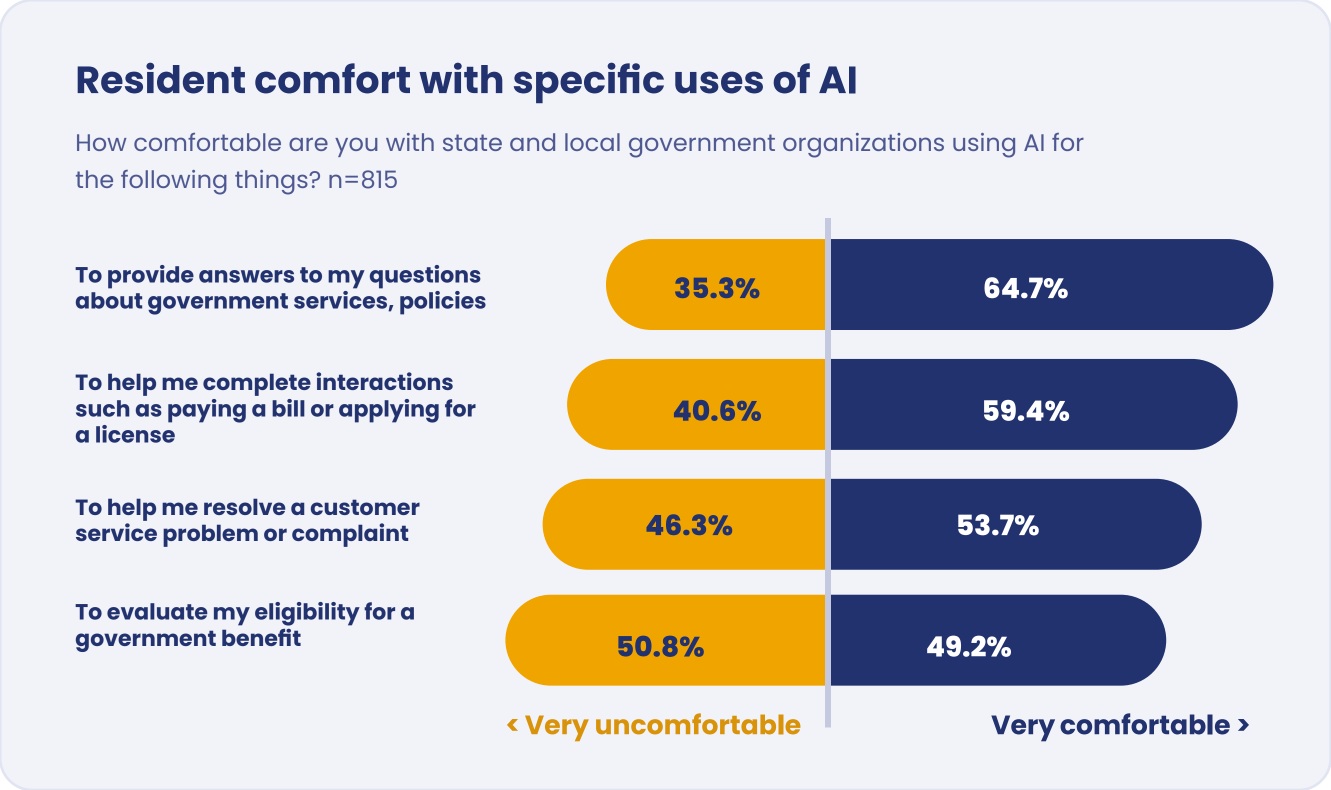
Navigating the nuances of resident readiness for AI

Our resident survey presents a nuanced picture of their readiness for AI-powered service delivery. **Our 3-year tracking metric for overall comfort with AI in government transactions and services has stayed fairly consistent year over year, with just over half of residents reporting they are comfortable.**



But the overall comfort metric does not stand alone. When we named specific uses instead of asking about AI in the abstract, comfort rose on nearly every one. Residents are more willing than the broad question suggests, once they know what the AI would actually be doing.

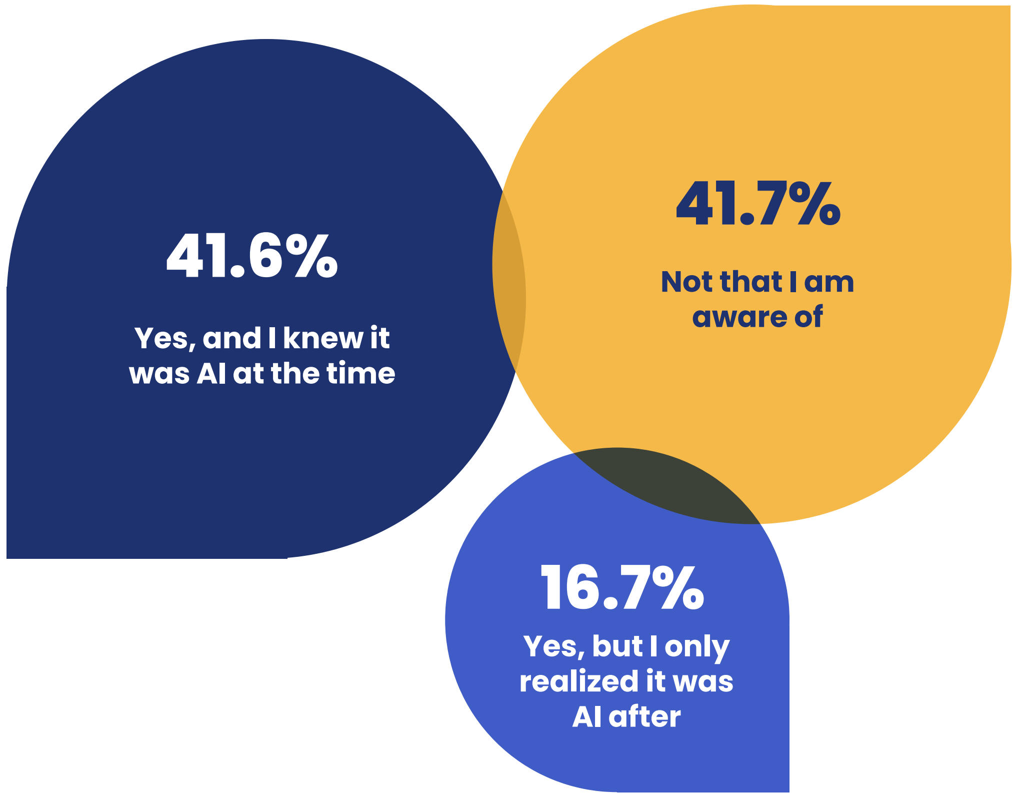
Benefit eligibility assessment is the only government service where more than half of residents report discomfort with AI.



Real-world encounters with AI tools appear to bring increased comfort. Among our survey respondents who have encountered an AI-powered interaction with a government agency via a website, app, or phone line, most rate the experience neutral-to-positively.

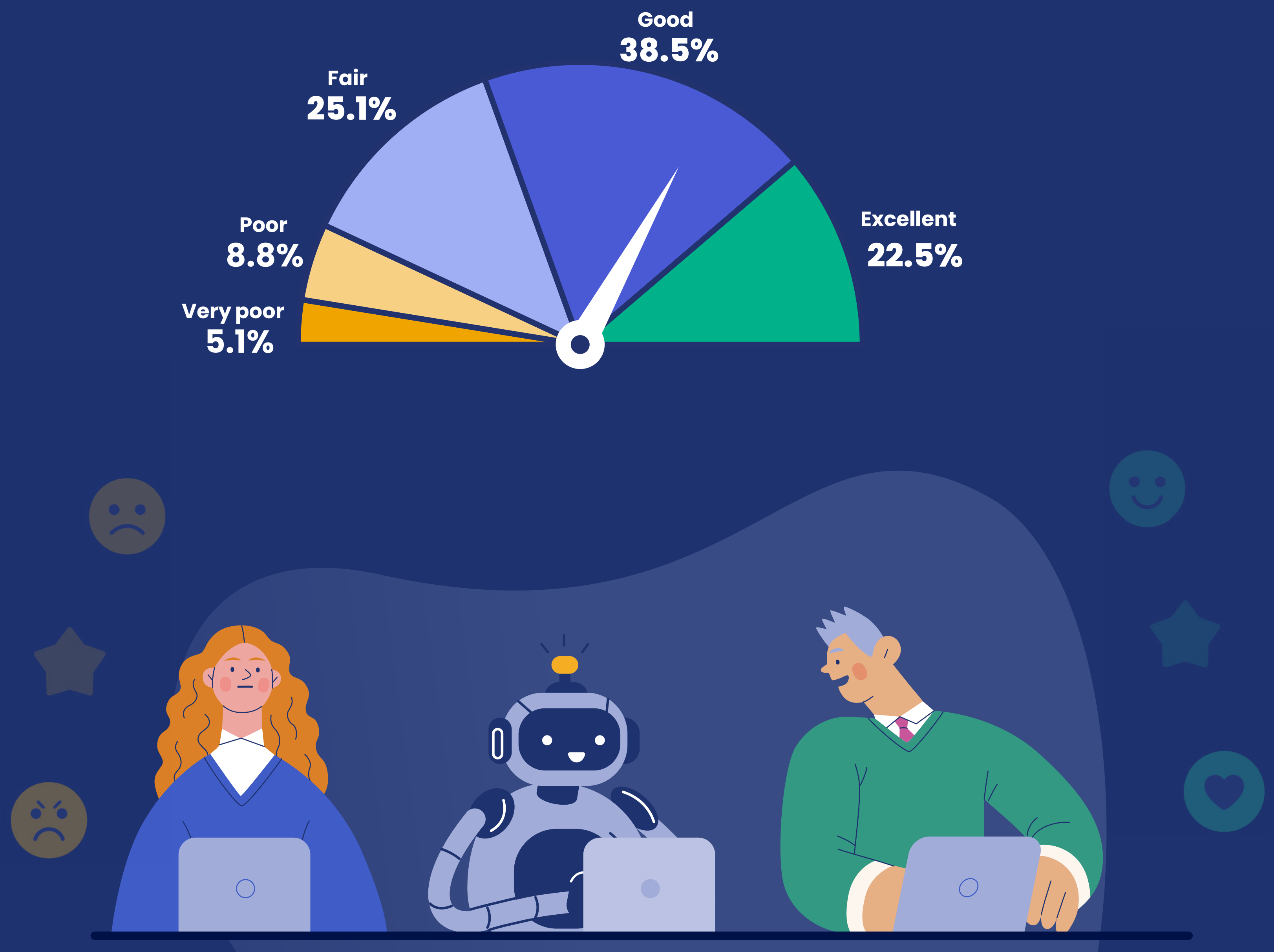
Encountered an AI tool in gov't interaction

In your experience with any government website, app, or customer service phone line, have you encountered what appeared to be an AI tool (such as a chatbot, virtual assistant, or automated response)? n=815



Resident ratings of AI-powered interactions

How was your experience with the AI-powered government interaction? n=475



Residents are adamant about AI labeling

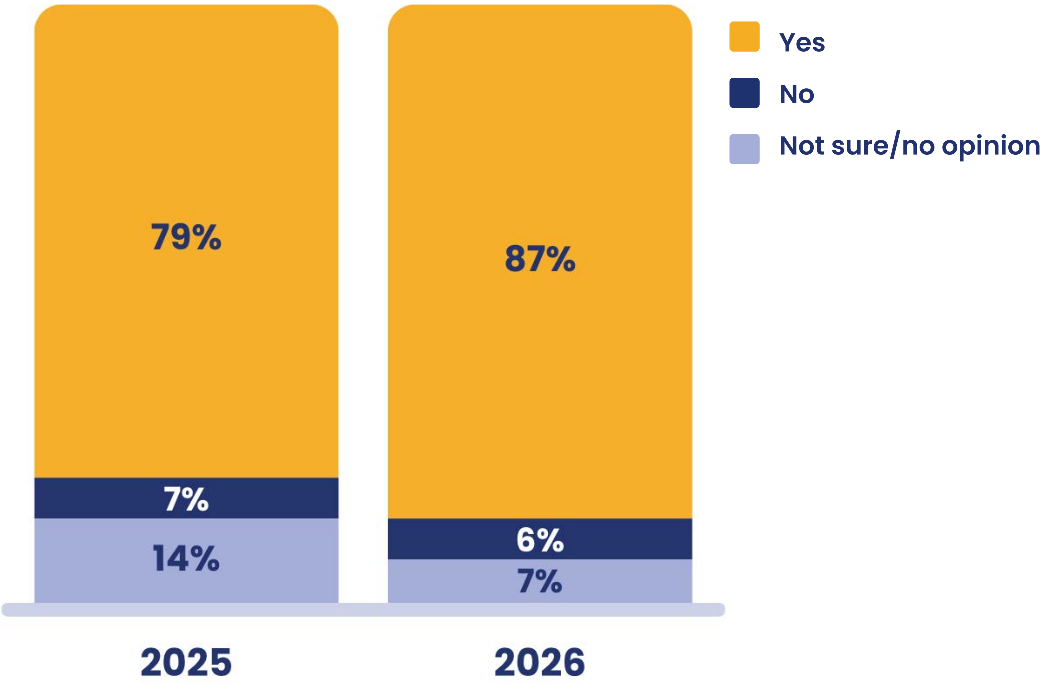
The most important thing to keep in mind: Resident preferences for clear AI labeling have hardened year over year. Public sector leaders should communicate transparently and proactively when AI is used to serve residents, and should publish their governance, security protections, and guardrails.

A firm majority — 87% — of residents say agencies should always disclose when AI is involved. And the preference for disclosure is not just among AI skeptics, but nearly universal, regardless of the respondent's personal use of AI. Daily users of AI were slightly more likely to call for AI labeling (91%) than those who have rarely or never used it (76% and 87%, respectively).

Clear disclosure of AI use in resident workflows and interactions fosters trust and adoption.

Should government agencies be required to disclose use of AI in providing services? 2025-2026

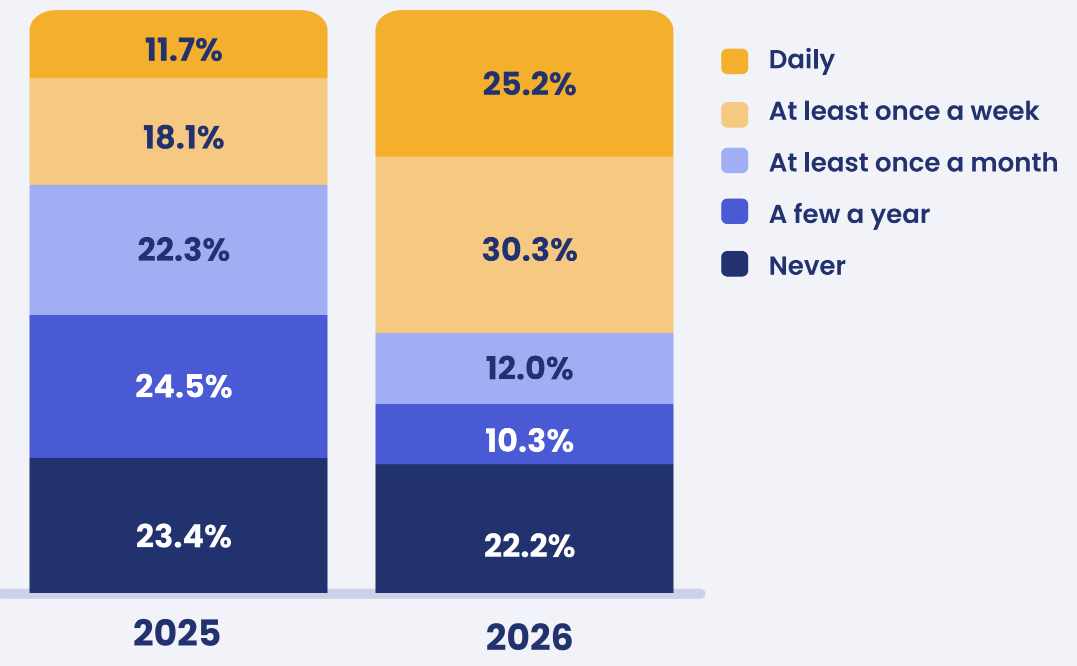
In your opinion, should state and local government agencies be required to tell residents when AI is involved in delivering a service to the public?



AI can help digitize more resident services

American consumer behavior is shifting as AI begins to reshape digital interactions and as people use AI more frequently in their daily lives. While the overall proportion of respondents who use AI at all has not increased significantly, the frequency of AI use has increased. This year, **two-thirds of our respondents report they use AI for work or personal reasons at least monthly, up from around 52% in 2025.**

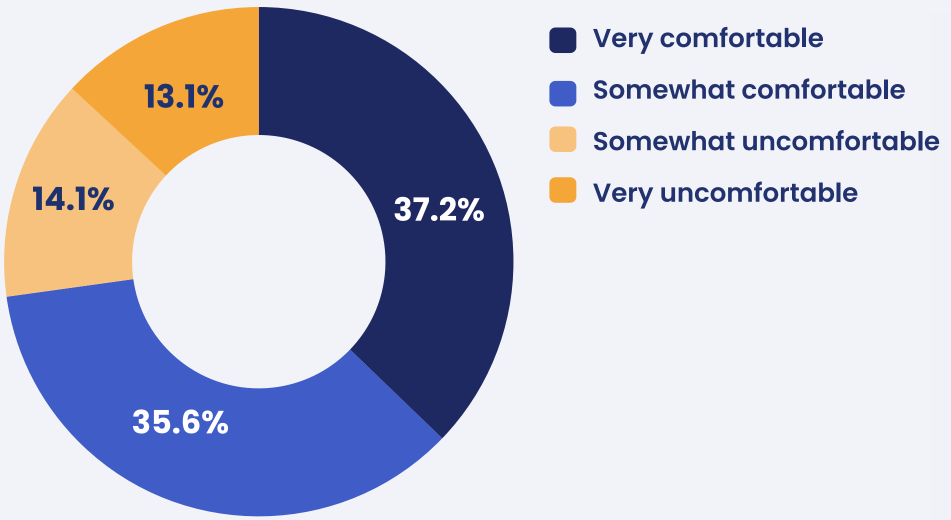
Respondent frequency of AI use, 2025-2026



Broader use of biometric technology for smartphone security and at airports has become a common part of daily life, and **most residents report they would be willing to allow biometric identity validation as part of a digital government service.**

Comfort using a live selfie for identity verification

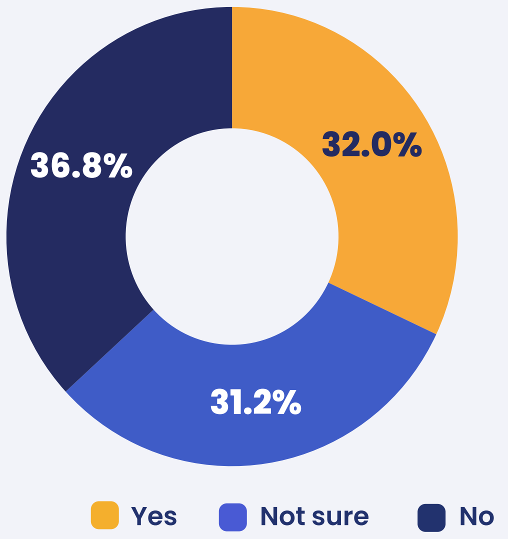
Would you be comfortable using a live "selfie" photograph of your face to confirm your identity, so that a government agency can provide a service online that would otherwise require a face-to-face visit to their office? The selfie photo would be deleted after you complete your service. n=815



That said, some aspects of AI that feed the hype cycle have not gained mainstream acceptance. We asked a detailed question about willingness to hand off government transactions to an AI agent, and **less than one-third are ready to say yes.**

AI is accelerating modernization efforts, promising increased efficiency for government operations. But public sector leaders know that navigating the risks of AI projects and resident acceptance of the technology requires a thoughtful strategy and clear guardrails. Our AI Readiness Guide can help you develop the roadmap.

Willingness to allow an agent to transact on your behalf



Would you allow an AI agent to automatically complete applications, bill payments, or other interactions with a state or local government agency on your behalf? An AI agent is a digital helper that can handle government tasks for you — like renewing a vehicle registration or paying a property tax bill — by doing the steps itself instead of you filling out each form. n=815

Put the strategy to work

The data is clear. Resident adoption of digital government services can reach 90%+ in most cases, putting meaningful efficiency gains in reach for public sector leaders. But this kind of digital scale doesn't happen by itself. It's not enough to offer an online payment channel and hope for adoption.

Three factors work together: Promoting services through the communication channels residents already use, building a user experience that matches what they get from everyday consumer apps, and moving more services online.

AI is changing government service delivery. Transactions once thought to be too complex or sensitive to digitize are now well within reach. The result: More residents using the channel they prefer, and more time for your team to focus on high-impact work.

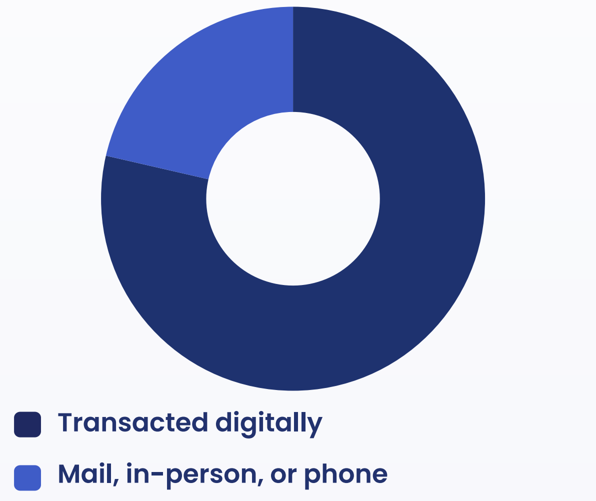
That 90% digital adoption target is closer than most agencies think.

METHODOLOGY STATEMENT

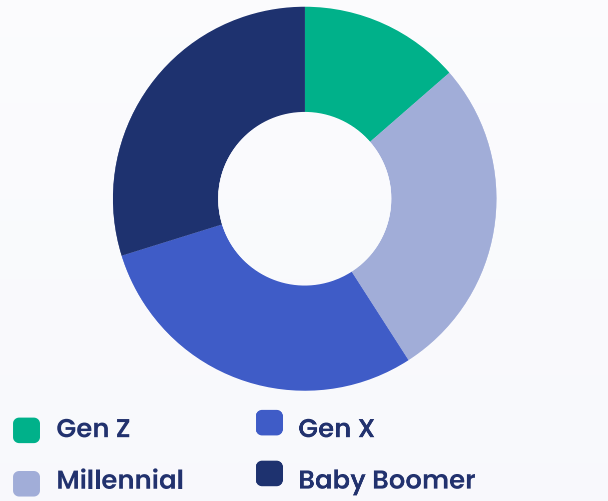
Resident survey: A survey of 1,038 US residents was fielded in July 2026. Of those, 815 had completed a state or local government transaction online in the past 18 months and answered the full instrument; 223 had not. Freetext answers on abandonment were read and coded.

Government leader survey: Harris Poll surveyed 609 state and local government leaders fielded in January of 2026. 307 whose primary responsibility is information technology and 302 line of business leaders in jurisdictions serving 100,000 to more than 5 million residents.

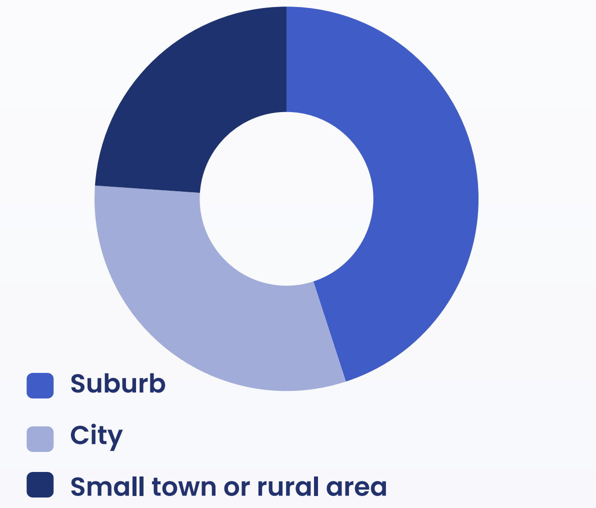
Digital transactions with government agency n=1038



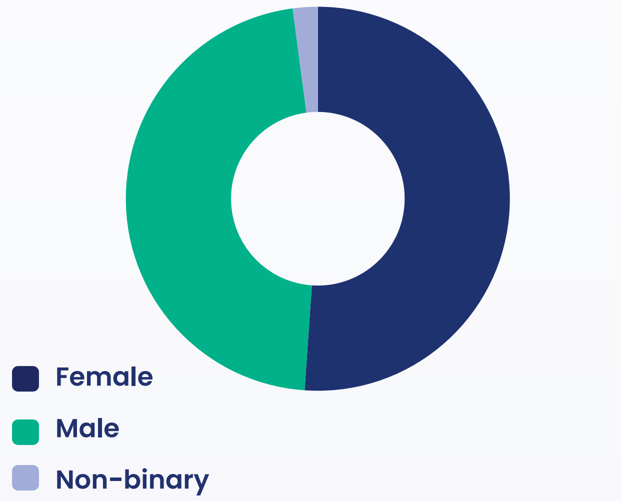
Respondent generational cohort n=815



Respondent community n=815



Respondent gender n=815



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 150 million residents in North America, we have received awards from Fast Company and StateScoop, and have been listed in the GovTech 100 every year since 2015.

PayIt: Smarter for government. Easier for everyone.

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