

The Paylt[™] Digital Government Adoption Index

Winter 2023 Edition



Contents

Introduction 3

About the study 4

State of play 5

Expectations are low, but should they be? 6

What lies ahead.....15

Recommendations for provincial, state, and local government agencies18

Additional resources19

Methodological note 20

Introduction

If there's one word to describe most interactions between residents and government agencies, it's friction. There's just too much of it on both sides.

Agency staff regularly have to deal with duplicative manual processes and inadequate digital tools, leading to long wait times for residents who try to pay in-person.

As-is, the system isn't doing residents or agencies any favors and both want something different.

Digital transformation is continuously reported as important or necessary by both agency staff and residents alike. In fact, Public Input found that "The overwhelming majority (85%) of residents agreed that their local government has a responsibility to provide accessible ways for the community to engage." Further, a recent Deloitte study reported that residents' digital experience with their local governments correlates with trust levels: Easy-to-use digital tools translated to [trust scores that were up to four times higher](#) than subpar digital experiences. But [Gartner](#) found that only 45% of Governments have scaled digital programs.

Progress is happening, but it's slow. A [2022 report](#) that surveyed over 200 local government leaders in the UK found that 80% of public sector agencies are currently reviewing the digital strategies put in place at the start of the pandemic to decide whether they should become part of longer-term modernization strategy. While there's broad support for digital advancement, 68% of their respondents also added that the current state of collaboration across teams and systems is slow and manual. Constrained resources, complex organizations, limited human capacity, and massive IT transformation goals make digital updates challenging for government agencies.

Given these challenges, we wanted to examine a few key questions as governments and residents seek to improve digital interactions.

- What do government agencies think about digital transformation, and how does that align with what consumers want?
- What drives the shift to online, and how can agencies unlock adoption?
- What trends for 2023 (and beyond) should be considered as government agencies invest in digital service delivery?

About the study

Our study focused on U.S. state and local agencies, with an emphasis on services delivered involving payments. The study was conducted by the Center for Digital Government on behalf of PayIt. The findings are the results of two online surveys completed in October 2022.

Of the study's 1,335 respondents...

130 respondents were staff at government agencies.

The government respondents worked in several different capacities: Folks in finance, operations, subject matter experts, and senior management roles all participated in the study. Most of the participants work for a State, City, or County agencies. A small percentage of the respondents work in a special district. More than half of government agency respondents (63%) work in leadership or management roles.

1,205 respondents were residents.

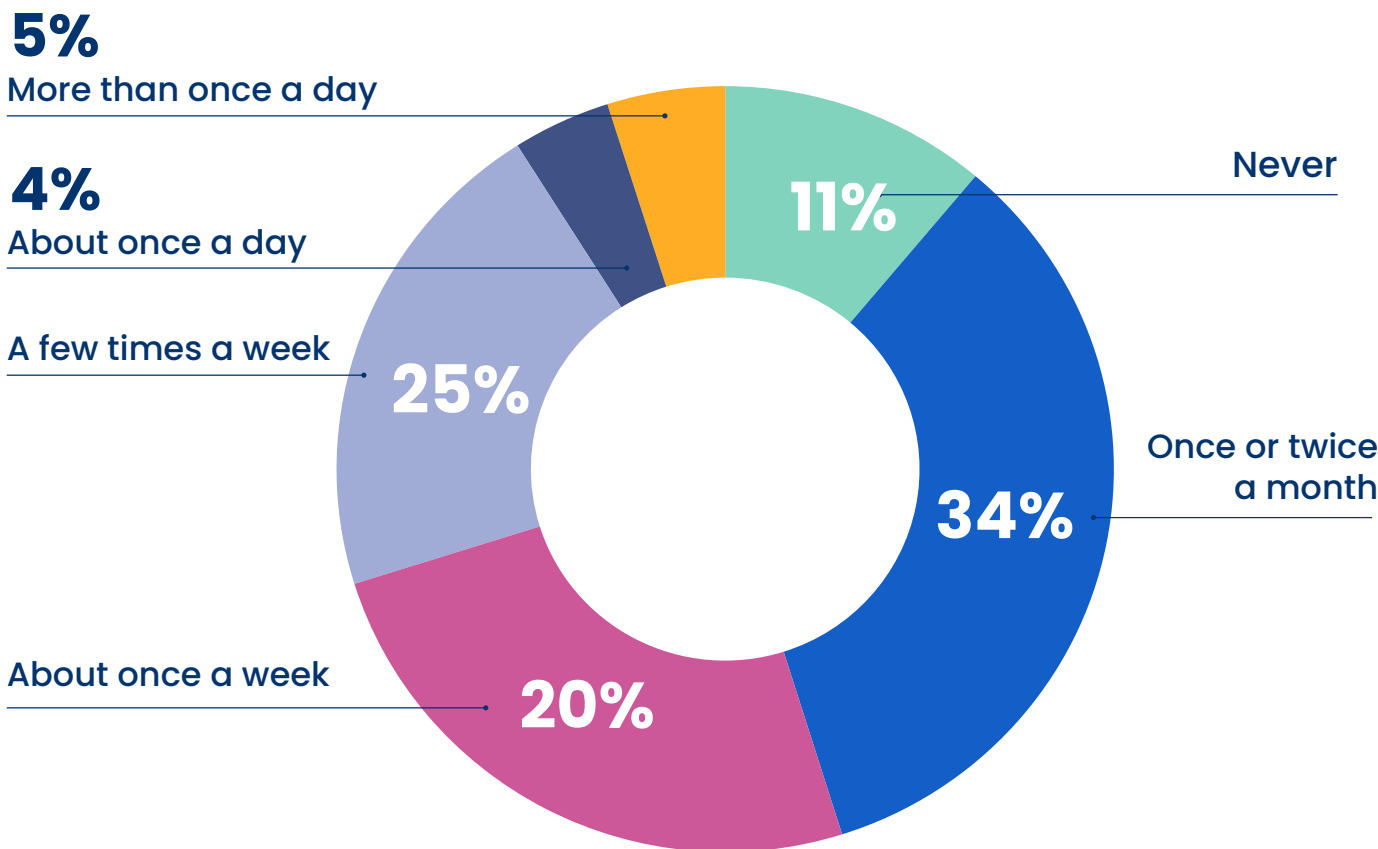
Forty-nine states and the District of Columbia are represented in this study's resident data. The age of resident respondents ranged from 18 to over 65 years. Most of the study's participants were at least 30 years old at the time of the research. The majority of respondents have completed at least some college — many have earned a 2-year or 4-year degree — and 22% have completed post-graduate courses or have a graduate degree.



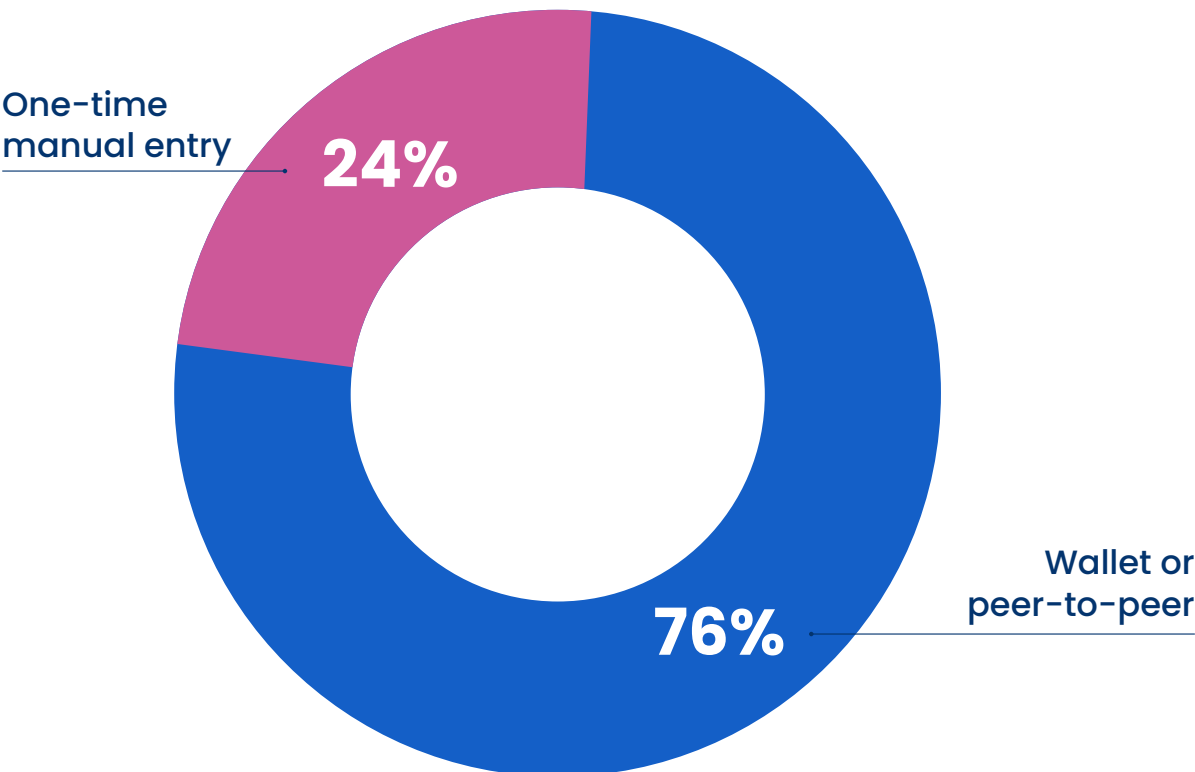
State of play

Government online transactions lag consumer behavior.

Online transactions are now the norm for consumers.



In the past month, how often did you make a purchase of goods or services using an internet-enabled device such as a mobile phone, tablet, or computer?



About half of consumer respondents paid their last government transaction online. **But fewer than 1 in 4** had a modern payment experience.

Expectations are low, but should they be?

Government agencies are less pleased with their progress than residents are.

The agency respondents that participated in our study are focused on improving upon the digital experience they currently offer. In fact, when it comes to ease of use for digital services, residents rated the experience as better than government respondents did.

In most cases, residents do have an online payment option. But oftentimes, the website is difficult to navigate and doesn't store transaction history, identity information, or their preferred method of payment. But overall, people are generally pleased with the online transactions they have completed, and although the methods are outdated, they give government agencies high marks.



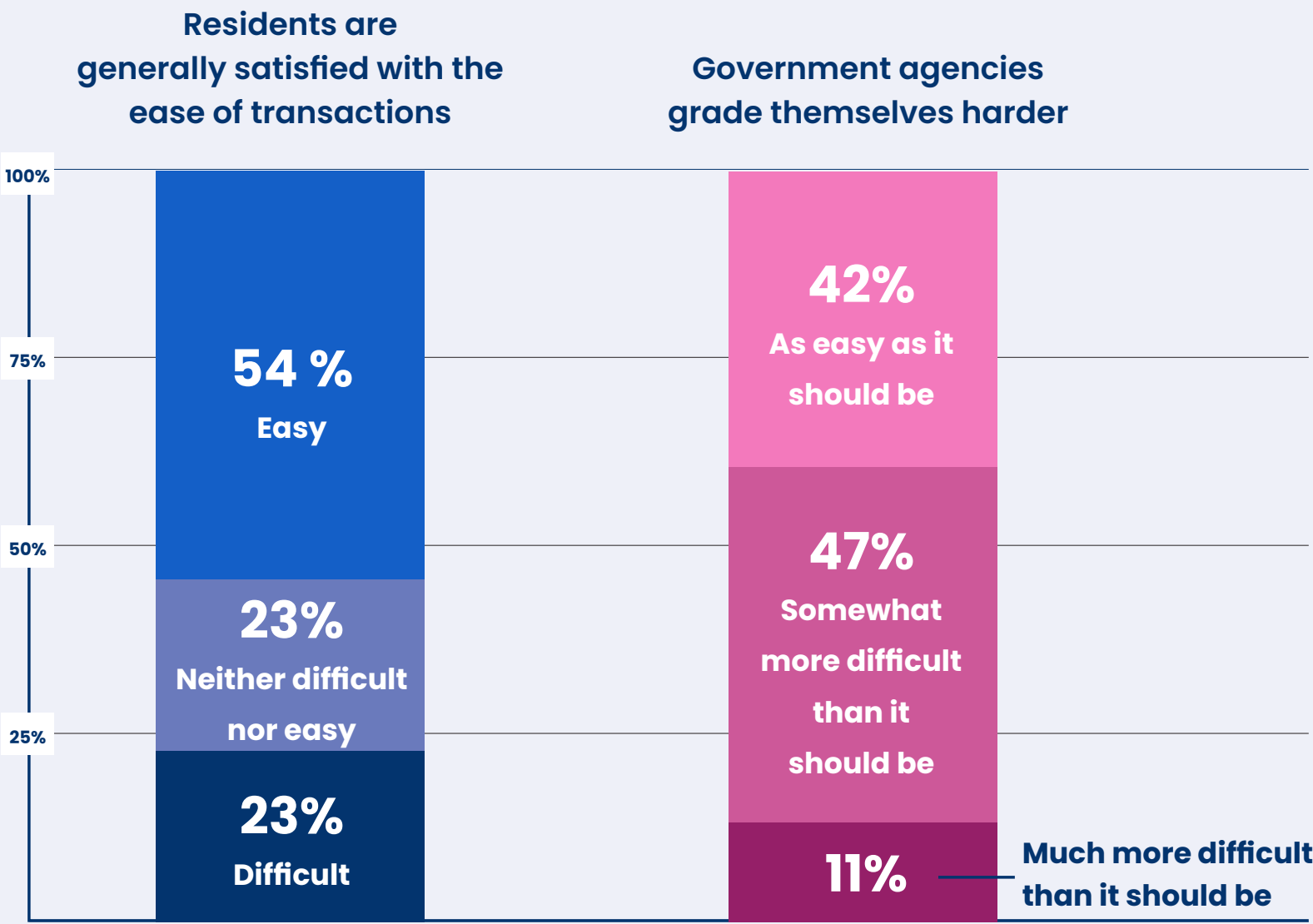
64%

of government respondents want half of all payments to be submitted online in the next year.

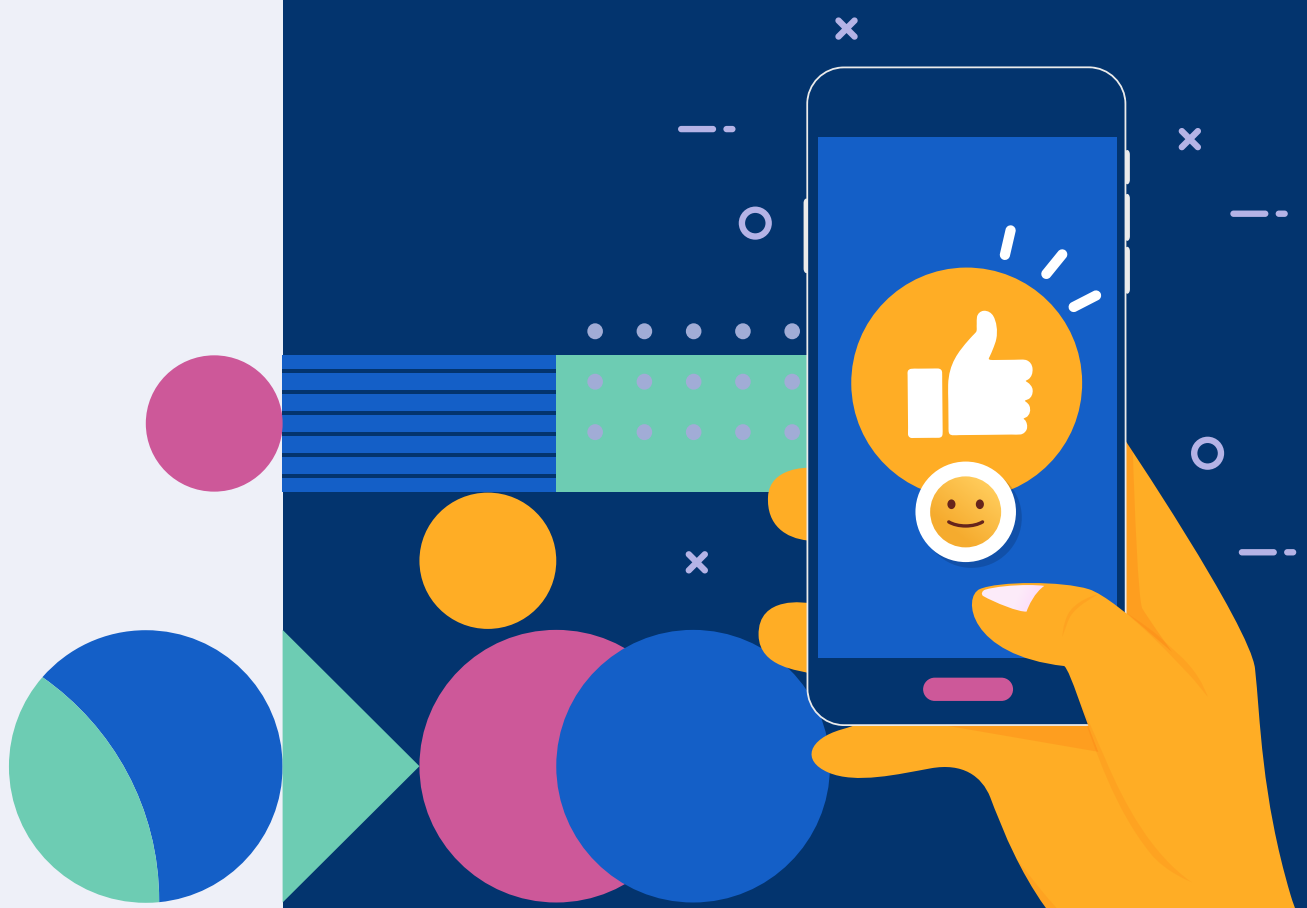
When digging into response data by age, our study revealed that younger residents are more dissatisfied with the online payment experience than older residents. We suspect that younger residents are more likely to transact online regularly, and have come to expect a more convenient, personalized payment experience than older respondents. Current technology in place is not working for all residents.

Resident satisfaction has room to improve.

Many government agency respondents indicated they are unhappy with the usability of their digital services. Nearly half (47%) of government respondents said that digital access for residents is somewhat more difficult than it should be. Compare that to 54% of resident respondents reporting it was easy to access their government’s digital services.



This difference could come down to mindset — and that’s a good thing. Government agencies that are focused on technical improvements are poised to surprise and delight their residents.



Just as folks are shopping online more and more, government transactions are moving online — a transition expedited by the pandemic. As of May 2022, [“75% of U.S. bill payments flow through digital channels — approximately \\$4 trillion,”](#) according to U.S. Bank.

Nearly half (49.8%) of our consumer respondents made their last payment to a state or local agency digitally while about a third (32.4%) paid in person.

But most digital transactions with government are still clunky.

While more government agencies than ever are offering online payments, these options are often based on cumbersome 2000s technology. Residents are required to manually enter their account and payment information for every transaction, which is time consuming, and frankly, annoying for consumers.

Residents appreciate simplicity, convenience, in-app guides, and help via chat. Despite these positive comments, consumer respondents did cite plenty of user experience issues with their local government’s digital services: too many steps, unclear directions, hard to find sections, login problems, site outages or performance issues, and lack of payment confirmation.

Consumer comments reiterate that government sites are functional, but not up to the standards that other online transactions now meet:



“I find a little patience goes a long way when I am getting information or making payments to any government agency.”

“Government websites are often down or lacking the correct instructions”



“Government websites seem to ALWAYS be difficult.”



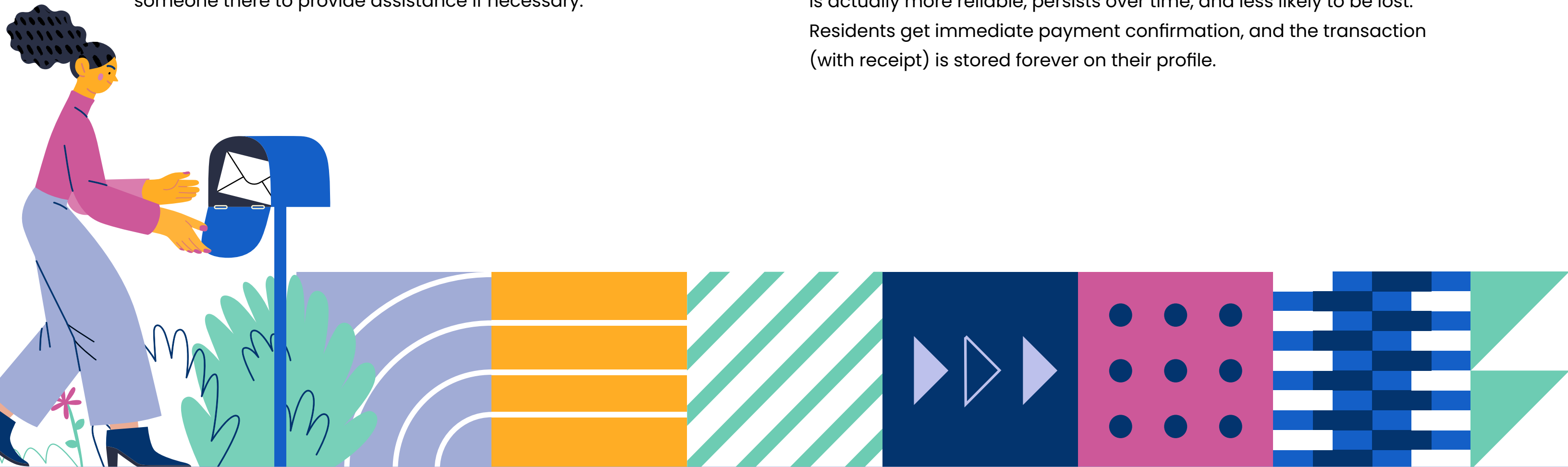
Some residents still feel like in-person payments are more secure. But is that true?

Although many people have the option to pay online, some residents still prefer to pay in person because of a lack of confidence in the security of mail or online services.

They feel that paying in person is the most secure, dependable way to pay their bills. “In person is always the best and easiest! Most sure and accurate,” said one consumer participant. When paying in person, residents know they’ll get a receipt, and there’s someone there to provide assistance if necessary.

Although many residents believe that paying by mail or in person is more secure, that is not true. The potential for error is very high, and there are other security concerns. An unscrupulous employee or “mail phisher” could intercept a check, putting payment and the resident’s checking account at risk.

In contrast, a modern digital payment solution with a good user experience and wallet will include a stored transaction history that is actually more reliable, persists over time, and less likely to be lost. Residents get immediate payment confirmation, and the transaction (with receipt) is stored forever on their profile.



Government agencies see the future — and are pushing forward with innovation.

A [recent study of 85 countries](#), completed by the World Bank Group, found that government agencies that were able to leverage digital databases during the first year of the COVID pandemic reached around half of their populations on average. This data reinforces the notion that agencies who prioritized digital access now are primed to leverage that investment to facilitate a long-term shift.

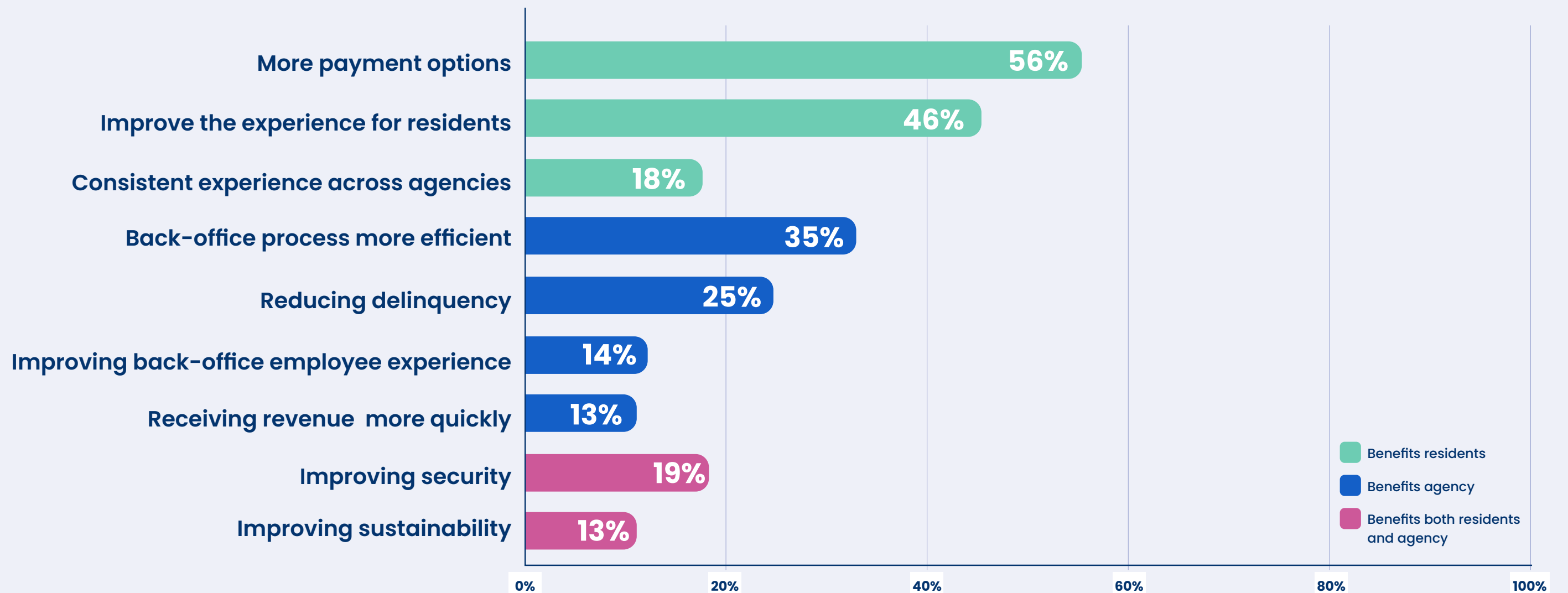
The top three priorities agency respondents cited in our study are:

1. Making additional services available digitally
2. Improving payment process and/or adding new digital payment options
3. Automating forms processing (on the back end)





What are the biggest drivers of digital transformation of payments at your organization?





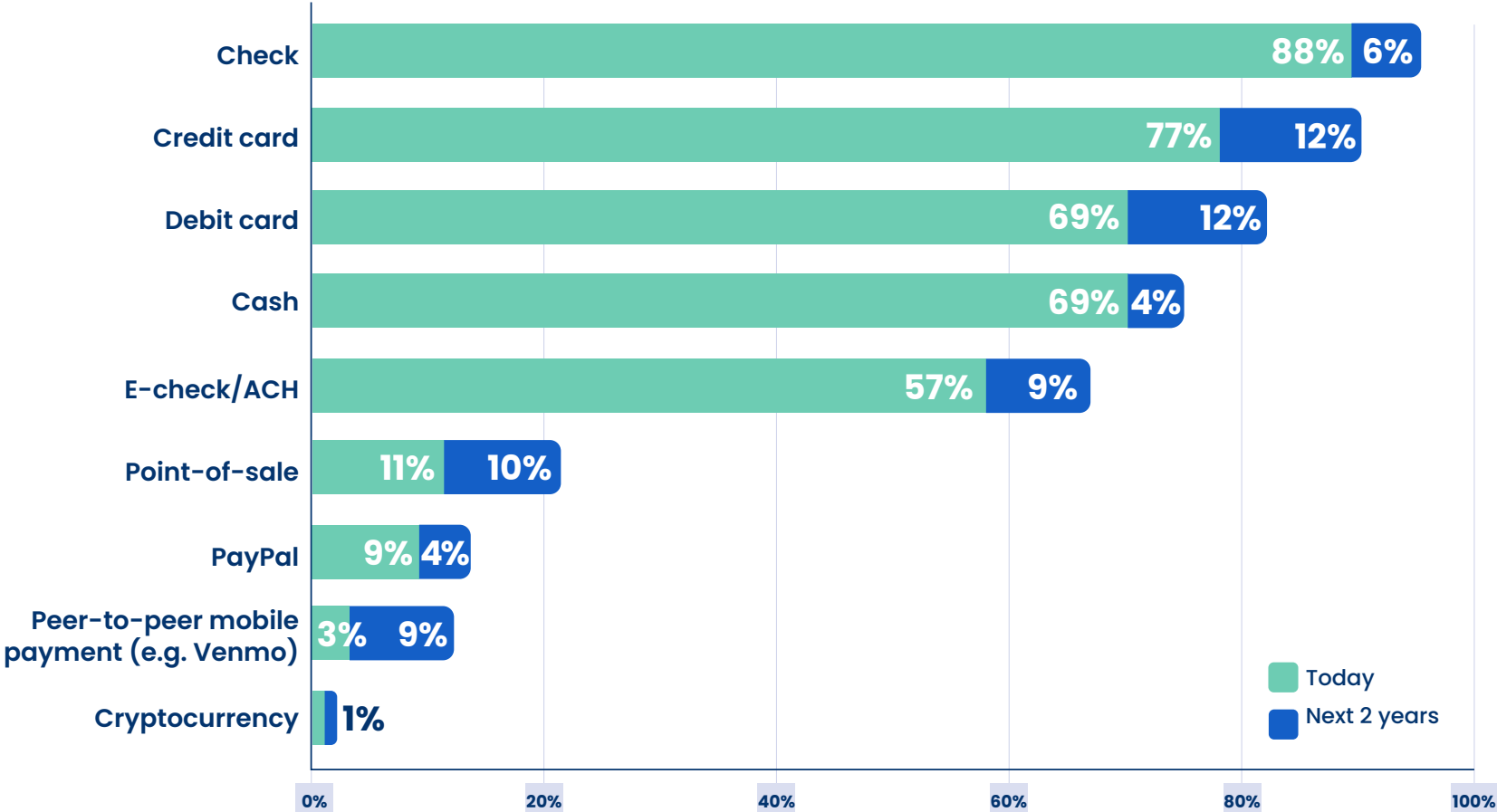
Modernizing payments reduces both time to revenue and delinquent payments. User-friendly digital solutions also reduce bill delinquency. Residents don't have to wait to find a time to pay in-person; they can pay whenever, wherever, on any device. The quicker agencies collect revenue, the sooner they can put that money to work for their constituents.

Modern technology streamlines workflows and reduces mail volume, so staff will spend less time entering payments manually and doing duplicative work. IT support staff will also have fewer tickets to manage, allowing them to dedicate their time to more pressing projects.

Both residents and government agencies will share the benefit of sustainability. Agencies can reduce the amount of raw materials they're using to mail bills — not to mention reduced postage costs. An environmentally friendly government solution is a win-win.

What forms of payment does your organization currently accept from constituents? Does your organization have plans to accept any additional forms of payment in the next 1-2 years?

Current and planned payment methods



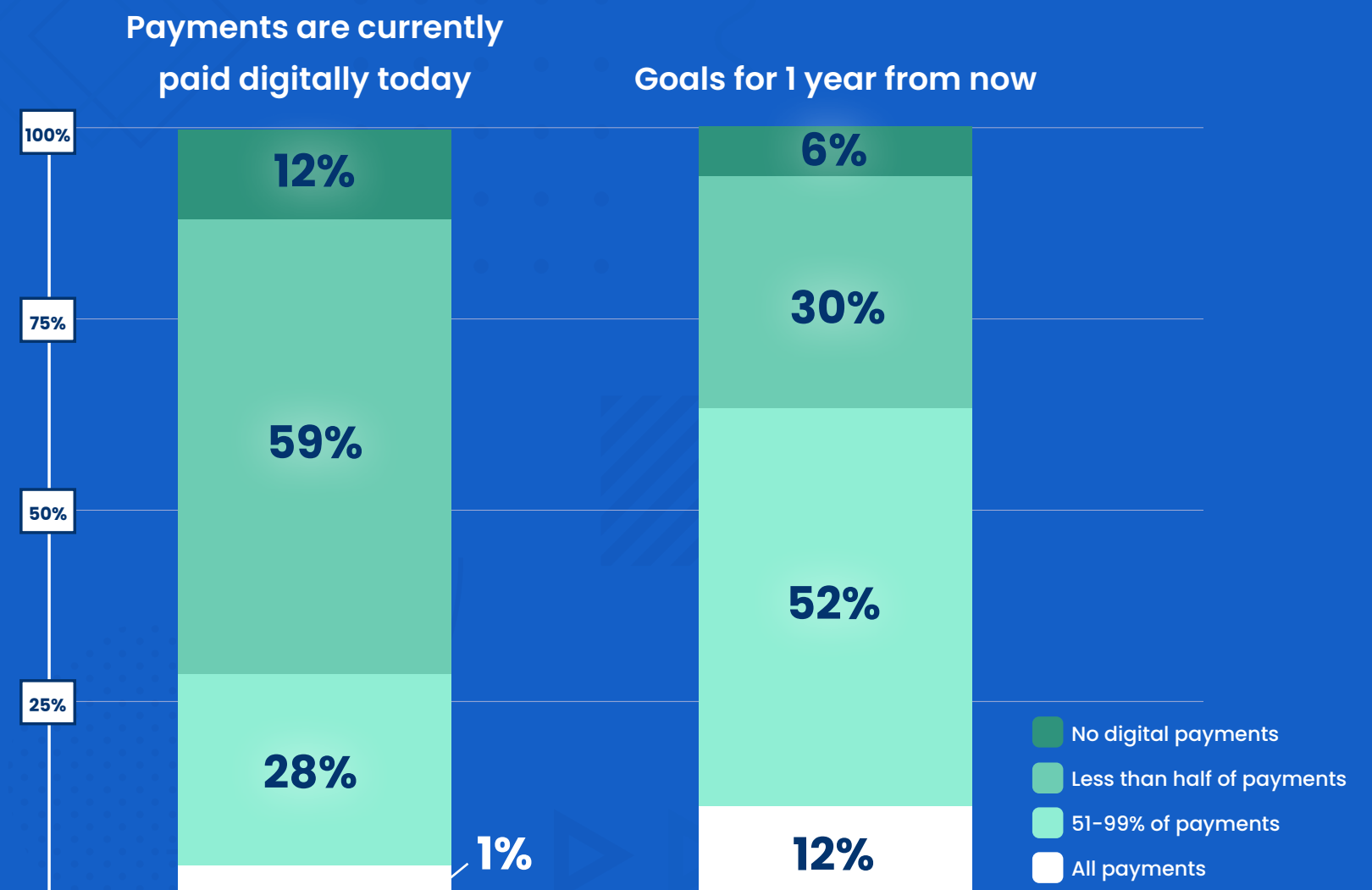


What proportion of payments would your organization prefer to be paid digitally 1 year from now?

Government agencies have big goals for digital adoption.

While today only 28% of agency respondents conduct more than half of their transactions online, respondents have big goals for the coming year:

More than 64% have set a target for more than half of transactions to happen online within a year, and 12% have the bold goal of 100% of payments transitioning online.



The success of modernization efforts depends on driving digital service adoption.

Government technology isn't an "if you build it, they will come" scenario. To achieve the channel shift you want, your agency needs a purposeful approach to drive adoption. Communicating your plan for the future is very important.

A recent study published in [Government Information Quarterly](#) explored slow adopters and what agencies can do to increase the adoption of digital services. The study found slow adopters and nonusers "tend to include various marginalized groups, such as socioeconomically disadvantaged households, senior citizens, people living in rural areas, and people with disabilities, which may suffer both from limited access and limited skills to use the technologies."

This study found that gentle "nudges" mixing informative content and social norm persuasion (indicating how many members of the community already use the service, or pointing out its sustainability advantages) help drive adoption. The nudges worked so well that they almost doubled the rate of use of the service (relative to the control group).

Our own data shows that our best-in-class clients are seeing adoption rates of up to 90% for digital court payment services, up to 79% for utilities, and up to 42% for DMV services.

One of our clients went from 2.1 thousand transactions conducted digitally in 2020 to 13.6 thousand digital transactions in 2021 — bringing in a record property tax revenue of \$252 million. This client also saved \$663 thousand on operational costs and \$43 thousand on support costs.



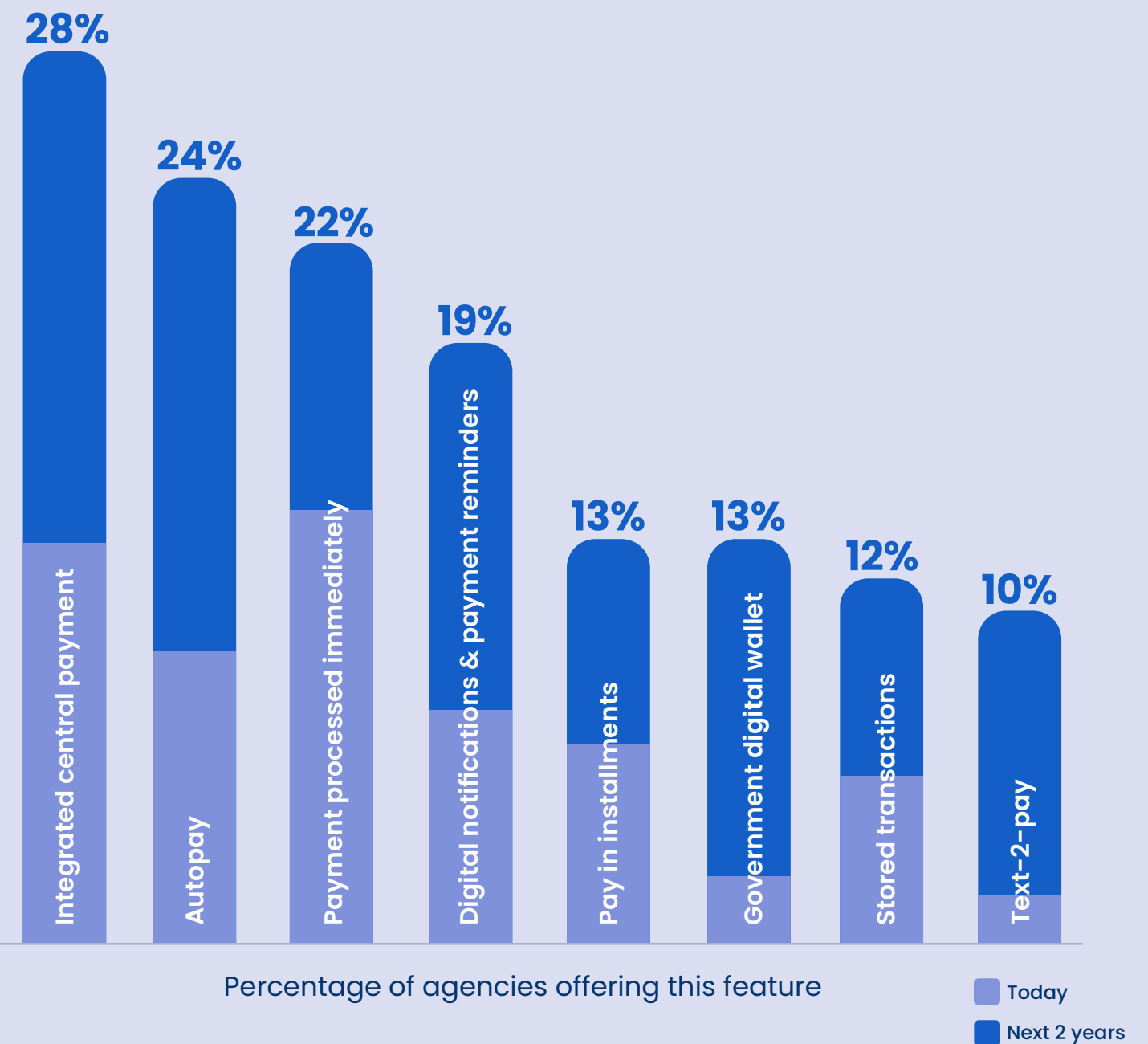
What lies ahead

Today, few agency respondents report that they offer advanced payment features. But they are looking to enhance and expand offerings within their digital payment programs in the next 1 to 2 years. Even so, only a minority of agency respondents will offer key features (such as autopay, stored transaction history, and notifications) that consumers are interested in when it comes to digital payments.

In addition to these feature enhancement plans, **26% of agency respondents reported they do expect to expand the number of payment methods offered.** This will be a welcome change, as choice of payment method topped the list for consumer priorities in a government payment experience. Similarly, both agencies and residents prioritize fast payment processing.



Features offered now, and planned for the next 1–2 years

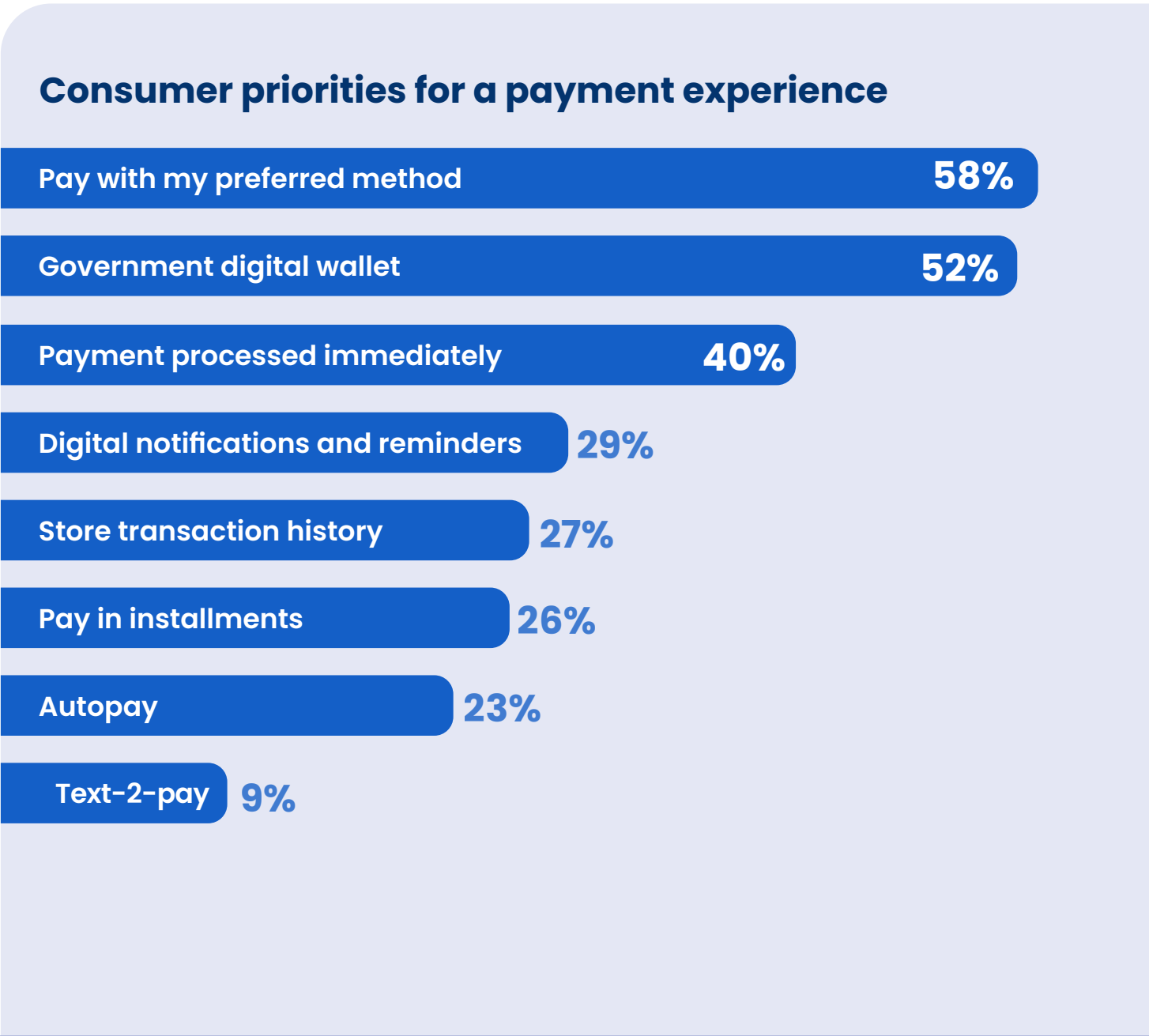


But resident expectations outpace agency delivery.

While only a minority of agencies offer advanced payment options, several of those features are cited as resident priorities. Features such as installment plans and automatic payment options are commonplace experiences in the consumer world, but government agencies lag behind. Although the data indicates mild interest in these experiences, it’s worth pointing out that residents have access to these features almost everywhere else they spend money.



1 in 4 residents paid for online service using a stored wallet or identity profile.



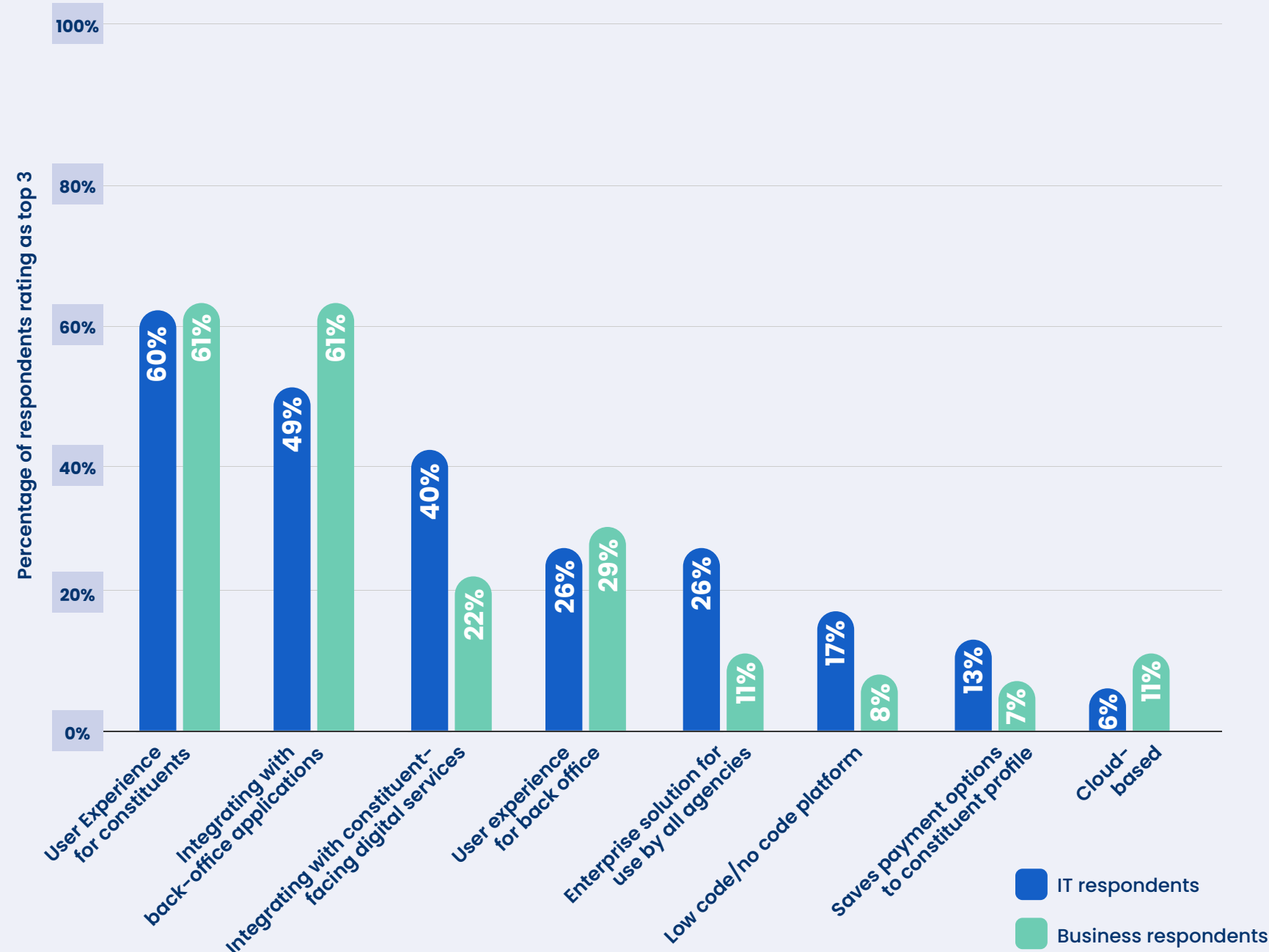
Residents prioritize convenience and choice.

The availability of advanced payment features has a direct correlation with adoption. Our own data shows that incorporating eBilling, partial pay, and automatic payment options through a digital wallet contributes to accelerated adoption and year-over-year increases in adoption of digital solutions across city, county, and state jurisdictions.



Aside from meeting standard financial-grade security and compliance requirements, what are the most important requirements for a payment services platform for your organization?

Constituent experience is the top priority for IT and business leaders alike



Recommendations

Improving access, trust, and inclusion through technology is crucial for government agencies. These recommendations will help ensure you get the best outcomes.

- **Survey your community** to understand their preferred payment methods and channels, and plan accordingly.
- **Prioritize the resident-facing user interface** and overall experience to maximize adoption and accessibility.
- **Complete at least some user testing** before choosing a platform. It will save you time and money in the long run.
- **Choose technology that can grow and evolve with you** — ideally, a composable platform that can be configured (and reconfigured).
- **If your agency is new to digital innovation**, start with one or two high-volume use cases. Optimize those for maximum impact, and then continue your efforts.

Additional resources



READ NOW



READ NOW



WATCH NOW

Methodological note

The Center for Digital Government was commissioned by Paylt to survey 125 state and local government leaders and 1,200 constituents on the topic of payment experience. The goal was to capture market intelligence on payment experience and to provide relevant data-points to be used for publishable reports and content messaging.

In October 2022, the Center for Digital Government conducted a national survey of state and local government leaders and collected 130 responses. The Center for Digital Government also conducted a national survey of constituents and collected 1,205 responses.

Both surveys included 15 questions that were designed in partnership with Paylt. These questions were analyzed to identify trends across key verticals, including levels of government, agency or department types, and job roles.

About PayIt

PayIt is the solution government agencies use to take the friction out of resident transactions. Our composable customer experience platform enables agencies to collect revenue faster, improve efficiency and sustainability, and give people the smooth digital experience they have come to expect online. PayIt integrates into any back-office system, launches in about 90 days, and provides residents with a single GovWallet™ to store transaction history, receipts, and payment methods for multiple agencies. Serving more than 80 million residents in North America, we have received awards from Fast Company, StateScoop, and have been listed in the GovTech 100 for 7 years and counting.



To learn more, visit www.payitgov.com

