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New Fiserv-Sponsored Study Finds that Online Bill Payment Results in More Profitable and Loyal Financial Institution Customers

Study also establishes predictive link between slowing payment activity and customer loss

Brookfield, Wis., April 1, 2009 - A new study sponsored by Fiserv, Inc. (NASDAQ: FISV), the leading global provider of financial services technology solutions, has found that consumers who pay bills online are more profitable and loyal to their financial institution due to their use of online bill pay services. Customers who began using online bill payment during the course of the study delivered 15 to 20 percent more profit to their financial institution when compared to similar customers who did not adopt the online service. Further, customers who paid bills online were 76 percent less likely to churn or leave the financial institution.

The study also showed that bill payment data can be used to reliably predict customer behavior. Decelerating online payment activity served as an early "red flag" that the customer was likely to move his or her account to another institution in the near future, providing the financial institution with an opportunity to take preventative action.

The Online Bill Pay Longevity and Lifetime Value Study conducted by Aspen Analytics, a division of Aspen Marketing Services, and sponsored by Fiserv, analyzed transactional data from nearly 10 million customers at one of the top 10 banks in the United States during a 16-month period in 2007 and 2008. To download the research brief, visit www.checkfree.fiserv.com/whitepapers.

"The Fiserv and Aspen Analytics Study is the most comprehensive of its kind to date and again proves that online bill payments create a much deeper and more profitable relationship between the household and the bank or credit union offering these services. These findings are particularly significant for financial institutions that are increasingly competing to grow and retain deposits in this challenging economic environment," said Kirk Gripenstraw, senior director of analytics for Aspen Analytics. "Consumers get hooked on the convenience of these services and don't want to go through the time-consuming transition of accounts and bill payment transactions that would result from moving to another bank or credit union. By mining transactional data to identify those customers whose bill-pay activity is declining, financial institutions can identify those most at risk of leaving and use this window of opportunity to try to prevent customer churn from occurring."

"This landmark study proves that online bill pay is a strategic pathway for financial institutions that want to drive increased value from their customer relationships," said Geoff Knapp, vice president of consumer marketing and analytics, Electronic Banking Services, Fiserv. "By increasing customer adoption of online bill pay services and optimizing their online channel for cross-selling purposes, financial institutions can achieve significantly higher rates of customer retention and profitability, while encouraging consumers to consolidate more of their financial lives with their primary financial institution."

Key findings from the Online Bill Pay Longevity and Lifetime Value Study include:

- Prior to online bill pay adoption, the profitability of customers who eventually adopted online bill pay was almost identical to non-adopters. Immediately after adopting bill pay, consumers delivered 15-20 percent higher profits to this top 10 bank. This indicates that the use of online bill payment leads to increased customer profitability, possibly due to the consolidation of accounts used to pay bills and increased cross sell opportunities due to more frequent website visits.
- High bill pay users were identified as four times more valuable to their financial institution as average bank customers. These high online bill pay users were defined for the purposes of this study as consumers who paid an average of five or more bills online per month during the study period.
- The segment of customers who use online bill pay services most actively carried 79 percent higher account balances than the average bank customer.
- Every additional bill that customers paid online resulted in an incremental increase in customer profitability.
- As customers progressed from paying bills via paper checks, to online banking customers, to online bill pay customers, each progressive step was associated with a significant decline in customer attrition rates.
- High users of online bill pay services were up to 95 percent less likely to leave their financial institution than average bank customers, and 90 percent less likely to leave than online banking customers who did not pay their bills online.

- Customers' deceleration of online bill payment activity was a significant "red flag" for impending bank churn - indicating that the customer was likely to move his or her account(s) to another institution in the near future.

The study builds on earlier research conducted by Aspen on behalf of CheckFree, now Fiserv, which showed that customers who received and paid electronic bills were more profitable and loyal than offline customers. Findings from the initial study were announced in November 2007 and reported in the Aspen white paper titled, "The E-Bill Effect: The Impact on Customer Attrition," which can be downloaded at www.checkfree.fiserv.com/whitepapers. Forrester Research also published the study findings in a March 2008 research note, "Case Study: SunTrust Quantifies the Profitability Impact of eBill Usage."

About Fiserv
Fiserv, Inc. (NASDAQ: FISV) is the leading global provider of information management and electronic commerce systems for the financial services industry, driving innovation that transforms experiences for financial institutions and their customers. Ranked No. 1 on the FinTech 100 survey of top technology partners to the financial services industry, Fiserv celebrates its 25th year in 2009. For more information, visit www.fiserv.com.
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