



# The Hidden Costs of Bill Pay 2023

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doxoINSIGHTS Report 2023



A comprehensive analysis of the four hidden costs of bill pay that affect consumers: late fees, overdraft fees, identity fraud, and detrimental costs of credit.

[www.doxo.com/insights](http://www.doxo.com/insights)

## About doxo INSIGHTS

doxo INSIGHTS leverages doxo's unique, aggregate, anonymized bill pay data comprised of actual bill payment activity to confirmed household service providers across the country.

# 8M+

Statistically significant, with over 8 million paying consumers.

# 97%

Geographically diverse, capturing payment activity in 97% U.S. zip codes

# 120,000

Covering 45 different biller service categories, with more than 120,000 unique billers

## All income brackets

Economically representative, with participation from all income brackets.

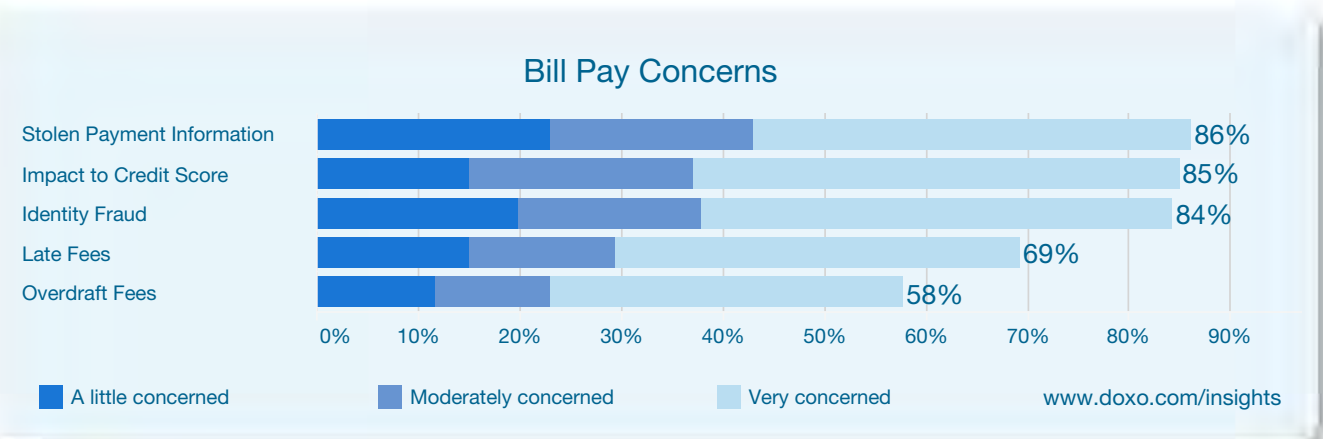
## All payment funding sources

Capturing all payment funding sources, including bank accounts, credit cards, and debit cards.

doxo INSIGHTS provides a comprehensive look into the household bill pay industry, with a deep dive into category size and average spend at the national, state, and regional level. doxo INSIGHTS aims to bring transparency to the U.S. bill pay market by bringing together the broadest available data set for analyzing actual household payment activity, and providing the foundation for bottoms-up market sizing for the 10 most common household bills. For more information about doxo INSIGHTS visit [www.doxo.com/insights](http://www.doxo.com/insights).

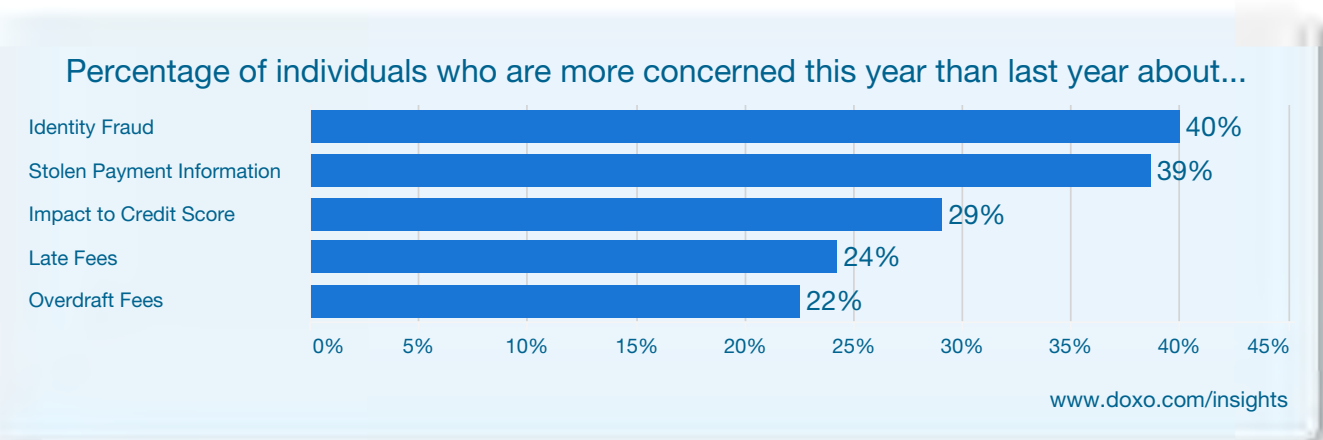
## 86% of households are concerned with how stolen payment information will impact their financial situation

The impact that stolen payment information will have on consumers' financial situation emerges as the top concern for U.S. consumers, with 86% concerned with this threat. Other identified concerns for bill payers are impact to credit score (85%), identity fraud (84%), late fees (69%) and overdraft fees (58%).



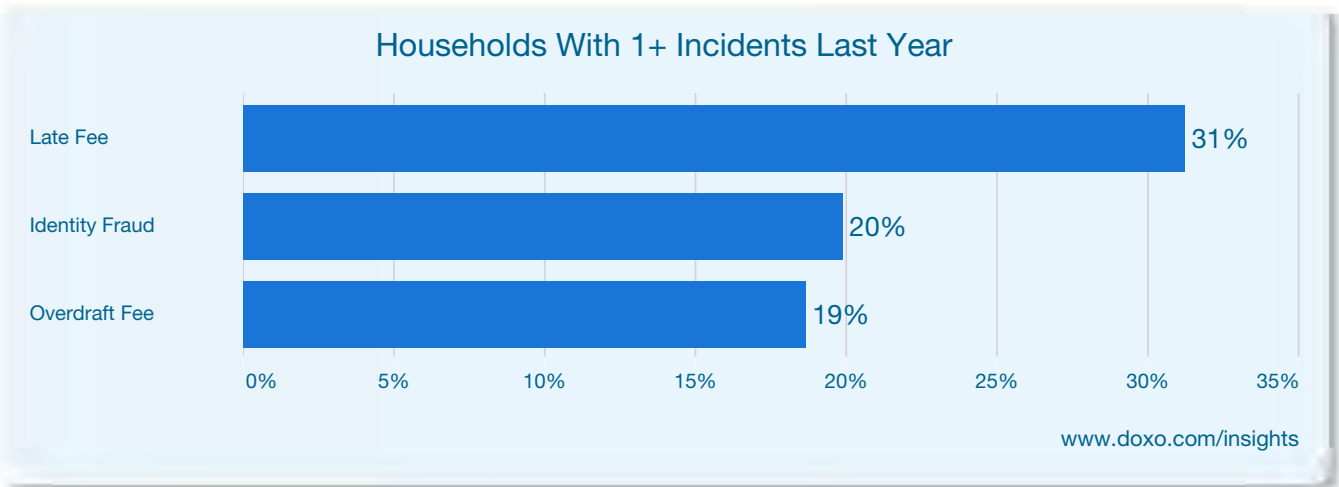
## 40% of households are more concerned with identity fraud than they were last year

For many households, concerns about bill payments have only mounted during the past year. The largest spike in concern was Identity Fraud: 40% of surveyed households were more concerned about it than they were last year. Other mounting concerns were Stolen Payment Information (39%), Impact to Credit Score (29%), Paying Late Fees (24%) and Paying Overdraft Fees (22%).



## 31% of households incurred late fees over the past year

Consumer concerns about late fees, identity fraud and harm to one's credit score are well founded. Of households surveyed, 31% reported paying at least one instance of a late fee in the past year, with some potentially impacting their credit score. While 20% report an identity fraud event, a far larger percentage of consumers are impacted by theft of personal data through business data losses each year. 19% of households report paying one or more overdraft fees.



## \$167 billion over the past year was spent by US households on hidden bill pay costs

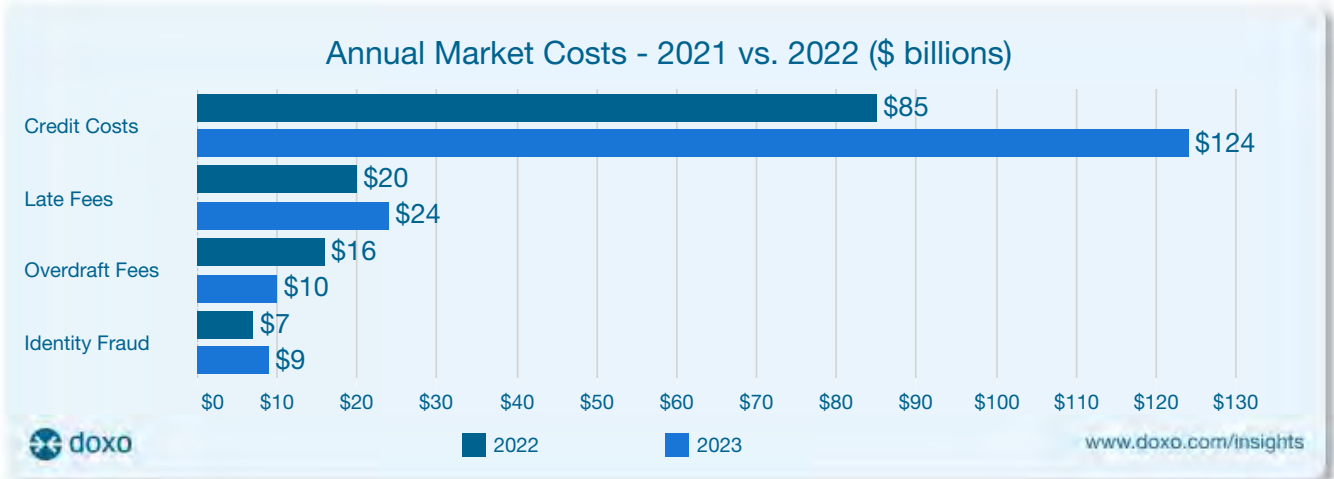
doxo analysis uncovers the actual consumer cost of four of the often-overlooked costs of bill pay: credit costs, late fees, overdraft fees, and identity fraud. These fees and costs add up to an additional \$167 billion in household expenses each year:

Detrimental credit impacts	<b>\$124 billion</b>
Billers late fees and penalties	<b>\$24 billion</b>
Bank overdraft fees	<b>\$10 billion</b>
Identity fraud	<b>\$9 billion</b>

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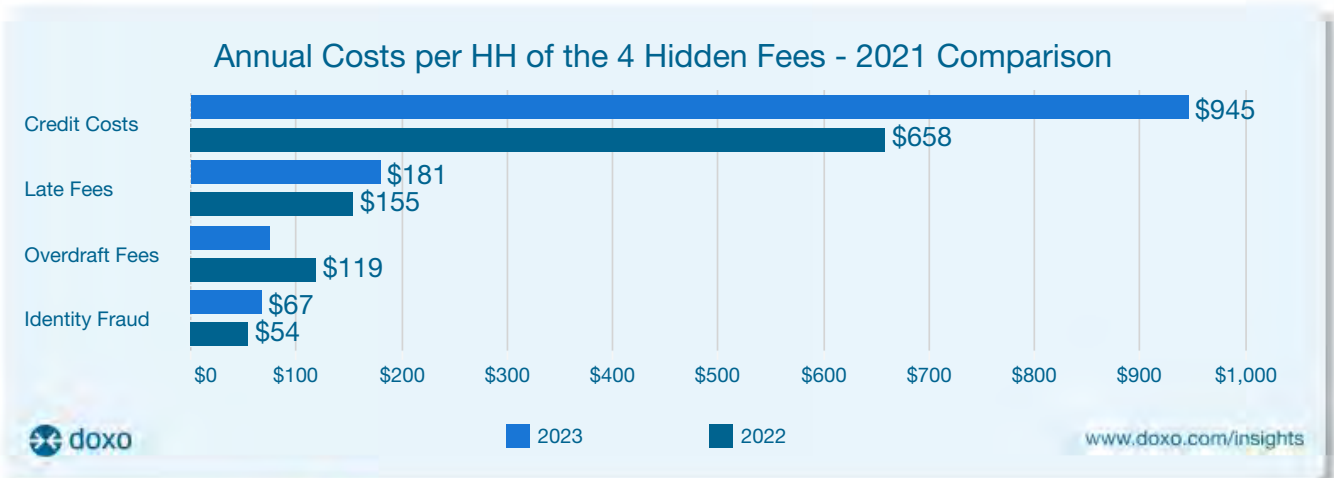
## U.S. households spent \$39 billion more on hidden bill costs than last year

The annual market footprint of hidden bill costs increased by a decent amount this year. Last year's Hidden Costs of Bill Pay Report showed that these four categories cost US households \$128 billion, compared to this year's \$167 billion. Moderate increases with late fees and identity fraud contributed to the spike, with the biggest increase coming from credit costs, which is no surprise given the massive rise in rates over the past year. Also, while households paid \$16 billion in penalties due to overdraft fees last year, this year they only paid \$10 billion, due to a variety of reasons, including pressure from regulators, which has caused banks to pull back from charging these fees.



## Hidden costs increased \$282 per U.S. household this year

Per household, increases in the costs of Credit Fees, Late fees and Identity Fraud contributed to the increase in Hidden Cost expenses per U.S. Household. Credit fees saw the biggest increase, which is not surprising given rising rates. Last year credit fees cost consumers an average of \$658, as compared to \$945 in this year's report. Late fees cost consumers an average of \$155 per year in last year's report, as compared to \$181 in this year's report. While overdraft fees cost consumers an average of \$119 per year in last year's report, they went down to an average of \$75 per year this year. For Identity Fraud, the cost was an average of \$54 per year last year, and \$67 per year this year.



## The hidden costs of bill pay amount to \$1,268 for the average household

The \$167 billion in total hidden bill pay costs, when applied across all U.S. households, shows that these costs are as significant as \$1,268 each year. This is on top of the \$2,046 the average household pays monthly for the 10 most common recurring bills. Staying on top of bills and due dates can mean substantial savings for the average U.S. household.

Category	Percent of Households with 1+ Events	Consumer Concern	Average Cost Per Year to Impacted Household	Average Direct Financial Cost per Household
Credit Cost (35 point change)*	100%	85%	\$945	\$945
Late Fees	31%	69%	\$582	\$181
Bank Overdrafts	17%	58%	\$444	\$75
Identity Fraud	12%	86%	\$575	\$67
<b>Total</b>				<b>\$1,268</b>

\*Average household usage of loan category was used in calculating the \$945, while 100% of households were used to calculate the average direct per household credit costs, since all households can benefit from an increase in credit score.

## A 35 point credit score boost could have saved the average household \$945 over the past year

doxo analysis quantifies the specific interest rate impact of a 35 point improvement in credit score, resulting in an annual savings of \$945 for the average household when considering the three most common forms of consumer debt (mortgage, auto loan and credit cards). Staying on top of bills and debt obligations is one of the most straightforward ways to achieve or exceed such a boost.

The average U.S. household carries more than \$100k in debt, so lower interest rates have a significant impact. The \$945 that households could save on these 3 major bill types doesn't include the additional benefits for good credit that include better rental approval rates, better auto insurance rates, and reducing or eliminating deposit requirements for utilities and other types of services.

The 35 point reference was specifically chosen for this analysis because it represents the difference in interest rates offered for services between a credit score of 660 – the top end of what is often considered a sub-prime credit score – and 695 – the average credit score of the U.S. consumer. doxo believes this 35 point relationship to be relatively linear with even more savings going to consumers who carry more total debt.

Average Annual Household Cost				<b>\$945</b>
Consumer Concern				<b>85%</b>
Category	% HH using credit type	Average Amount of Credit Used	APR Rate Difference from a 35 Point Credit Score Change	Annual Household Cost of Rate Difference
Mortgage	40%	\$236,443	0.32%	\$305
Auto Loan	33%	\$37,058	2.55%	\$311
Carrying a Credit Card Balance	47%	\$17,514	4.00%	\$329
<b>Total</b>				<b>\$945</b>

## Late fees cost the average household **\$181** over the past year

31% of consumers report being charged with one or more late fees in 2022. While industry data is reported for the credit card industry, which often results in both late fees and interest charges, late fee data is scarce or non-existent across other bill categories.

doxo's consumer survey and analysis uncovers late fee impact across all bill pay categories, which amount to about \$24 billion in total each year. Those households that have a late fee event tend to have multiple events in a year, making it especially costly. While the average cost of late fees across all households is \$181 annually, among households that have one or more late fees, the cost is \$582 annually. Since late fees can directly impact a household's credit score, they are even more costly than the numbers show.

Average Annual Household Cost	<b>\$181</b>
Total U.S. Annual Cost	<b>\$24 billion</b>
Consumer Concern	<b>69%</b>
Households with 1 or More Annual Events	<b>31%</b>
Annual Cost per Affected Household	<b>\$582</b>



## Bank overdraft fees cost the average household \$75 over the past year

Banks charge consumers over \$10 billion each year on overdraft fees. 17% of households report having one or more annual events. Bill payments, which are predominantly drawn from checking accounts, are the main cause of bank overdrafts each month.

While the average cost of overdraft fees across all households is \$75 annually, among households that have one or more overdraft fees, the cost is \$444 annually.

Average Annual Household Cost	<b>\$75</b>
Total U.S. Annual Cost	<b>\$10 billion</b>
Consumer Concern	<b>58%</b>
Households with 1 or More Annual Events	<b>17%</b>
Annual Cost per Affected Household	<b>\$444</b>

## Identity fraud cost the average household **\$67** over the past year

The average household out of pocket costs for identity fraud amounts to \$9 billion, or \$67 per household each year. These are just the direct costs, not including the time and expense consumers spend to restore and repair their identity records once compromised. These expenses also don't include the increases to overall costs that service providers must build in to cover the expense of fraud.

31% of the doxo user base reported some type of identity or payment data theft event, and 86% expressed concern about identity fraud impacting them. Not surprisingly, consumer anxiety about identity fraud risk is high, and media coverage of high-profile business data losses heightens awareness.

Average Annual Household Cost	<b>\$67</b>
Total U.S. Annual Cost	<b>\$9 billion</b>
Consumer Concern	<b>86%</b>
Households with 1 or More Annual Events	<b>31%</b>
Annual Cost per Affected Household	<b>\$582</b>

## Third Party Sources

### Consumer Credit Costs

- United States Census Bureau, [Selected Housing Characteristics](#)
- Experian, [How Much Americans Owe on Their Mortgages in Every State](#)
- Business Insider, [Average Mortgage Interest Rates](#)
- Federal Reserve Bank of New York, [Household Debt and Credit Report](#)
- Experian, [Automotive Credit Webinar](#)
- Bankrate, [Credit Card Debt Survey](#)
- Los Angeles Times, [Good APR for Credit Cards](#)

### Late Fees

- Payments Dive, [CFPB: Consumers Paid Record Credit Card fees in 2022](#)

### Bank Overdrafts

- [New York Times, Overdraft Fees are Dwindling, Study Finds](#)

### Identity Fraud

- Federal Trade Commission, [FTC Crunches the 2022 Numbers. See Where Scammers Continue to Crunch Consumers.](#)
- Javelin, [2023 Identity Fraud Study: The Butterfly Effect](#)

## About doxo

For over 8M users across the country, doxo makes it simple to organize and pay any and all bills with any payment account on any device through a standard, secure checkout every time; doxoPLUS adds 5 essential financial protections that boost financial health.

For billers, doxo's network-driven bill pay platform enables online and mobile payments with ridiculously simple integration, radically lower costs, and features that are unavailable in traditional biller-direct platforms. For fintech and payment network partners, doxo delivers innovation to over 8M users across 97% of US Zip Codes facilitating payments to over 120,000 service providers in the doxo Directory. For employees, doxo is an energetic, creative, ever-learning team that is building fintech tools designed to help millions of people stay on top of the most fundamental obligations of their financial lives. For investors, doxo provides an extraordinary opportunity to invest alongside Jackson Square Ventures, MDV, and Bezos Expeditions to disrupt a market that accounts for over \$4T of US Household spend. doxo is based in Seattle, WA.

For more information visit [www.doxo.com](http://www.doxo.com).