



The Hidden Costs of Bill Pay 2022

doxo INSIGHTS Report 2022



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.

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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.

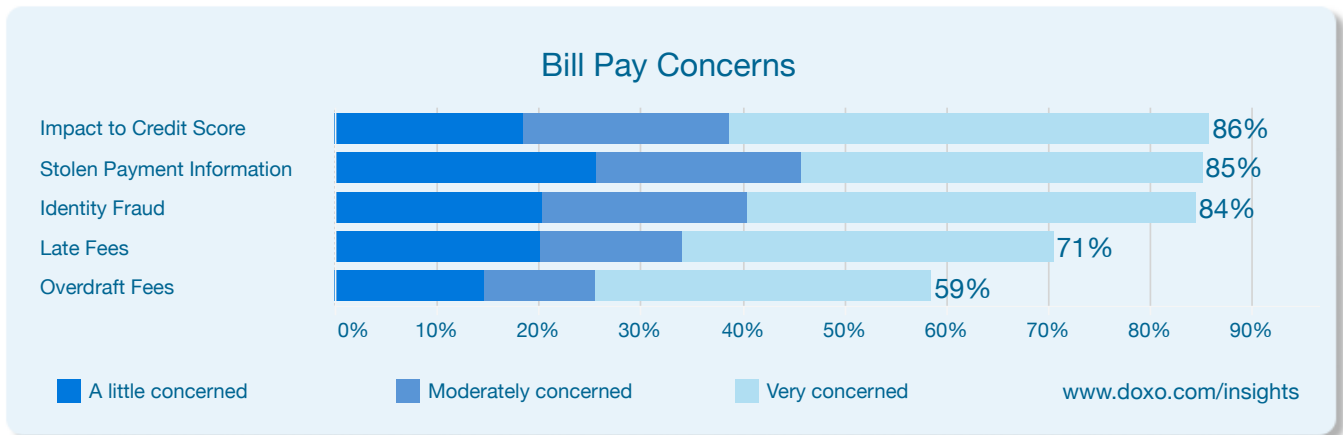
All payment funding sources

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.

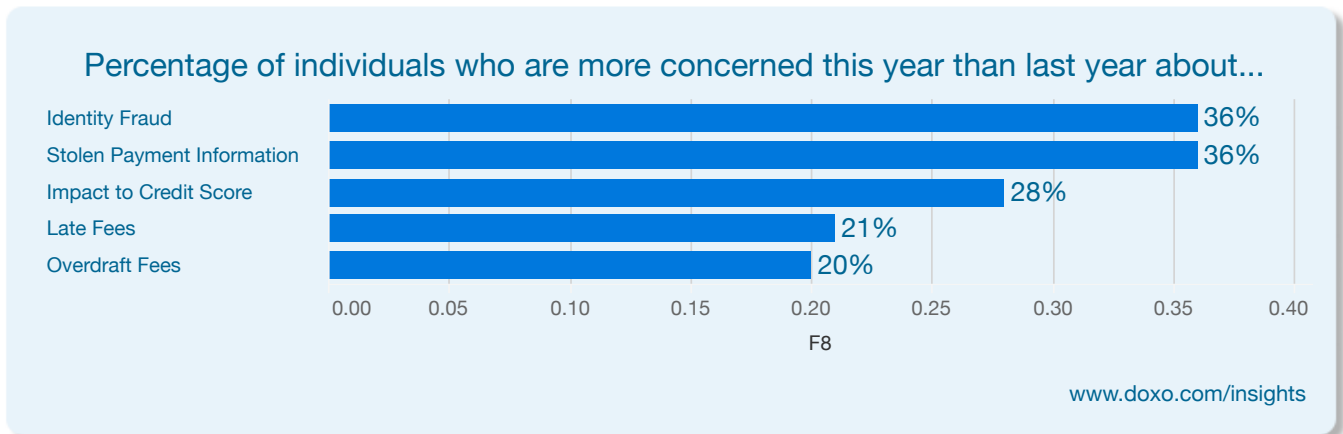
86% of households are concerned with the impact that paying bills can have on their credit score

The impact that paying bills can have on credit scores emerges as the top concern for U.S. consumers. 86% of bill paying consumers surveyed indicated concern about credit scores. Other identified concerns for bill payers are stolen payment information (85%), identity fraud (84%), late fees (71%) and overdraft fees (59%).



36% of households are more concerned with stolen payment information than they were last year

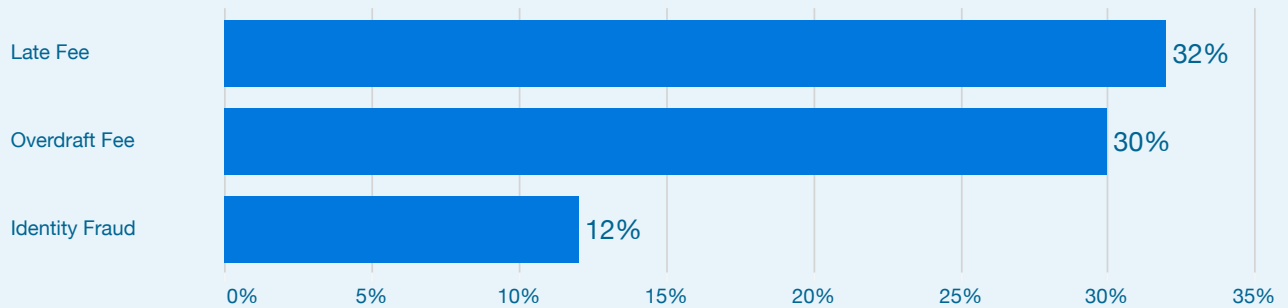
For many households, concerns about bill payments have only mounted during the past year. The largest spike in concern was Identity Fraud: 36% of surveyed households were more concerned about it than they were last year. Other mounting concerns were Stolen Payment Information (36%), Impact to Credit Score (28%), Paying Late Fees (21%) and Paying Overdraft Fees (20%).



32% 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, 32% reported paying at least one instance of a late fee in the past year, with some potentially impacting their credit score. 30% of households report paying one or more overdraft fees. While 12% report an identity fraud event, a far larger percentage of consumers are impacted by theft of personal data through business data losses each year.

Households With 1+ Incidents Last Year



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\$128 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 \$128 billion in household expenses each year:

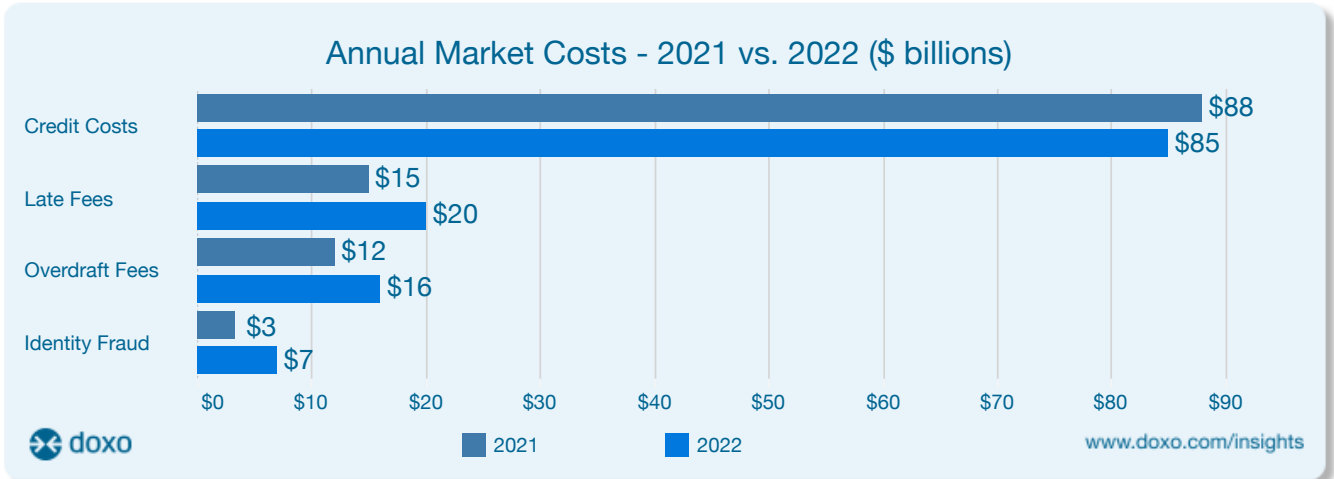
Annual Costs of the 4 Hidden Fees (\$ billions)

Detrimental credit impacts	\$85 billion
Biller late fees and penalties	\$20 billion
Bank overdraft fees	\$16 billion
Identity fraud	\$7 billion

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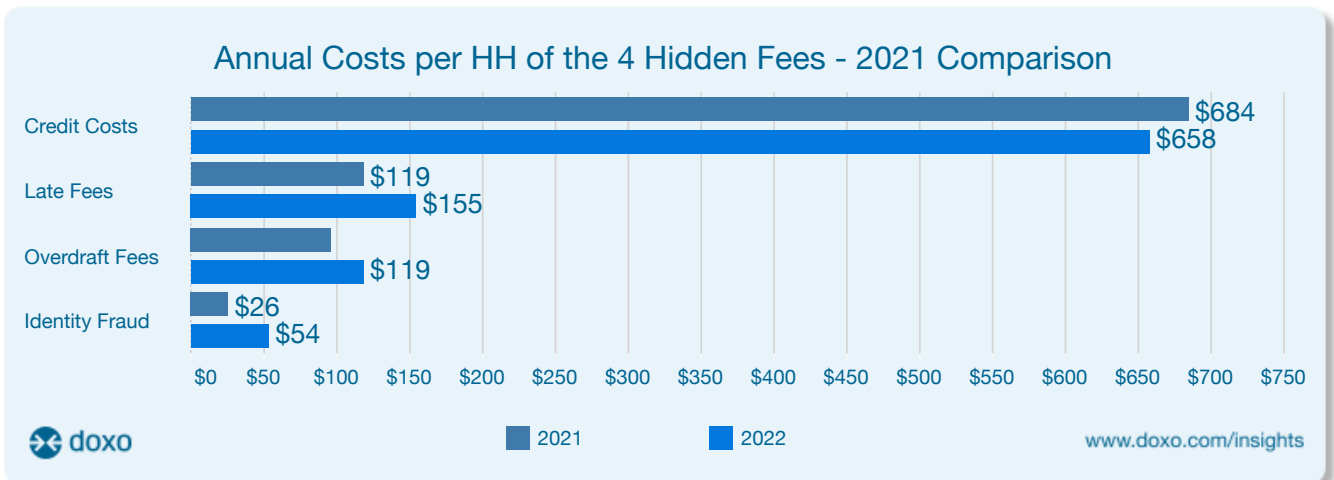
U.S. households spent \$9 billion more on hidden bill costs than last year

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 \$119 billion, compared to this year's \$128 billion. Moderate increases across the board contributed to this spike, with the biggest increase coming from biller late fees and penalties. While households paid \$15 billion because of biller late fees and penalties last year, this year they paid \$20 billion.



Hidden Cost expenses increased \$61 per U.S. household over the past year


Per household, increases in the costs of Late Fees, Overdraft Fees and Identity Fraud contributed to the increase in Hidden Cost expenses per U.S. Household. Late fees cost consumers an average of \$119 per year in last year's report, as compared to \$155 in this year's report. While Overdraft fees cost consumers an average of \$97 per year in last year's report, they cost an average of \$119 per year this year. For Identity Fraud, the cost was an average of \$26 per year last year, and \$54 per year this year.



The hidden costs of bill pay amount to \$986 for the average household

The \$128 billion in total hidden bill pay costs, when applied across all U.S. households, shows that these costs are as significant as \$986 each year. This is on top of the \$2,003 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%	86%	\$658	\$658
Late Fees	32%	71%	\$484	\$155
Bank Overdrafts	30%	59%	\$395	\$119
Identity Fraud	12%	84%	\$467	\$54
Total				\$986


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*Average household usage of loan category was used in calculating the \$658, 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 \$658 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 \$658 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 over \$96,000 in debt, so lower interest rates have a significant impact. The \$658 that households could save on these 3 major bill types don'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				\$658
Consumer Concern				86%
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%	\$220,380	0.26%	\$228
Auto Loan	33%	\$34,008	2.54%	\$285
Carrying a Credit Card Balance	45%	\$14,511	2.20%	\$145
Total				\$658

Late fees cost the average household **\$155** over the past year

32% of consumers report being charged with one or more late fees in 2021. 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 \$20 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 \$155 annually, among households that have one or more late fees, the cost is \$484 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	\$155
Total U.S. Annual Cost	\$20 billion
Consumer Concern	71%
Households with 1 or More Annual Events	32%
Annual Cost per Affected Household	\$484

Bank overdraft fees cost the average household \$119 over the past year

Banks charge consumers over \$16 billion each year on overdraft fees. 30% 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 \$119 annually, among households that have one or more overdraft fees, the cost is \$395 annually.

Average Annual Household Cost	\$119
Total U.S. Annual Cost	\$16 billion
Consumer Concern	59%
Households with 1 or More Annual Events	30%
Annual Cost per Affected Household	\$395

Identity fraud cost the average household **\$54** over the past year

The average household out of pocket costs for identity fraud amounts to \$7 billion, or \$54 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.

12% of the doxo user base reported some type of identity or payment data theft event, and 84% 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	\$54
Total U.S. Annual Cost	\$7 billion
Consumer Concern	84%
Households with 1 or More Annual Events	12%
Annual Cost per Affected Household	\$467

Sources

Consumer Credit Costs

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Bank Overdrafts

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About doxo

Each year U.S. households spend over \$4.6 trillion on recurring bill payments. While staying on top of these bills is the single largest determinant for consumer financial health, organizing and paying them can be a time-consuming and frustrating chore. Since its inception, doxo has been on a mission to simplify and reduce the anxiety of staying on top of bills, empowering consumers to improve their financial health.

Our company was founded on the simple idea that there should be an easy and more secure way for consumers to pay all of their bills through a single account, with any payment method, on any device. As consumers shift more bill payments online and to mobile, doxo continues to experience rapid growth. To date, over seven million doxo users across 97% of U.S. zip codes have paid bills through the payment network, across more than 45 different service categories. With more than 120,000 payable billers, doxo's proprietary, crowd sourced provider directory is the largest in the nation.

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