



# The Bill Pay Economy™

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The Hidden Costs of Bill Pay  
doxoINSIGHTS Report 2024



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

## About doxoINSIGHTS

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

# 10M+

Statistically significant, with over 10 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.

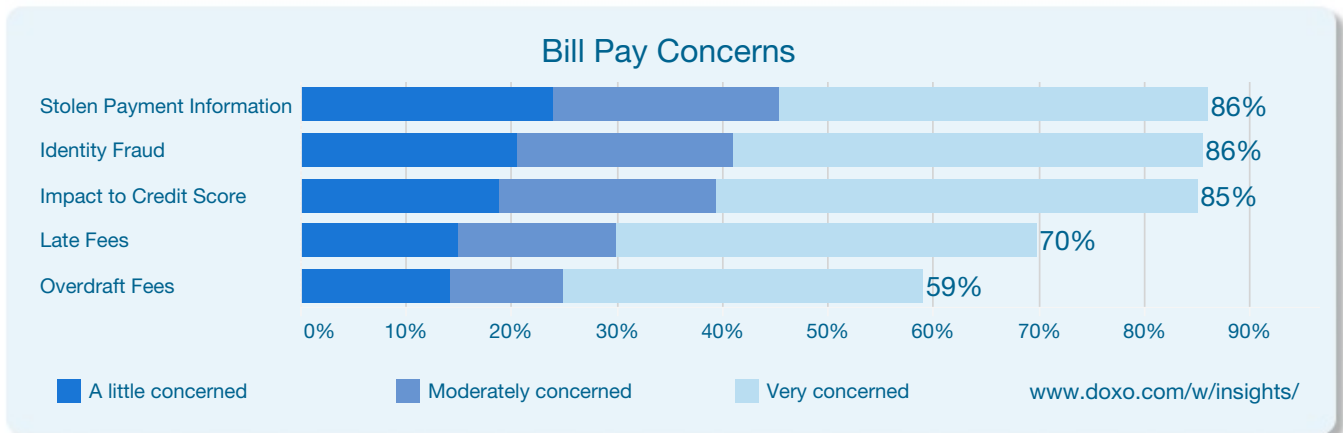
## All payment funding sources

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

doxoINSIGHTS provides a comprehensive look into the U.S. Bill Pay Economy, with a deep dive into category size and average spend at the national, state, county and city level. doxoINSIGHTS 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 doxoINSIGHTS visit [www.doxo.com/w/insights/](http://www.doxo.com/w/insights/).

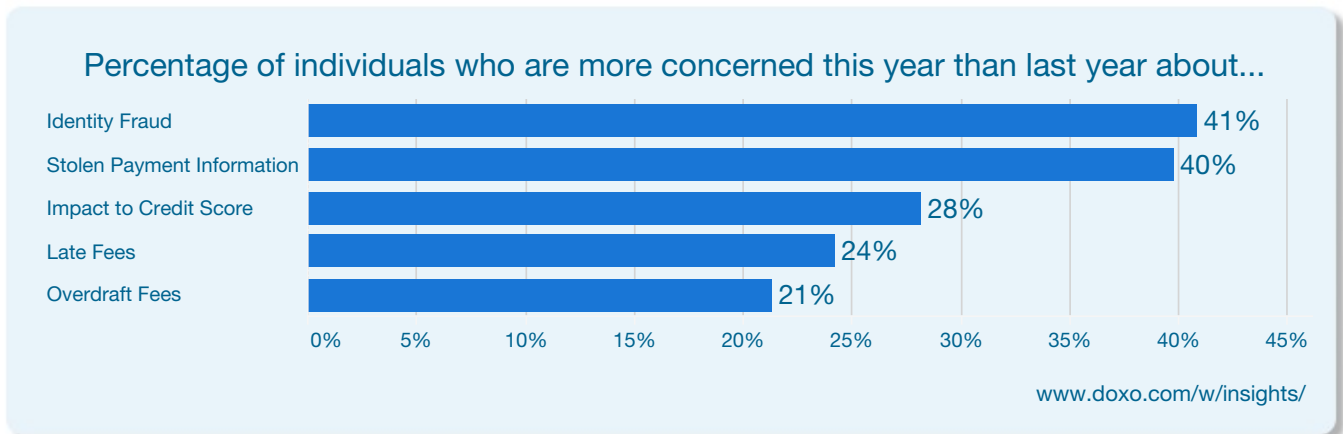
## 86% of households are concerned with how stolen payment information and identity fraud will impact their financial situation

Stolen payment information and identity fraud are the top concerns for U.S. consumers, with 86% concerned with these threats. Other identified concerns for bill payers are impact to credit score (85%), late fees (70%) and overdraft fees (59%).



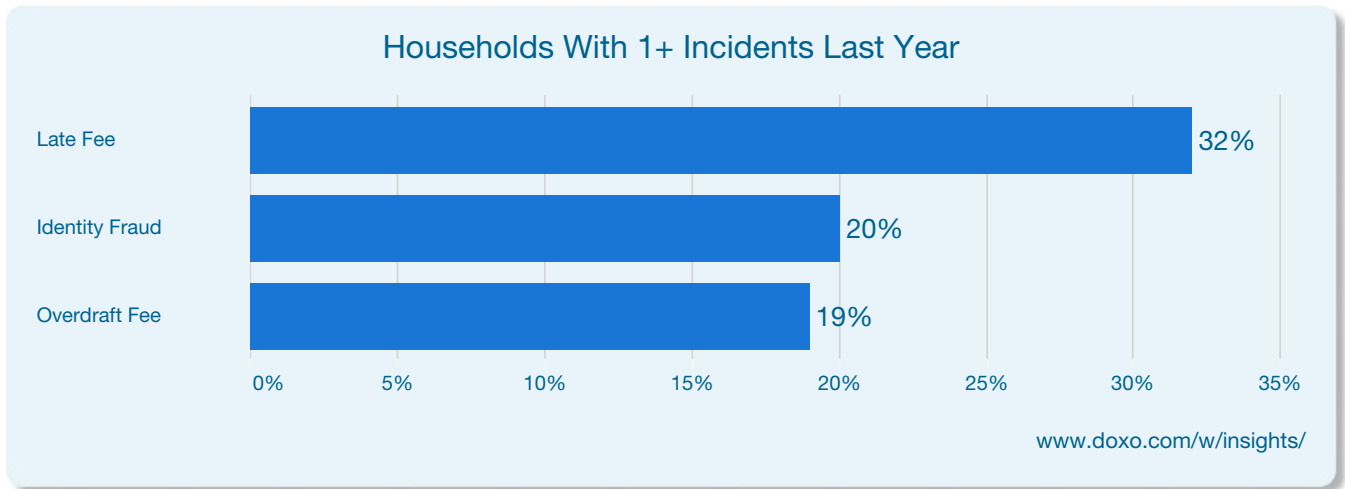
## 41% of households are more concerned with identity fraud than they were last year

For many households, concerns about bill payments have only mounted during the past year. The largest spike in concern was identity fraud: 41% of surveyed households were more concerned about it than they were last year. Other mounting concerns were stolen payment information (40%), impact to credit score (28%), paying late fees (24%) and paying overdraft fees (21%).



## 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. Twenty percent of households report an identity fraud event, and 19% report having paid one or more instances of overdraft fees.



## \$196 billion over the past year was spent by U.S. households on hidden costs of paying bills

doxo analysis uncovers the actual consumer cost of four of the often-overlooked costs of bill pay. These fees and costs add up to an additional \$196 billion in household expenses each year.

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

Detrimental credit impacts	<b>\$156 billion</b>
Billers late fees and penalties	<b>\$23 billion</b>
Bank overdraft fees	<b>\$8 billion</b>
Identity fraud	<b>\$10 billion</b>

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## U.S. households spent \$29 billion more on hidden bill costs than last year

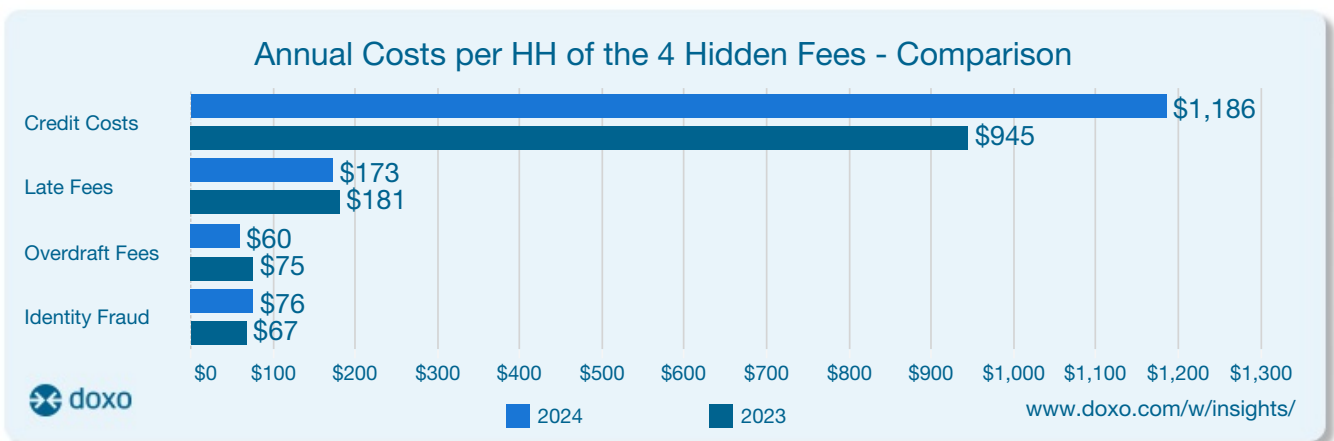
The annual market footprint of hidden costs associated with paying bills increased by a decent amount this year. Last year’s Hidden Costs of Bill Pay report showed that these four categories cost U.S. households \$167 billion, compared to this year’s \$196 billion. A moderate increase came with identity fraud, with the biggest increase coming from credit costs. This is no surprise given the continued rise in rates last year. Also, while households paid \$10 billion in penalties due to overdraft fees and \$24 billion due to late fees last year, this year they paid less – \$8 billion and \$23 billion, respectively. This is due to a variety of reasons, including continued pressure from regulators, which has caused banks to pull back from charging these fees.



## Hidden Cost expenses increased \$209 per U.S. household over the past 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 higher rates. Last year credit fees cost consumers an average of \$945, as compared to \$1,186 in this year’s report. Identity fraud cost consumers an average of \$67 per year last year, and \$76 per year this year.

Both late fees and overdraft fees went down as a result of regulations. Late fees cost consumers an average of \$181 per year in last year’s report, as compared to \$173 in this year’s report. While overdraft fees cost consumers an average of \$75 per year in last year’s report, they went down to an average of \$60 per year this year.



## The Hidden Costs of Bill Pay amount to \$1,495 for the average household

The \$196 billion in total Hidden Costs, when applied across all U.S. households, shows that these costs are as significant as \$1,495 each year. This is on top of the \$2,126 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%	\$1,186	\$1,186
Late Fees	32%	70%	\$540	\$173
Bank Overdrafts	17%	59%	\$354	\$60
Identity Fraud	11%	86%	\$667	\$76
<b>Total</b>				<b>\$1,495</b>

\*Average household usage of loan category was used in calculating the \$1,186 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 \$1,186 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 \$1,186 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 \$1,186 that households could save on these three 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>\$1,186</b>
Consumer Concern				<b>85%</b>
Category	% of HH's with 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%	\$244,498	0.52%	\$500
Auto Loan	33%	\$38,110	2.73%	\$339
Carrying a Credit Card Balance	50%	\$17,352	4.00%	\$347
<b>Total</b>				<b>\$1,186</b>

## Late fees cost the average household **\$173** over the past year

32% of consumers report being charged with one or more late fees last year. 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 \$23 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 \$173 annually, among households that have one or more late fees, the cost is \$540 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>\$173</b>
Total U.S. Annual Cost	<b>\$23 billion</b>
Consumer Concern	<b>70%</b>
Households with 1 or More Annual Events	<b>32%</b>
Annual Cost per Affected Household	<b>\$540</b>



## Bank overdraft fees cost the average household \$60 over the past year

Banks charge consumers over \$8 billion each year for overdraft fees. Nineteen percent 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 \$60 annually, among households that have one or more overdraft fees, the cost is \$354 annually.

Average Annual Household Cost	<b>\$60</b>
Total U.S. Annual Cost	<b>\$8 billion</b>
Consumer Concern	<b>59%</b>
Households with 1 or More Annual Events	<b>19%</b>
Annual Cost per Affected Household	<b>\$354</b>

## Identity fraud cost the average household **\$76** over the past year

The average household out of pocket costs for identity fraud amounts to \$10 billion, or \$76 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.

Twenty percent 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>\$76</b>
Total U.S. Annual Cost	<b>\$10 billion</b>
Consumer Concern	<b>86%</b>
Households with 1 or More Annual Events	<b>20%</b>
Annual Cost per Affected Household	<b>\$667</b>

## 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](#)
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- Los Angeles Times, [Good APR for Credit Cards](#)

### Late Fees

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

### Bank Overdrafts

- Financial Health Network, [FinHealth Spend Report 2024](#)

### Identity Fraud

- Federal Trade Commission, [As Nationwide Fraud Losses Top \\$10 Billion in 2023, FTC Steps Up Efforts to Protect the Public](#)
- Javelin, [2023 Identity Fraud Study: The Butterfly Effect](#)

## About doxo

For over 10M 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 10M 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).