Payments to the People

Results from our first citizen government payments study

November 2018
We value consumer insights
And we had questions about government payments

- How do Americans **make** their government payments today?
- How do they **want** to pay?
- What other views do they hold about government payments?
When We Couldn’t Find a Study, We Did One

| What                                      | Online study of 2,000 Americans aged 18-75  
|                                           | Americans who have made a government payment in the past 12 months  
|                                           | Conducted by independent research firm, Logica Research (formerly Koski). |
| When                                     | The study was fielded March 14\(^{th}\) to 30\(^{th}\), 2018  
|                                           | Survey response time averaged 11 minutes in length |
| Who                                      | The sample was drawn from online sample sources  
|                                           | Age, gender, ethnicity, and region quotas were used to develop a nationally representative sample; the data was not weighted |
INSIGHT: Americans have a strong interest in digital payment options for their government transactions.
Americans want digital options for government payments.

Think the government should offer digital and online payment options. 93%

Would be likely to use those options, if they were offered. 88%

Q17. Do you think the government should offer online and digital payment options?
Q18. If the government offered more online and digital payment options, how likely would you be to use them?
Over half would pay the government with PayPal or Venmo, if they were available.

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>PayPal or Venmo</td>
<td>54%</td>
</tr>
<tr>
<td>Bank app</td>
<td>30%</td>
</tr>
<tr>
<td>Visa Checkout</td>
<td>20%</td>
</tr>
<tr>
<td>Apple Pay</td>
<td>10%</td>
</tr>
</tbody>
</table>

Q5. Which of the following would you use for making a government payment, if available? (Base: Total=2,000)
INSIGHT: Americans see direct benefits in being able to make their government payments digitally.
Americans see benefits for themselves

- 82% would have more time in their day by avoiding a trip to a government office.
- 67% worry about losing payments in the mail.
- 59% would be confident they are paying accurately and on time.
- 45% paying all government taxes and bills online would make my life easier.

Q11. Please rate how much you agree or disagree with each statement below. (Base: Total=2,000)
Americans see benefits for their communities

- 78% By making digital payments they can help make government more efficient.
- 75% Would be likely to pay their government bills as soon as possible, if they could pay digitally.

Q11. Please rate how much you agree or disagree with each statement below. (Base: Total=2,000)
What about the 12% who are NOT likely to pay digitally?

12% just want paper

59% have security concerns

“I’m not sure how secure technology is as of yet so I’m not inclined to pay certain things online without knowing that it is safe first.”

“Because I prefer paper payment options. It’s easier for me to keep track”
Americans have general concerns about payment security, but are confident in government security

74% agree they don’t like sharing banking info online

71% agree paying online opens them up to hacking or fraud

Feel financial info would be secure online: Government Digital Payments

Q10. Thinking specifically now about the payments you pay to the government (taxes, car registration, licenses, traffic tickets, etc.), if you paid online or digitally, do you feel your financial information would be secure?
Q16. Do you think...? (Base: Total=2,000)
INSIGHT: Americans want more innovation in their government payments and disbursements.
Americans want to make more government payments with digital wallets than they do today...

...and less with cash and checks.

<table>
<thead>
<tr>
<th>Service</th>
<th>Increase vs. Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit</td>
<td>+4x increase vs. today</td>
</tr>
<tr>
<td>Parks &amp; Rec</td>
<td>+3.5x increase vs. today</td>
</tr>
<tr>
<td>State Income Tax</td>
<td>+3.5x increase vs. today</td>
</tr>
<tr>
<td>Court Fines &amp; Tickets</td>
<td>+3x increase vs. today</td>
</tr>
<tr>
<td>Child Support</td>
<td>+2.5x increase vs. today</td>
</tr>
</tbody>
</table>

With similar results for federal income tax, parking, DMV, fish & game licenses, business licenses and more!

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Q2. “Now thinking specifically about payments you make to the government, please select how you currently pay for each of the following.”

Q3. “Please select how you would prefer to pay if all of the options were available to you.”
Americans would make 4x more transit payments with digital wallets, if they were an option.

Q2. “Now thinking specifically about payments you make to the government, please select how you currently pay for each of the following.” (transit responses)

Q3. “Please select how you would prefer to pay if all of the options were available to you.” (transit responses)
Responses point to a desire to shift away from checks, cash and ACH…

Americans would make 3x more federal income tax payments with digital wallets, if they were an option.

Q2. “Now thinking specifically about payments you make to the government, please select how you currently pay for each of the following.” (transit responses)

Q3. “Please select how you would prefer to pay if all of the options were available to you.” (transit responses)
Responses point to a desire to shift away from checks, cash and ACH... and toward cards and digital wallets... Americans would make 3.5x more state income tax payments with digital wallets, if they were an option.

Q2. “Now thinking specifically about payments you make to the government, please select how you currently pay for each of the following.” (transit responses)
Q3. “Please select how you would prefer to pay if all of the options were available to you.” (transit responses)
Americans would pay 3.5x more parks and rec fees with digital wallets, if they were an option.

Responses show a desire to shift away from checks and cash... ...and toward digital wallets and cards

Q2. “Now thinking specifically about payments you make to the government, please select how you currently pay for each of the following.” (transit responses)
Q3. “Please select how you would prefer to pay if all of the options were available to you.” (transit responses)
Americans would make 3x more **DMV** payments with digital wallets, if they were an option.

Q2. “Now thinking specifically about payments you make to the government, please select how you currently pay for each of the following.” (transit responses)

Q3. “Please select how you would prefer to pay if all of the options were available to you.” (transit responses)
Americans would make 3x more fines and tickets payments with digital wallets, if they were an option.

Responses show a desire to shift away from checks, cash ... and toward digital wallets and cards

Q2. “Now thinking specifically about payments you make to the government, please select how you currently pay for each of the following.” (transit responses)
Q3. “Please select how you would prefer to pay if all of the options were available to you.” (transit responses)
Responses show a desire to shift away from checks, cash... and toward digital wallets and cards.

Americans would make 2.5x more child support payments with digital wallets. if they were an option.

Q2. "Now thinking specifically about payments you make to the government, please select how you currently pay for each of the following." (transit responses)
Q3. "Please select how you would prefer to pay if all of the options were available to you." (transit responses)
Americans would make 2x more fish & game license, payments with digital wallets, if they were an option.

Responses show a desire to shift away from checks and cash... and toward digital wallets and cards...

Q2. “Now thinking specifically about payments you make to the government, please select how you currently pay for each of the following.” (transit responses)
Q3. “Please select how you would prefer to pay if all of the options were available to you.” (transit responses)
Almost half of Americans would prefer to spread out tax payments across the year, instead of paying all at once.

Q4. “If possible, what would be your preference when making the following kinds of government payments? Would you rather pay all at once, or spread out over the year?”

- 49% Property Tax
- 47% Federal Income Tax
- 44% Local Income Tax
- 43% State Income Tax
91% of Americans think government should offer digital *disbursement* options too.

<table>
<thead>
<tr>
<th>Payment Type</th>
<th>Prefer to receive via ACH</th>
<th>Prefer to receive via Digital Wallet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Tax Refunds</td>
<td>61%</td>
<td>11%</td>
</tr>
<tr>
<td>State Tax Refunds</td>
<td>60%</td>
<td>11%</td>
</tr>
<tr>
<td>Child Support</td>
<td>39%</td>
<td>10%</td>
</tr>
<tr>
<td>Unemployment Benefits</td>
<td>60%</td>
<td>10%</td>
</tr>
<tr>
<td>Disability Benefits</td>
<td>56%</td>
<td>9%</td>
</tr>
<tr>
<td>Social Security Benefits</td>
<td>65%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Q14. Do you think the government should offer online and digital options when sending payments to people (tax returns, Social Security, child support, etc.)? (Base: Total=2,000)

Q13. If the following options were all available to you, please select how you would prefer to receive each of the following government payments. (Base: varies)
Every agency should be working to expand (or start offering) digital payment options, including digital wallets.

In presenting digital options, it’s important to focus on citizen touchstones:

1. **Citizen concerns**: confirmation of payment, data security.
2. **Perceived benefits**: for them as citizens and for government too.

Agencies that are already offering digital options, should consider additional innovations - like installment payments.
About PayPal Government Solutions

PayPal powers more than $1 billion in government payments for thousands of federal, state and local government agencies across the U.S. Through best-in-class partners, agencies get integrated solutions tailored to meet a variety of citizen use cases, with payments powered by PayPal.

Fueled by a fundamental belief that access to financial services creates opportunity, PayPal is committed to democratizing financial services and empowering citizens, businesses and governments to thrive in the digital economy.

Our open payments platform - including Braintree, Venmo and Xoom - gives PayPal’s 250+ million active account holders the confidence to connect and transact in new and powerful ways, whether they are online, on a mobile device, in an app, or in person. Through a combination of technological innovation and strategic partnerships, PayPal creates better ways to manage and move money, and offers choice and flexibility when paying or getting paid.

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