



**From bills to
better journeys:**

**A new era
of utility
payments**

PayPal

Contents

01

An industry in flux

02

A complex, high-stakes environment

- Market-wide pressures
- Payment-specific challenges
- Billing and payments in a changing market

03

Five utility questions to ask in 2026

04

How utilities can win with payments

05

A practical path forward

An industry in flux

The utilities industry is under pressure from every direction. Aging infrastructure requires costly modernisation. Regulation and pressure to meet ESG targets is expanding. And demand is rising, driven by electrification, renewables, and population growth.

But the pressure isn't only external. Bill payments are a growing area of concern, particularly as customers come to expect the same simple, digital payment experiences they experience in other areas of their lives.






At present, legacy payment methods and billing approaches struggle to meet those expectations – and they also create operational issues that have to be tackled. Manual processes raise operating costs, while limited visibility and unpredictable cash flow makes it harder to plan, invest, and balance capex and opex with confidence.

So where should the industry focus to overcome these problems? And how can leaders make practical changes that strengthen financial resilience, build customer trust, and support long-term investment decisions?



Different services, shared pressures

Utilities span a wide range of sub-verticals, each with its own operating realities – but common to all are underlying challenges around cost control, regulation, infrastructure, and customer experience.

Utility sub-vertical	Residential		Small business		Large / industrial		Public / municipal	
	Billing model	Friction	Billing model	Friction	Billing model	Friction	Billing model	Friction
 Power & heat networks	Metered, seasonal	Bill shock, missed payments	Usage + standing charges	Cashflow volatility	Contracted + demand charges	Peak disputes, penalties	Aggregated accounts	Procurement and approval delays
 Gas & LNG	Metered, estimated true-ups	Disputes over adjustments	Usage-based, volatile pricing	Forecasting difficulty	Volume contracts	Multi-site reconciliation	Aggregated supply	Budget rigidity
 Water & wastewater	Periodic metered bills	Arrears from infrequent billing	Tiered usage billing	Manual invoicing errors	High-volume + surcharges	Reading and penalty disputes	Budgeted bulk billing	Slow inter-department chargeback
 Waste & recycling	Flat or local charges	Low salience, missed bills	Contracted services	Service exceptions	Weight-based contracts	Contamination penalties	Contracted or in-house	Verification bottlenecks
 EV charging & new mobility	Per-session model	Fragmented apps	Fleet accounts	Cost allocation	Platform-managed usage	Data volume and tariffs	Public fleet charging	Disconnected systems

A complex, high-stakes environment

Utilities are economically critical, and the environment they operate in is becoming more complex as the market grows in scale. In the US, industry revenues sat at \$1.1 trillion USD in 2025, supported by steady expansion at a 2.7% CAGR and 2.9% year-on-year growth.¹

Growth is positive, but it's taking place against a backdrop of significant market pressure, including rising costs, tighter oversight, and increasing expectations from customers and regulators alike.

\$1.1 trillion

revenue for US utilities and bill payments industry in 2025

2.9%

year-on-year growth for US utilities and bill payments industry as of 2025



¹ IBISWorld, 'Utilities in the US - Market Research Report (2015-2030)', NAICS 22, March 2025

Market wide pressures



Infrastructure modernisation

Today, electrification is accelerating, renewables are being added to the grid, and extreme weather events are becoming more frequent and disruptive. Yet much of the industry still relies on aging infrastructure built for a very different era – a grid that was designed for one-way power flows and milder conditions, and is now increasingly strained by modern demand and climate volatility.



Regulatory pressure

Regulation continues to expand in scope and complexity. Utilities businesses are expected to maintain reliable service, keep prices under control, and meet ambitious environmental targets, driving projected aggregate investments of \$222 billion in 2026.²



Customer relationships

Rising prices and limited digital options are putting strain on customer relationships. In the US, only 39% of utility companies feel prepared to handle customer expectations in the digital age.³ When costs rise and billing feels outdated, missed payments and disengagement increase, adding financial risk.

Together, these pressures create a high-stakes operating environment – one where efficiency, visibility, and financial control matter more than ever.

² S&P Global, Article: 'Energy utility capex predicted to top \$1 trillion from 2025 through 2029', April 2025

³ Zipdo, Education Report 2026: Customer Experience in The Utilities Industry Statistics, May 2025

Payment-specific challenges

Along with its broader market challenges, the utilities industry has unique payment dynamics. Billing cycles are often long or irregular. Services are essential and must continue regardless of customers' ability to pay, placing added responsibility on providers to balance care with commercial reality.

Increasingly, bill payments aren't just a back-office function: they affect revenue, operations, and how customers feel about their provider.

Limited choice for bill payments

Half of US utility customers have experienced frustration with the billing process.³ That sentiment is unsurprising, given that many utilities still rely on traditional billing options that offer little choice or flexibility, leading to customer frustration, lower loyalty, and weaker conversion rates when it's time to pay.

Late payments and arrears management

Payment arrears create cash flow volatility and push up collection costs. Roughly 14 million Americans have utility debt so severe that it has been or will soon be sent to collections.⁴ Although this situation isn't inherently created by payment systems, rigid due dates, limited self-service options, and manual collection processes exacerbate the problem.

High manual processing costs

Legacy systems and manual workflows are slow, error-prone, and expensive. This adds operational overheads that do little to improve customer outcomes – for example, outdated billing systems force US providers to allocate 35% of staff time to error corrections.⁵

The implications are clear: lost revenue, slower cash flow, higher cost to serve, and dissatisfied customers.⁵

⁴ The Century Foundation, Article: 'Fueling Debt: How Rising Utility Costs Are Overwhelming American Families'. November 2025.

⁵ Conduit Consulting, Article: 'The Rising Cost of Outdated Technology in Utilities'. Author: Bronson Blodgett. June 2025

Looking ahead: billing and payments in a changing market

The need for change is also driven by a broader trend of digital transformation expectations. Eight in ten utilities companies (78%) have prioritised digital transformation initiatives in the past two years, as the industry moves from fragmented, legacy billing systems to integrated platforms that support both core services and new offerings.⁶ Key drivers shaping this shift include:



Real-time and usage-based models

Smart meters and advanced billing let utilities charge for actual usage, giving both providers and customers more control and transparency.



Flexible pricing

Subscription-style plans, hybrid models, and time-of-use pricing give customers predictable, personalized options.



Bundled and value-added services

Embedded energy-as-a-service, behind-the-meter solutions, and local energy communities require billing systems that handle more than simple consumption charges.



Integrated digital platforms

Unified systems connect billing, payments, customer portals, and analytics, reducing manual work and giving a clear view of the customer.

These changes don't replace the need for reliable invoicing and collection – but they are an important part of making payments more flexible, customer-friendly, and efficient.

⁶ WiFi Talents, Report: 'Digital Transformation in the Utilities Industry Statistics'. June 2025



Payments that pay off

For utility companies who succeed with payments modernisation, the benefits are vast. Fewer manual steps, better cash flow visibility, and lower bad debt reduce costs, while smoother bill payment experiences strengthen customer loyalty and lifetime value.

Five questions every utility board should ask about digital payments in 2026

- 1. Are our payments meeting customer expectations?**
Customers expect fast, flexible, and digital-first payment options. To reduce missed payments and boost satisfaction, leaders should ensure billing and payment experiences support convenience, choice, and loyalty.
- 2. Are we prepared for future billing models and digital trends?**
The industry is moving toward usage-based, subscription, and bundled billing, plus behind-the-meter and local energy solutions. Leaders should confirm that payment systems are flexible enough to support evolving business models and customer needs.
- 3. Are our payment operations efficient and cost-effective?**
Manual processes, fragmented systems, and paper workflows increase costs and slow cash flow. Boards should evaluate whether automation, centralised collections, and recurring billing models can minimize operational friction.
- 4. Are our payments keeping our revenue secure and predictable?** Revenue risk rises when arrears, fraud, and payment errors go unmanaged. Boards need visibility into real-time payments and risk mitigation measures to protect cash flow while maintaining customer trust.
- 5. Are payments aligned with strategic financial planning?**
Payments impact working capital, capex, and opex decisions. Leaders should ensure payment insights inform investment planning, forecasting, and transformation initiatives, supporting smarter long-term decisions.

How utilities can win with payments

Across power, heat, water, waste and EV charging industries, leading organisations are focusing on three areas that consistently deliver impact, improve efficiency, stabilise cash flow, and strengthen customer relationships.⁷

1. Customer focus
2. Operational optimisation
3. Risk and protection





Customer focus

As prices rise, increasing digital access and transparency is essential to fair treatment of customers, particularly those from vulnerable groups. When customers can choose how and when they make bill payments, satisfaction improves and missed payments fall – a Baymard Institute's 2024 report shows that 13% of customers abandon their cart if their preferred payment method isn't available, underlining how important it is to offer the options people want.⁸ Therefore, utilities companies are adding flexible options such as digital wallets, real-time confirmations and tailored payment plans, as well as while loyalty schemes, instant refunds and embedded financial services to help deepen engagement and trust.



Operational optimisation

Modernising payments in the utilities industry isn't just about bill payments. Reducing manual work and simplifying how money moves through the organisation is critical to success. Automation, centralised collections, and digital bill payments help utilities process payments faster and with fewer errors.

Digital collection methods support both one-off and recurring payments and free up teams to focus on higher-value work, creating a leaner operation that can scale and adapt with greater confidence.



Risk and protection

Leading utilities are using real-time visibility to track payments, identify risk early, and manage arrears more proactively. Flexible payment timing, smarter retry strategies, and clearer customer communication all help reduce non-payment without escalating costs. Integrated digital payment systems improve cash flow predictability and lower collection expenses. With better data and faster insight, utilities can balance customer support with financial discipline, protecting revenue while maintaining trust.

Taken together, these practices point to a clear direction of travel. Payments are no longer just about collecting funds. When designed as part of a broader digital strategy, they're a lever for efficiency, resilience, and better customer outcomes.

⁸ Baymard Institute. Ecommerce Checkout Usability – Reasons for Cart Abandonment (quantitative study, 2,219 US online shoppers). January 2024

Solution spotlight: How PayPal can help

PayPal supports utilities businesses in three key ways:

- ✓ PayPal makes it easier for customers to pay in the way that suits them – online, on mobile, or through self-service tools.
- ✓ PayPal simplifies collections and cash flow management, reducing friction for finance and operations teams.
- ✓ PayPal strengthens revenue protection, helping utilities manage arrears and reduce risk without undermining customer trust.

Get paid, get growing, and get ahead

PayPal makes it easier for customers to pay, however and wherever they choose. Providers can offer flexible, omni-channel payment options through a single integration – from cards and digital wallets to local methods, Pay Later and recurring billing. PayPal also simplifies collections by centralising transactions, automating billing and reconciliation, and providing real-time visibility into incoming funds. The result is faster settlement, better cash-flow control, and less manual effort.



Bill payments with PayPal

With PayPal, utility providers can quickly set up payment links and buttons and integrate them directly into existing channels. This makes it easy to initiate payments via email, text message, website, or QR code. This streamlines the payment process, speeds up payments, and can reduce the need for manual steps.

A practical path forward

Across the utilities industry, digital transformation is already delivering results, with leading organisations seeing clear gains from rethinking the role of payments. As customer expectations rise and operating models become more complex, payments can no longer sit quietly in the back office. They must work reliably at scale, across channels and customer types, and adapt as demands change.

When treated as a strategic capability, payments become a source of momentum – supporting more predictable cash flow, smoother service delivery, and better-timed investment decisions. For utilities under pressure to do more with less, getting paid consistently and flexibly is fast becoming a core driver of operational resilience and long-term progress.

**Ready to enter a new era of utility and bill payments?
Get in touch to start building a smart payment
experience today.**

[Get in touch](#)

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