

Michael Bank:

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James Robert Lay:

Greetings and hello. I am James Robert Lay and welcome to the 166th episode of the Banking on Digital Growth podcast. The today's episode is part of the Exponential Insights series, and I'm excited to welcome back Michael Bank to the show.

James Robert Lay:

Michael is the co-founder of Blip, and he joined me for a conversation 110 episodes ago to be exact. So be sure to check out Episode 56 as well because Michael and his team at Blip are doing great work to empower positive financial health for people by transforming the state of bill pay for financial brands and fintech. Welcome to the show, Michael. It is so good to have you back on.

Michael Bank:

Thank you for having me. Apologies that Seth couldn't make it this time. He was stuck paying his bills, but I'll have to do it this time.

James Robert Lay:

That's a good one. That's a really good one. I'm going to have to remember of that and then try to work something like that in next time. But that's a fantastic one specific for our conversation today, which is around bill pay. Before we get there I always like to start things off on a positive note. What is good in your world right now? Personal? Professional? It's always your pick to get started.

Michael Bank:

Sure. Yeah. I mean, we were kind of talking about this kind of prerecording, but a lot of what we're kind of seeing now in the industry and positive trends and things that I'm excited about really relate to the fact that people are actually talking more about bill pay now.

Michael Bank:

It's been about 15 years where bill pay has been kind of viewed as this kind of forgotten middle child, so to speak. And so we're really starting to see people and companies finally kind of start talking about bill pay and give it the spotlight that it deserves. So I would say that that's really kind of an exciting thing that we've got going on.

James Robert Lay:

What do you attribute that to? Why now? Why the increase in we'll just call it awareness to begin? Where does that come from?

Michael Bank:

Yeah, it's a great question. I think part of it has to do with the fact that a lot of kind of digital experiences have been moving online, which I know is probably a trend that you're obviously seeing a lot of. And I think that with that comes kind of reevaluating what moving a particular channel online looks like. And so when COVID hit a lot of the kind of onboarding experiences, for example, needed to be completely kind of rethought of and revamped for the digital world.

Michael Bank:

And I think that that's kind of been a positive catalyst in some senses in that it's created this scenario where kind of financial brands of financial institutions need to kind of holistically look at their entire digital offering, which obviously includes bill pay as well. And it's one of those things, like I mentioned, really hasn't been touched in the last 15 years or so. And so I think that that's primarily one of the driving forces behind people talking more about it recently.

James Robert Lay:

You mentioned trends. And definitely, I think the pandemic has helped to shape a lot of the trends that we are seeing when it comes to bill pay. What have been some of the top trends that you've been seeing over the last 12, 18, 24 months as it has increased in awareness conversation importance as really looking at the holistic nature of digital, digital growth and digital banking?

Michael Bank:

Yeah, it's another good question. I would say that it's really been around and what I also think is going to be kind of the future too not just on the kind of the 12 to 18-month kind of backwards looking, but I think it's really about shifting the focus to think about bill pay in kind of a different light or through a different lens. And rather it just being the kind of traditional money movement channel, you really kind have to think about it in kind of a way to kind offer a new, different way to actually kind of think about reengaging with customers through meaningful insights and having the ability to actually reconnect and reengage with your customers.

Michael Bank:

So we kind of think about it as kind of not dumb money movement anymore, but kind of intelligent money movement instead. And so I think that that's really one of the biggest trends that we've been experiencing in the past and likely we'll continue to experience in the future.

James Robert Lay:

I like that perspective, intelligent money movement or we'll call it moving money with intent powered by intelligence. Because historically it's kind of been a very passive or reactive activity, particularly from the lens of a consumer. But through data, through insights, we can really be more proactive to provide some guidance there.

James Robert Lay:

What have been some of the big lessons that you've learned on the journey so far when it comes to transforming this whole around bill pay, what it has been versus what it could be? What have been the big lessons?

Michael Bank:

This is going to sound cliché, but really that nothing worth doing is easy. There's really a reason why there aren't a million different bill pay companies that exist in this country. And a lot of it has to do with the infrastructure that really just isn't there, which I guess is kind of a lesson in and of itself. And so we've had to do a lot more kind of building from scratch than I think we probably originally anticipated.

Michael Bank:

That's the first thing. The second thing that I would say also is that there's really a big education component around what we're doing to really get people to see bill pay through that kind of new lens that I was just talking about before. And not just seeing it through that money movement historical channel lens is now.

James Robert Lay:

One of the things I know that y'all are doing over at Blip is you have really kind of two areas of focus. And you touched on this idea of onboarding before. And you have what you call Enrollment Engine where you can onboard in seconds. I'm fascinated by this and see the potential here.

James Robert Lay:

How does something like Enrollment Engine create value, first and foremost, for the consumer or the account holder and then second for the financial brand? Let's focus on the account holder first. I'm opening up a new account. I've never had this type of capability before. How can this make my life even that much better?

Michael Bank:

Yeah. So what we've found is that through traditional channels through financial institutions, they only make up about 20 to 22% of bill payments. And about 76% of those bill payments are actually made outside of the financial institution.

James Robert Lay:

Why is that? Why is that? That's a huge number and why is that a problem for financial brands?

Michael Bank:

Yeah, it really comes down to from a user perspective. It's because of from what we found a lot of it has to do with the friction involved in the onboarding experience, which is really why we set out to create that Enrollment Engine, which uses machine learning and natural language processing to actually be able to analyze transaction history information. And basically marry that up with a biller list to identify all of your recurring bills and basically pre-populate them for you.

Michael Bank:

And so from a user perspective, the benefit that you were kind of mentioning before is really that people and especially the millennial generation will start something, they'll do it for a couple seconds and they'll give up and move on if you don't capture their attention quickly. And so we found that maybe you already have the majority of your bills set up through kind of the online bill or direct channels. And you go and you open a new bank account and then you try to add the bills to that bank account. And you realize that if there's a lot of pain and friction involved with it and you give up on doing it.

Michael Bank:

And so by improving the enrollment experience for the customer, it creates a way to actually get them to use the product. To your question, it's kind of a dual benefit because the customer then has the ability to use a really great bill pay experience. But then on the institution side, it's allowing them to recapture all of those missed touch points that they were missing out on when somebody was paying their bills outside of that bill pay experience.

James Robert Lay:

I'm a big believer when you put people at the center of all of your thinking, of all of you're doing, that's where value is created. And as you're talking about this experience through what you framed as the Enrollment Engine I think about concierge approach to things. I love it when everything's taken care of for me. It's just done. And I think the expectation in banking is really being set by the experiences that we're having with other brands. And so the more that we can automate and I'm going to tap into probably one of the best brands experiences.

James Robert Lay:

I wrote about this in Banking on Digital Growth. I speak about them in the trainings that we do. It's Four Seasons and their founder had a phrase that was essentially along the lines of automate the predictable so that we can humanize the exceptional. And I can remember five, eight, 10 years ago working in advising financial brands. And I'm like, "Hey, you open up a new account, one of the big pain points," back to your point, "Is bill pay. How are they going to get 10, 15, 20, 30, 40, 50 accounts that they've set up somewhere else over into your FI?" And I'm like, "Create a concierge program" to where that's part of the onboarding experience because at the time there wasn't the capability that, that you're bringing to market available to where almost a human being could do it.

James Robert Lay:

But now we don't have human beings, we have automation and we have machine learning. Speak to that idea of experience because I think you're tapping into something. It's the training and the education that's needed to create the awareness of what the opportunities are to begin with in the first place. Because we get pretty comfortable with the way things that have been over the last three, five, 10 years. But this is about putting people at the center of our thinking and our doing. What's your thought on that?

Michael Bank:

Yeah, I mean, you've very much hit the nail on the head. A lot of the issues around bill pay obviously revolve around the experience and you also hit on the point around automation and my co-founder and myself. Talk a lot about this with customers and people in the industry really regarding this topic that people describe as kind of self-driving money or automated finances. And without really nailing bill pay, you're kind of putting the cart before the horse.

Michael Bank:

Because a lot of what self-driving money is is I'm thinking about it in the most logical terms. It's taking money from a checking account and automatically without having to think about it moving the money that needs to be going to a savings account and to bills and to different retirement accounts and to different types of things. And a lot of times bills kind of get dropped to the bottom of that list. And they really should be the first thing because that is kind of what your outflows of money are.

Michael Bank:

How can you figure out what amount of money should be going into a retirement account or a 401(k) if you haven't first calculated how much money you need actually be putting away for your bills? And so it's kind of the flip of what I think traditionally a lot of people have been thinking about. And so long story short, if we're able to really nail bill pay. And I think it's one of the exciting things about it. It's kind of comes back to the insights that can be derived from it.

Michael Bank:

And it really allows a better consumer experience. Not just for managing and paying bills, but for really understanding where the facilitation of money should be to other retirement accounts and savings accounts in a much more intelligent way than it's currently being done.

James Robert Lay:

Well, that's where you have what is framed as Engagement Engine comes into play because there's the contextualized offers and it's providing proactive knowledge, proactive guidance based upon the behavior. And a lot of times when it comes to bills sometimes, it's unconscious behavior. These are things that get set up. And I know that this is a big pain point for me personally. It's like, "Ah, here's

another bill. I'll cancel that next month." And I never get around to canceling it. Maybe this would be fantastic and I'm just going to blue sky. Can I blue sky with you on this for a second?

Michael Bank:
Absolutely. Please do.

James Robert Lay:
Like if we could have like in Gmail the ability to unsubscribe built-in to a platform like this. Oof. Life would be fantastic. I literally could just hit unsubscribe and all my problems go away. I know that's a blue sky exercise, but it just kind of like came to my mind.

Michael Bank:
No, no, it makes complete sense. Along with not just canceling things that you already have, but also potentially switching to different products and services as well. Yeah. And so that's really where our focus lies with the Engagement Engine. Because if you think about a financial brand, a lot of their marketing is through mailers or television or billboards, whatever it may be. And a lot of times that's not when a person is thinking about their money. And so the thing about bills is that you're really thinking about your money at that point of payment. And so if in that channel or in that path, that's where you're promoting a better product or service compared to what that person currently has.

Michael Bank:
That's a really powerful marketing channel, which kind of comes back to another benefit to the the financial institutions or the financial brands more broadly as well. It's a really strong platform to be able to actually promote better offers. And in the future, I can see it even happening on automatically. Why should I need to search for a savings account at one point where that particular account has the best rate available? And then three months later, it's no longer the best rate compared to another online savings account.

Michael Bank:
Why not just automatically have the ability to continuously have the best rates available? So again, that's obviously a little bit down the line in terms of the future, but those are the kinds of things that you can do with bill insights and build data.

James Robert Lay:
I don't know, once again, if this would even be possible. It's another blue sky thinking exercise, but you've got scale. And I think that's what financial brands have that they don't really think about much. And Joe Pulizzi has written prolifically around the subject of Content Inc. and the idea of building audience. And I don't like that term "audience" because audience it's passive. It's a one-way communication. I look at this and it makes a lot of sense for financial brands to really consider. It's about building community, but for more of the lens of digital community.

James Robert Lay:
And if we were able to go in and find patterns of data for bill pay and we could go to, I don't know, hypothetically speaking we see 70% of our account holders have their cellphone service through Verizon. Well, why couldn't we go over to T-Mobile and say, "Hey, we've got an opportunity here for you. And we create new streams of income and new streams of revenue." It's just a whole new way of thinking about things because I think the idea of income and revenue, we're going to have to really do more of this blue sky exercise thinking.

James Robert Lay:

Everything from that we've gotten used to and comfortable with for making income, for making revenue, all of that has to get transformed. We're seeing that with overdraft. Like overdraft is no longer a viable path forward because everyone's doing away with overdraft. So that's just something else that I'm thinking about. What can we do with all of this data to monetize in some way, shape, form or fashion.

Michael Bank:

It's a great point. And you know, I think that it is interesting because it both empowers the consumer, but it also empowers the different brands. So you had mentioned kind of this Verizon-T-Mobile example. And so what I described from our Engagement Engine isn't specifically limited to banking products. If you have a Verizon bill that's \$100 per month, why in the future can't we say, "We notice this builds a hundred dollars per month. T-Mobile has the same service available for \$80 a month."

Michael Bank:

And so that empowers one, the consumer, but it also then kind of enables like you said before kind of this marketing channel for T-Mobile too. And you can even then go back to the Verizons of the world to say, "Look, we've got 100,000-plus customers of yours that are about to switch over to T-Mobile because they are considering a better rate." Maybe that helps kind of reduce the price of the Verizon for customers too.

Michael Bank:

So there's a lot of different angles that can be taken to kind of empower consumers, but also at the same time, interestingly, create a really great market pathway for different products and services to be offered kind of directly through a bill pay channel.

James Robert Lay:

Absolutely. And that comes back to the point of really just letting go of some of the old view of what bill pay was to what it could possibly be going forward into the future. I want to shift the conversation to be a little bit more future-focused now.

James Robert Lay:

As we look ahead over the next 12 to 18 months, what are the big opportunities that you see available for financial brands to create, to capture when it comes to optimizing bill pay experiences for account holders?

Michael Bank:

Yeah, I think it is kind of echoing some of the points that we've been talking about. It's really about thinking about bill pay beyond just that kind of traditional money movement channel and beyond thinking about it in kind of the traditional sense that it has been viewed in the last 15 years. And I'm starting to see a lot more people, like I mentioned kind of in the beginning, in the industry understanding how data and insights can be derived from bill pay usage and bill pay data.

Michael Bank:

And so I think that kind of shifting the conversation to the future, that's really what I'm excited about. And that bill pay provides this great landscape for being able to actually create better experiences for any financial brand to their customers. And not just thinking of about it in that kind of traditional sense.

James Robert Lay:

Sure. On the flip side, what's going to hold them back? It's so easy to talk about, "Oh, we got all this amazing opportunity available," but then if we don't take time to address some of the potential roadblocks, some of the potential challenges, the future will become a predictable past. And so I think it's important to at least note or identify a roadblock or two.

James Robert Lay:

What would that be in your mind? What are the challenges we need to be aware of that could prevent a financial brand from transforming the perspective or even the idea of what bill pay could be?

Michael Bank:

Yeah, it's a really good question. I would say that the biggest roadblock at least that, that we've encountered, and this has kind of been a theme and something that we've talked about before is really around the fear of change. And so we hear things like, "We already have a bill pay system that's good enough or what if people don't like this new system or, or they don't use this new system?"

Michael Bank:

And so the way that we see it is really that financial brands shouldn't fear the unknown and that things in tech are really moving too quickly to stand on the sidelines.

James Robert Lay:

Sure. And I'm going to address that point of fear of the unknown because it's human nature to fear the unknown I'm addressing a lot of this idea about change and transformation in banking on change. And one of the things that I've identified is the best way to address the fear of the unknown is to just simply provide some training, to provide some education, to help the unaware become aware of what the possibilities are.

James Robert Lay:

On the flip side though and this to me I think is something else that we should really consider when it comes to roadblocks. I could see a concern or a challenge to this conversation. "Well, our consumers aren't asking, our account holders, aren't asking for anything like this." And my rebuttal, my pushback would be, "Well, back in 2006, there were no consumers who were asking for a mobile device that gave and really combined the capabilities to have a phone to have internet and to have a music player. Let alone a camera and everything else that the mobile device has now become today."

James Robert Lay:

And that's exactly what Steve Jobs saw. He was like, "I don't need to ask anyone about this. I have a vision. This is what I see could create value." Because I think a lot of times when it comes to massive transformation, it's the unknown. It's not even the fear of the unknown. We just simply don't know what we don't know. And it takes some courage to commit to move for down a path because you know it's the right thing to do because you are putting people at the center of your thinking and of your doing.

James Robert Lay:

What's your thought on that? How would you address the fear of change? How do you address the fear of change just yourself personally? Because I think it's something that we all have to be consciously aware of because it's easy to get stuck in the cave of complacency, but we always have to keep coming out of that. How do you address change yourself?

Michael Bank:

Yeah, I would say two things, especially from our experience kind of going through this process and going through this sales cycle. The first is kind of what you're saying and around the point that I had brought up earlier around the education component as being one of our largest lessons. Because we had thought that if we kind of came out of the gate with a product that was better than something else, people would immediately rush to it. But there's a lot of training and education that goes into actually convincing or having people better understand kind of the current landscape isn't working and that there should be change.

Michael Bank:

And so that Steve Jobs example makes a lot of sense because when you have a completely new and differentiated product from something that's been in existence for 15-plus more years, there's a lot of complacency. And so you have to really help people get to the point where they can understand what is different and what is better and why this change is required.

Michael Bank:

The other thing that I would say is, which I mentioned before is around the usage stat. So if we look at that percentage of people that are using a financial institution to pay their bills, it's only 20 to 22% like I mentioned before. So you can also just look at that stat and say that whatever an institution is doing clearly isn't really working because a customer is in fact paying their bills. We always talk about how there's only a couple constants in life. It's death, taxes and everyone is going to pay bills.

Michael Bank:

So they're paying those bills, they're just doing them in different channels. And so nobody really wants to go and pay their seven-plus bills through all different places, but they're doing so because no better experience exists. And so once we can explain that concept to a fine financial brand, that's where the light bulb goes off. And I think they're able to look past some of those kind of initial roadblock fears like we were just talking about before.

James Robert Lay:

And 76% of those are paid outside. So we know that it's happening. The opportunity is to create an experience-

Michael Bank:

Bring them back.

James Robert Lay:

Exactly, to bring them back. And we've already talked about the why behind that. I want to get into the what here as we begin to wrap up. And this has been a fantastic conversation today, Michael. Partnerships, collaborations because when it comes to creating something new, there's, there's really three paths forward. You can go out and you can build it yourself. You can buy it, but I think there's a third way now that I'm going to call you can collaborate around it.

James Robert Lay:

And so I'm curious to know what's your take on collaboration and how might collaborations really be a catalyst for optimizing bill pay experiences going forward?

Michael Bank:

Yeah, I would say that I think it will be a large portion of kind of what the future holds. And I'm not just saying that because I'm one of those potential partners. Bill pay is as I kind of mentioned before, very

difficult to build. And so to get it right takes a lot of time and energy and money. And financial brands want to focus on kind of what their bread and butter is, which is kind of the business of banking like we call it.

Michael Bank:

And so I think that also not just for bill pay experiences, but even just more broadly for fintech experiences and collaborations, we've seen this as a growing trend. And I think over the next couple of years will just continue to dominate as tech continues to grow and scale really quickly. Being able to collaborate with a partner that has taken the time, energy and resources to build a kind of niche or specific product to help a need is kind of a better approach than trying to start from scratch, and building that internally.

James Robert Lay:

You mentioned the business of banking. I'm going to come back to the Issy Sharp example, the founder of Four Seasons and in his thinking around ... We need to do as a financial brand, bank, credit union, even fintech to do everything possible to automate the predictable. And back to your point, there's a few constants in life: death, taxes, bills. So the more that we can automate the predictable, we as a financial brand have the potential to Issy's thinking to humanize the exceptional.

James Robert Lay:

I want to get really practical here as we wrap up. Where can a financial brand get started? Where could they look to begin to optimize their bill pay experiences? And it's always something simple, something practical because all transformation that leads to future growth begins with a very small, simple step. What would you recommend for the dear listener to apply, to commit, to move forward with courage and confidence?

Michael Bank:

Yeah, a another great question. And certainly not the sound overly salesy, but this is actually exactly why we created a product called Bill Pay Lite. And so bill pay is something that is very time-intensive and costly to implement, but also on an ongoing basis to operate. And so I think that that has scared a lot of fintech type company and financial institutions away from making any steps forward with kind of changing what they're operating. And so we've built the only system that actually allows a financial brand to get up to speed with bill pay very quickly and equally importantly, be able to offer that experience for about 96% less expensive, but offer a very similar experience.

Michael Bank:

And so that's kind of a great way to kind of dip your toes in the water with bill pay, so to speak. And kind of a lesser integration for companies that are interested in adding bill pay capabilities, but don't want to necessarily deal with all of the troubles and headaches with the kind of traditional model.

James Robert Lay:

Let's say, and I wanted to dive even a little bit deeper into this. I already have bill pay. I feel good where we're at because I just don't know that there's another possible path forward. What could I look at? What should I look at to almost kind of do for lack of a better word some type of a self-diagnosis of where we're at today to maybe get some benchmarks around? Is it on adoption? Is it on usage? What might be some practical self-diagnosis that I could do to benchmark my bill pay?

Michael Bank:

Yeah, so what I would do if I was a financial brand or a financial organization is take kind of a holistic look at what my bill pay experience looks like. And I would narrow in on what the utilization is of that current product, which I know is something that we've kind of talked about over the course of this podcast. But if your utilization is anything less than 30, 40%, then it might make sense to really look at what that product is and consider revamping it in some capacity. Whether it's focusing on a new onboarding experience or layering in some different type of insights for customers with product offers.

Michael Bank:

Again, a lot of things that we've covered in this conversation, but if you have a product that you're paying a lot of money for to conceivably a core provider or some other vendor that you're not really seeing the return on, you should probably consider thinking about it through a new strategy, which I understand is difficult given how it's been the last 15 years of no change. And a lot of financial brands just offer bill pay because the bank down the street offers it, but that's no longer really kind of a viable excuse when a lot of the other components or aspects of the financial industry are moving so quickly.

James Robert Lay:

One of the thoughts as you're talking through that to even build upon that further. So you get that utilization rate, but then dive deeper and we conduct a tremendous amount of what we call digital secret shopping studies and they're for all different stages of a consumer buying journey. Sometimes they're focused on positioning a product on the website, sometimes they're part of the application process. Sometimes they're part of the onboarding process.

James Robert Lay:

I think there might be a very specific use case to do some type of a digital secret shopping study either with current account holders or what I prefer to do and recommend is to take people who don't have a relationship and run them through that process to get their objective feedback because they have no awareness into what to even expect. And they'll tell you the truth. They'll tell you the truth about what is working well or what could be even better.

James Robert Lay:

I think there would be a lot of insight that could be gained through taking what you shared from doing some more like number benchmarking and then take the qualitative approach and get people's feedback. And that could really help bubble this up to a larger conversation internally.

James Robert Lay:

Michael, this has been a lot of fun, man. And I appreciate the knowledge, the perspective, the insight, the wisdom that you've shared. How can someone continue the conversation that we've started today? How can they reach out to you and say hello?

Michael Bank:

Yeah, absolutely. If you're a fintech company or financial brand that is interested in revamping bill pay that you already have or you don't have any bill pay and you're interested in adding a really unique experience, you can find us on our website at tryblip.com.

Michael Bank:

You can find me on Twitter at the [realmichaelbank](https://twitter.com/realmichaelbank). We're on all the different social platforms or our website like I mentioned. So we're available. We're interested in talking to different fintechs, different financial institutions and we'd love to hear from you.

James Robert Lay:

I like that. The real Michael Bank. Connect with Michael. He's the real deal when it comes to bill pay. Michael, thank you so much for joining me for another.

Michael Bank:

Thank you for having me on.

James Robert Lay:

Absolutely, as always. And until next time, be well, do good and make your bed.