

Consumer Insights Paper or Electronic Statements?



THE CONSUMER'S
RIGHT TO CHOOSE

Banks, credit card companies, and other businesses are aggressively pushing consumers to receive their monthly statements electronically, but these efforts can create more harm than good for consumers.

The increased access and uptake of information and communication technology (ICT) in recent decades has had enormous effect on daily life, how we interact and how we receive information. Many Australians have access to the internet and use it to their advantage, however there is a growing digital divide, leaving a large group of the population lacking the knowledge and access to the internet. Which side of the digital divide an individual resides on varies with certain personal characteristics, such as age and education. According to a recent Australian Bureau of Statistics study:

- In Australia if you are disabled, in a low-income household or dependent on a parenting payment, an age pension, disability support pension or a Newstart allowance, then the likelihood of having no Internet at home is twice to almost five times higher than the national average.
- Currently, one in five Australians are not accessing the internet at home. Many of these 4.1 million people are often disabled, from disadvantaged backgrounds or elderly (aged above 60).
- Indigenous households in Central Australia are 76% less likely to have Internet access than non-indigenous metropolitan households.

Even if these groups do have a mobile phone, these devices aren't a substitute to home computers because of their smaller size, formatting and unsuitability for record keeping. Paper statements have its advantages and consumers have a right to choose how they receive their monthly statements. 81% of consumers think it is important to have the choice in how they access financial information and statements from all service providers. 84% agree they do not like it when companies take away the choice regarding the way they receive their bills and statements.

Even computer-savvy consumers may prefer paper, as electronic statements are easy to overlook due to email overload. Consumers may value a physical mail piece as a record-keeping tool and reminder to pay. Studies show that consumers prefer paper when a payment is due upon receipt, and warn that electronic statements might cause consumers to miss payments.

Electronic statements create barriers for consumers to access vital information because it takes effort to remember the task, find the free time, go to the correct webpage, remember their password, and download the document – as opposed to simply opening an envelope. A December 2015 study by the Consumer Financial Protection Bureau (CFPB) found that over half of consumers who opted for electronic credit card statements are not opening or reviewing these statements and concluded that consumers who are “opt-outs [of paper statements] are for the most part opting out of reviewing their statements entirely.” Paper also provides a more permanent record – if statements are saved on a hard drive, computers can crash or become outdated.

Receiving electronic statements over paper is not as simple and straightforward as one might believe. Banks, credit card companies and other businesses should not be able to push consumers into electronic statements with fees or coercive measures, as it is the minority and most disadvantaged Australians who suffer the most from this lack of consumer choice.

Sources

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