ZEGO Powered by PayLease

Digital payment adoption best practice methodology

5 game-changing strategies that collectively serve to drive 100% digital payment adoption across your resident base.

1 On-site staff change management & training

Eat, Sleep, and Breathe the Value of digital payments

Set goals: Decide on a company-wide digital payment adoption percentage goals.

Portfolio-wide % of online payments	Rating
<30%	Needs some work
30-50%	Decent
50-80%	You're on your way
80-100%	Paperless nirvana!

Keep on track with KPIs: Stay on target with measurable values that demonstrate the efficacy of your efforts.

Sample KPIs to track
- Boost digital payment adoption from 20% to 80% by the end of the year
- Increase portfolio-wide adoption by X%
- Increase individual property adoption by X%
- Get X amount of AutoPay sign-ups

Drive home the value: Over-articulate the value of digital payments during your new hire training.

Benefits for on-site associates: Relay these points to your team to really drive home the value:
- Paper payments are a public health safety risk. Contact-less digital payments keep you and residents safe.
- It will eliminate mundane manual processes from your workload
- You won't have to take checks to the bank, deposit them, key them in, etc.
- Digital payments will streamline and automate tedious accounting tasks
- No cash or money order thefts on your watch
- No more risky large-sum cash deposits to the bank
- Assess and collect late fees digitally rather than manually
- Credit reporting will boost resident retention and attract quality renters
- Digital transaction records eliminate conflicts with residents over late/returned payments

> **"We want them out there doing what they do best. They are people-oriented, great at getting leases. Then, we shove them in a room, shut the door and tell them to count checks."**
>
> —Michael Wise, RAM Partners LLC

Run contests

How to run a property v. property digital payment contest

- ☐ Decide on the end goal of your contest. Are you trying to increase the number of residents on AutoPay? Are you measuring the total number of digital payments during a given month? Or are you simply trying to get your residents to create their digital payment account?
  Pro tip: AutoPay contests have the best ROI because you'll continue to get on-time payments for months after the contest ends.
- ☐ Choose when your contest will begin and end.
  Pro tip: Typically, contests run for three to four months.
- ☐ Pick a prize. Make it good.
  Pro tip: Popular prizes include a $50 Amazon gift card for each of the winning property's on-site staff, a catered lunch, an extra day of paid time off, etc.
- ☐ Keep a record of each property's pre-contest utilization rates.
- ☐ Promote your contest! Notify your staff of the contest rules, and get them pumped to participate.
- ☐ Assist your property staff with resident marketing.
  Pro tip: Encourage your staff to send out an email blast to their residents and post fliers on the community board.
- ☐ Create a calendar reminder to pull the utilization report and the name of the winning community on the final day of the contest.
- ☐ Deliver the prize to the winning property staff and announce the winner via email to the entire company!

> **"We focus on rewarding community teams and regional property managers whose portfolios have had the highest level of participation with their residents"**
>
> —Puryear Helling, Greystar

Train with purpose

Average turnover for multifamily community staff ranges from 21-54%. Use consistent educational refreshers to combat knowledge gaps and poor customer service within your team.

Put 'em to the test!
Digital payment pop quiz for on-site managers

1. How would a resident set-up their online payment account?
2. What are the payment options available to your residents?
3. What payment options are not accepted?
4. What are the processing fees for each payment type?
5. How do you take a one-time payment for a resident?
6. How do you set up an AutoPay?
7. How would you research transaction information (i.e. returns, voids, etc...)?
8. How does the integration work? (SSO, API, etc)
9. What features are available to your residents? (Credit reporting, AutoPay, a community mobile app, etc)
10. Why should a resident pay online versus drop off a check? (Do you understand the value proposition?)

Total = __ / 10

2 Resident on-boarding

Communicate the value proposition to residents

Communication is key. Here are some talking points you can steal and include in your welcome letter or follow up email:

New Message
To
Subject Welcome to the community! Here are some helpful tips and tools for your convenience.

Dear community member,

You lead a busy life, don't let the first of the month add extra stress! Set up automatic payments (AutoPay), and paying your rent on time will be one less thing to worry about.

By opting into our credit reporting feature, paying online and on-time lets you build your credit history to potentially improve your credit score.
(Pro tip: Click here for a sample of our Credit Reporting marketing email).

Sign up for automatic rent reminder emails and texts to avoid late payments and late fees. Pay online and never dispute over a lost or late payment again!

→ As soon as you submit a payment, all of your online transaction details are recorded. Meaning we won't hound you with questions about when you mailed your check, and you won't be charged erroneous late fees.

Our online payment portal gives you the flexibility and convenience to pay on-the-go from your preferred device. We accept multiple payment methods so that you can choose how you want to pay.

→ Pay securely through PayPal, pay with cash at Walmart if you are unbanked, you can even earn airline points and rewards by paying with your credit card.

You have all of the following payment options available to you through our portal:
- ACH
- Credit card
- Masterpass
- CashPay
- Debit Card
- PayPal
- Mobile payments

Thank you for being a valued member of our community. We appreciate you!

Marketing at move-in: welcome materials & emails

The lease: inform residents about their payment options early on

Fliers, letters and other print material
- Include payment portal instructions, an AutoPay enrollment form, and promotional materials in your move-in packet
- Include digital payment instructions in your welcome letter
- Shutter your drop box and hang signage directing residents to make a digital payment instead.
  Pro tip: This would be the perfect spot to promote an AutoPay contest!

> **"We provide a welcome letter with their move-in documents that encourages them to pay online and explains how the Zego platform works. No cash or money orders allowed due to the security risk they pose."**
>
> —Pam Serviss, Western Management

New resident communications
Your resident marketing program should include emails, texts/sms, and in-app push notifications. Download our free welcome series email templates and customize them for your community.

Move-in email schedule

SUN	MON	TUE	WED	THU	FRI	SAT
			1 The welcome email	2	3	4 The post move-in email
5	6	7 Happy first week email	8	9	10	11
12	13	14	15	16 Monthly community recap email	17	18
19	20 The quarterly email	21	22	23	24	25
26	27	28 4 days prior to rent email	29	30	31 The rent reminder email	

Pro tip!
After 3 consecutive digital payments, send an email recommending they create an AutoPay instead of submitting one-time payments. Best-in-class payment providers will automate this messaging for you.

Register residents in-office

Move-in mantra: "locks changed, lease signed, registered for digital payments."

Other in-office best practices:
- Offer a point of payment location in your front office such as an iPad
- Help them set up their digital payment account right after they sign the lease
- Train your staff to help sign up reluctant customers and teach them how to access the resident portal
- Offer an incentive for AutoPay enrollment upon move-in (i.e. a $5 gift card to a local store)
- If residents stop by the office with a paper check, get them registered for digital payments on the spot

> **"A lot of properties have a resident computer so they can make payments and a manager can help if needed."**
>
> —Pam Serviss, Western Management

3 Alignment of resident incentives

How can you create a win-win payment structure that benefits both you and your renters?

Choose the right pricing model

	Standard passed	Standard incurred	Digital unlimited
Pricing model	Transactional	Transactional	Subscription
Benefits to managers	Collect digital payments from your residents for free	Encourages your residents to pay online	Go fully digital and eliminate paper based payments
Average % of rent payments that are digital	20-30%	30-60%	60-100%

Standard passed
- Payment processing fees are paid for by the resident
- Provides residents with digital payment options, but won't digitize your full receivables process

Standard incurred
- Provides residents with a free digital payment option
- The property manager pays the processing fees associated with digital payments
- The number of digital payments doubles, sometimes triples when residents are presented with a free option

Digital unlimited
- Completely eliminate paper-based payments
- Access to unlimited, "all you can eat" digital payments
- Provides residents with an easy, cheap, and free payment option
- Communities can effortlessly transition to a 100% digital rent collection process

Don't pass the buck

This graph is a representation of the average percentage of ACH payments received over a two year period at communities that incur vs those that don't. These stats are big indicators that digital payment adoption soars when the processing fees are incurred.

Planned Property Management decided to incur the processing fee for each resident's first digital payment. After that, the resident could choose to incur a modest convenience fee if they continued to pay digitally.

> **"I would estimate at least 80% of our tenants have used Zego at least once. It is so much easier than writing a check and adoption has grown considerably within our tenant base."**
>
> —Pam Serviss, Western Management

To incur, or not to incur?

Roy Rainey of Rainey Realty did the math, and decided it was well worth it: "We decided to incur the costs of eChecks, which is a nominal cost. We probably pay around $300 per month in the eCheck processing fees. But since everyone pays digitally now, we are not paying a bookkeeper to process rent. The tradeoff is worth it, especially because our system is 100% accurate and we can see all of our payments in real-time."

Give 'em a little credit

Four benefits of credit reporting
1. Set your community apart from competitors
2. Reduce the amount of paper checks you receive
3. Decrease the number of late payments you receive
4. Attract reliable renters - fill vacancies with quality residents

Need more convincing? Let's look at the numbers from a 2019 TransUnion survey.

- **73%** — 73% of renters would be more likely to make on-time rent payments if property managers reported rent payments to a credit bureau.
- **67%** — 67% said they would choose the rental unit with reporting already in place when given a choice between two similar properties.
- **17%** — 17% of multifamily rental property executives said they report payments to credit bureaus, giving you an advantage over the other 83% if you offer this incentive.
- **26 points** — Residents could increase their credit score by as much as 26 points in one year.

4 Multiple payment options

The more digital options you provide, the less cash, paper checks, and money orders you'll receive.

Offer all major payment types

To stay ahead of the curve, you need to offer multiple payment options:
- ACH
- Debit
- Credit
- PayPal
- Masterpass

Residents appreciate payment flexibility.
While they are out-and-about, they should have the ability to pay via your community's mobile app, or at the very least, with a representative over the phone.

Convert paper checks to digital with check scanning

Check scanners have become a necessity for communities that still receive a large number of personal checks and certified funds. They convert checks and money orders into digital transactions, eliminating the time spent:
- Transporting checks to the bank
- Depositing them
- Manually posting them to the resident ledgers

WARNING: check scanners are notorious for hardware issues that can be avoided with digitally submitted payments.

Close the door on cash

Stop accepting cash and money orders altogether.
Offer an alternative cash payment method for unbanked residents

Zego CashPay
- Lets residents pay with cash or debit card at over 25,000 retail locations nationwide
- CashPay transactions appear in the Zego system instantaneously and integrate into your accounting software
- Residents can even access their CashPay account number within the community mobile app
- "The office was closed" or "the check got lost in the mail" are now illegitimate excuses
- With more payment options, residents are less likely to submit late payments, which ultimately improves your cash flow

5 Resident engagement & communication

The next wave of renters has been conditioned to lose patience for clunky, slow, or outdated software.

Optimize your community-branded mobile app

- 46% of residents said they would use a mobile app to make their rent payment if they had the option
- S2 Capital saw a 27% increase in digital rent payments after implementing a community app
- Lincoln Properties touts a 72% adoption rate largely because of their mobile app

Your mobile app should be:
1. **Searchable:** easy to find and download in the Apple App Store, Google Play, the Galaxy Store, etc
2. **Synchronized:** cohesive with your community's brand identity
3. **Secure:** meets PCI data security standards and is protected by SSL encryption
4. **Seamless:** in-app messaging for one-on-one conversations, and a community feed for broadcast announcements

One app to rule it all
Tools that connect residents to your property, to each other, and to your community
- Package management
- Amenity reservations
- Digital marketplace services
- Integrated work orders
- Pet, vehicle & visitor registration
- Smart tech

Optimize your website

You only get one change to make a great first impression!
Your website should:
- Be quick-to-load
- Be easy-to-navigate
- Include a link to your payment portal above the fold

Digital payment utilization doubles when residents submit their application payment digitally.

> **"I remember years ago when people would tell me - nobody will ever rent an apartment without looking at it - but now people do that all the time. They're on our website in the middle of the night. They're looking at pictures or virtual floor plans... they've paid the application fee, they've picked out their apartment and that's again just sort of expediting the process and driving efficiency in the office."**
>
> —Diane Caton, Executive Vice President MSC

Combine rent and utilities on a single statement:

The benefits of combining rent, utility charges, and ancillary fees onto one comprehensive statement:
- Recouped utility expenses
- A more streamlined collection process
- Convenience of receiving one consolidated, itemized statement
- More complete and on-time payments

> **"One of the great benefits of having Zego as a partner on the payments side and also the utility side, has been the ability to make sure that the charges are posted to the resident ledgers. By the time we're running rent up and the rent charges are posted, the utility charges are already there for the prior month."**
>
> —Diane Caton, Executive Vice President MSC

Wehner Multifamily's story
- They implemented a billing solution in order to motivate more residents to pay digitally
- Wehner now recoups the maximum allowable amount of utility costs from their residents
- And their digital payment utilization has increased 94%

> **"Residents now have all of their property and utility charges in one statement, they pay them all at once and it's made online payment adoption increase"**
>
> —Juan Leyva, Acquisition Specialist

Boutique Apartments' prior vendor could only send their residents separate bills for their rent and utilities. Implementing a solution that bills each resident once a month for all their applicable charges has boosted Boutique's digital payment utilization rate to over 200%.

> **"Recovering those costs from residents is more streamlined and has even led to more on-time payments because residents pay rent and utilities at the same time."**
>
> —Jennifer Howard, CFO Boutique Apartments

Communicate on their terms

- Exceptional service during the initial leasing process isn't enough - it's got to continue throughout the length of their lease.
- 17% of turnover is due to residents being unhappy with their community manager
- Provide 24/7 support: in case your residents need help making a payment, need a password reset, or have a question about their bill

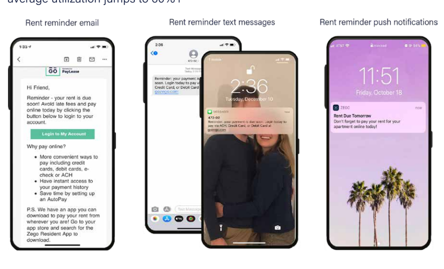
Ask your residents which of the following 5 channels is their preferred contact method:
1. Email
2. SMS/text messaging
3. In-app messaging
4. Phone call
5. In person

Schedule automatic rent reminders

Ask your residents which of the following 5 channels is their preferred contact method:
- Emails
- Texts
- Push notifications

The integration will stop reminders from being sent to those who have already paid. Because digital rent reminders include a tokenized link to the payment portal, average utilization jumps to 60%+

Rent reminder email | Rent reminder text messages | Rent reminder push notifications



Run resident contests

Annual or biannual AutoPay contests create a 10-30% uptick in digital payment adoption plus a stronger sense of community.

How to run a resident AutoPay contest

- ☐ Choose when your contest will begin and end.
  Pro tip: Typically, contests run for three to four months.
- ☐ Pick a prize. Maybe two.
  Pro tip: Residents aren't likely to pay attention to your contest unless the stakes are high. A popular route management companies take is to offer $500 off of next month's rent. Or giveaway two $250 Amazon gift cards, more residents will enter the contest if they feel like they have a better shot at winning.
- ☐ Promote your contest! Notify your staff of the contest rules, and get them pumped to participate.
  Pro tip: Host a "Payments Pizza Party" or some sort of kick-off event to promote the contest.
- ☐ Marketing is everything (and not just because this was written by a marketer). If you don't promote your contest, you won't see any significant improvements.
- ☐ Assist your property staff with resident marketing.
  Pro tip: Create an email blast or hand out fliers or post them up in common areas like the community bulletin board to promote the contest.
- ☐ Create a calendar reminder to pull the list of AutoPay sign-ups during the contest parameters.
- ☐ Use a random number generator (easily searchable on Google or the app store) to choose the contest winner(s).
- ☐ Announce the winner(s) via email to the entire community and deliver the prizes!
- ☐ Reach out to your payment provider and ask if they'd be willing to contribute to your prizes!

More ideas for resident engagement:
- Resident rewards program
  "If a resident completes certain activities, such as renewing their lease or paying rent online, they can obtain point values toward various incentives. The program engages our residents and incentivizes them to participate in online, paperless activities."
  —Puryear Helling, Greystar
- One-time payment contests
  "We're going to offer incentives, such as if you pay your rent online during the month of May, you'll be entered in a drawing where you can win $500 or free rent for one month, depending on the community."
  —Gina Carter, Blue Ridge
- Tokens of appreciation
  Reward those who always pay on time, never have an issue, and are respectful of your property with a small token of your appreciation such as a Starbucks gift card or a bottle of wine. They won't expect it, but will love you for it. As they say, excellence is in the details.

How is digital payment adoption at your properties? Get your digital payment health check and see how you stack up.

GET A CHECKUP

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