



A *Global Payments*
Company

5 proven steps to reach 100% digital rent payment adoption

Hands off the check!

At the time of this writing, 4 in 10 rent payments are still processed manually, resulting in wasted processing costs and valuable employee time. While most property management companies offer digital payment methods to renters, the industry is still receiving 40% of their monthly rent payments in a traditional method that is riddled with inefficiencies. Simply offering a digital payment option to residents for rent payments is not enough to realize the operational benefit that comes from a fully automated & integrated rent collection process.

When we look at our own Zego Pay clients we see that the top 25% of our customers in terms of digital payment adoption see rates north of 70% and climbing. So we launched a research study to find out what those companies are doing differently. We collected our findings and created this best practice guide to help more management companies achieve 100% digital payment adoption in their multifamily communities. We've grouped our best practice recommendations into 5 key areas:

1. On-site staff training
2. Resident onboarding
3. Resident benefits and incentives
4. Payment optionality
5. Resident engagement & communication

This guide will provide you with instructions, checklists, ideas, sample assets, and additional tools to help you automate your rent collection process. If you're up to the challenge we're here to propel you to paperless payment perfection!

100% Digital payments best practices

Each of the following five areas play a pivotal role in the success of your organization's digital payment adoption across your resident base. Learn how to apply these tactics portfolio wide to drive optimal results for your business. We'll dive deeper into each of these points throughout this eBook.

On-site staff change management & training	<ul style="list-style-type: none">▪ Roll out property level KPIs to drive adoption▪ Run contests for managers▪ Provide on-demand training for on-site staff on the "why" and "how"
Resident onboarding	<ul style="list-style-type: none">▪ Set clear expectations with residents around how and when they should pay▪ Include payment portal information with move-in materials▪ Register residents for payments (preferably AutoPay) in-office▪ Require applicants to pay digitally
Alignment of resident incentives	<ul style="list-style-type: none">▪ Choose the right pricing model▪ Charge a fee for late payments▪ Provide an incentive for residents to sign up for AutoPay▪ Offer credit reporting for free
Multiple payment options	<ul style="list-style-type: none">▪ Offer all major payment types: Credit, Debit, ACH, eCheck, PayPal, MasterPass, Apple Pay, etc▪ Offer CashPay as an alternative to money orders and cash▪ Convert paper checks into digital payments with check scanning
Resident Engagement & Communication	<ul style="list-style-type: none">▪ Offer a single mobile app for all community functions – including rent payment▪ Communicate with residents based on their preferences (email, SMS, in-app messaging, voice)▪ Optimize your website to accept payments▪ Schedule automatic rent reminders with a link to the payment portal▪ Run resident contests▪ Combine utilities, rent and all other property charges onto a monthly resident statement



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Top 4 reasons to prioritize 100% digital payments adoption

1. Exceed resident expectations

Residents want mobility

Your residents are already on their smartphones, tablets, and laptops all day, every day. Let them pay you while they're there.

Residents want convenience

If you look at rental car companies' top tier service for their "preferred" customers, it usually includes some sort of automatic check-in/out, eliminating human interaction and speeding up the process through the use of technology. The same goes for paying rent. The "old school" method of writing out and then either mailing or dropping off a paper check is inconvenient. A digital portal is that white glove service that lets them pay on their own time and easily view the status of their transactions.

Residents want visibility

Digital payments create a timestamp and an audit trail, leaving no room for dispute about when a payment was initiated or returned. Easy access to their rental payment history means less resident inquiries for your staff.



2. Save your staff time

The [NAA revealed](#) that paperless communities see a “65% decrease in the time staff members spend processing payments.” By automating these processes, you could build over five hours back into just one on-site manager’s eight-hour day:



1 hour

spent accepting checks and cash in-office

1 hour

spent manually keying in & reconciling transactions

30 minutes

spent reviewing vendor checks

1 hour

spent depositing paper funds (checks, cash, & money orders at the bank

30 minutes

spent fielding resident payment inquiry calls

20 minutes

spent fixing manual data input errors

30 minutes

spent writing vendor invoices

20 minutes

spent searching through files, making copies and other menial tasks associated with paper filing systems



“Our [resident] payments through Zego™ integrate into MRI seamlessly. This integration has allowed us to have more time to do things for our residents because we are no longer entering those payments manually.” —Brandy Emberton, Regency Multifamily

3. Increase security

Digital payments help prevent the theft and loss associated with paper-based payments. Checks, cash, and money orders are easily lost or stolen while in transit to the bank, or at your office drop box while waiting to be processed.

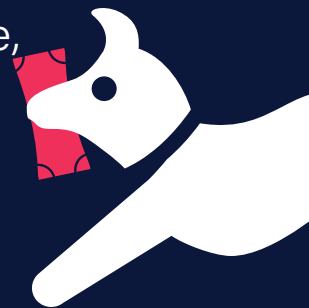


Atlas Regional Management's story

At Atlas, a few residents still insisted on paying with cash. And recently Ruby, the landlord's dog, acquired a taste for crisp hundred dollar bills. Don't become victim to criminal acts or situations adjacent to "my dog ate my rent money."

By digitizing your rent collection process, you'll benefit from the following security enhancements:

- The prevention of in-office or in-transit theft
- An added level of accountability with on-site associates
- Easily resolved payment disputes due to accessible, real-time transactional data
- Avoided consumption of funds by innocent furry friends





4. Improve cash flow & reduce operating expenses

Automate accounts receivable

Increasing your percentage of on-time payments will create a domino effect of efficiency and profitability. You'll also increase cash flow by automating the accounts receivables reconciliation process.

Increase portfolio value

According to an [article by Innago](#), "most researchers estimate the transaction cost of a paper check at \$3.00 per transaction. And some believe it to be as high as \$10.00!"

How does that cost to process each paper check math out for a typical 1,000 unit community? If 50% of the property (500 units) pay via paper check, assuming the low-end benchmark of \$3 per check, that's \$18,000 per year spent processing those payments.

In addition to those 500 checks, that 1,000 unit property will also receive about 250 money orders. Money orders are a nightmare. They often can't be scanned because they're damaged, or not written out correctly. If you receive money orders, you understand the frustration. And again, assuming the low-end benchmark of \$6 to process a money order, that's an additional operating expense of \$18,000 per year.

	500 paper checks	250 money orders	Total
Cost to process per payment	\$3 per check	\$6 per money order	
Total cost per month	\$1,500 / month	\$1,500 / month	\$3,000 / month
Total cost per year	\$18,000 / year	\$18,000 / year	\$36,000 / year
CapRate	.03	.03	.06
Portfolio value added	\$300,000	\$300,000	\$600,000

Getting rid of paper checks and money orders saves you \$36,000 per year in operating expenses, creating an added portfolio value of \$600,000. And that number scales. The bigger your portfolio, the more savings you can realize.

Best practices for driving digital payment adoption

Because of its long list of benefits for multifamily companies, reaching 100% digital payment adoption has become a key focus across the industry. But it's not enough to simply offer online rent payment options to your resident base anymore. In 5 simple steps, you can champion the digital payment initiative and achieve maximum results. Are you up to the challenge?

The 5 key levers to reaching 100% digital payments

After years of working with our customers to drive this initiative, we've identified these five key levers you can pull to reach 100% digital payment adoption.

- 1. On-site staff change management & training:** "On-demand" training for your on-site associates around the value and the functionality of your digital payments system.
- 2. Resident on-boarding:** Information you should provide new residents upfront, and set clear expectations around when and how payments should be made.
- 3. Resident incentives:** A win-win payment structure that benefits both you and your renters.
- 4. Multiple payment options:** All the different payment types you should be offering, including a cash payment alternative.
- 5. Resident engagement and communication:** Ensure your community engagement technology is up to date.



On-site staff change management & training

In this day and age, change happens quickly. Innovation and technology improvements are rapid. Which is why you can't install new property technology, train your staff once, and never think about it again. A periodic review of best practices is necessary in order to keep up with new features and updates.

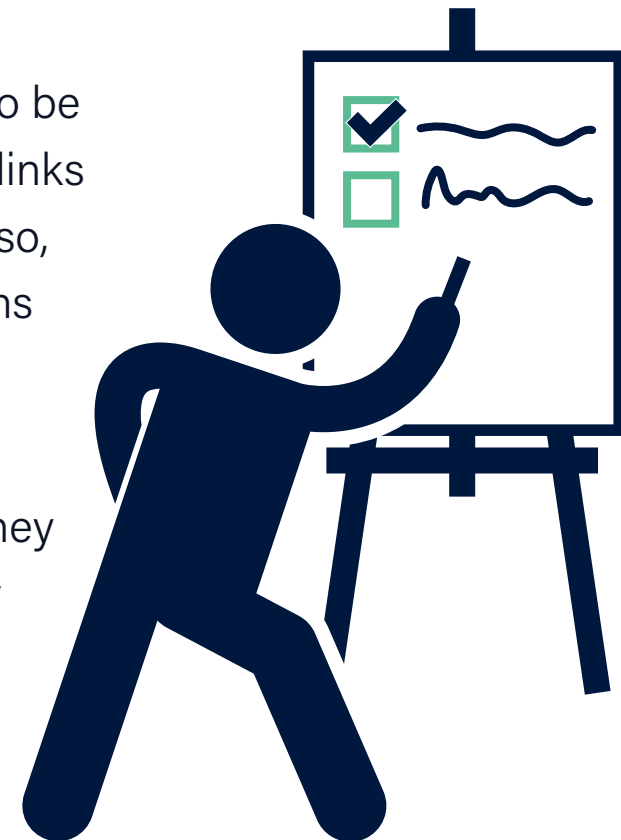
Best practice is to provide on-demand training materials for your on-site associates around the value and the functionality of your digital payments system. Champion this initiative by setting and tracking key metrics, and encouraging competition.

Step 1. Provide an on-demand training arsenal for your team

Property staff have been stretched far beyond their job description. They've rapidly pivoted to virtual tours, package management solutions, in-person and virtual community events, and have even had to handle IT or maintenance support. But luckily, with these added responsibilities, has come an abundance of available resources, i.e. Zoom, resident apps, package lockers, etc. But all of these new gadgets and softwares can muddy your knowledge base, because each tool requires training. And putting your staff through two days of classroom-style instruction is not always feasible. So as far as training goes, you have to get inventive with new methods and media.

Have you empowered your staff with the tools & support they need to be successful? Do they have [access to on-demand trainings, webinars, links to collateral](#), and updates on new info when it becomes available? Also, as our attention spans dwindle, are you choosing technology solutions that are intuitive and engaging?

Your folks on the front lines, interacting face-to-face (or facetime-to-facetime) with residents on a daily basis, need as much support as they can get. It's important to continually educate managers and property staff on the functionality & value of your digital tools, including your payment portal.



Benefits of digital rent payments for on-site associates:

- **Eliminating paper-based payment processing** from your workload will free you up to focus on higher value activities (e.g. leasing, engaging with residents, etc).
- **Digital payments will streamline and automate** your monotonous accounting tasks such as reconciliation, managing deposits, month end close, etc.
- **No cash or money orders in the office** means no rent thefts on your watch. And no more risky large-sum cash deposits to the bank.
- **Assessing and collecting late fees digitally** is much easier than hunting down and manually collecting additional late payments from delinquent residents.
- **Credit reporting** (if your payment provider offers it), will make residents happy and boost renewals, which will decrease vacancies.
- **Eliminate payment conflicts with residents.** A digital record provides indisputable proof of when payments were made, returned, if a fee is owed, etc.





Set up your team up for success

You are not alone. You can empower your staff with the tools they need to succeed.

BI & reporting tools: Give them the right reporting and insight tools they need to drive results. Use BI Tools such as an insights dashboard and daily batch deposit report email notifications.

On-demand training: Provide continuous product training for your staff, especially if you experience high turnover. Use consistent educational refreshers to combat knowledge gaps and improve customer service.

- **Gather:** Tap into your payment provider's wealth of resources to gather all of your initial training webinars, videos, manuals, and FAQs.
- **Host:** Pull all pertinent written, recorded, SOPs, FAQs, and documentation together to create a well-organized, easy-to-access training database for your staff.
- **Train:** We suggest an in-depth training during your new-hire on-boarding program, and then refresher trainings for the entire team every year or quarter depending on turnover. Require new associates to attend training webinars hosted by your payments provider.

Oftentimes when we check-in with our clients, their number one request is for training documents that they can provide to their staff. We also encourage them to check out our webinar calendar, and have staff attend to learn the latest updates.

Examples of Zego™ resources for property staff

- [Video: 3 Tips to increase digital payment adoption](#)
- [Zego™ Onboarding: training webinars & recordings](#)
- [Infographic: 10 Ways to kickstart digital payments](#)
- [Interactive checklist: The digital payment adoption checklist to collect rent online](#)

Step 2. Use property level KPIs to drive usage and adoption

When implementing a new technology piece or portfolio-wide initiative, there can be some push and pull between management and site teams. Combat this by holding teams accountable with Key Performance Indicators (KPIs), measurable values that demonstrate the effectiveness of your team's efforts.

What's your digital payment adoption percentage goal?

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



Other KPIs you can 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

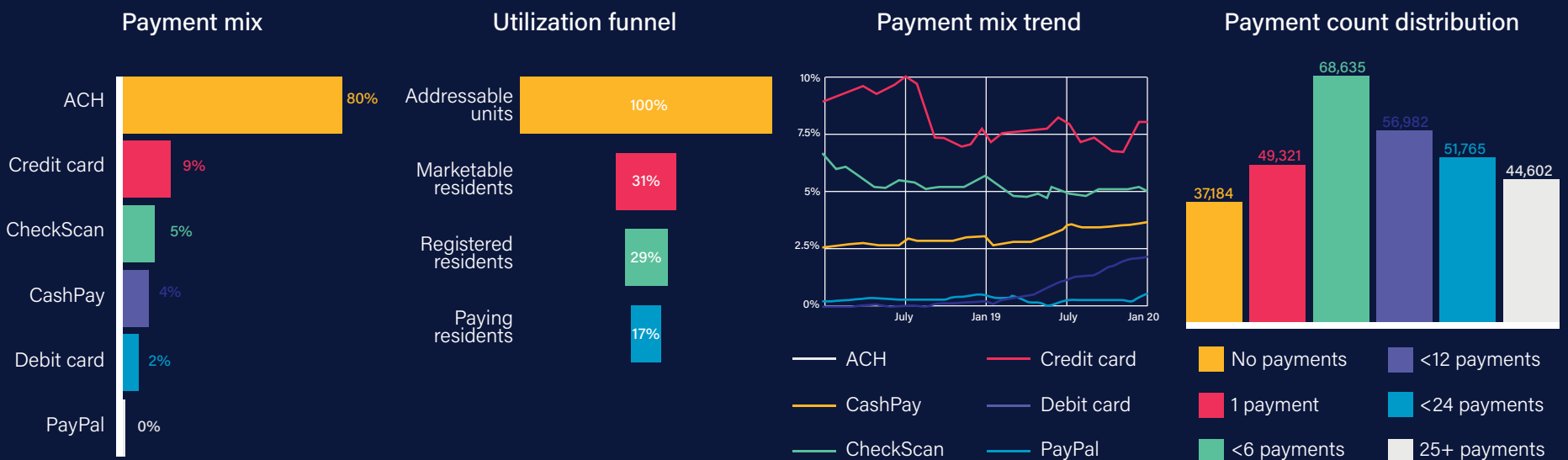
Be transparent with your team

Set monthly or quarterly benchmarks for your portfolio and celebrate company-wide achievements by catering pizza or ice cream. Build digital payment adoption metrics into your company's rally cry. If no one is driving the train, the whole operation will derail. A firm commitment to these metrics will give them weight.

Ask your payment provider for your digital payment adoption report broken down by property. Share this report across your portfolio so on-site managers can compare how their community's digital payment adoption rate stacks up against other properties.

Property level utilization reporting

Below is a sample of the payment adoption reporting we provide to our clients.



Step 3. Run contests for site staff and residents

Encourage a little healthy competition between communities and co-workers. Sometimes incentivizing site staff to drive digital payments can be even more effective than incentivizing the residents.

At Zego™, we find it best to run both resident and property contests simultaneously. On occasion, we will help market and fund the contests for our clients, so that there is little to no work on the management company's end.

Zego digital payments contest
Zego will be running two separate contests: one for property managers and one for residents.

- Property manager contest: We will be awarding the property with the highest utilization percentage a \$250 Amazon gift card
- Resident contest: We will be randomly selecting 2 residents who turn on AutoPay while the contest is running to win \$50 Amazon gift cards.

What will I need to do?
Make sure your property has the highest utilization so you can win! Some ways you can do this are: providing information on online payments, make sure your residents are registered or send emails reminding them they can pay online.
You can also remind your residents to set up an AutoPay to be entered into a drawing for one of two \$50 Amazon gift cards.

What will Zego do?
They will handle communication with the property managers and residents, selecting winners, and distributing the prizes.



Location
Utah



Portfolio
Multifamily



Zego solutions
Zego™ Pay
Zego Engage™



Software
Proprietary

Kingsley's contest experience

Kingsley Management Corporation, a Utah-based company with dozens of communities nationwide, ran payment contests in the spring of 2020 to drive their digital initiative. There were two simultaneous contests running for three consecutive months across their entire portfolio (over 18,000 units). One was a digital payment adoption competition at the property level, incentivizing on site managers with a \$300 prize for reaching 75% usage, and a \$500 prize for reaching 100% usage. The other was an AutoPay contest amongst residents. Any resident who paid rent via AutoPay during those three consecutive months was entered to win a \$500 credit towards their next payment.

To get the word out, Kingsley worked with their Zego™ account representative to order print materials such as door hangers and inserts. They also provided us with their residents' email addresses, and we set up an email blast to announce the contest. *"Setting up the contest was very simple since Zego™ lets us choose the rules. We can really gear it to what we want and what our goals are,"* said Dakota Green, Technical Support at Kingsley.

The results

Their overall percentage of digital payments increased from 64% to 81% after successfully running two contests. Now their on site team can spend less time on the mundane administrative tasks associated with manual payment processing, and more time engaging with their residents. *"We want to let our on-site staff focus on their park's needs, and not spend their time collecting and inputting checks,"* Green commented. *"We have one park in California that went from 0% to 100% utilization in about 3 months. She told their residents they would no longer accept checks. She said it was a night and day difference. She has so much more time to focus on the park's needs."*

Due to their strong aversion to paper checks and check scanners, the Kingsley team has asked to receive their utilization report monthly for tracking purposes. They also actively use marketing materials and email blasts to promote their digital payment portal. Their continued efforts have paid off, as they currently have no sites below 40% adoption. *"We will probably run more competitions in the future in our goal to be 100% online,"* Green revealed.

Kingsley Management Corporation digital payment adoption rates



March 2020
When the contest
began



July 2020
After the contest
ended



January 2021
After their second
contest

*David
Leader
Management*



Location
Michigan



Total units
1,000+



Portfolio
Multifamily



Zego solutions
Zego™ Pay



Software
Yardi

David Leader's contest experience

As a brand new Zego™ client, David Leader Management Company was thrilled at the idea of an AutoPay enrollment contest to kick-off their first few months on the [Zego™ Pay](#) platform.

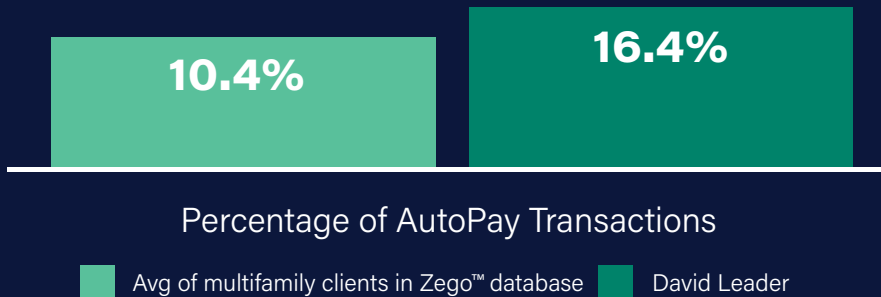
The contest started mid-September 2020 and ran for one month. Residents who enrolled in Zego™'s AutoPay payment option and made at least one AutoPay payment within the time frame of the contest were entered to win a \$50 Amazon gift card (funded by Zego™).

When the contest period came to a close, two winners' names were drawn at random and the gift cards were distributed. But looking at the digital payment adoption data, David Leader Management Company was the true winner.

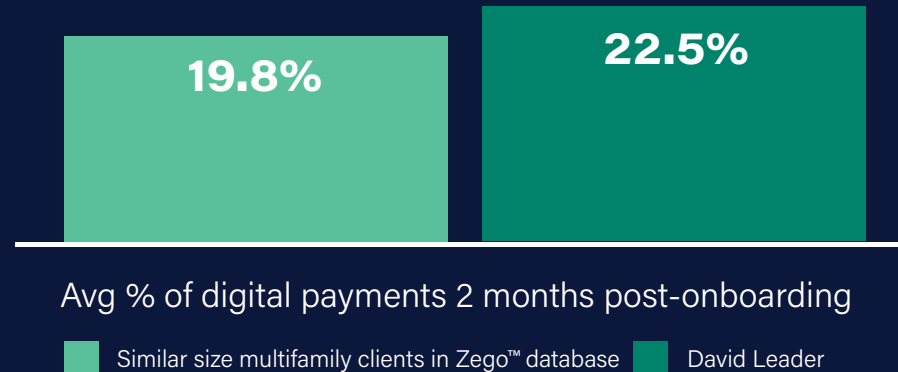
This AutoPay contest was not only an exciting way to introduce residents to their new payment portal, but it also helped set expectations around David Leader Management Company's preferred payment method. And after achieving above average adoption rates, the data proves that even a small initiative like an AutoPay contest can move the needle.

David Leader Management Company digital payment adoption rates

AutoPay transactions in October 2020



Post-onboarding digital payment utilization



The light green column in the chart above shows the average percentage of AutoPay transactions for all multifamily clients within the Zego™ database for the month of October 2020 (10.4%). The dark green column represents David Leader Management Company's percentage of AutoPay transactions in October 2020 (16.4%). They had only just started transacting two months prior. But thanks to the resident AutoPay contest during their initial launch, they are already 6% above average.

But how do their adoption rates compare to other multifamily companies after launching Zego™ Pay? The light green column in the chart above represents the average percentage of digital payments from similar size multifamily clients two months post-onboarding (19.8%). The dark green column represents David Leader Management Company's percentage of digital payments two months post-onboarding, when the contest ended (22.5%).

One-time payment contests

AutoPay contests are effective in ensuring a greater percentage of digital payments in the future, but one-time payment contests are also a great option. [Gina Carter of Blue Ridge](#) said, *“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.”*

Due to resident turnover, we recommend hosting at least one type of digital payment contest every year.





Resident on-boarding

With new residents, your staff is your first line of defense. Whichever method new residents use to pay their first month's rent will likely be their go-to for the entirety of their lease term. How are your site staff communicating payment options and expectations with new residents?

Make it part of the move-in process by providing them with marketing materials that direct them to the payments platform and show them how to download the app. Providing education and setting expectations at the start of the lease is the most critical step.



Step 1. Provide residents with information about the online portal and payments platform

Communicate the value proposition to residents: Like the shortcuts on a keyboard, time-saving tools are often underutilized - old habits die hard. The only way you can break a paper check habit is to communicate the value of digital payments, and set clear expectations around what payment methods you accept and prefer.

New resident communications

Our clients have found digital communications to be the most successful and cost effective way to increase digital payment adoption. Emails, especially, are trackable and allow residents to activate their account with one-click.

[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 reminder
5	6	7 Happy first week reminder	8	9	10	11
12	13	14	15	16 Monthly community recap	17	18
19	20 Quarterly marketplace recap	21	22	23	24	25
26	27	28 4 days before rent is due	29	30	31	

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.

Quick, easy-to-digest videos are the world's new favorite form of media. Almost 5 billion videos are watched on YouTube every day. For the residents who are less likely to read a pamphlet or an email, we encourage our clients to provide residents with an explainer video like our video, What is Zego™ Pay?





Step 2. Set clear expectations with residents around how and when they should pay

There are three important channels to focus your marketing efforts on to encourage digital payments at move-in; the application fee, the lease, & the move-in packet.

Multiple property owners, managers, directors of operations, etc, have admitted that they barely make an effort to promote their online payment portal. In some cases, residents receive a single hand-out in their welcome packet along with 15 other brochures and documents. Others have admitted they just sort of let residents figure out how to pay online without offering any guidance. What? This is the most important aspect of your business. If you don't get paid, you can't function. And promoting a payment portal isn't difficult. A little effort goes a long way.

Application fee: The payment method residents start with is most likely the payment method they'll end with. Take application fees online to get residents used to making digital transactions prior to them even being a customer.

The lease: A simple, yet overlooked tactic is to inform residents about their payment options early on.

- Add a payments clause to your lease or rental agreement, and go over the details with each new resident.
- Let them know right off the bat that you do not accept cash for rent payments, but you do accept a digital solution for cash payments.
- List all of the acceptable forms of payment, but accentuate the fact that digital payments are preferred.

The move-in packet

- In your new resident move-in packet, include a brochure with registration instructions for your payment portal, an AutoPay enrollment form, and promotional materials.
- Make sure they know how to download and log into your community app.
- 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



Alignment of resident incentives

Processing checks, cash, and money orders is costly for your business in terms of staff time and operating expense. It's also not the most convenient payment method for your residents. According to the [NMHC](#), over 80% of residents prefer to pay using a debit, credit card, or any other automated process. Not surprisingly, only 7% prefer to pay with a paper check.

So if the majority of today's renters prefer to pay digitally, how can you create a win-win rent collection strategy that benefits both you and your renters? There are levers you can pull to align your resident incentives with your ultimate goal of 100% digital payment adoption.

Step 1. Choose the right pricing model

Setting up the right pricing model with your provider is the biggest lever you can pull to increase adoption. But which pricing model is right for your portfolio? Let's examine three different types of pricing models and their benefits.

Standard passed: Residents pay the payment processing fees.

Pros	Cons
Traditionally, this has been an effective pricing model for the industry because it allows managers and owners to collect digital payments from their residents.	Management companies that use this type of pricing model typically have 20-30% digital payment adoption, which is considerably lower than the other models.
The ownership or management group does not incur a charge because those transaction fees are paid by the resident.	Residents who would prefer to pay online, may drop off a check simply to avoid the convenience fee associated with the digital transaction.



Standard incurred: The property management company pays the digital payment processing fees for one or more payment types (i.e. ACH) on behalf of their residents.

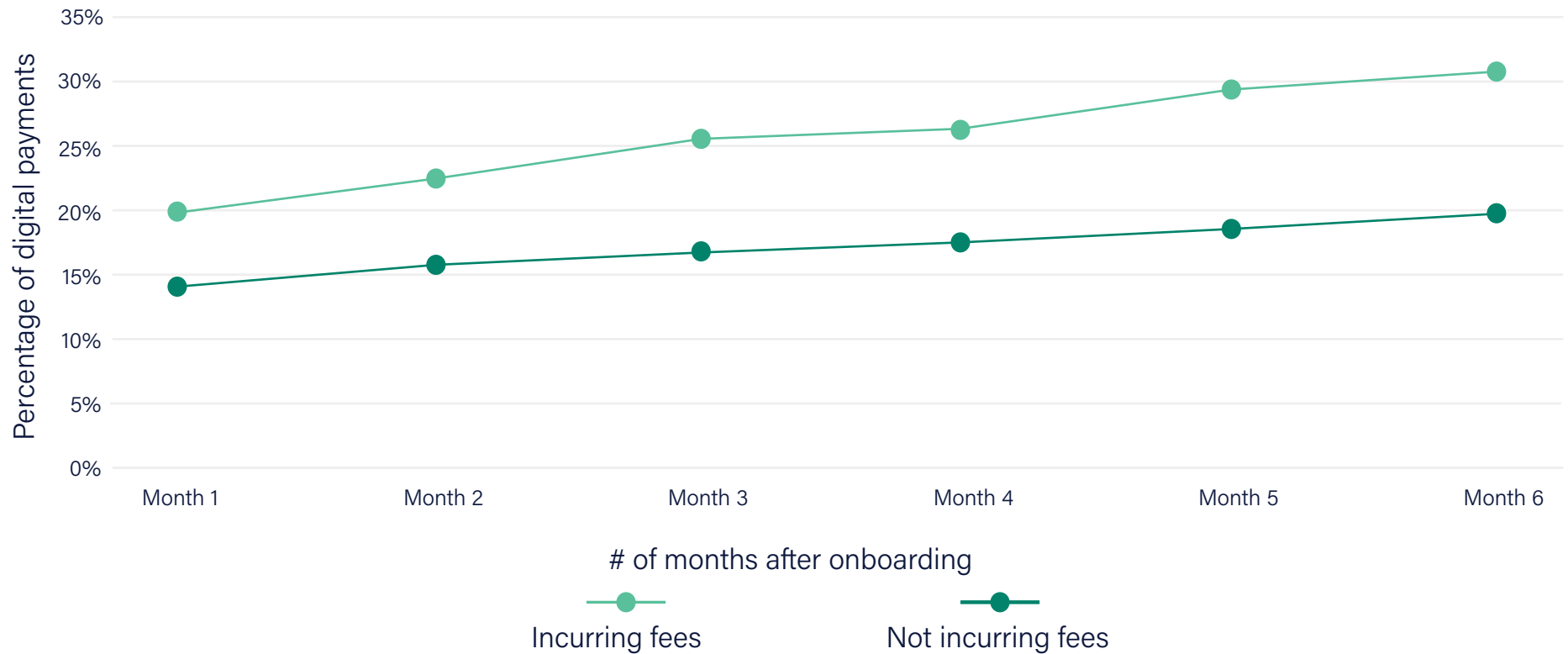
Pros	Cons
You're providing your residents with a free & convenient digital payment option.	The cost to incur one or more of the transaction expenses for the digital payment method options.
Not surprisingly, with this model, usage typically doubles.	
Also, if you incur not only the ACH, but the credit card transaction fees as well, you can position this as a major resident perk. Because you're basically giving them free points, airline miles, etc. every time they pay their rent with their rewards card. Not many management companies go this route, so it would provide a competitive advantage for your property. In a New York Post article about rent checks becoming obsolete , a resident reveals his desire to pay rent with plastic, <i>"I wish my landlord allowed it as I would rather get those glorious credit card points."</i>	

[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."



The graph below is a month-by-month representation of the average percentage of ACH payments collected by multifamily management companies for the first six months after instituting Zego Pay. The light green line represents companies that incur the processing fees on behalf of their residents. The dark green line represents companies that pass the convenience fee to their residents. These stats are big indicators that digital payment adoption more than doubles when the processing fees are incurred by the management company.

Monthly percentage of digital payments: incur vs. passed ACH processing fees





Subscription ACH: The management company will pay a small, monthly per-unit fee that includes all ACH transaction costs no matter how many residents pay digitally. It's a subscription model that works best for management companies with over 50% adoption.

Pros	Cons
Because ACH transaction fees are included in this model, you're giving residents a free digital payment option.	A monthly per-unit subscription cost.
This allows you to charge your own fee to process paper checks, cash, & money orders.	
Management companies that go this route have substantially higher digital payment adoption rates in the 70-90% range.	
They also dramatically reduce the time and operating expense of paper payments which frees up their staff to work more important initiatives.	

The break-even point

Industry average pricing for a management company to incur ACH transaction fees is \$1 per payment. The monthly cost for subscription ACH is typically around 50 cents per unit. So once over 50% of your resident payments are digital, it makes more sense to switch to the subscription model.

Here's why: The table below assumes a 1,000 unit building, and illustrates the cost to incur per pricing model based on the percentage of digital payments they collect.

% of digital payments	40%	50% (break-even point)	60%	100%
Standard incurred (\$1 per transaction)	Monthly cost: \$400	Monthly cost: \$500	Monthly cost: \$600	Monthly cost: \$1,000
Subscription ACH (50 cent per unit)	Monthly cost: \$500	Monthly cost: \$500	Monthly cost: \$500	Monthly cost: \$500

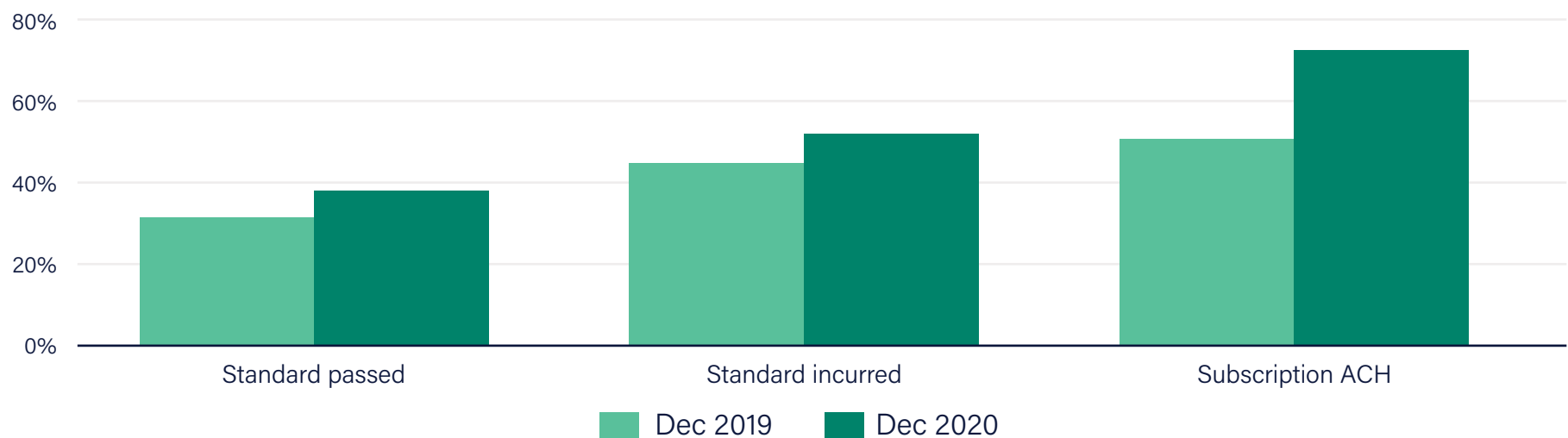


Before ruling out the cost to incur, think about the big picture. Reaching 100% digital payment adoption saves your staff time, improves your cash flow, and reduces operating expenses. Conduct a cost-benefit analysis to determine whether incurring a small transaction fee will pay out dividends in the long run.



Take a look at the graph below that shows the percentage of digital payments depending on the pricing model (comparing the month of December 2019 to December 2020). The Subscription ACH plan is on fire.

Percent of digital payments by pricing model



Step 2. Charge residents for paying with a paper check

With a free digital payment option available to your residents, you have the power to charge a fee to those who still insist on paying via check. As long as your tenants have one free payment option, the ball is in your court as to what payment methods you choose to allow or deny.

“Zego™ Pay is very easy and convenient for tenants. Especially now that our lobbies are closed. It is easy for our managers and accounting staff to allow or restrict payments also.”

—Jeff Kunkle, Colorado Springs Housing Authority

In a [New York Post article](#) published in 2018, a local real estate broker commented that most landlords have been offering digital payment methods for the past few years. However, in 2018 there was a major uptick in landlords either requiring rent to be paid online, or least heavily discouraging other forms of payment.

Planned Property Management incurs the first fee

With goals of achieving high digital payment adoption at their properties, Planned Property Management decided to incur the processing fee on their residents' behalf for their first digital payment. After that, the resident would incur a modest convenience fee if they chose to continue to pay digitally.



Step 3. Provide an incentive (i.e. gift card) for residents that sign-up for AutoPay

AutoPays are a win-win. Your residents can “set it and forget it” and enjoy the convenience of having their rent paid for them automatically. And you can count on digital, on-time payments each month.

But oftentimes residents don't know where to go or how to get started. Since it's mutually beneficial, why not offer a little incentive? Run an AutoPay contest, offer a small local gift card to residents who pay via AutoPay for three consecutive months, or do what Planned Property Management did and incur the first fee on the resident's behalf.

“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.”

—Mary Francis, Collections Manager, Planned Property Management

Resident Rewards Program: The NAA interviewed [Stephanie Puryear Helling](#) of Greystar about their resident incentive 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.”*



Step 4. Close off your on-site drop boxes

According to the NAA, property management companies who eliminate paper checks average a 50% decrease in delinquencies, along with many other benefits. And the easiest way to eliminate paper checks altogether is to close off your on-site drop boxes and offer a free digital payment option as an alternative.

Both The Franklin Johnston Group and Coast Property Management employed this tactic and saw increased staff productivity and resident satisfaction as a result.



Location
East Coast



Total units
~20,000



Portfolio
Multifamily



Zego solutions
Zego™ Pay



Software
MRI

The Franklin Johnston Group goes paperless

The [Franklin Johnston Group](#), a developer and manager of multifamily residences in the conventional, senior, luxury, and affordable housing sectors, [implemented Zego™ portfolio-wide](#). After months of smooth rent cycles, they decided to implement a paperless rent rule. *“We felt confident in the Zego™ system. So we gave residents notice five months in advance that we were only going to accept digital rent payments.”* said Melissa Pullin, Operations Manager.

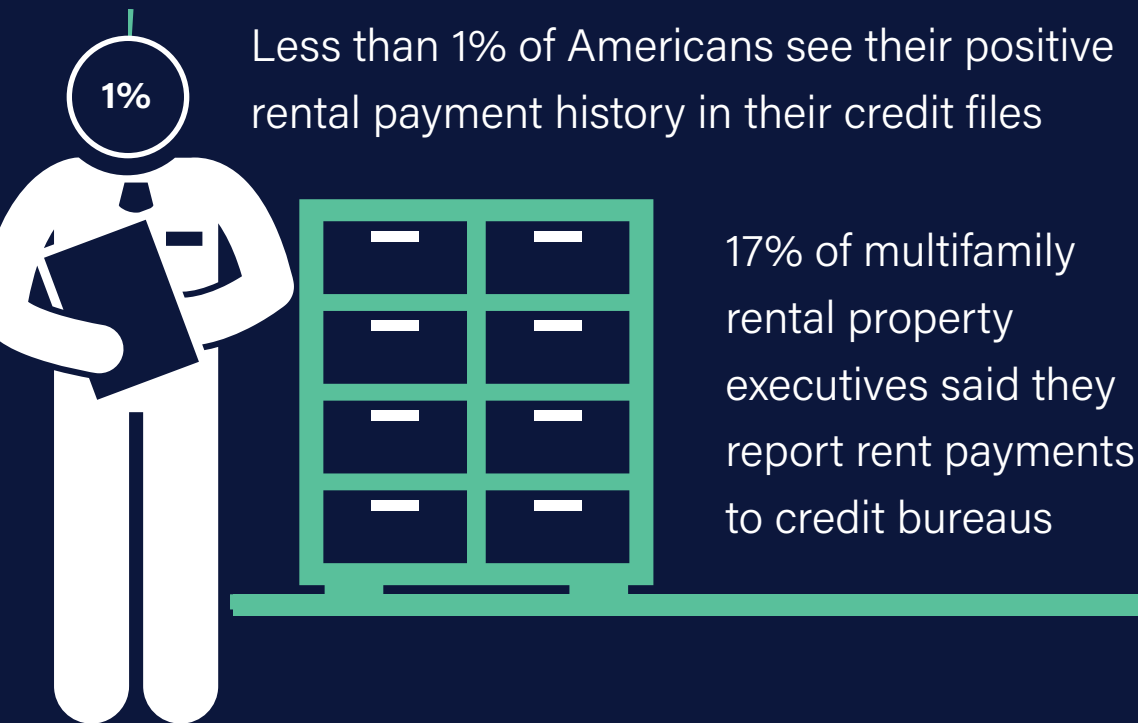
Franklin Johnston’s rent collection process is now dramatically improved. Prospects submit application fees online and residents pay rent digitally. Pullin recognized a dramatic difference. *“Before Zego™, our community managers were manually entering resident payments into our system.”* But now, *“without the manual processes and the potential for human error, our on-site teams focus on important things like resident satisfaction.”*

“I’d estimate every community has a week’s worth of work saved by going paperless. The majority of our residents supported the change because, in the end, it’s easier for them. Those who were hesitant came around after we showed them how to use the system and made them comfortable with the process.” — Stephanie Bertucci, Portfolio Manager

Step 5. Educate residents on the benefits of rental credit reporting

Best-in-class payment providers will offer rental payment credit reporting, which will help set your community apart from your competitors.

Allowing your residents to build their credit with their digital rent payments will not only reduce the amount of paper checks you receive, but also decrease late payments. It also attracts reliable renters, filling vacancies with quality tenants.



Need more convincing? Let's look at the numbers from a [2019 TransUnion survey](#).

- 73% of renters would be more likely to make on-time rent payments if property managers reported rent payments to a credit bureau.
- 67% said they would choose the rental unit with reporting already in place when given a choice between two similar properties.
- 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.
- Residents could increase their credit score by as much as 26 points in one year.





Multiple payment options

Less than one-fifth of Americans still carry a checkbook, so why would any business rely solely on the acceptance of checks? To stay ahead of the curve, you need to offer multiple payment options, including a cash payment alternative.

Residents want flexibility. And flexibility from a payment modality perspective includes the ability to pay by eCheck, credit card, debit card, & even virtual wallets (like PayPal). Going forward some of the leading payment platforms are working on accepting Apple Pay, Google Pay, etc. The more digital options you provide, the less cash, paper checks, & money orders you'll receive.

Step 1. Offer all major payment types

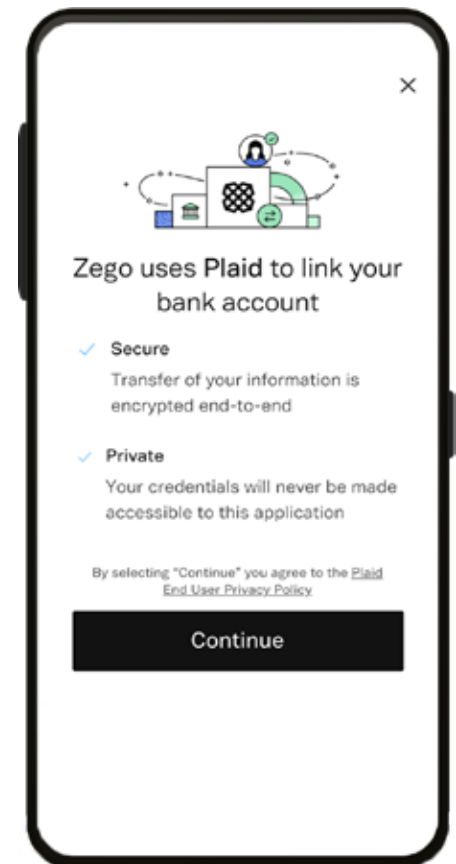
Whether residents are out-and-about running errands or quarantined inside their homes, they want the ability to pay via your community's mobile app, or at the very least, with a representative over the phone. In addition, you should accept all major payment types including:

- ACH
- Debit card
- At least one tokenized payment service (PayPal, Masterpass, Apple Pay, etc).
- eCheck
- Credit card

Rapid bank account linking

Rapid account linking instantly authenticates bank accounts for payments, creating an easier way for residents to use their bank account to pay rent and other property charges through your digital portal. [At Zego™, our Rapid Account Linking feature](#) guides residents through a secure process to automatically link their bank account and ensure accuracy and ease.

Prior to this new technology, residents would have to manually add their bank account information, leaving room for error. Days later, payments would be returned for invalid or closed accounts, creating a clunky payment flow and poor resident experience. But now when they click to make a payment to your property from their Zego™ app, residents have the option to choose instant verification to automate



the process. They select their bank account & securely enter their credentials before even submitting the payment. This leads to less returns for invalid accounts, & a much smoother payment flow.

Chargeback avoidance, protection, and recovery

Offering the convenience of multiple payment options (especially credit cards), can lead to the incurrance of chargebacks. A chargeback is a bank-initiated, forced reversal of funds back to the consumer after they have claimed the transaction to be fraudulent. In the property management industry, chargebacks are most often associated with application fees.

Multifamily portfolios can lose tens of thousands of dollars annually due to chargebacks. Best-in-class payment providers will help property management companies avoid, protect, and recover from chargebacks.

Chargeback avoidance	Chargeback protection	Chargeback recovery
Chargeback health audit	For application fees and rent payments Zego™ absorbs chargebacks up to \$250 (ACH, Credit, Debit)*	Industry-leading chargebacks team fights on your behalf at no cost
Best practice documentation and guidance		No funds reversed unless/until case is lost
Real time fund verification with fixed fee debit		

At Zego™, our Zertified feature helps our clients with chargeback avoidance, protection & recovery for all types of payments. From rent to application fees, ACH to credit card transactions, our comprehensive solution gives our clients chargeback protection & peace of mind.



Step 2. Convert paper checks to digital transactions

Mobile CheckScan

One of the innovations we're starting to see emerge in the industry is mobile check scanning. At Zego™, we have created our Mobile CheckScan feature that allows residents to scan a check by taking a quick snapshot from their Zego™ Pay mobile app in order to initiate an ACH payment from that bank account. This solution is designed to bridge the gap between paper-based payments and digital transactions, disrupting rent check inertia. Residents who are used to writing out a check every month may be hesitant to jump into a digital payment portal, but still have an interest in contactless payments. With Mobile CheckScan, they can avoid the

hassle of dropping off their physical check, and simply turn it into a digital payment from the comfort of their home. It allows a smooth introduction to the payment portal and encourages AutoPay enrollment.

Making it easier for residents to create digital payment accounts and enroll in AutoPay reduces the number of paper checks your team receives. Less paper checks means time saved for your staff, and reduced risk of theft. Residents who were wary of digital payments before now have an easy, automated, and secure way to connect their bank account to your online portal for increased satisfaction and digital payment utilization.

Manual Check Scanning

Check scanners have gained popularity (especially in senior-living communities), and have become a necessity for communities that still receive a large number of personal checks and certified funds.

Check scanners convert checks and money orders into digital transactions, eliminating the time spent transporting checks to the bank, depositing them, and manually posting them to the resident ledgers. It's effective, but not as effective as other digital payment options. Because the check scanning process is often prone to errors, there are still some manual processes involved, and there's usually only a certain number of checks you can scan in one batch. But it's still a better option than collecting pure, paper-based payments and dropping checks off at the bank.

Solution-focused alternative options for paper checks

Most property management companies want to go paperless, but aren't ready to take the plunge and stop accepting checks altogether. So many of them opt for one or more of the following solutions.

<i>Solution 1</i> Reduce check burden	<i>Solution 2</i> Eliminate check burden
Manual check scanning Converts checks and money orders into digital transactions using an in-office check scanner.	Mobile check scanning Allows you to tell any resident who tries to drop off a paper check that you cannot accept it. Instead they can easily scan their check using their smartphone to make a digital payment with their bank account.
Lockboxes Move the operational burden of check scanning away from your properties. They move check collection and processing offsite, letting you focus your time and efforts on increasing online payments.	



Step 3. Close the door on cash

Stop accepting cash and money orders altogether. Best-in-class payment providers will offer an alternative cash payment method for unbanked residents.

Our CashPay solution, for example, lets residents pay with cash or debit card at over 25,000 retail locations nationwide. The 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 while they're on the go.

Now “the office was closed” or “the check got lost in the mail” are illegitimate excuses. With more payment options, residents are less likely to submit late payments, which ultimately improves your cash flow.



Location
Texas
Louisiana



Total units
9,000+



Portfolio
Multifamily



Zego solutions
Zego™ Pay
Zego™ Utility



Software
ResMan

How City Gate Property Group reached 100% digital payment adoption with a cash payment alternative

City Gate needed a solution that offered a full suite of digital options, including credit cards, debit cards, ACH, and an alternative to cash payments for residents who were resistant to change.

Before working with Zego™, City Gate had some properties with very low digital payment adoption rates. This was either due to an older demographic, or a language barrier that deterred them from learning the online system. Because of this, some properties' receivables were 95% money orders.

“We are constantly looking at what we can do better. Going paperless for payments was one of those areas, but we needed a resident cash option as part of our payment solution to support our older demographics” — Jenny Rosario, Director of Implementation and Software

They also wanted every transaction to be integrated with their software so the office was not carrying funds and property staff was not overloaded with depositing and processing cash or paper checks. *“We need the funds in the bank, period. With paper, there is so much room for errors, theft, and issues. We need to be as automated as possible and part of that is going online. We strongly encourage all of our residents at all of our properties to pay online. Our goal is 100% online payments.”*

With Zego™ Pay's complete suite of payment options, including CashPay, [City Gate](#) has now reached 100% digital payment adoption across their portfolio.





Resident engagement & communication

The way residents connect with their community has evolved. Failure to keep up with the latest and most intuitive resident engagement technology puts you at risk with the new renter demographic who expects a modern platform. Millennials & Gen Z (who now make up over 50% of renters nationwide) have been conditioned to lose patience for clunky, slow, or outdated software. Gen Z actually prefers high-speed internet & digital features over standard amenities like parking garages, gyms, or pools. Of those digital features, online rent payments & maintenance requests ranked highest for most-desired at 37%, followed by a community app at 28%.

So how can you leverage the technology you have now, and the technology of the future to improve resident satisfaction and create a sense of community. Living in a socially distanced, virtual world has introduced our industry to some interesting tactics.

Step 1. Communicate on their terms

Resident satisfaction is dependent upon ongoing and outstanding communication. Exceptional service during the initial leasing process isn't enough. Residents often suffer a general lack of communication from the moment they are handed the keys until move-out day. In fact, 17% of turnover is due to residents being unhappy with their community manager. Don't let poor resident engagement hinder your bottom line. Interact with residents via the following 5 channels:



Email



SMS/ Text messaging



In-app messaging



Phone call



In person

If your office doesn't have 24/7 coverage, find a payments provider who does. Just in case your residents want to set up an account, need a password reset, have a question about their bill, or need help making a payment, pick a provider with a resident support team they can reach by phone or email, day or night 24/7/365.



Optimize your community-branded mobile app

Best-in-class community apps provide additional functionality for things like maintenance requests, in-app communication with property staff, marketplace services (the ability to order pizza or request an Uber with a community code). When residents are engaging with these apps, they're much more likely to pay their rent digitally because they're already in the app. And the button to pay is one click away.

According to a [survey by comScore Media](#), adults in almost every age bracket spend more time using mobile apps over mobile-optimized websites or desktop computers. In fact, "mobile apps account for 57% of all digital media usage, and smartphone apps alone capture more than half of digital media time spent." And undoubtedly, communities with a mobile app tend to see higher digital payment adoption than those without.

Research conducted for Zego™ by Martec, a third-party firm, found that 46% of residents said they would use a mobile app to make their rent payment if they had the option available

to them. According to a survey by Deloitte, the average American checks their smartphone approximately 52 times per day. The point is, let them pay rent while their thumbs are already engaged.

Real estate investment firm, S2 Capital, saw a 27% increase in digital rent payments after implementing a community app. Lincoln Properties, one of the top 50 multifamily companies in the US, touts a 72% adoption of digital payments largely because of their mobile app. To achieve max-efficiency, your mobile app should check off each of these boxes:

Searchable

It should be easy for your residents to find and download in the Apple App Store, Google Play, the Galaxy Store, etc.

Synchronized

The look and feel of your app should be cohesive with your community's brand identity.

Secure

Provide residents with a simple, one-click mobile payment option for their rent and utilities that meets PCI data security standards and is protected by SSL encryption.

Seamless

Communicate with residents on their terms via in-app messaging and SMS capabilities for one-on-one conversations, and a community feed for broadcast announcements.

One app to rule it all

While mobile payments should be one of the staple components of your robust community app, it shouldn't be the only feature. For residents, it's about consolidation. For property managers, it's about automation. Manage various tasks directly within your community app to increase efficiencies. Let your residents control multiple aspects of their living experience from their phone, and they'll be more likely to utilize the app for payments as well.

To create the best experience for your residents, provide them with the tools that connect them to your property, to each other, and to your community:

- **Package Management:** Quickly check a new package into the mobile app to automatically notify the resident.
- **Amenity Reservations:** Allow residents to easily reserve on-site amenities, like party rooms, the clubhouse, barbecues, and more.
- **Digital Marketplace Services:** Grow revenue through customizable local & national partnership deals, with convenient access to services like carpet cleaning, dog walkers, & more.
- **Integrated Work Orders:** Access and update maintenance requests via the app.
- **Pet, Vehicle & Visitor Registration:** Let residents request approval in-app for visitors, pets, or vehicles.
- **Smart Tech:** Give your residents the power to control all of their smart home devices from a single app.

Optimize your website

Your website is likely the first place prospective residents will look for information on your property. And as they say, you only get one chance to make a great first impression. In addition to being quick-to-load and easy-to-navigate, your homepage should include a link to your payment portal above the fold (the portion of your website that is visible without having to scroll down).

Digital payment adoption doubles when residents submit their application payment digitally. Are your application portal and payment portal easy to locate on your site?

“Collecting the application payments online 24/7, whether our office is open or not, really was a differentiator for us in the marketplace” — Diane Caton, Executive Vice President MSC





Step 2. Schedule automatic rent reminders

There's a new paradigm in the world of rent reminders. Back in the day, management companies would use door hangers, signs, or other print collateral to notify the community that rent is due. Those "old school" methods are still being used, however data shows that digital rent reminders are much more effective. Now property managers can reduce late payments without lifting a finger by setting up automated rent reminders to residents in the form of monthly emails, texts, and even in-app push notifications.

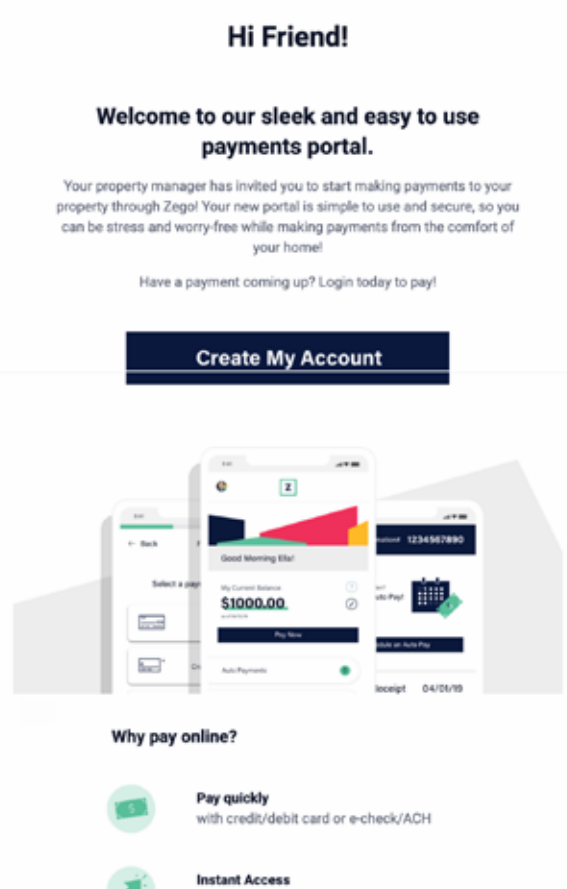
After turning on automatic rent reminders for their residents, our clients saw average digital payment adoption jump to over 60% portfolio-wide.

The next evolutionary step is smart reminders. If integrated with your accounting software, your payment partner can send customized reminder messages to residents whose ledgers still show a balance after the due date. The message should include a tokenized link to the

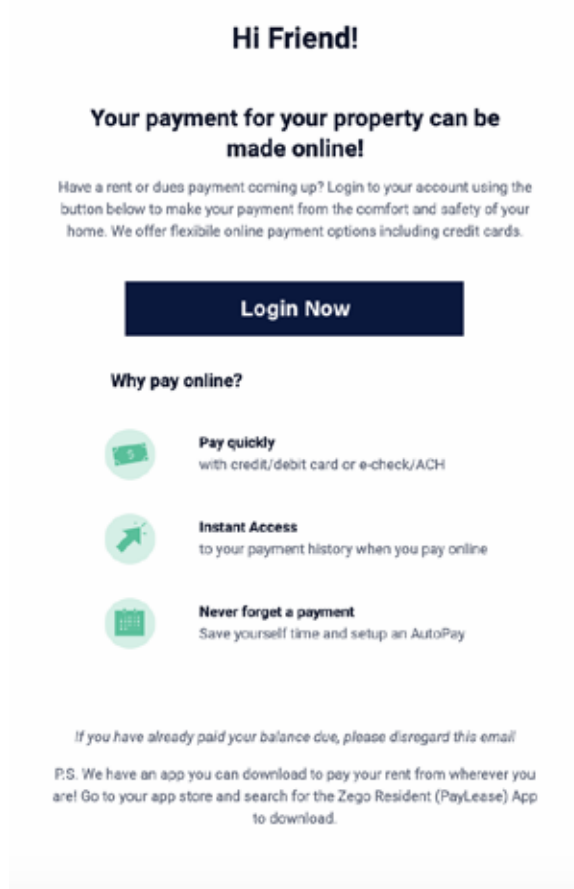
resident's payment account, creating a simple, one-click solution. The integration will stop reminders from being sent to those who have already paid.

At Zego™, we provide a feature called Rent Cycle Automation which is meant to operationalize the collection of resident contact information and automate activation and rent reminder campaigns. One of the focal points is segmentation based on prior resident activity (smart reminders). Below are a few examples.

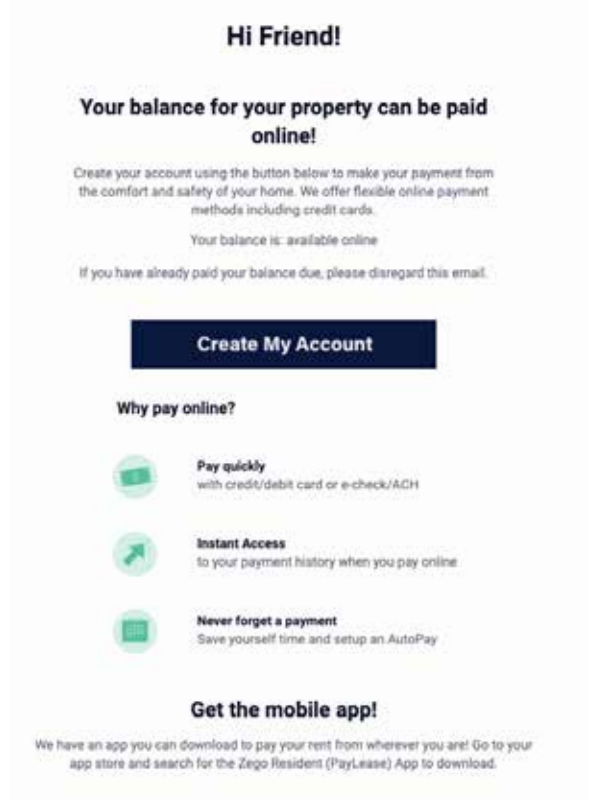
The welcome email



The rent reminder



The smart rent reminder for residents with a remaining balance



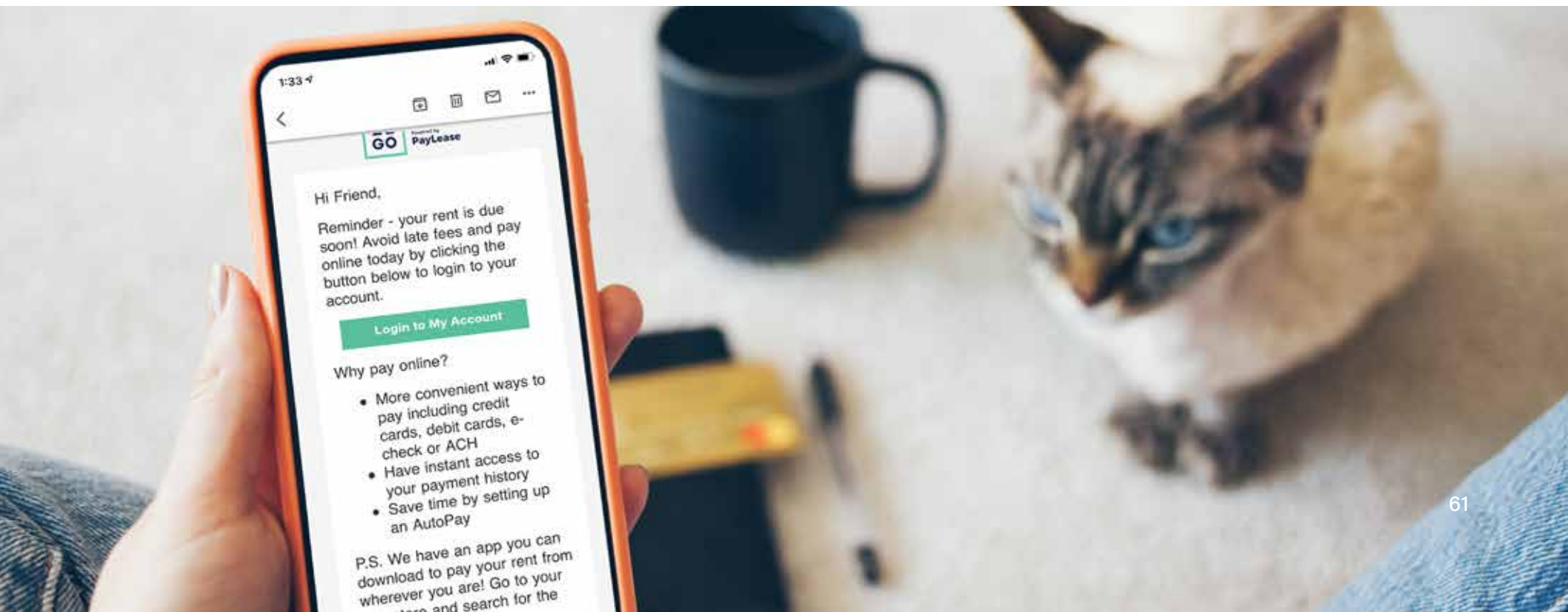
Zego™ Resident App

Make your payment online

If you haven't made your Jan payment for your property, log in today!

The smart push notification to residents who didn't open the reminder email.

The beauty of these integrated resident emails is that there is a tokenized link for each individual. Easy, one-click payments account registrations reduce friction, and that's what helps move the needle on digital payment adoption.



**What's your
paperless payments
health score?**

To assist clients in executing this 5-step program, we at Zego™ have been offering a complimentary digital payment Health Check. We examine their current strategy and consult on best practices they can incorporate to improve adoption rates amongst their residents.

So far, we've hosted over 50 health checks, and the results from these reviews and strategy adjustments have helped management companies move their rent collection process digital to improve cash flow and save their staff time.

Curious to see how you stack up? Take our [Health Check assessment](#) below to calculate your "digital payment adoption health" score:

Health check assessment

Next steps post-assessment:

Want to improve your score? Schedule a [FREE digital payment adoption consultation](#).

Once you have taken the health check assessment, feel free to use our complimentary digital payment adoption checklist below to stay on track with these initiatives.

The digital payment adoption checklist

- ✓ Champion the initiative
- ✓ Check off the boxes
- ✓ Reduce paper-based payments



On-site staff change management & training

The how and why

- Provide on-demand training for your staff around the functionality of your digital payments system
- Provide on-demand training on the value of digital payments

Be transparent

- Use KPIs at the property level to drive usage and adoption
- Recognize and celebrate the communities with high digital payment adoption rates
- Work more closely with the properties whose adoption rates are low or stagnant
- Organize digital payment adoption contests between managers



Resident onboarding

From the get-go

- Require prospective renters to pay their application fee online
- Set clear expectations with new residents around how and when they should pay
- Include payment portal information and instructions in your move-in packets for new residents

Leasing office logistics

- Close off your on-site drop boxes - no more risky cash or money orders in office
- Equip each leasing office with an iPad or tablet that residents can use to activate their online payment account



Alignment of incentives

Hold residents accountable

- Charge a late fee
- Charge a processing fee to pay with a paper check

Encourage online payments

- Provide an incentive (such as a gift card or a credit towards next month's rent) for residents who sign up for AutoPay
- Incur the digital payment processing fee on behalf of your residents



Multiple payment options

Close the door on cash

- Provide residents with a cash-payment alternative

Provide flexibility

- Allow residents to pay via multiple payment options (i.e. ACH, Debit, Credit, PayPal, etc.)
- Have a community-branded mobile app with an on-the-go payment feature



Resident engagement & communication

Make it a no-brainer

- Send automatic rent reminder emails or text messages with a tokenized link to the online payment platform
- Offer your residents a free credit reporting feature for their on-time rent payments

Communication is key

- Communicate with residents based on their preferences (i.e. email, SMS, in-app message)





Generate countless benefits

When you align your staff with your paperless payments initiative by optimizing your digital tools and incentivizing residents to use your payment portal instead of their checkbook, you trigger a domino effect of countless portfolio-enhancing benefits.

Reap the rewards of your efforts

Streamlining your collections process and providing residents with payment flexibility creates a better experience for them. Happy residents renew their leases, and as a result, high occupancy maximizes property revenue. Also, the reduction of resident turnover eases your staff's workload.

Other advantages include a significantly reduced amount of time spent on manual payment processes, powerful protection against fraud, theft, and loss, and an increased percentage of on-time payments - improving your cash flow.

Though the benefits are endless, the idea of "paperless payments" isn't innovative. It's a necessity for those who want to stay relevant in the current multifamily community landscape. Renters are starting to demand (and expect) seamless technology, flexibility, and transparency like never before. The NAA claimed paperless offices were the "here and now" four years ago, so it's high time digital payments become a top priority at your company, if it isn't already.

Ready to initiate your digital payment adoption action plan? Let's recap your to-do list. You've got to commit to the key drivers of digital payment adoption, train staff and residents on the value of it, offer multiple payment options, incentivize your communities to go paperless, and prioritize resident engagement & communication. When you champion your 100% Digital Payments Program, you'll reap the extraordinary long term benefits for your team and the communities you care for.



Zego is a property management automation company that simplifies cumbersome yet critical workflows for managers and associations. Our modern platform accelerates NOI growth and mitigates risk, helping clients to scale resources, build trust, and make data-backed decisions. From payments and utility management to resident engagement, Zego's automated workflows seamlessly integrate with leading property management systems giving users real-time and accurate information at their fingertips. Learn more about what makes Zego one of the best workflow automation platforms for property management at gozego.com.

gozego.com | 1.866.729.5327 | [@go_zego](https://twitter.com/go_zego)

