

ZEGO

presents

The Rent Payment Trends Report

5 Data-Backed Ways to Get More Online Payments

2024

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The 100% automated rent cycle is attainable

Multifamily companies are increasingly relying on automation to run their businesses more efficiently. But collecting rent is one important and labor-intensive function that many companies struggle to effectively automate.

Digital rent payment solutions have existed for over two decades. But because of renters' continued use of paper-based payments, most companies have never even had one fully automated rent cycle. In fact, Zego's 2023 Property Management Operations Report found that 4 out of 10 rent payments today are still made with a check or money order, forcing property managers to manually process these transactions.

Even if the majority of your residents pay rent digitally, those remaining paper payments remain a liability for your company. They are susceptible to fraud (which has nearly doubled since 2021), they slow down your cash flow, and they result in hours of manual work that could otherwise be spent on mission critical projects. Add to that the fact that paper-based payments are expensive to process. Between processing and labor costs, it costs anywhere from \$3-\$10 to process one paper-based payment!

The good news is that increasing your digital payment percentage (and even reaching 100% digital rent payments) is a completely attainable goal. Many of our clients at Zego see a vast improvement after implementing some tried-and-true best practices. And their efforts pay off. Even just a 10% increase in digital rent payments for a 1,000-unit portfolio can save an estimated \$7,000 annually.*

**includes labor, benefits, and processing fees*

This report will help you get on your way to higher digital payment adoption and, as a result, higher efficiency. We'll examine the 5 most effective ways to drive online payments backed by our own internal and anonymized customer data.

These are not new strategies. In fact, Zego has an extensive content library focused on increasing online rent payments that speaks to some of these practices. But this time, we're using our own proprietary data to show exactly how much these strategies have moved the needle within our client base.

5 Data-Backed Ways to Drive Online Payments

1

Offering renters multiple payment options

2

Incurring ACH transaction fees on behalf of residents

3

Sending automated rent reminders

4

Offering a comprehensive resident app in addition to a payments portal

5

Driving awareness of your payments system at onboarding

5 ways to drive more online rent payments

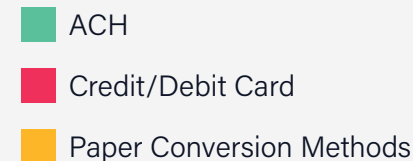
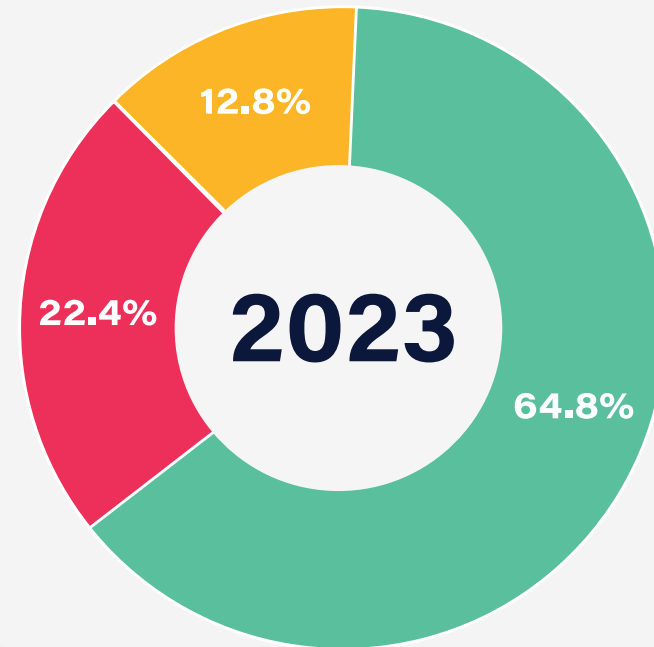
1

Offering a mix of payment types increases digital payment count

Giving residents more payment choices is one of the simplest ways to increase your number of digital rent payments. That's because renters have different preferences and life circumstances that influence how they pay. Offering multiple payment options lets you cater to everyone's needs and ultimately results in more digital rent payments.

Zego's transaction data proves that when it comes to paying rent, one size definitely does not fit all. In 2023, Zego processed a diverse mix of transaction types across our client base. While ACH is clearly the most popular payment method, we also see a hefty amount of other digital transactions. In other words, giving residents a variety of ways to pay digitally makes it more likely that they will do so instead of writing a check.

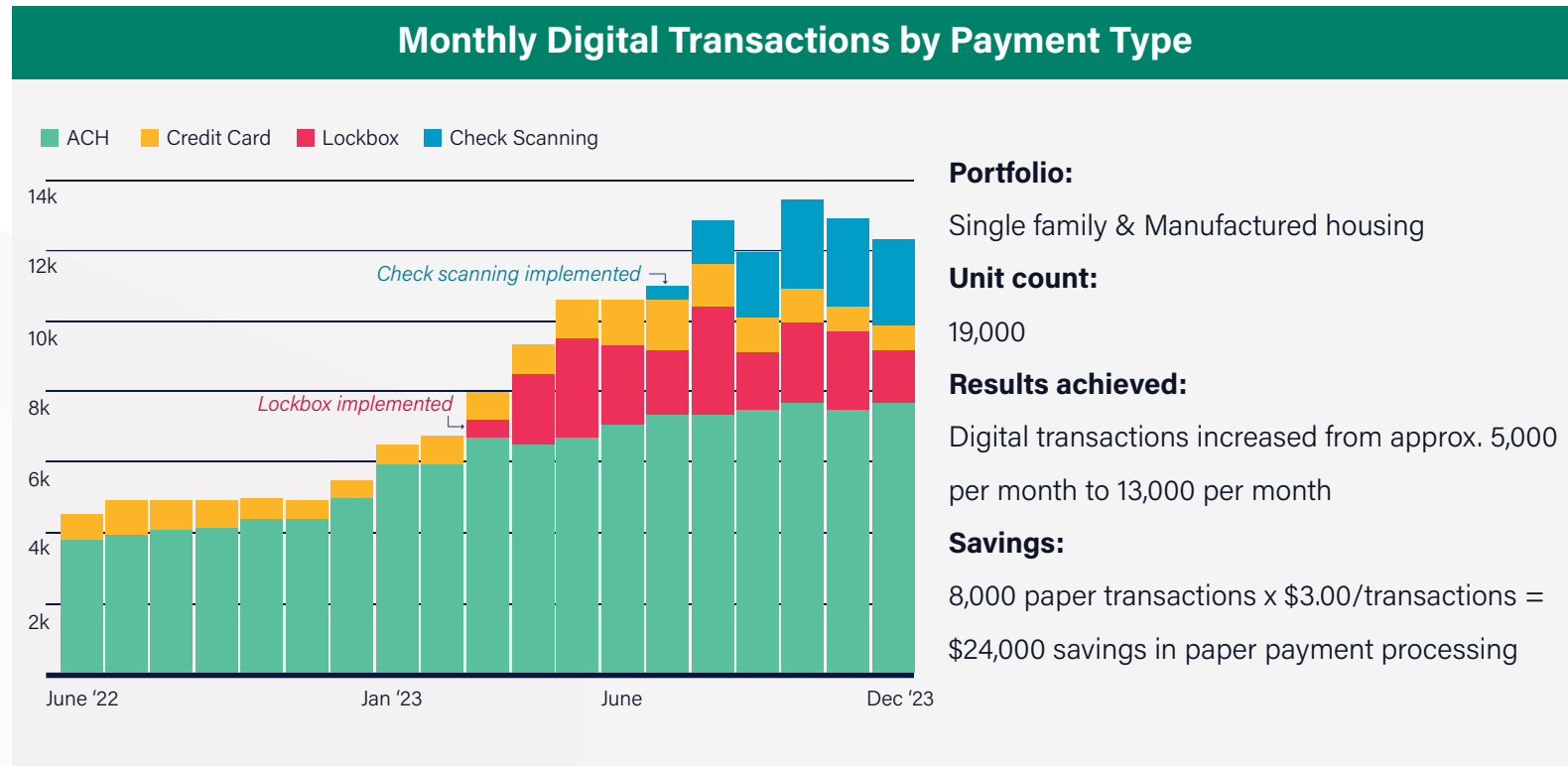
Transaction Types for Zego's Client Base



Paper conversion methods are crucial to going 100% digital

Accepting multiple payment types also means that you're bound to receive some checks or money orders. But luckily, there are ways to convert these into digital transactions so your staff isn't forced to manually process them. In fact, you may have noticed from our transaction data that there's a significant amount of companies doing just that. This is a game changer for companies that want to fully automate their rent collection.

Here's an example of a Zego client that's converting paper payments into digital transactions. You can see that digital transactions jump significantly after the addition of lockbox and check scanning services.



2

Companies that offer complimentary ACH payments have higher utilization

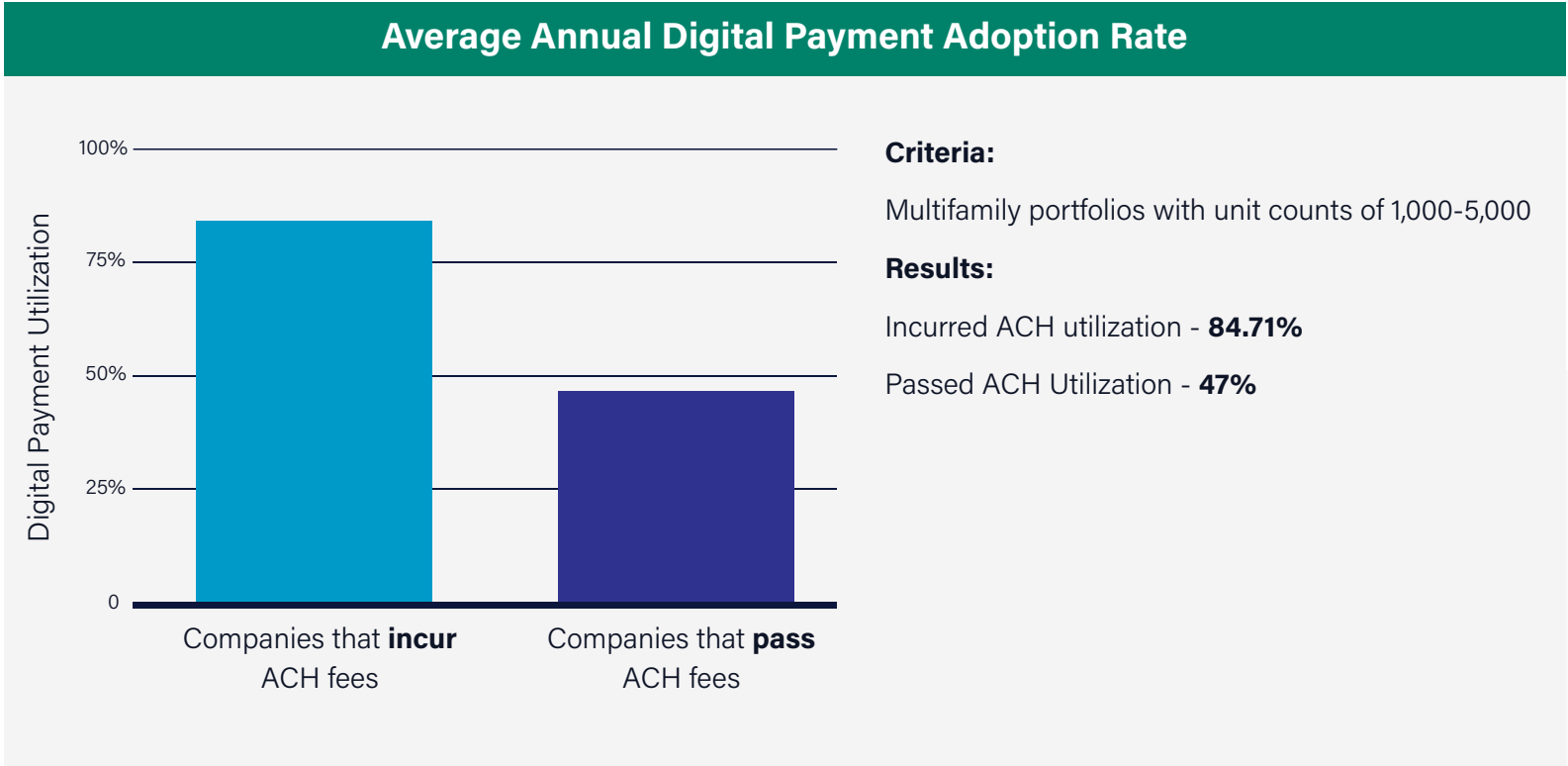
One of the biggest hurdles to getting residents to pay rent electronically is transaction fees. Renters understandably don't want to incur even a nominal fee when they are paying rent - which is already their biggest expense.

In fact, renters overwhelmingly said that the ability to pay rent without fees would be the most useful tech feature in their community according to [SatisFact's Biennial Online Renter Study](#). And the least useful feature? The ability to pay rent online but with a fee.

Which Tech Features Would You Find Useful?

| | |
|---|-------|
| Pay rent online without a service fee | 84.2% |
| Communicate with the management team | 76.0% |
| Submit a service request online | 69.5% |
| Renew the lease online | 63.4% |
| Receive package notifications | 62.2% |
| Sign & execute a lease online | 58.5% |
| An online calendar of community social events & activities | 54.3% |
| Receive real-time community announcements from management to my mobile device | 54.0% |
| Reserve an apartment online | 52.3% |
| Communicate with other residents (community forum, bulletin board, etc.) | 49.6% |
| Submit a service request via text | 47.7% |
| Granting building access to guests & authorized entrants via a smartphone app | 44.9% |
| Reserve community amenities | 37.7% |
| Controlling smart home features from a connected device | 33.9% |
| An online concierge service | 29.6% |
| RSVP to community events | 28.6% |
| View and post classified ads | 22.4% |
| Pay rent online if there is a service fee | 18.7% |

This is just one reason why Zego encourages multifamily companies to absorb transaction fees for ACH payments. Companies who pass transaction fees on to residents have a lower percentage of online payments than ones who absorb the fees. We compared two groups of similarly-sized multifamily companies to tease out the effect of incurring fees. We found that the group that incurs fees sees an average of 37% higher digital payment utilization rate than those who pass the fees to residents.



What does it cost to incur ACH fees?

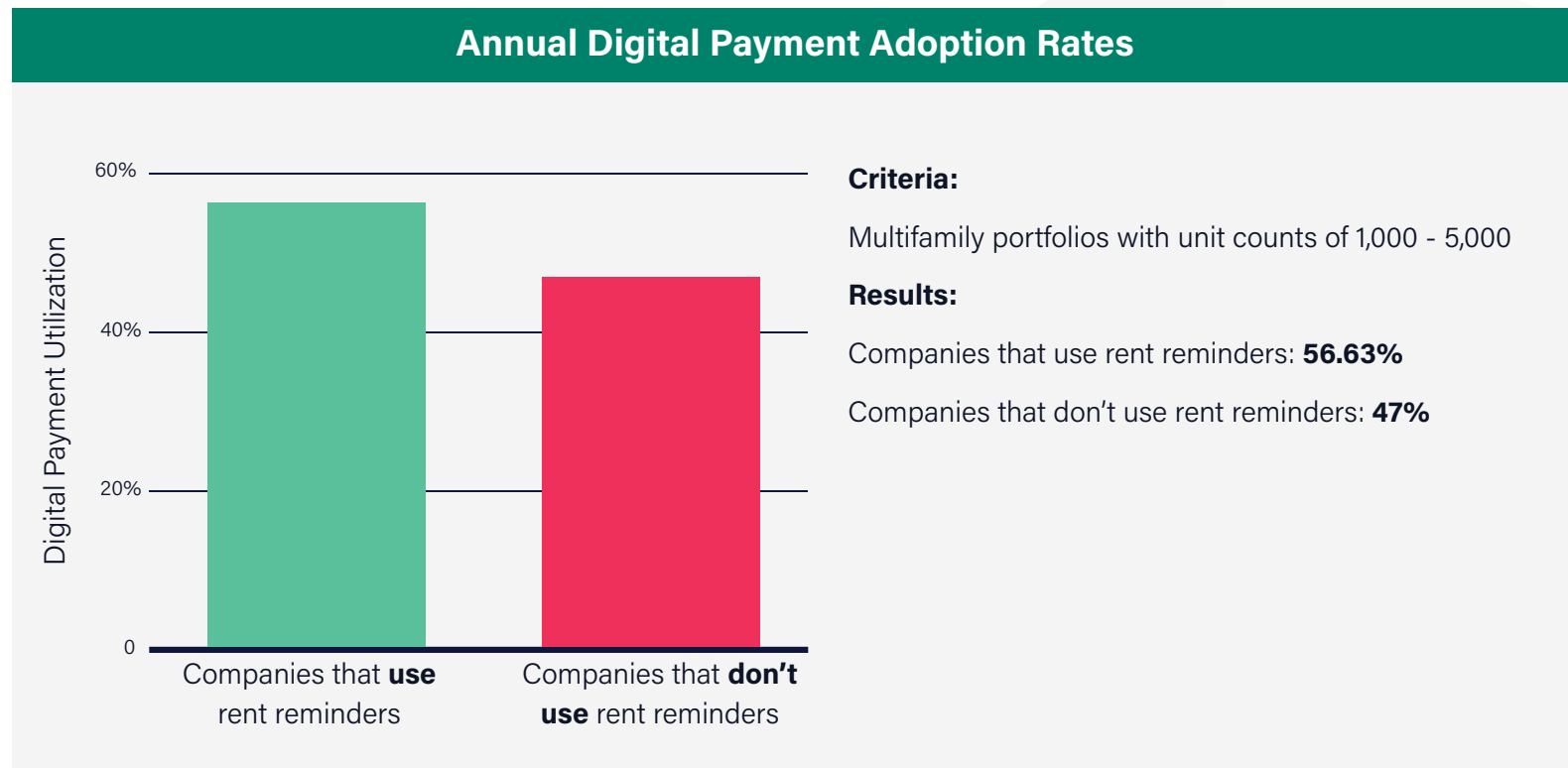
The cost for a property management company to incur ACH processing fees is approximately \$1/transaction. Compare that to the cost to process a paper payment, which based on your labor costs can range anywhere from \$3.00-\$10.00 per transaction.

Some companies perceive absorbing transaction costs as an unnecessary expense. But when you see how it impacts digital payment adoption and the efficiency that accompanies it, there's a strong case for incurring ACH fees on behalf of your residents.



3 Sending automated rent reminders increases digital payments

Nudging residents to pay rent digitally right before their payment is due increases their likelihood of doing so. Zego looked at utilization data among similarly-sized companies who use rent reminders and ones who do not. Companies who use rent reminders enjoy almost 10% higher digital payment utilization. Rent Manager, a popular property management software, reports similar findings. Their clients who use automated notifications on average have a 13% higher utilization rate than ones who do not use rent reminders.



The sooner you start rent reminders, the better

Automated rent reminders are particularly helpful for driving utilization when companies first begin processing with their payment provider. In the first few months of working with a new digital payments provider, it's normal to have a lower-than-average number of online payments. This is because it takes some time for on-site teams and renters to become familiar with the platform.

Companies who start sending rent reminders at the onset of the onboarding process avoid this lag. Here is a sample of a Zego rent reminder email template that you can customize and use for your property:

☐ ★ ➡ **Reminder: Your rent is due** Please make your payment on time so that you can avoid any penalties.

Hello Vik,

This is a reminder that your rent payment is due on April 1, 2024

Want to make your payment online?

Make a Payment

Choose Your Preferred Payment Method through Zego's Online Portal:

- 🌐 Pay securely and conveniently through our user-friendly online portal. It's just a few clicks away!
- ✅ Make a one time payment. Zego accepts with credit card, debit card, e-check and ACH payments
- 🔄 Set up an Auto Pay. Save yourself time and [set up an Auto Pay](#) so your payment is automatically made each pay period

Thank you!



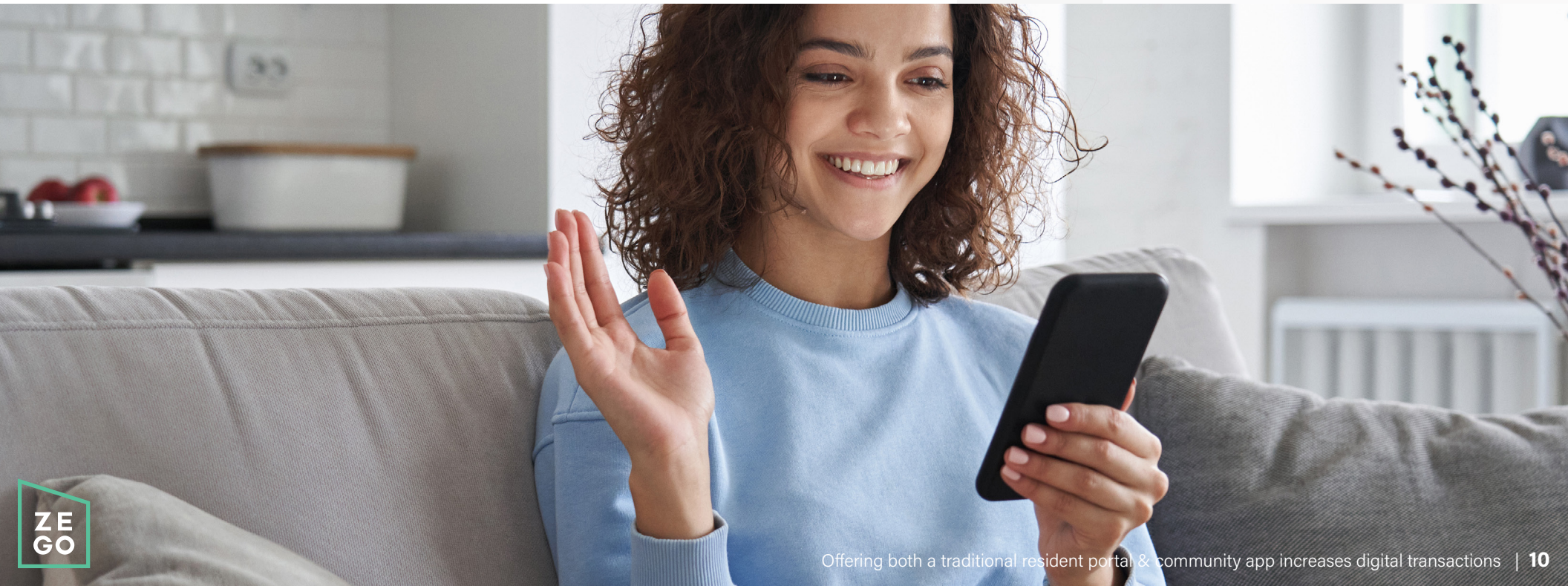
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4

Offering both a traditional resident portal & community app increases digital transactions

Giving renters a choice of where to pay is just as important as how they pay. And we've seen clients grow their digital payment count by offering a community app such as [Zego Mobile Doorman](#) in addition to a traditional resident portal. In fact, some Zego clients have grown their digital payment utilization by as much as 96% when offering renters an app to make payments!

Why is the use of a community app so effective? It lets renters manage all the day-to-day aspects of living in their apartment community through the convenience of their phone. And paying rent is one of the top uses of an app. Some renters, particularly younger demographics, would rather take out their phone and pay rent instead of firing up their laptop.



Zego Client Case Study

Digital Pay Utilization Increases 22% After Integrating Rent Payments with Community App

Client Overview

Portfolio: Multifamily

Unit Count: 11,000

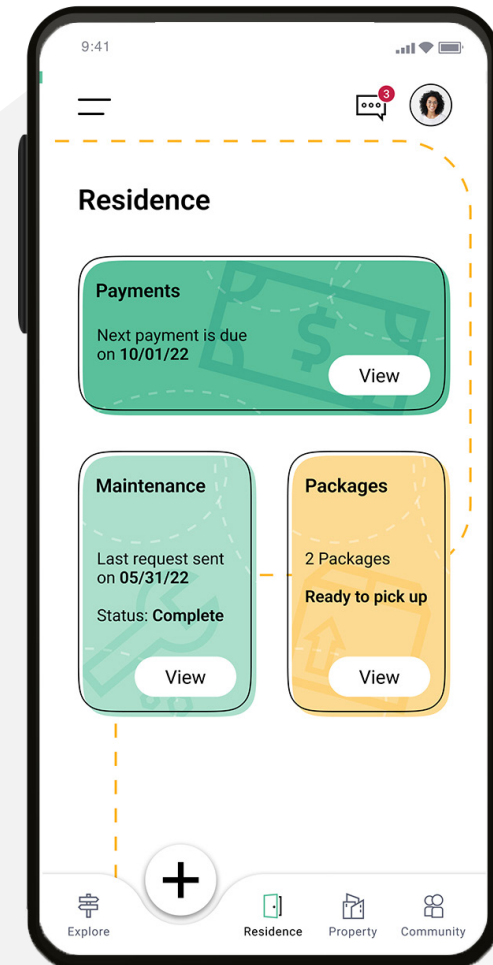
Locations: Virginia, Florida, DC, North Carolina

The Challenge:

As an active client of the Zego Mobile Doorman community app, this client offered online payments via a web portal that was loosely integrated with their accounting platform. Residents were sent to a third party link to login and pay rent causing confusion, frustration, and low digital payment usage.

The Action:

The client launched Zego Pay with a seamless single-sign-on experience for residents across all of their properties. Residents could now manage all of their apartment-related tasks, including paying rent, from a single mobile app. Six months after launch digital pay utilization increased from 57% to 79%.



Zego Client Case Study

Digital Rent Payment Adoption Increases to 72% with Community App Launch

Client Overview

Portfolio: Multifamily

Unit Count: 6,000

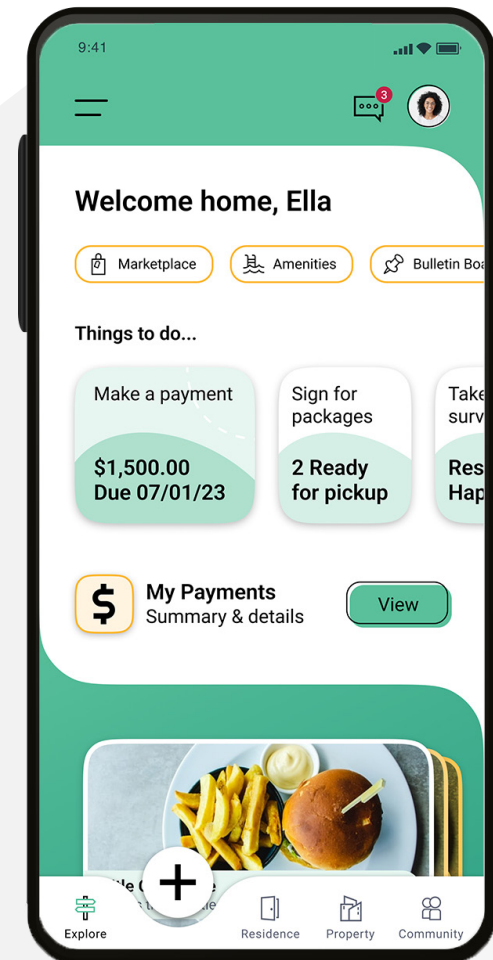
Locations: Arizona, Georgia, Texas, Alabama

The Challenge:

As a Zego Pay customer for 8 years, the client was interested in launching a community app to simplify resident communication. They wanted to drive higher resident engagement and satisfaction as well as further automate and optimize their operations.

The Action:

The client launched Zego Mobile Doorman across all of their properties with Zego Pay fully integrated for a native payments experience. They executed a comprehensive communication plan with residents as a part of the rollout to encourage app adoption. They highlighted the new payment functionality of their community app to encourage more digital rent payments. Six months after launch the community achieved a 93% app adoption rate. They also saw digital payment utilization increase from 51% to 72%.



5

Implementing an onboarding awareness plan results in more digital rental payments

Whether your company is new to digital payments or not, you should create and implement an awareness plan to drive online payments. This not only keeps your preferred payment options top of mind for renters, but it also gives your on-site teams a roadmap for getting a high percentage of digital payments.

An awareness plan is especially effective when executed as you onboard with a new payments vendor. As we mentioned earlier, companies often have a lower-than-average digital payment rate in the first few months of starting a new payments program. Zego's data shows that companies who create an awareness plan during implementation have a 10% higher utilization rate than companies who do not have an awareness plan.

So what does an awareness plan entail? Here are some action items to ramp up digital payments.

- ✓ Set utilization goals for digital payments in small, achievable chunks
(30% in 3 months, grow to 70% in 6 months).
- ✓ Make it easy for residents to register for online payments:
 - Use QR codes on flyers in the office and resident materials to make it easy to access the portal.
 - Send emails to invite residents to the portal. Automate this process with your payment software.
- ✓ Feature your payment portal on your website with a "Pay now" button prominently featured.

Here is a sample marketing plan that we use with our clients to ensure all residents are aware and encouraged to pay rent online. It can be used when launching a new payments portal or as a way to increase awareness of your existing portal.

| Digital Payment Adoption Marketing Plan Goal: Reach 50% digital payment adoption in 3 months | | |
|---|-------------|--|
| Task | Target Date | Notes |
| Train staff on payment system | June 10 | Provide training library with videos & how-to documents to staff |
| Add payment portal link to website | June 15 | Ideal location is near the top of the homepage |
| Promote online payments with in-office resident flyers | June 15 | Place flyers in-office at all sites |
| Display printed QR code in-office | June 15 | Provide an easy-to-scan QR code to link residents directly to portal |
| Add "pay rent online" verbiage & instructions to late notices | June 15 | Provide a link to payments portal |
| Send email blast | June 20 | Send invitation to pay rent online to all residents |
| Create social media posts | June 20 | Share online payment announcements & instructions on your social media |
| Send invites to residents to pay rent online | Monthly | Send invitation to new residents & residents that make paper payments |

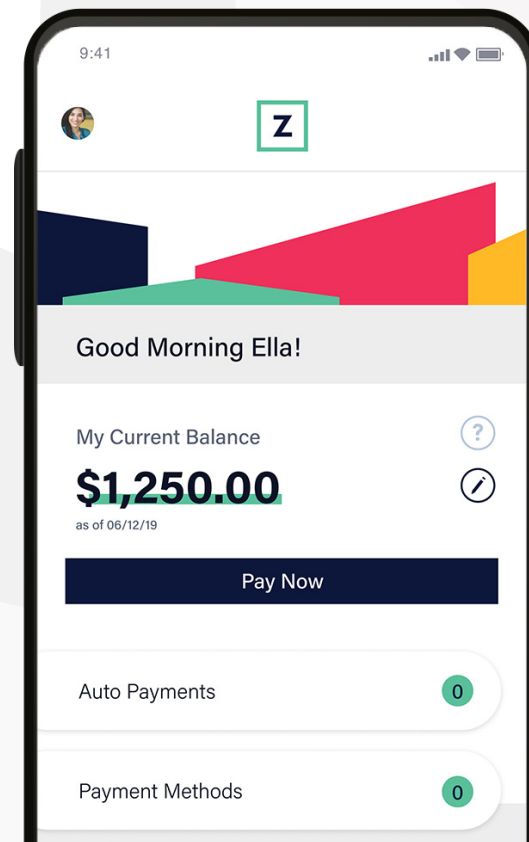
Achieve a fully automated rent cycle with Zego Pay

Ready to get on your way to a completely digitized rent cycle? Zego wants to get you there, too. But we know our encouragement and implementing these best practices only goes so far.

That's why we designed Zego Pay to automate every aspect of rent collection. From making it effortless for residents to pay you to optimizing every step associated with rent collection, Zego Pay was built with features that transform your most important business process.

Schedule a demo of Zego Pay to see it in action and learn more about these features:

- A modern rent payment app
 - Multiple payment methods
 - Digital rent reminders
 - Rental credit reporting
 - Chargeback defense
 - 24/7/365 resident support
- and more...





A **Global Payments**
Company

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.

Since its inception in 2003, Zego (a Global Payments company) has evolved from a leading payments provider to a comprehensive property management automation platform. With more than 350 employees, Zego serves 7,000 residential real estate companies and over 15 million units nationwide. Learn more about what makes Zego one of the best workflow automation platforms for property management at gozego.com.

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