



Executive Summary White Paper

Future of Billing

Switzerland is the country of payment slips, but their days are numbered – QR-bill and eBill are the successors. The way in which invoices are issued is also changing dramatically. The new SIX white paper on the “Future of Billing” provides guidance on this issue.

For over 100 years, the Swiss have completed their payments as follows: They purchase a service, receive an invoice, withdraw money from the bank and take it – with the payment slip – to the post office and pay the invoice. A cumbersome, expensive, time-consuming and, in some cases, error-prone system, both for payers and invoice issuers.

The payment slip (ESR) was introduced in 1909, and even now 65% of the Swiss attribute a higher importance to invoices than to other daily payments according to a survey (Intrum, 2019a).

But billing practice is changing dramatically. Information is therefore urgently needed, particularly in response to questions like: What approaches will shape paying in the future? To what extent are digital solutions accepted, and what are the factors driving their success? How much does each type of billing cost? How reliable is it and how user-friendly?

The SIX white paper “Future of Billing” gives answers to these and other questions. The study provides guidelines and food for thought for companies that issue and receive invoices as well as for billing service providers, banks, fintechs and other payments enthusiasts.

The “Future of Billing” is divided into two parts: the first of which examines the current billing practice and illus-

trates the high relevance of billing for the population and the economy. Four business-to-consumer (B2C) payment methods (direct debit, eBill, QR-bill and e-mail invoice) are analyzed in detail and assessed. The assessment shows that eBill offers the greatest benefits overall and many advantages both for invoice issuers and recipients.

The second part of the white paper offers an overview of future trends and developments and uses specific examples to show how we will issue and pay invoices in the future.

The “Future of Billing” emerged from a joint project conducted by SIX and Lucerne University of Applied Sciences and Arts (HSLU). The results of the study are summarized below. More information and the complete study can be found at six-group.com/future-billing.

Part 1: Current Status

The traditional billing system is changing. It has been increasingly digitized in recent years: between 2012 and 2019, the paper-based payment of invoices, particularly at post office counters, decreased by 36 percent while the number of electronic payments – including many invoices – increased by 38 percent. The option of paying invoices via one’s computer or even by mobile phone has led to 77 percent of all invoices (as of 2019) now being settled electronically.

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The “Future of Billing” has examined four options for issuing and paying invoices from various perspectives. The forms of invoices were assessed according to 11 indicators in total based on the PEST factors (**political/environmental, economic, social and technological dimension**). In each case, they were examined from an invoice issuer’s and an invoice recipient’s perspective. An overall indicator was produced from the assessments of the individual indicators, which was analyzed in detail.

Results:

eBill

Overall, eBill, the digital invoice for Switzerland, takes first place both among invoice issuers and invoice recipients and never ranks lower than second in the individual indicators. eBill was launched in 2018 and is a modern solution that features high levels of transparency, efficiency, flexibility, automation options and security – which is why, among other things, it scores so highly. The results indicate the future potential of eBill as the main platform for payments. Virtually two million Swiss already use eBill today.

Direct debit (LSV)

Invoice recipients benefit from the reliability of direct debits, especially for recurring payments – once they have been set up, claims are debited directly from the debtor’s account. In turn, the invoice issuer benefits from the positive liquidity management provided by this approach (predictability of the payment date, low reminder rates). However, direct debit includes many paper-based elements for the registration process, which makes it less future-proof.

QR-Bill

QR-bill, which was introduced in June 2020, represents an important step in the harmonization of Swiss payment transactions. QR-bill offers considerable flexibility. The major advantages for invoice issuers are the wide range of use cases and the ease with which a QR-bill can be issued. Unlike eBill, however, QR-bill is not a billing platform with clearly defined processes and opportunities for feedback but a document standard, i.e. essentially a modern payment slip.

E-Mail Invoice

The e-mail invoice, i.e. the sending of invoice and payment details via e-mail, is the least structured of the approaches analyzed. It is up to invoice recipients when and how they pay an e-mail invoice. The fact that invoices sent via e-mail sometimes end up in spam, that they

sometimes do not reach the recipient at all or are the subject of phishing attacks, is a disadvantage for both invoice issuers and invoice recipients.

Part 2: Future Scenarios

How will the issuing and receipt of invoices change in the future? The second part of the white paper identifies technologies, concepts and trends with the potential to transform billing in the future. It focuses on three topics: how digitization will change billing, how intelligent billing platforms will facilitate new services and how the Internet of Things (IoT) will lead to new customer journeys.

How Digitization Will Change Billing

Progressing digitization will lead to many billing-related improvements in the interests of both consumers and invoice issuers. Users will benefit significantly from increased transparency, control and automation options – for example, they themselves can define which invoices are paid automatically and which should be reviewed personally. They can also be told which invoices will be due soon. If users combine their invoices with a personal digital assistant, it can help them with their financial planning.

Intelligent Billing Platforms

In the future, billing platforms will help users with the billing process in many different ways. They will contain invoices and associated documents – such as warranty certificates or receipts for tax bills. The data acquired by platforms can be analyzed on behalf of the user using specific tools. This will create several new services, ranging from notifications to comprehensive financial management systems. Users’ trust is key to acceptance and distribution of such platforms.

Internet of Things (IoT)

The Internet of Things (IoT) is becoming increasingly important and, in conjunction with billing platforms, provide benefits along the entire value-added chain for all participants. It can be assumed that in the future even more devices in everyday life and not just people will trigger actions that result in an invoice or payment process. For example, one use case could be a coffee machine that orders and pays for coffee beans autonomously. In conjunction with a billing platform and transparent billing, users acquire a reliable overview of their current spending and follow-up orders can be triggered automatically.

Summary

How invoices are issued, transmitted and paid has a major impact on companies' efficiency and shapes a country's (payment) culture. Various solutions are already used in parallel, with QR-bills and eBill being part of the wave of modernization affecting payment transactions. Invoicing will be digital in the future and this will open up many attractive opportunities – for debtors as well as invoice issuers. The trend is moving towards comprehensive billing platforms that offer their users benefits by simplifying and automating daily life. In the future, invoice issuers and recipients will thus benefit from services that extend far beyond the process of simply paying invoices.

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