7 trends transforming receivables management in utilities

Unlocking modern electronic bill presentment and payment

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Unlocking modern electronic bill presentment and payment

Managing receivables efficiently has evolved from being merely a financial task for the utility industry – which spans electricity, gas, water and other essential services – to a strategic imperative that directly impacts cash flow, customer relationships and overall business resilience.

By digitizing operations, utilities companies can streamline AR processes, meet evolving market demands and keep money flowing into their business. Here, we'll explore seven trends that are redefining receivables management for utilities companies, and the technologies that are helping to optimize cash flow, mitigate risk and unlock new opportunities for growth.

38%
of corporates ranked AR and billing as top software projects for the next 2 years.[1]

[1]Celent: Embracing the future of bill payments - today. September 2024.

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1. Payments automation

The utility industry has long relied on conventional payment methods. But customers today expect the same convenience in paying their utility bill as with other purchases. Digital payments are becoming the preferred payment method because they can offer improved speed, security and ease of use as compared to conventional payment methods.

At the same time, utility companies, often handling large volumes of customer accounts, are looking to move away from manual AR processes that can be inefficient and prone to errors. According to a study by PYMNTS.com and American Express , companies using manual processes to follow up on overdue payments take 67% longer to collect than those that employ automated AR tools.[2]

Automation tools can enable utility companies to more efficiently manage invoicing, service fees, payment tracking and collection. From account linking and sharing to paperless billing, real-time updates to advanced analytics, these tools offer an array of functionality as well as compatibility with ERP and other complementary order-to-cash solutions.

Additionally, automated AR systems can offer payment notifications and follow-ups, which are essential for smooth and reliable financial operations.

50%

AR automation implementation has been shown to significantly reduce DSO, highlighting the efficiency improvements this transformation can provide.[3]

[2] PYMNTS, firms that rely on manual processes take 67% more time to follow up on overdue payments. October 31, 2021.

[3] Pymts.com. Accounts receivable automation helps businesses of all sizes.

## 2. AI and predictive analytics

Artificial intelligence (AI) and behavioral analytics are becoming central to AR strategies. These technologies can provide actionable insights by analyzing historical payment data and customer behaviors to help predict future behaviors. Utility companies can use this information to better understand how their customers prefer to pay and the services and offers they are most interested in. They can then develop customized communications such as payment reminders and fee discounts.

Utility companies are also using predictive analytical tools to help assess credit risks and forecast payment delays, so they can take proactive measures to mitigate financial exposure. Predictive analytics can give utility companies the ability to forecast cash flows with greater accuracy, which is essential for planning and maintaining liquidity. By transitioning from reactive to proactive receivables management, utility companies can bolster their financial resilience.
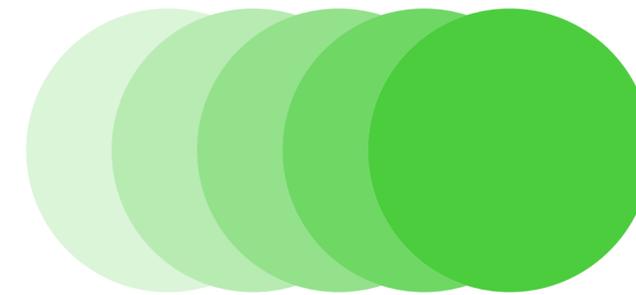
3. Real-time payments

According to Statista, the total value of transactions processed via real-time payment technology globally will expand by 289% between 2023 and 2030.[4] These instant payments are revolutionizing the utility sector by ensuring transactions are settled almost immediately. This not only improves cash flow but can also enhance the customer experience by offering faster, more transparent payment options. Many utility companies are integrating QR code payments and real-time gateways which helps accommodate customer expectations for speed and convenience.
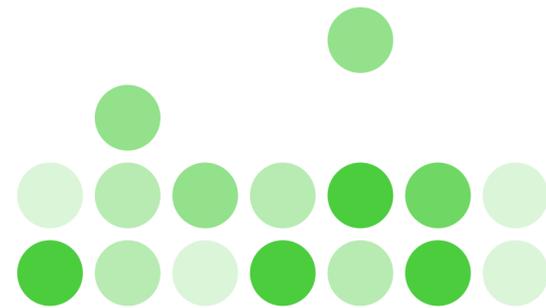
[4] Statista, Market size of real-time payments worldwide in 2024, with a forecast for 2028
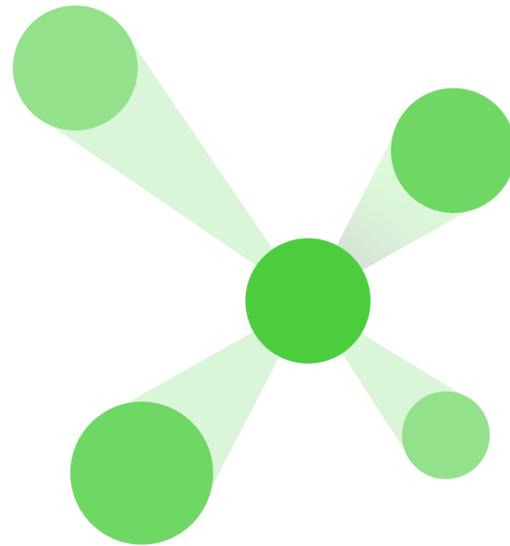
4. ERP and CRM integration

Integrating accounts receivable with enterprise resource planning (ERP) and customer relationship management (CRM) systems has emerged as a potential game-changer for utility companies. Operating from a centralized hub of real-time data, a business can synchronize invoicing, payment tracking and customer interactions across departments.

Utility companies are also leveraging ERP and CRM integrations to gain a more holistic view of customer payment behaviors. This can help companies tailor flexible payment plans to improve customer satisfaction while providing more steady cash inflows.
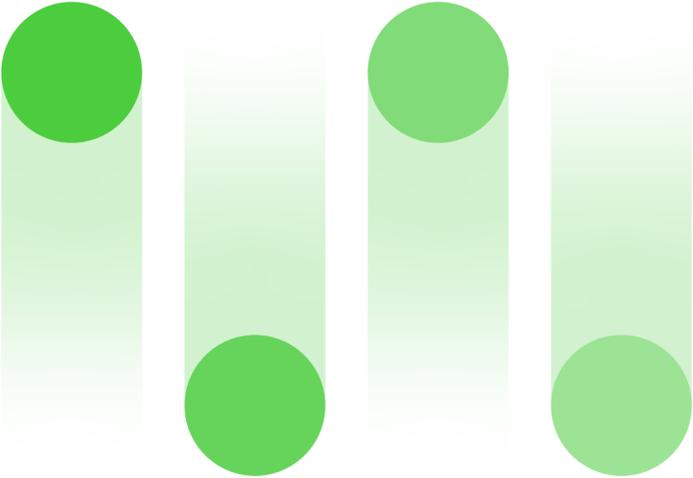
5. Agile workflows

Rigid workflows are giving way to agile methodologies, allowing utility companies to adapt more quickly to changing customer behaviors, economic fluctuations and regulatory requirements. Agile workflows help promote cross-functional collaboration, enabling faster dispute resolution and more effective collections. With improved receivables performance companies can experience fewer payment delays and improved flexibility to respond to unforeseen challenges.

$4.78m

average cost of a data breach in the energy sector in 2023.[5]

$5.24m

average cost of a destructive cyberattack.[5]

6. Emphasis on data security

The utilities industry is increasingly targeted by cyberattacks, with a significant rise in incidents and breaches. A 70% surge in cyberattacks on US utilities was reported in 2024, according to CheckPoint Research and cited by Reuters.[7] This trend is concerning, as it highlights the vulnerabilities of critical infrastructure like energy grids.

The utility sector is prioritizing data security in response to rising consumer expectations and regulatory demands. Safeguarding sensitive payment data is essential for compliance, trust and protecting against cyber threats.

Fraud prevention tools such as multi-factor authentication, biometrics and tokenization are becoming standard in utility payments, offering more secure and seamless transactions. Additionally, cloud-based hosting with encrypted storage facilitates data protection while helping to improve scalability and operational efficiency. These advancements place data security at the core of modern utility payment systems.

[5] IBM. 2023. Cost of a data breach report 2023. May 1, 2024.

[6] Morgan, S. 2023. Global ransomware damage costs predicted to exceed $265 billion by 2031." Cybercrime Magazine. Jul. 7, 2023.

[7] Cyberattacks on US utilities surged 70% this year, says Check Point | Reuters
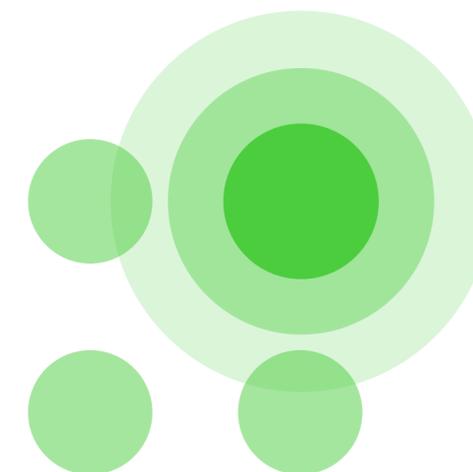
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7. Customer personalization

As with other industries, utility companies are leveraging personalization tools to deliver tailored customer experiences. This can include omni-channel bill management and payment, payment automation, and real-time payment notifications and payment plans. Also, artificial intelligence, including machine learning and generative AI, is likely to be at the forefront of customer engagement strategies going forward.
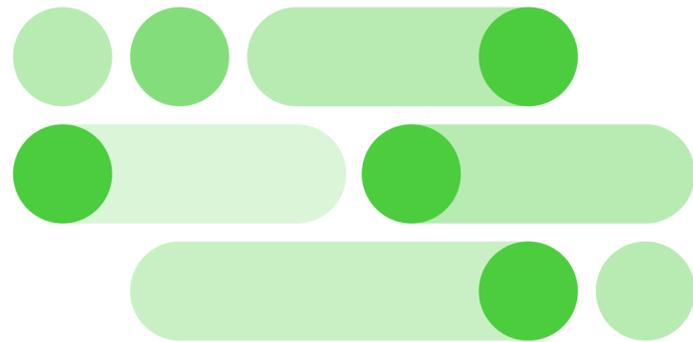
Looking Ahead

Across industries, these technological advancements are already yielding impressive results. A leading utility company recently announced that it integrated real-time payments and personalized customer interactions into its AR processes, helping to reduce overdue payments by 25% while enhancing customer satisfaction metrics.

The receivables management landscape in utilities is driven primarily by the need for operational efficiency, cash flow optimization and enhanced customer engagement. Companies that invest in automation, AI and integrated technology solutions can set themselves up for more sustainable growth. By proactively investing in technology, utility companies can streamline operations, gain a competitive edge and be better prepared for future financial complexities.

FIS Automated Finance can help

Anyone who supports the office of the CFO knows today's common struggles across the entire money lifecycle: manual, error-prone processes, limited visibility, high-stakes security, clunky implementations, complicated integrations and the list goes on. For those who want to take finance to the next level – from a cost center to a true strategic advantage – it takes more than just better products.

FIS Automated Finance is your partner for growth, delivering a suite of receivables, payables and revenue optimization tools that help to remove friction to help move money, unlock revenue opportunities and give you the confidence and capabilities to grow.

With FIS BillerIQ, utility companies can extract the full commercial value from Automated Finance's receivables automation suite and harness valuable cost and efficiency benefits that help the CFO's office drive growth and boost the bottom line. .

Are you ready to transform traditional billing and payment processes?

Contact us at FISglobal.com.

Money at rest Money in motion Money at work™

FIS Automated Finance solutions help move money more effectively.

Our technology powers the global economy across the money lifecycle.

Money at rest

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.

Money in motion

Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.

Money at work

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

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