



Seeking a Modernized Payment Experience

New research shows government agencies want payment systems that are easier to use and simpler to integrate with their technology stack.

Introduction

State and local governments have made strides in enhancing online payments, but they must continue to mature their payment systems to meet rising constituent expectations. A new survey of government leaders conducted by the Center for Digital Government (CDG) assessed the current state of government payments and identified opportunities to improve. This report analyzes the survey findings and discusses technology that can help agencies serve constituents and provide a unified, safe and secure payment platform.

The CDG survey, which captured responses from more than 140 state and local government officials nationwide, found that agencies generally consider their payment systems adequate, if not outstanding. Most respondents said they have moved away from manual payment processes, but many want payment platforms that are easier to use, offer more payment methods and integrate better with other government business systems to enable scalability across the enterprise.

Growing attention on usability points toward an evolution in how state and local agencies approach payment systems, says Craig Orgeron, a former CDG senior fellow who served as a consultant for the research. [Note: Orgeron left the CDG after he was appointed Mississippi state CIO in June.]

“Governments have tended to think of these systems as gears and wheels and pulleys — not about the user experience,” he says. “That’s changing.”

The State of Government Payments

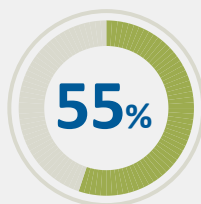
When asked about their agency’s current payment experience, few survey respondents (10%) said their systems were still manual or had significant limitations. However, more than half (55%) characterized their payment technology as only “moderately capable with room for improvement.” States were more likely than cities or counties to have mature payment technology, but even so, only a third of state respondents rated their solution as advanced.

Rate the overall maturity and capabilities of your organization’s payment technology.



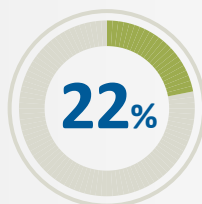
Basic:

Rudimentary or manual with significant limitations



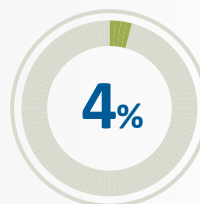
Intermediate:

Moderately capable with room for improvement



Advanced:

Robust with strong capabilities across most areas



Full optimized:

Highly advanced, integrated and feature rich



Do not know

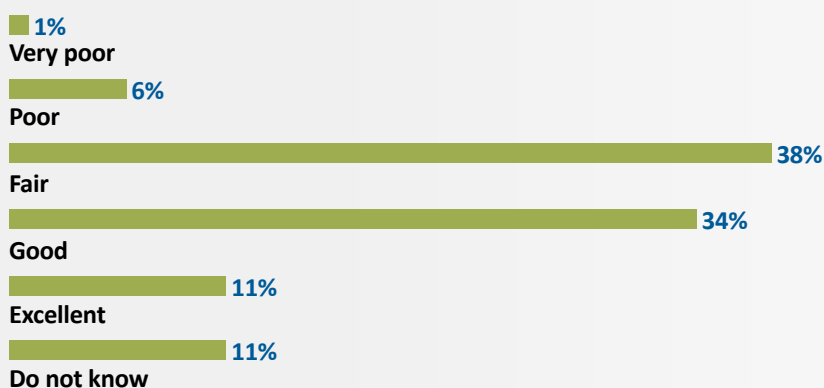
Figures may not total 100% due to rounding.

The shortcomings of current government payment systems were reflected in how survey respondents rated the user experience their platform provides for constituents and back-office staff.

Nearly half (45%) of respondents described their constituents' payment experience across government services as "fair" or worse. About a third rated it as "good," while just 11% said they provide an "excellent" payment experience for constituents. Many respondents said their existing systems are difficult to use and offer few payment choices.

"It can be confusing for constituents about where to make each payment type — a utility payment versus a permit or license payment," said one city official. A state IT leader identified the broader challenge succinctly: "The payment options we offer our customers are limited, and we do not as an enterprise make the market compete for our business."

Rate the payment experience for constituents across all your jurisdiction's services.



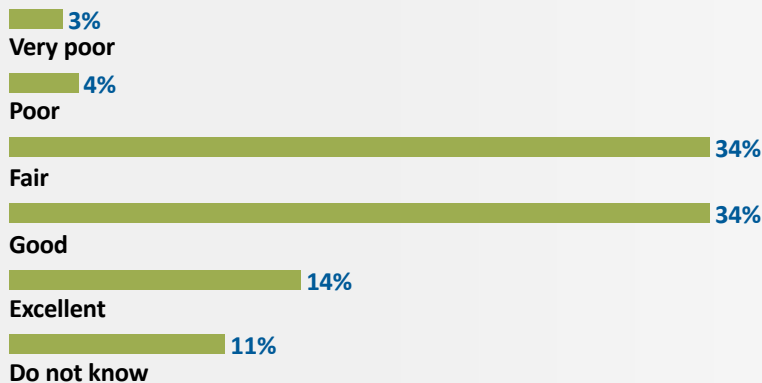
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The responses were similar for internal user experience. More than two-thirds of respondents (68%) called their back-office payment experience "fair" or "good." But here, too, many saw room for improvement.

"Many agencies report issues with reconciliation not tailored to their internal processes," a state IT manager said. "Integration is a key element to obstacles we must overcome, along with feature enhancements and security best practices," one city finance leader added.

Rate the back-office/employee experience for your organization's payment technology.



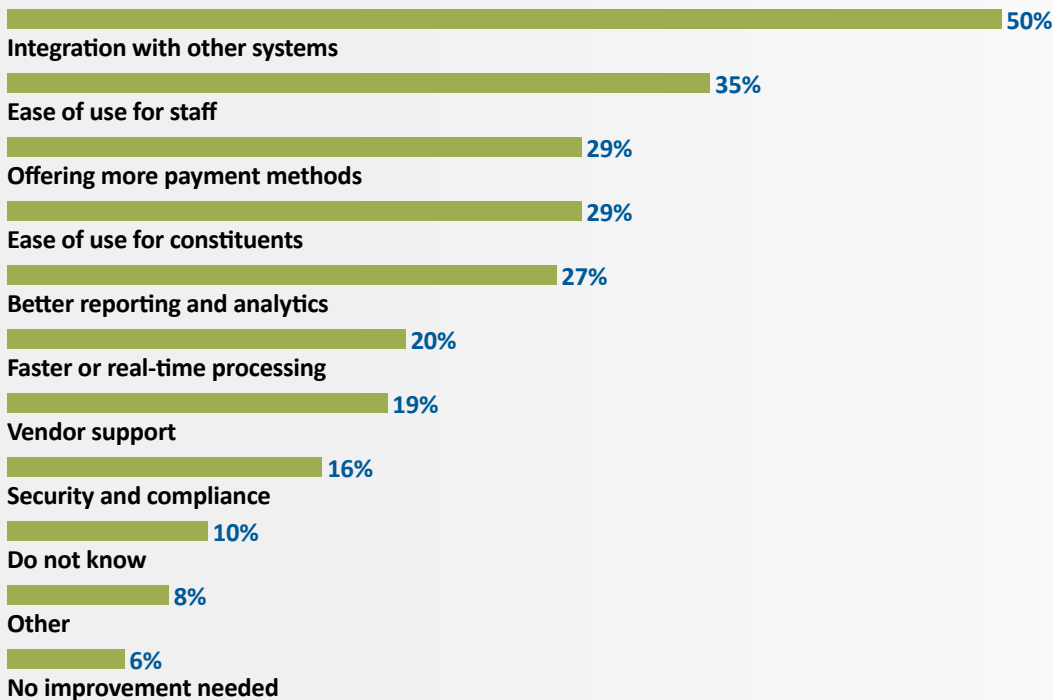
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Payment System Priorities

Modernizing government payment processes is complex. Payment systems need to integrate with existing financial systems, ERPs and other systems of record to ensure data integrity and transparency. They must also accommodate agencies and departments within a jurisdiction that use different approaches for collection, reconciliation and cash management.

For these reasons, integration with other systems surfaced as the biggest area for improvement in government payment technology, with half of respondents citing it as a priority.

Where can your organization's current payment technology be most improved?



Staffing challenges are intensifying the need for systems that use artificial intelligence and automation to simplify reporting.

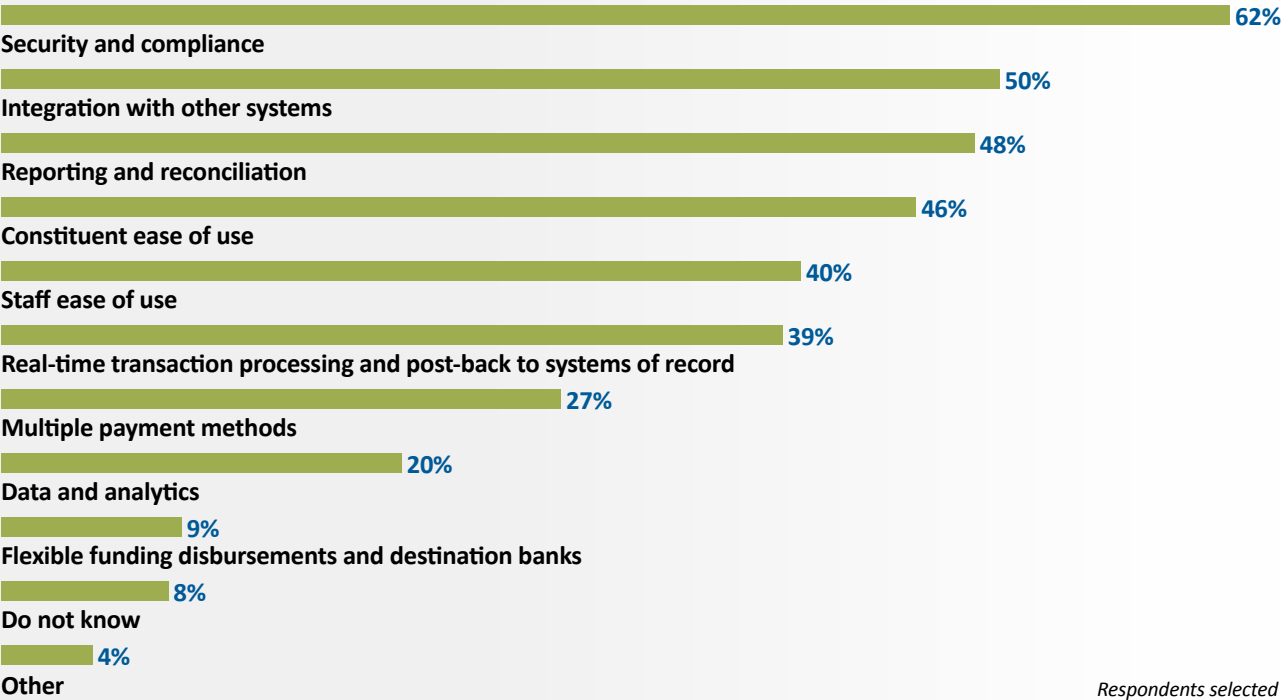
Respondents selected up to five choices.

More than one-third of respondents (35%) stressed the need to improve experience for government staff. Almost 30% focused on public-facing elements of user experience such as ease of use and acceptance of multiple payment methods.

Better reporting and analytics also surfaced as a key need, with 27% of respondents highlighting its importance. Staffing challenges, which are common across government technology roles, are intensifying the need for systems that use artificial intelligence and automation to simplify reporting, says Sloane Wright, senior vice president of payments for Tyler Technologies.

Survey respondents said they prioritize security and compliance when evaluating payment technologies (see chart on next page). "These things are table stakes," says Orgeron. "Threats are getting more and more targeted, and they are evolving really quickly."

What features and capabilities does your organization prioritize when evaluating payment technology?



Respondents selected up to five choices.

Sophisticated criminal organizations are continually refining their attack methods, and new technologies like generative AI provide powerful tools for fraudsters. “Governments need to keep their eye on the ball — if you’re not evolving, you’re going to be in trouble,” Orgeron says.

Government leaders must also take advantage of existing capabilities to ensure payments remain secure, says Wright. “Some governments are making decisions not to leverage things like ZIP code checks or verifying card CVVs,” he says. “These are things that everybody should be considering.”

The Unified Solution

Unified payment solutions, which provide common constituent experiences across multiple payment scenarios and common back-end processes to support financial reporting and reconciliation, can help governments improve payment services. “Enterprise solutions at scale are the most effective way to manage these implementations,” Orgeron says. “The magic sauce comes when you start marrying these things together.”

However, only about a third of CDG survey respondents said their jurisdiction has a single payment solution across all agencies and departments (see chart on next page). Roughly another third said some agencies or departments in their jurisdiction use a shared solution.

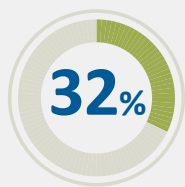
“We still see many cases where governments are leveraging multiple payment processors across various systems,” Wright says. “In local government, you could have 15 or more systems focused on collecting revenue and three different payment providers, each with different platforms, features and wallets.”

Consolidating payment solutions helps governments address a range of constituent experience and back-office auditing and financial reporting challenges. A unified payment portal can provide a consistent user experience across different departments and expand payment options for constituents while improving back-office operational processes.

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Sloane Wright,
Senior Vice President of
Payments, Tyler Technologies

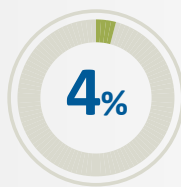
Does your jurisdiction use a unified payment solution across all departments, agencies and services?



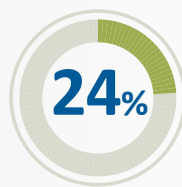
All agencies use a unified payment solution



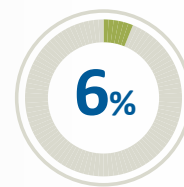
Some agencies use a unified payment solution



We are in the process of implementing a unified solution



Each agency manages its own payment solution



Do not know

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“It provides a common look and feel across different government services and allows your constituent to maintain one password, set notifications in one place, and establish modern features like automatic or scheduled payments,” Wright says.

Internally, unified solutions boost government agency efficiency through scale and simplification, removing the friction created by disparate systems. A single payment platform can reduce staff training needs across departments and provide a consistent way to update financial systems and other systems of record and manage reconciliation and audits.

“Every finance officer, controller and treasurer follows strict rules, often written in statute, about how to reconcile transactions,” Wright says. “If you have multiple types of processing, you’re getting different kinds of data.”

Conclusion

Government leaders have more work to do to meet constituent expectations set by commercial payment experiences. Public agencies must also comply with unique and complex payment industry requirements.

“Retailers and other entities do not have to report collections in the same way that government does,” Wright says. “They don’t have to update systems of record that involve driver’s licenses, property taxes and other services.”

Enterprise payment platforms designed for the public sector can help governments address multiple needs identified by survey respondents — from improving ease of use, to strengthening security and compliance, to simplifying integration with other important business systems and data collection records.

State and local governments can use unified payment solutions to address constituent experience and internal processes simultaneously, delivering better results and user satisfaction.

“So many people focus only on the payer experience or just the back-office experience,” Orgeron says. “It doesn’t have to be one or the other. It can be both at the same time — and it should be.”

About the Survey

To understand the government payment experience, the Center for Digital Government was commissioned by Tyler Technologies to conduct a national survey of state and local government leaders in April and May 2024. The 143 respondents represented a mix of state (34%), county (21%) and city/town/village (43%) governments. (About 2% were classified as “other.”) Respondents worked in a range of agencies or departments, including IT (33%); administration and operations (18%); finance and taxation (17%); public works, transportation, and planning (11%); and health and human services (7%).

This piece was written and produced by the Center for Digital Government Content Studio, with information and input from Tyler Technologies.



Produced by the Center for Digital Government

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